

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b

Date of Meeting July 12, 2011

DATE: July 5, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Lisa Hornfeck, Manager, Labor Relations, *LH*

SUBJECT: Collective Bargaining Agreement between the Port of Seattle and the International Association of Machinists, Local Union No. 289 representing Parts-Procurement Representatives.

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to execute a new Collective Bargaining Agreement (CBA) between the Port of Seattle and the International Association of Machinists, Local Union No. 289 representing Parts-Procurement Representatives covering the period from January 1, 2011 through December 31, 2013. The total overall additional cost to the Port for the first year of the contract is \$13,723.00, \$11,523.00 for total wage increases covering all employees and \$2500 for onetime bonus payments to five employees at the top of the wage scale.

BACKGROUND:

This agreement covers eleven (11) parts-procurement representative positions in Aviation Maintenance, which includes ten (10) employees and one open FTE position. Prior to 2008 this was a non-represented work group. At the time of union certification in 2008 the employees were compensated according to the non-represented wage scale that included eleven (11) different hourly wage rates, with a nine (9) dollar hourly difference between the highest and lowest rate. Since certification the parties have been moving towards an established uniform wage rate for the work group comparable with the market for this type of work.

Since certification, the parties have bargained and ratified two contracts, in 2009 and 2010. Due to economic challenges in 2009, the first contract was for one year and the parties agreed to a wage freeze. The second contract was a one year extension of the 2009 contract adopting some minor language clarifications. Hourly compensation continued to track the non-represented wage scale, with wage increases weighted to bring the employees at the lower end of the scale and employees at the higher end of the wage scale closer to a uniform wage rate. During the second contract, the number of wage rates reduced from eleven (11) to eight (8).

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

July 5, 2011

Page 2 of 3

The current proposal is a two (2) year agreement. For the first year, the wage increases continue to be weighted towards the bottom of the wage scale. The five employees at the higher end of the wage scale will receive a lump sum payment of \$500.00 in addition to either no hourly increase or a very modest increase. The average base wage rate increase is 2.3% for the first year of the contract, with a total additional cost to the Port for the ten current employees of \$11,523.00. This proposed agreement reduces the number of hourly wage rates from eight (8) to four (4) and continues to bring the employees toward one uniform hourly wage.

In regards to medical benefits, the prior agreement did not contain a standard maintenance of benefits clause, but included a soft cap on the Port's monthly contribution of \$1300 per employee per month. The cap was floating and the Port's contribution could increase under certain circumstances. Further, the prior agreement did not contain a mechanism for employees to pay any portion of the monthly premium if the monthly premium exceeded the cap.

In the current proposal, the parties agree to a firm cap on medical benefits of \$1300 per month. If the benefits exceed the cap during the first year of the contract, the employees will be responsible for the increased premium, through a monthly wage deduction.

Due to economic volatility and uncertainty in the health care market regionally and nationally, the parties agreed to a wage and benefit opener the second year. This means wages and benefits for 2012 will be open for negotiations in the fall of 2011.

The employees will continue in the PERS pension program.

SCOPE OF THE AGREEMENT

Term of the Agreement

January 1, 2011 – December 31, 2012

Wages

Effective January 1, 2011, this Collective Bargaining Agreement shall provide the following;

First year: An average of 2.3% hourly wage increase, and \$500.00 lump sum payment to employees at the top of the wage scale.

Second Year: To be determined: wages and benefits open

Pension Plan:

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

July 5, 2011

Page 3 of 3

Effective January 1, 2011, this Collective Bargaining Agreement shall provide the following:

- The Port shall continue to pay the PERS contribution for each employee for the life of the contract.

Health and Welfare:

Effective January 1, 2011, this Collective Bargaining Agreement shall provide the following:

- Remove language that would trigger an increase to the Port's monthly medical benefits contribution.
- A firm cap of the Port's contribution of \$1300 per month per employee.
 - This provides certainty to the Port regarding amount of benefit contribution per month.
- If the premium exceeds the monthly cap the employees will be responsible for any additional cost to be paid through a monthly payroll deduction.
- This provision, in addition to wages will be open for negotiation the second year of the contract.

Other Changes:

1. The adoption of a probationary wage rate.
2. Memorializing a past and current practice in a Memorandum of Understanding attached to the contract specifying additional duties and justification of a higher wage rate of a senior employee. This employee's base wage rate has not increased since the certification, and he remains at the base wage rate of 2009.
3. Memorializing in Article 7 the current practice of providing seasonal clothing for weather as necessary due to the cold temperature in the warehouse during winter, including warm coats and hats. Appropriate clothing is currently provided for maintenance groups working in adverse conditions. This contract provision is consistent with current practice and will not increase cost to the Port.
4. Added a new section, Article 18, expressing the Port's commitment to employee learning and development opportunities.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Collective Bargaining Agreement between the Port of Seattle and the International Association of Machinists, Local Union No. 289 representing Parts- Procurement Representatives

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

None.