



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8j

ACTION ITEM

Date of Meeting November 09, 2021

DATE : October 28, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Tammy Woodard, Human Resources Director – Total Rewards
Sandra Spellmeyer, Total Rewards Manager

SUBJECT: 2022 Salary and Benefits Program

ACTION REQUESTED

Request introduction of Salary and Benefits Resolution No. 3795: A resolution of the Port of Seattle Commission establishing pay ranges for non-represented jobs and authorizing benefits that comprise the overall benefits package offered to non-represented Port employees and amending the Salary and Benefits Policy Directive established by Resolution No. 3739.

Following this presentation and subsequent vote on introduction, staff will return to request adoption of the Resolution on November 16, 2021.

EXECUTIVE SUMMARY

The Salary and Benefits Resolution is the Port Commission’s authorization to revise the pay and benefits programs that are part of the Port’s overall Total Rewards package for non-represented employees. RCW 53.08.170 requires the Port Commission to authorize pay and benefits for non-represented employees by resolution. The Salary and Benefits Resolution establishes the pay ranges for non-represented jobs and authorizes updates to benefits plans that comprise the overall benefits package offered to non-represented Port employees. This introduction will highlight recommendations for an adjustment to the non-represented pay ranges for 2022, as well as recommended additions and deletions to the Salary and Benefits Policy Directive that are contained in Resolution No. 3795, the 2022 Salary and Benefits Resolution.

JUSTIFICATION

The Salary and Benefits program specifies the pay and benefits programs authorized by the Port Commission, while specifics of these programs are maintained in Port policies and administrative details are found in program guides. The program also includes benefits offered to Port of Seattle retirees and to Port Commissioners, as well as the specifics and administrative details of these benefits. Updates to the program are designed to keep the authorized pay and benefits plans current and ensure the Total Rewards package they are part of continues to support the

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attraction and retention of employees with the talents and abilities necessary for the Port to achieve its mission, vision, and goals.

DETAILS

The 2022 Salary and Benefits Resolution includes the following updates to the Salary and Benefits Policy Directive.

Definitions

Section 2, Definitions is updated to add *Pay Rate means an employee's hourly pay rate as specified in the Compensation Rate field contained in HCM, the Port's HRIS system.* This change will facilitate consistent references to 'pay' throughout the Salary and Benefits Policy Directive, HR Policies, and other documents referring to employee pay.

The Definitions Section is also updated with language added to the definition of Probationary Employee. The added language is *If hired into a regular position, temporary employees (Veteran Fellows, Interns, Emergency Hires) are subject to a probationary period starting at the time of hire into the regular position.* This edit will align the definition with current practice.

Pay Grade Ranges

The Port's goal is to have the pay ranges for non-represented jobs reflect the market pay rates for Port jobs administered in these ranges. Annually, Human Resources staff analyzes data from published salary surveys from both public and private employers to determine how well our existing pay ranges align with current market pay rates in the local area. The annual analysis also includes analyzing data from salary planning surveys to determine what pay increase local employers are anticipating for the coming year. Combining the data on how current ranges compare to market with data on anticipated pay increases provides the basis for determining recommended range adjustments for the coming year. It is important to note that when the Port adjusts pay ranges, employees do not receive corresponding increases to their pay rates. This is different from how many public employers administer pay for their non-represented employees. Only employees whose pay falls below the new minimum of the pay range for their job will receive an automatic pay increase, and the increase will be only the amount necessary to bring their pay to the new minimum of the range.

This year, our analysis indicates that the Port's current pay ranges for non-represented employees are 2.1% above market. Additionally, published survey data from early 2021 indicates Puget Sound area employers are anticipating a 2022 overall average pay increase around 3.0%. Additionally, we contacted local public employers again this year to learn what their Cost of Living/general increase and range adjustment plans are for 2022. This year we heard from six local public employers and only four far enough along in their planning to share preliminary plans with us. These employers are planning for employee pay and range increases between 2.0% and 6.1%. It is also worth noting that the Consumer Price Index has increased significantly since early

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2020. The local indices, CPI-U and CPI-W respectively peaked at 5.5% and 6.1% 12 month increases and the last reported 12-month change is still above 5%. Based on our analysis incorporating early 2021 projected average pay increase for 2020, information from local public employers, and the notable change in the CPI increases we are recommending a 3.5% pay range adjustment to ensure that we maintain the Port's non-represented pay ranges at market competitive levels through 2022.

