

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA – STAFF BRIEFING**

**Item No.**

7a

**Date of Meeting**

November 1, 2011

**DATE:** October 25, 2011

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Dan Thomas, Chief Financial and Administrative Officer  
Tammy Woodard, Sr. Manager, Total Rewards

**SUBJECT:** Briefing – Total Rewards Philosophy

**SYNOPSIS:**

Total rewards encompass all things employees value that is a result of their employee/employer relationship with the Port. It includes five categories of plans or programs: pay, benefits, learning and development, recognition, and culture/work experience. Following the June 2011 Commission briefing Port staff gathered feedback from Port executives and department directors. This feedback helped inform the principles that form the basis of the total rewards philosophy.

The principles of the total rewards philosophy include both overarching principles that apply to all total rewards categories and principles unique to each of the five categories. The next steps in implementing the total rewards philosophy is to perform a “gap analysis” where current plans and programs will be assessed against the philosophy principles to identify the areas where there is a “gap” between the plan or program and the philosophy. Identifying ways to close, and eventually eliminate, these gaps will be incorporated into work plans for HRD and Labor Relations staff. Along with the gap analysis, staff will be working to finalize the philosophy document and prepare to implement, and communicate, the philosophy to Port employees.

**INTRODUCTION:**

Total rewards, at its broadest level, includes everything employees value that results from their employee/employer relationship. Total rewards includes pay, health care, pension, learning and development programs, availability of interesting work, the opportunity for public service, and much more. The Port’s total rewards package is key to retaining, attracting, and motivating employees to contribute to the Port’s mission, goals, and business objectives. As organizations are unique, each organization that articulates its Total Rewards Philosophy defines total rewards in a way that is specific to that organization. Similarly, total rewards models are unique to each organization. Port staff, including executive leaders, have been working to define the Port’s Total Rewards Philosophy that will guide strategic planning efforts around creating and sustaining a high performance workforce, will support broader strategic planning efforts such as the Century Agenda, and will provide a framework for managing and administering the components of the total rewards package.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

October 25, 2011

Page 2 of 5

### **BACKGROUND:**

In June we provided the first total rewards briefing. That briefing included a high level definition of total rewards, information on the advantages of a total rewards philosophy, a summary of the working draft total rewards model, and information on how the philosophy was being developed. The briefing also outlined the next steps in the philosophy definition process.

Since the June briefing the total rewards team has affirmed the five categories of the Port's total rewards package as Pay, Benefits, Learning and Development, Recognition, and Work Experience and Culture. The team has also worked with the Port's executive leaders to affirm the key elements of the philosophy.

### **KEY ELEMENTS OF THE TOTAL REWARDS PHILOSOPHY:**

There are overarching principles that apply to the entire total rewards package and some that are applicable to each of the categories. These principles will guide the work of the HRD and Labor Relations staff in changing, adding or possibly deleting programs that comprise the Port's total rewards package.

#### Overarching Principles

The following five principles apply to the entire total rewards philosophy.

1. Total rewards at the Port should be aligned with the Port's mission, vision, strategies and values.
2. The total rewards package should be fiscally responsible and sustainable while maintaining the Port's ability to respond to changing economic conditions.
3. Total rewards should support employees performing their best.
4. The total rewards philosophy applies to all Port employees and should be consistent and equitable.
5. Market is defined the recruiting market for a job and includes both private and public employers.

These principles will help ensure consistent administration of total rewards plans and programs, support the long-term viability of the Port of Seattle, support employees working to achieve Port goals and objectives, and support employees working together as one organization.

#### Pay Principles

There are three principles that will guide administration and management of the Port's pay programs. These principles are:

1. Pay will be targeted to market average.
2. Pay increases should be market competitive.
3. Similar pay for similar work is important.

## COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

October 25, 2011

Page 3 of 5

These principles are important to enable the Port to attract, retain and engage employees who have the skills and abilities needed to complete the Port's work and will support both external competitiveness and internal equity.

### Benefits Principles

The Port's benefits plans are diverse and the following five principles will guide how these plans are managed and administered:

1. The benefits package will be slightly better than market average, and the health benefits will be targeted between the 50<sup>th</sup> and 75<sup>th</sup> percentile.
2. The package will include choices to support diverse needs throughout employees' lifecycles.
3. Employees should take an active role in understanding and utilizing their benefits.
4. The benefits package should provide at least a minimum level of financial security in the event of the employee's disability.
5. All employees should share in the cost of their health care.

These principles will guide administration of a benefits package that compares well to both public and private employers, somewhat offsets pay or benefits elements that private sector employers often offer, and facilitate employees understanding the value of their benefits and utilizing them effectively.

### Learning and Development Principles

The Port offers an array of learning and development opportunities to employees and five principles will guide the opportunities that are offered as follows:

1. All employees should have access to a range of learning and development activities.
2. Employees and managers share responsibility for employee development.
3. All employees should have written development plans that are reviewed at least annually.
4. All employees should receive performance feedback at least annually.
5. Managers should model their support for learning and development through their own development.

These principles will support employees developing skills that will support achievement of Port goals and their engagement in ways that will help the Port being a high performing organization.

### Recognition Principles

Recognition is an important aspect of the Port's total rewards package that supports employees being fully engaged in their work. The following four recognition principles will support employee engagement:

1. Employee and team accomplishments should be regularly recognized.
2. Recognition should be meaningful to those being recognized.
3. Employee tenure should be recognized.
4. Retirees' contributions to the Port should be acknowledged.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

October 25, 2011

Page 4 of 5

### **Work Experience and Culture Principles**

The work experience and culture category of the total rewards package includes the aspects of working at the Port of Seattle that are unique. Principles that support the unique aspects of working at the Port will help the Port promote a unique work experience. The principles that will support this category of the total rewards philosophy are as follows:

1. The Port values the varied perspectives and ideas that come from a diverse workforce.
2. The Port will offer programs and activities that promote health, safety and preparedness on and off the job.
3. The Port will promote its unique position as an entrepreneurial enterprise within a public sector environment.
4. The Port will support a culture that allows work-life balance for employees.
5. The Port will provide opportunities for public as well as community service.
6. Programs will create pride in the Port's complex, diverse and interesting work.

### **NEXT STEPS:**

The next steps in implementing the total rewards philosophy include comparing elements of the current total rewards package to the principles that comprise the philosophy to identify gaps between the current package and the philosophy. Identifying ways to close, and eventually eliminate, these gaps will be incorporated into work plans for HRD and Labor Relations staff.

Experts in implementing and communicating total rewards philosophies will also be engaged to assist the total rewards design team in developing a Port-specific visual model as well as the look and feel, brand, for the total rewards philosophy and package. Once the total rewards model and brand are developed, the philosophy will be implemented and communicated to current and prospective employees.

### **CONCLUSION:**

The total rewards philosophy will provide a holistic framework for updates, changes, additions, and potentially replacements to current total rewards offerings. The principles that comprise the philosophy will facilitate consistent management of the total rewards package, and will form the basis for assessing the Port's current total rewards package. Once the current package is assessed the areas where changes are needed to bring the package into alignment with the philosophy will be identified and plans can be developed to address the needed changes.

### **OTHER DOCUMENTS ASSOCIATED WITH THIS BRIEFING:**

PowerPoint presentation.

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:**

**COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

October 25, 2011

Page 5 of 5

June 28, 2011 the Commission was briefed on the Total Rewards Philosophy.