

Item No. 7c supp
Date of
Meeting November 2 2010



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 830 (55%) Port employees
- Contains provisions similar to collective bargaining agreements
 - 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 benefits
- Establishes Pay for Performance (PfP) as the basis for most 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 large construction programs
- Is an economic engine for the region
- In addition to being a government, is also a business
- Skilled, motivated and engaged 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 information displays
 - Staff working with Passenger Facility Charges and overseeing various grants

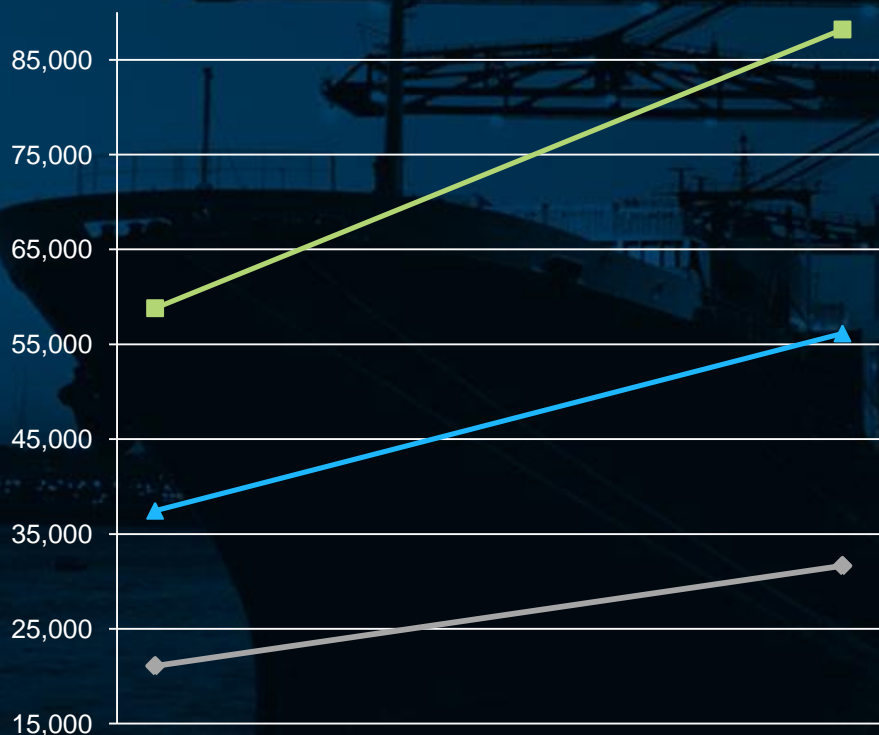
Unique Aspects of the Port

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

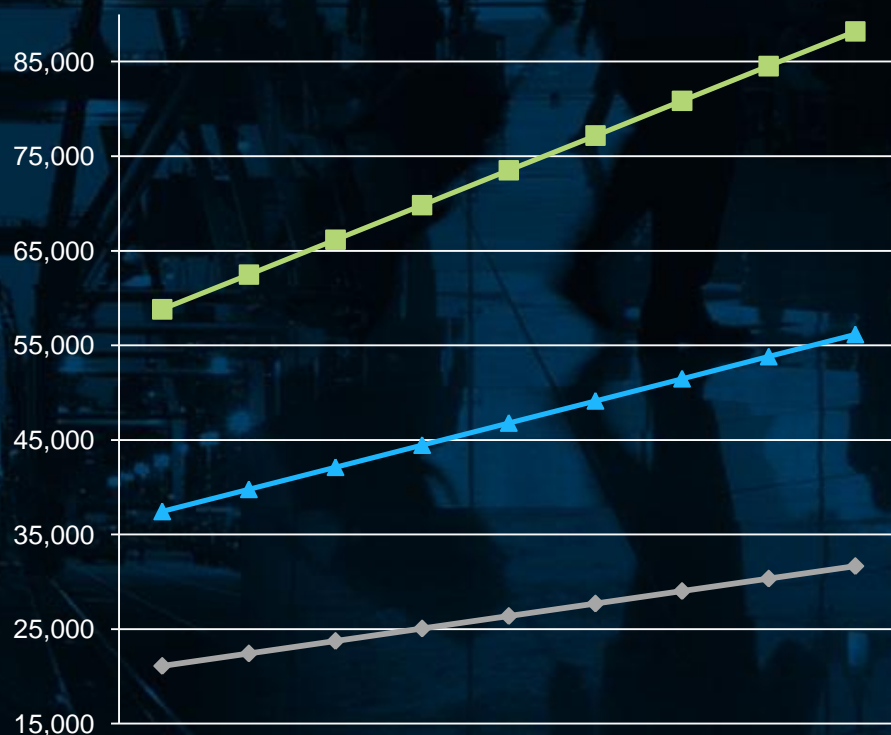
	Port of Seattle	Typical Public Employer
Pay for Performance	YES	NO
Cost of Living Adjustments (COLAs)	NO	YES
Step Increases	NO	YES