With the recommended 2022 pay range adjustment, we estimate that the cost of the range adjustment to be around \$92,200. Unlike many other public employers, the 3.5% range adjustment does not result in a 3.5% increase to pay rates for all Port of Seattle non-represented employees. Only about 57 non-represented employees will have their pay adjusted as a result of the range increase, and their pay rates will be adjusted only to the new minimum of their pay ranges. The number of employees impacted and the cost to increase the ranges for 2022 is notably larger than in past years. This is because the Port suspended the Pay for Performance program for non-represented employees during 2021.

As part of the analysis that leads to the pay range adjustment recommendation, we also consider the City of Seattle minimum wage. In 2022, the City of Seattle minimum wage will be \$17.27/hour for large employers (those with 501 or more employees) and the Port's high school intern rate will be \$17.56/hour. With the recommended 3.5% salary range adjustment for 2022, all non-represented pay ranges will have range minimums above the City of Seattle minimum wage. Section 5.1.C of the Salary and Benefits Policy Directive is updated with the adjusted pay ranges for non-represented employees.

Mandated Benefits

In 2018 Washington State passed a new law mandating long term care insurance for Washington employees. Beginning January 1, 2022, the Port will begin withholding a Long-Term Care insurance premium of .58% on employee earnings for this mandatory statewide long-term care program. Employees may, however, apply to the State for an exemption to the mandatory premiums if they have their own long term care insurance effective before November 1, 2021. If Port employees provide a copy of their exemption letter from the State of Washington to the Port, premiums will not be withheld for the State program. Section 5.2.B is updated to include Long Term Care Insurance as a mandated benefit.

Additional Benefits for Employees – Paid Leave

In 2022 non-represented employees may be eligible for a COVID-19 Vaccination Verification Incentive Day off. To be eligible for this additional day off employees will need to have their fully vaccinated status verified no later than November 1, 2021. This incentive day off is being offered in 2022 only based on action employees take in 2021 to earn the day off. Non-represented employees on an approved leave of absence on November 1 will have two weeks after returning

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to work to have their vaccinated status verified and be eligible for this incentive day off in 2022. This leave benefit will be added to Section 5.2.C (1) for 2022 and we plan to remove it for 2023.

Additional Benefits for Employees - Retirement

We removed “the Port Auditor is authorized to execute any and all documents related to establishing pensions for individuals that are excluded from PERS eligibility under RCW 41.40” from the Salary and Benefits Policy Directive Section 5.2.C (2) as this language is no longer appropriate or needed. In addition, the redundant language in this section is removed.

Additional Benefits for Employees – Flex Time and Alternative Work Arrangements

Section 5.2.C (5) is updated to align with the current Port policy name, Flexible Work Arrangements. The definition of this program is updated to include the Teleworking Reimbursement program, and language is updated to align with current terminology.

Other Changes

The 2022 Salary and Benefits Resolution also contains a few other minor changes to update language to align with current Port terminology, correct missing or incorrect words, or simplify language.

FINANCIAL IMPLICATIONS

There will be a small cost associated with recommended changes to the 2022 Salary and Benefits Resolution. As noted above, the cost to adjust pay rates for approximately 57 non-represented employees to the 2022 minimum of their pay range will be about \$92,200. The Long Term Care insurance is paid entirely by employees so there is no cost to the Port associated with this mandated benefit. The COVID vaccination verification incentive day off will not have a budget impact though it will result in some employees having one more paid leave day which may lead to overtime costs in some areas to ensure minimum staffing levels are maintained. We are unable to estimate the number of employees who will qualify for this 2022 only benefit until the qualifying November 1, 2021 deadline has passed. Other changes indicated by the 2022 Salary and Benefits Resolution are administrative only and will not impact payroll or benefits budgets in any way.

ATTACHMENTS TO THIS REQUEST

- (1) Draft Resolution No. 3795 and Attachment A
- (2) Exhibit A to original Policy Directive: Schedule of Authorized Non-Represented Jobs
- (3) 2021 (Current) Pay Ranges for Non-Represented Jobs (for information only)
- (4) Presentation slides

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None