

Item No. 7a Supp
Date of
Meeting November 3, 2009



Commission Briefing

Salary and Benefit Resolution

Salary and Benefit Resolution – What is it?

- Delegates authority from the Commission to the CEO to direct administration of pay and benefits for non-represented employees
- Covers approximately 900 (53%) Port employees
- Contains provisions similar to collective bargaining agreements
 - Holidays, Time off benefits, insurance benefits, basis for pay increases
- Does not set actual salaries for non-represented employees

Salary and Benefit Resolution – What is it?

- Authorizes the Port to provide medical and dental insurance benefits
 - Permits sharing premium costs with employees
- Establishes Pay for Performance (PfP) as the manner for granting pay increases
 - Merit-based increases tied to employees' performance plans and appraisals
 - Stipulates that PfP will be administered under the Salary Administration Policy
 - Funding for PfP established by the Port budget

Salary and Benefit Resolution – What is it?

- Reviewed annually, updated as necessary
- Changes informed by
 - New or changing laws governing pay or benefits
 - Updates to Port pay or benefit policies
 - Market pay levels
 - Known or estimated pay increases for the coming year
 - Local public employers
 - Private sector employers
 - The Port's collective bargaining agreements

Unique Aspects of the Port

- Operates and oversees major transportation hubs and industrial facilities
- Manages a large construction program
- Is an economic engine for the region
- In addition to being a government, is also a business
- Skilled and motivated employees are the most valuable asset

Unique Aspects of the Port

- Many non-represented employees perform technical, often specialized work
 - Engineers specializing in runway pavements and designing piers
 - Environmental specialists collaborating with other agencies on major remediation projects
 - ICT staff working on the airport's flight displays
 - Staff working with Passenger Facility Charges and overseeing various grants

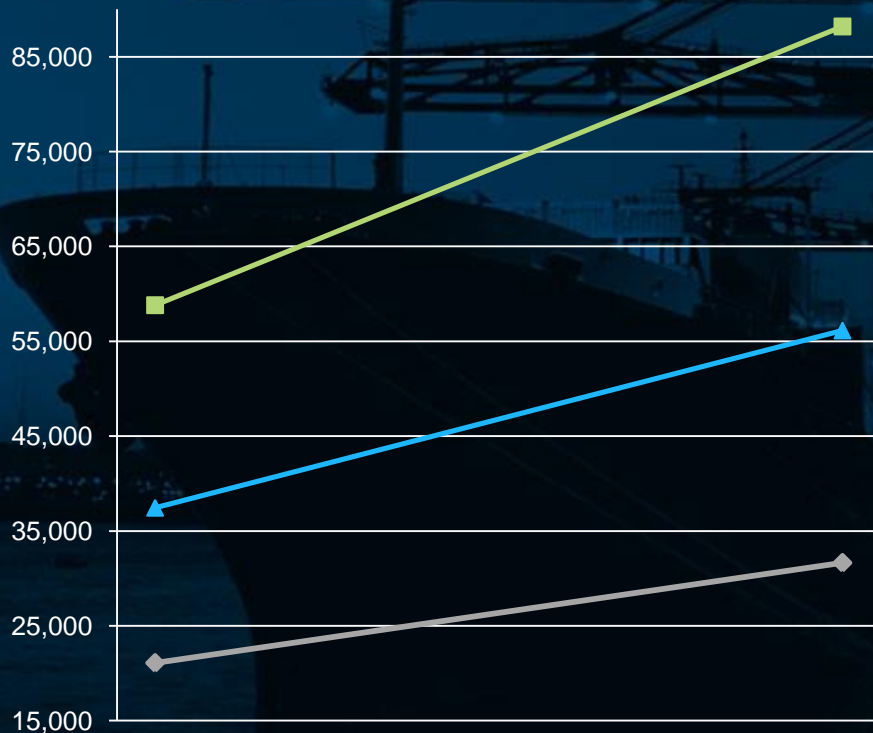
Unique Aspects of the Port

- The Port's pay program is different from typical public employer programs

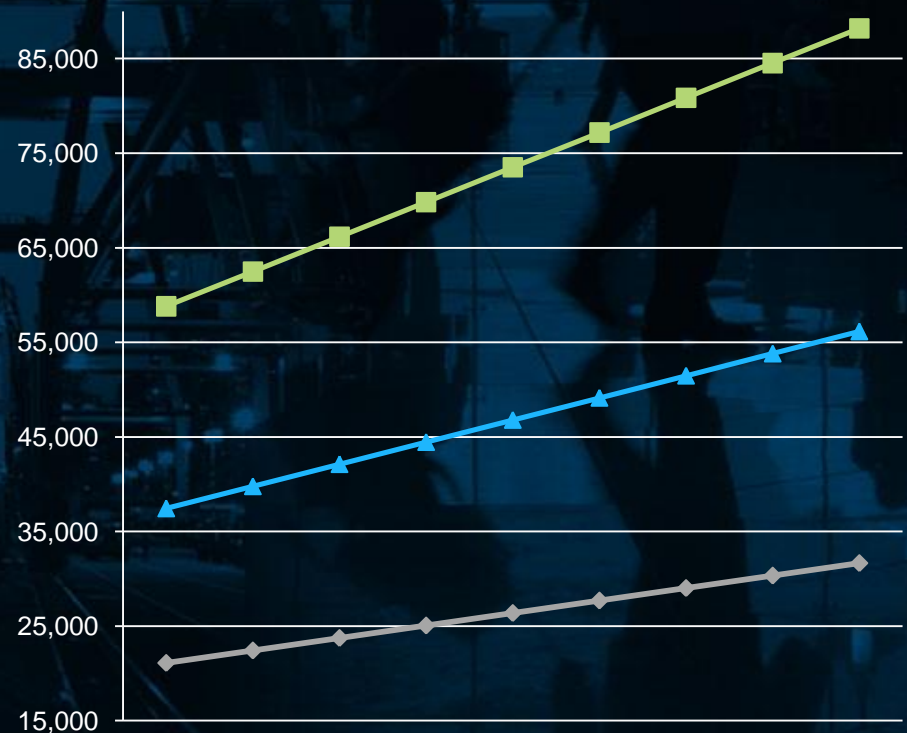
	Port of Seattle	Typical Public Employer
Pay for Performance	YES	NO
Cost of Living Adjustments (COLAs)	NO	YES
Step Increases	NO	YES