Port Salary Ranges vs. Typical Public Employer Ranges

Ranges without Steps



Ranges with Steps



Unique Aspects of the Port

Comparison of 2010 Pay Increases

Port of Seattle	King County	City of Seattle
YTD PfP = 3.8% average	2.0% COLA	2.0% COLA
	2.4 to 7.2% step increase	4.0% step increase
	4.4% - 9.2% total Increase	6.0% total increase

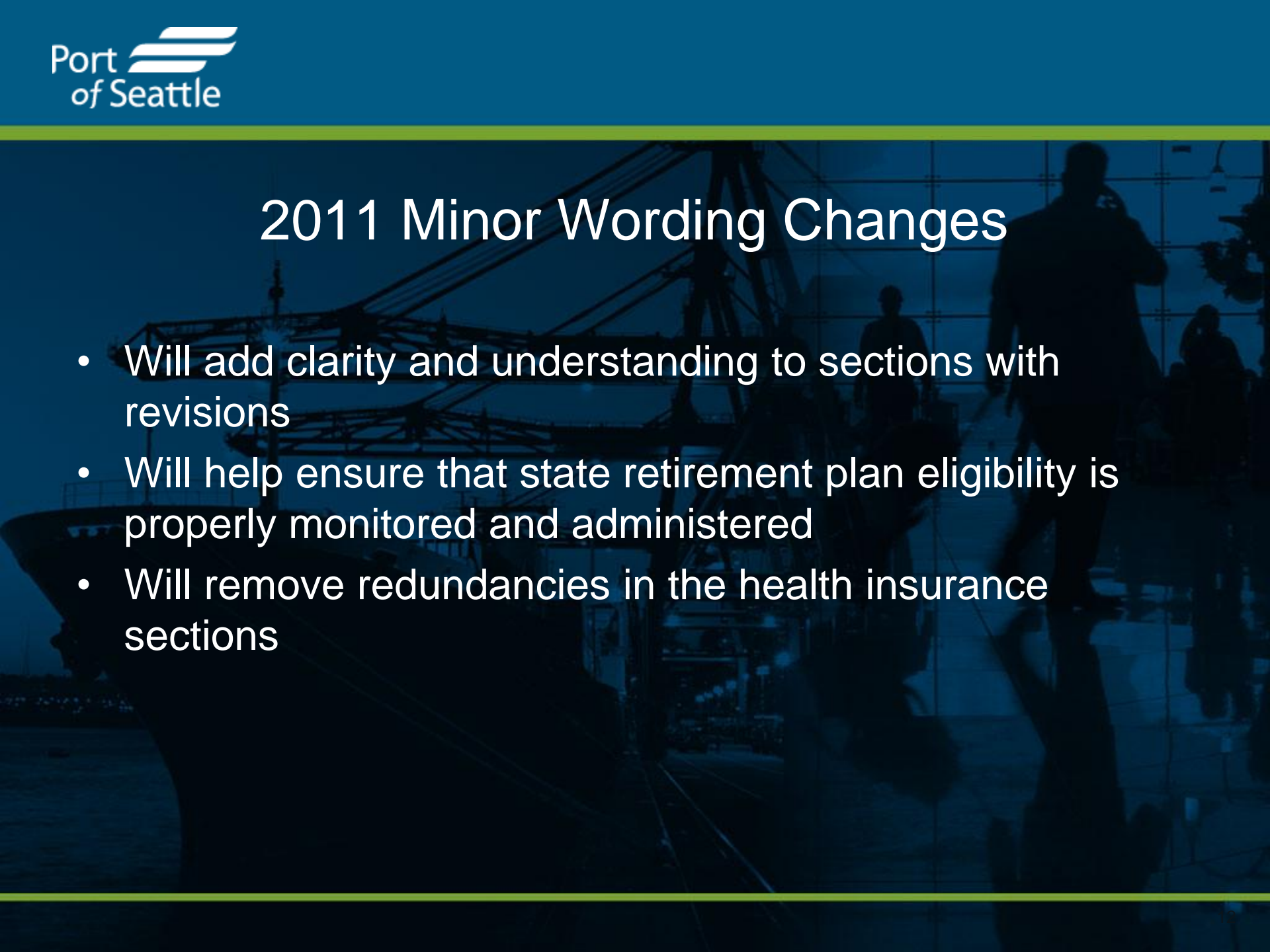
Considerations for 2011

- Employees will pay more for their benefits again in 2011
 - 10% *co-insurance* added in 2009
 - Medical insurance *premium sharing* implemented in 2010
 - Medical insurance premium sharing increasing in 2011
- Employee cost increases kept 2010 medical costs at 2009 levels
 - This change moved the Port sponsored medical plan closer to those of other employers
- Employee cost increases in 2011 will again keep Port sponsored medical costs flat

Recommendations for 2011

- A few minor wording changes
- An updated holiday schedule for 2010
- A reduction to Paid Time Off (PTO) accumulation limits
- 2% adjustment to salary ranges

2011 Minor Wording Changes

- Will add clarity and understanding to sections with revisions
 - Will help ensure that state retirement plan eligibility is properly monitored and administered
 - Will remove redundancies in the health insurance sections
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- The background of the slide is a dark blue, semi-transparent image of a port terminal. It shows silhouettes of people, a large crane, and the structure of a ship or dock. The overall tone is professional and industrial.

Holidays and PTO

- 2010 Port holidays specified
- Reduced PTO accumulation limits
 - Reduction is consistent with the 1999 PTO program implementation plan
 - Reduction from 900 hours to 800 hours

Non-Represented Ranges

- 2% adjustment recommended for non-represented salary ranges
