

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

ACTION ITEM

Item No.	4c
Date of Meeting	January 12, 2016

DATE: January 5, 2016

TO: Ted Fick, Chief Executive Officer

FROM: David Freiboth, Senior Director of Labor Relations
Kim Ramsey, Labor Relations Manager *KR*

SUBJECT: New collective bargaining agreement with the International Union of Operating Engineers, Local 286, representing Operating Engineers.

Total Port Cost Increase for the Duration of the Agreement: \$1,086,344

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a new collective bargaining agreement (CBA) between the Port of Seattle and the International Union of Operating Engineers, Local 286, covering the period from June 1, 2014, through May 31, 2018, and affecting 102 Operating Engineer positions.

SYNOPSIS

This four year CBA covers the period from June 1, 2014, through May 31, 2018. The estimated total additional cost for wages and benefit increases is \$1,086,344. The estimated additional cost per year of the contract is: year one, \$332,863; year two, \$178,685; year three, \$276,616; and year four \$298,180.

Caps on the employer portion of monthly medical benefit premiums were established along with a cost sharing formula for premium increases over the established caps. Employees will receive a lump-sum of 2.8% on gross wages earned from contract expiration to execution of the agreement. Employees shall also receive a base wage increase of 3% upon execution and two additional base wage increases of 3% in the last two contract years. In making this agreement, consideration was given to the public health and safety aspects of the Operating Engineers scope of work as well as the breadth of fabrication and design work performed by the group.

BACKGROUND

International Union of Operating Engineers, Local 286, represents a bargaining unit of 102 Operating Engineers who work under the direction of the Aviation Maintenance Department. At Sea-Tac International Airport, these employees are responsible for operating and maintaining the

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baggage conveyance and passenger load bridge systems; the airport's clean water and industrial waste water utilities, as well as operating and maintaining the sanitary waste infrastructure; the heating and cooling systems of airport facilities, including the pre-conditioned air system that reduces greenhouse gases caused by idling aircraft, and many other mechanical systems throughout the Port. The previous agreement expired on June 1, 2014. RCW Chapter 41.56 requires the Port of Seattle to collectively bargain wages, hours and working conditions with the exclusive bargaining representative designated by the employees.

SCOPE OF THE AGREEMENT

Term of the Agreement

June 1, 2014, through May 31, 2018.

Wages:

Effective Upon Execution: Two and eight tenths of a percent (2.8%) on gross wages from June 1, 2014 in a lump sum.

Base wage rates shall be increased by three percent (3%).

Effective June 1, 2016: Base wage rates shall be increased by three percent (3%).

Effective June 1, 2017: Base wage rates shall be increased by three percent (3%).

Health and Welfare

Employees in the bargaining group are currently enrolled in the union's construction industry health and security trust for medical benefits. The agreement establishes the following caps on employer contribution to monthly premiums.

Effective June 1, 2015 \$1150 per month

Effective June 1, 2016 \$1225 per month

Effective June 1, 2017 \$1300 per month

Increases above the caps shall be shared equally between the Port and employee up to a 10% / 90% premium share between the employee and the Port.

Based on historical premium increases the cost of this health plan will not reach the applicable threshold under the Affordable Care Act to trigger the 40% excise tax for high cost plans until well after the expiration of this agreement.

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Pension

The Port contributes to the union's defined benefit plan in lieu of contributions to the state's retirement system. This new agreement converts two pension contributions (one based on an hourly rate of \$3.35 per hour compensated and one based on a percentage of gross pay) to one pension contribution based on percentage of pay equal to 16.5%, the rough equivalent of the current contributions made.

Other Changes

- **Modifications in Article 3 – Union Security and Rights of Parties** add language that supports the Port's due process obligations for employees terminated for non-payment of dues; add indemnification language to protect the Port against legal actions related to dues deduction; and provides for payroll deduction of union dues with employee authorization. Adds new 3.05 that provides for bargaining unit members to participate in the Port's tuition reimbursement program.
- **Modification in Article 4 – Equal Employment Opportunity** standardizes language across contracts.
- **Modifications in Article 7 – Seniority** clarify that the termination of an employee, during the 800 working hours probationary period, shall not be subject to the grievance procedure; and applies the just cause standard for discipline and termination to regular non-probationary employees only.
- **Modifications in Article 8 - Scope of Work and License Premium and Reimbursement** add language providing for schedule adjustments in order that approved work related training may be conducted on regular work time.
- **Modification in Article 10 – Pay Schedule, Appendices, and Addendum Incorporated into Agreement** requires as a condition of employment participation in the Port's direct deposit program.
- **Modification in Article 14 – Vacations** provides for an enhanced leave accrual benefit whereby employees receive accruals equal to three weeks of vacation after three years of continuous employment.
- **Modifications in Article 23 – Union Activities** provide required notification by the union to the Port of appointed stewards and limits number of stewards in negotiations and grievance/disciplinary meetings; participation by stewards in negotiations on work time and establishes a formal Labor/Management Committee.
- **Modification in Article 28 – Safety Shoes** increases the yearly safety shoe allowance from \$100 to \$120.
- **Attached MOU 1** – agreement to meet and discuss 4X10 work schedules for off shifts.

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- **Attached MOU 2** – agreement to except certain individuals from the requirement in Article 10 to participate in the Port’s direct deposit program.
- **Attached MOU 3** – agreement providing for certain license reimbursement.
- **Appendix A – Pay Rates**

Current rates and classifications as filed 5/1/2105

Job Title	Employees	Hourly Rate of Pay
Chief Engineer	2	\$46.72
Mechanical Maintenance Engineer Head – AWS	1	\$43.68
Mechanical Maintenance Engineer –AWS	7	\$38.07
Mechanical Maintenance Engineer	27	\$37.37
Mechanical Maintenance Engineer Head	7	\$42.98
Operating Maintenance Engineer Apprentice	1	\$22.42 – \$35.50
Operating Maintenance Engineer Group 2	40	\$38.57
Operating Maintenance Engineer Head	6	\$42.98
Operating Maintenance Engineer Lead	2	\$39.24

The new agreement brings the minimum rate for Journeyman Operating Engineer to \$38.49. These employees work 40 hours per week.

FINANCIAL IMPLICATIONS

Cost Impact \$	Year 1	Year 2	Year 3	Year 4
Pay	\$237,712	\$143,927	\$222,808	\$240,178
Benefits	\$95,151	\$34,758	\$53,808	\$58,003
Total	\$332,863	\$178,685	\$276,616	\$298,180

The estimated total additional cost year over year to the Port for the duration of the contract is \$1,086,344.

Budget Status and Source of Funds

The increase in expense is included in the Aviation Division budget.

ATTACHMENTS TO THIS REQUEST

- Collective bargaining agreement

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None.