Port Salary Ranges vs. Typical Public Employer Ranges

Ranges without Steps



Ranges with Steps



Unique Aspects of the Port

Comparison of 2009 Pay Increases

Port of Seattle	King County	City of Seattle
YTD PfP = 5.38% average	4.88% COLA	4.5% COLA
	2.4 to 7.2% step increase	4.0% step increase
	7.28 - 12.08% total Increase	9.5% total increase
10 furlough days	10 furlough days	7 furlough days for many
1.58% average net increase	3.48 – 8.28% net increase	7.2% net increase

Other Considerations for 2010

Benefit plan design changes will be implemented for the second consecutive year

- 10% *co-insurance* added in 2009
 - Average co-insurance is approximately \$316 through September 2009
- Medical insurance *premium sharing* will be implemented in 2010
 - Employee premium share will range from \$8.28 to \$263.80 per month
- Group Health *co-pays* will increase in 2010

Other Considerations for 2010

- 2010 changes shift additional costs from the Port to employees
- Cost shifting maintains the Port's 2010 medical costs at 2009 levels
- Port medical benefits will align more closely with plans provided by other employers

Recommendations for 2010

- A few minor wording changes
- An updated holiday schedule for 2010
- A reduction to Paid Time Off (PTO) accumulation limits
- A new section specifying eligibility of retiring employees for medical and life insurance following retirement
- No adjustment to salary ranges

2010 Minor Wording Changes

- Will align employee definitions with policies and practices
- Will help increase understanding and applicability of overtime and shift differential provisions

Holidays and PTO

- 2010 Port holidays specified
- Reduced PTO accumulation limits
 - Reduction is consistent with the 1999 PTO program implementation plan
 - Reduction from 1000 hours to 900 hours

New Section

- Describes eligibility requirements for retiree medical and life insurance
 - At least 5 years of Port employment
 - Immediate eligibility for pension
- Specifies that retirees pay the entire cost of their medical premiums
 - Through 2009 the Port subsidized premiums
 - Elimination of the subsidy eliminates related Other Post Employment Benefits (OPEB) liability

Non-Represented Ranges

- No adjustment recommended for non-represented salary ranges
 - 252 jobs, or 46%, are market priced
 - 16 published salary surveys utilized
 - Middle point of Port salary ranges compared to market average actual pay
 - Market analysis indicates ranges are currently 1.2% below market

Non-Represented Ranges

- 2010 market projected pay increases
 - 4 salary planning surveys referenced
 - Data from local public employers analyzed
 - Port collective bargaining agreements reviewed
- Current projected pay increases range from 2.6% to 9.2%
- General industry, private and public employers, anticipate an average 2.6% merit-based increase
- Port union employees' pay expected to increase 3% to 6% based on current labor agreements

Non-represented Ranges

- Planned and estimated pay changes at other public employers*
- Range increases result in equivalent increases to employee pay
- Step increases result in increases to employee pay, up to range maximum

**increases may not be final until later this year when approved by each organization's governing body*

	Range/ COLA increase	Step Increase	Total Increase
Seattle	2%	4%	6%
King County	2%	2.4 - 7.2%	4.4 – 9.2%
Kent	0%	5%	5%
Everett	0%	3-9%	3-9%
Renton	0%	5%	5%
Pierce County	2.5%	Varies	2.5% +
Bellevue, Redmond, Federal Way, Port of Tacoma	n/a	n/a	n/a

Non-Represented Ranges

- Maintaining ranges for non-represented jobs could result in retention or hiring challenges
 - Hiring activities could increase before the end of 2010
 - Some skill sets remain in high demand

Non-Represented Ranges

- Data on projected pay changes also informs the average Pay for Performance (PfP) increase
- 3.75% average PfP increase included in 2010 budget
 - Estimated cost is \$2.2 million
 - 3.75% average is
 - Less than projected total increases at other public employers
 - More than projected general industry merit increases
 - Appropriate compared to both public employer and general industry merit projections

Conclusion

- Salary and Benefit Resolution changes will be minimal
- Related programmatic changes will have much greater impact on employees and retirees
- All changes reflect a conservative approach to benefits for non-represented employees in 2010