



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 7d

**BRIEFING ITEM**

**Date of Meeting** October 25, 2016

**DATE:** October 17, 2016  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Tammy Woodard, Assistant Human Resources Director – Total Rewards  
Paula Edelstein, Sr. Director, Human Resources  
Dave Caplan, Sr. Director, Strategic Initiatives  
**SUBJECT:** Commission Briefing – 2017 Salary and Benefits Resolution, Including Initial 2017 Incentive Pay Plan Values-Based, Non-Financial Goals

**EXECUTIVE SUMMARY**

The Salary and Benefits Resolution is how the Port Commission authorizes salaries, establishes benefits, and authorizes the creation and filling of positions as authorized by RCW 53.08.170. The Salary and Benefits Resolution is updated annually and covers the Port’s non-represented workforce. The Resolution specifies the individual benefits that comprise the Port’s Benefits Package and also establishes the pay grades and ranges; the minimum to maximum pay available to employees whose jobs are assigned to a specific grade.

The Commission amended the 2016 Salary and Benefits Resolution in May, 2016 to adopt the Incentive Pay Plan. The 2017 Salary and Benefits Resolution will incorporate this amendment. The Incentive Pay Plan includes three non-financial goals that are based on Port of Seattle values. These goals need to be updated for 2017 and will be incorporated into the Salary and Benefits Resolution through a new exhibit, Exhibit B, which will be added to the Resolution for 2017.

Additionally, there are minor edits to the resolution including adding, deleting, and revising definitions contained in the Resolution, and updating the definition of one holiday. Finally, any items that were specific to 2016 are not carried forward to the 2017 Salary and Benefits Resolution.

This briefing will review the changes that the Port Commission will see when the 2017 Salary and Benefits Resolution is brought forward for first and second reading in November.

**CHANGES FOR THE 2017 SALARY AND BENEFITS RESOLUTION**

**Pay Grades and Ranges**

As in previous years, Human Resources staff examined available market data to determine how well existing Port pay ranges align with market by comparing 2016 pay ranges to published

Meeting Date: October 25, 2016

market data. This analysis shows that current ranges are within 1% of market. In addition, our forecasting data indicates that pay is expected to increase by about 3% in 2017.

Further analysis of the pay ranges relative to the upcoming City of Seattle \$15/hour minimum wage (effective 1/1/18) and the 2017 Port of Seattle High School Intern rate of \$15/hour demonstrated that grades 1 and 2 of the existing pay grade structure have not been utilized for many years. Additional analysis revealed that the existing top grade, grade 42, has a pay range insufficient to ensure market competitive pay ranges for some of the Port's newest and most senior jobs. As a result of this work, we will be recommending the following changes to the pay and grade structure for 2017.

- (1) A 2.5% increase to pay ranges to help ensure the ranges remain market competitive in 2017.
- (2) Eliminating grades 1 and 2 from the pay grade structure.
- (3) Adding grades 43, 44, and 45 to the pay grade structure.

As a follow up to this year's analysis, in 2017 HR staff will conduct a comprehensive review of jobs assigned to grades with a minimum hourly rate less than \$15/hour to assess how best to adjust the pay grades and ranges to ensure that all non-represented employees are paid more than the City of Seattle minimum wage. There are currently no non-represented employees paid less than \$15/hour and HR staff will monitor hiring rates in 2017 to ensure employees in non-represented jobs are paid at least \$15/hour.

### **Updated Definitions**

A regular part of the Salary and Benefits Resolution update process is a review of the definitions contained in the Resolution to ensure they are still accurate and necessary to define items contained elsewhere in the Resolution or in other aspects of the Total Rewards package for non-represented employees. This year's review revealed several definitions that need to be added, deleted or updated.

- (1) Two definitions will be added, *Regular Employee* and *Temporary Employee*.
- (2) Two definitions will be deleted, *Eligible Employee* and *Ineligible Employee*.
- (3) One definition will be updated, *Emergency Hire Employee*.

The definition of the Port designated floating holiday has been modified several times over the past 15 years. The holiday will be designated as a *Port Designated Floating Holiday (in lieu of Veterans Day)* beginning with the 2017 Salary and Benefits Resolution. This designation will ensure the Port complies with state law governing the holidays that the Port must recognize.

### **Incorporating Incentive Pay Plan Language**

The most notable edits to the 2017 Salary and Benefits Resolution will be the incorporation of the Resolution authorizing the Incentive Pay Plan. The definitions and Pay for Performance details from Resolution 3720 will be incorporated into the 2017 Salary and Benefits Resolution.

Meeting Date: October 25, 2016

The non-financial goals included in the resolution 3720 are unique to 2016 and new non-financial goals are needed for 2017. These goals will be included in Exhibit B of the 2017 Salary and Benefits Resolution. Proposed 2017 non-financial goals will include:

- (1) Women and Minority Business Enterprise Participation
- (2) Customer Satisfaction
- (3) Environmental Stewardship

**ATTACHMENTS TO THIS BRIEFING**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None