 - 272 jobs, or 49%, are market priced
 - 20 published salary surveys utilized
 - Middle point of Port salary ranges compared to market average actual pay
 - Market analysis indicates ranges are currently 1.0% below market

Non-Represented Ranges

- 2011 market projected pay increases
 - 4 salary planning surveys utilized
 - Data from local public employers gathered as well
 - Port collective bargaining agreements reviewed
- Projected 2011 general industry pay increases of 2.9% to 3.0%
- Port union employees' pay expected to increase 2% to 6% based on current labor agreements

Non-represented Ranges

- Planned or estimated pay changes are not finalized at many local public employers
 - Few reporting planned or proposed COLA increases – Pierce County 2.5%; City of Redmond 1.0%
 - Most, not all, expecting step increases to remain
 - Some still uncertain of COLA and Step increases
- Range (COLA) increases result in equivalent increases to employee pay
- Step increases result in increases to employee pay, up to range maximum

Non-Represented Ranges

- Maintaining ranges for non-represented jobs could result in retention or hiring challenges
 - Hiring activities could increase before the end of 2011
 - Some skill sets remain in high demand
 - 2011 Port sponsored benefit program expected to no longer be a competitive advantage

Non-Represented Ranges

- Data on projected pay changes also informs the average Pay for Performance (PfP) increase
- 2.5% average PfP increase included in 2010 budget
 - Estimated cost is \$1.9 million
 - 2.5% average is
 - Similar amount to step increases at many local public employers
 - Less than projected general industry pay 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 again have much greater impact on employees
- All changes continue to reflect a conservative approach to pay and benefits for non-represented employees in 2011