

ITEM NO: 7b supp

DATE OF

MEETING: November 1, 2011



Salary and Benefits Resolution Briefing

Agenda

- Purpose of the Salary and Benefits Resolution
- Updates since last year
 - Answers to last year's Commission questions
 - Information on Educational Reimbursement program
 - Salary Range update
 - Benefit plan updates
- Recommended changes for 2012
 - Standard changes
 - Salary range changes

Salary and Benefits Resolution Background

- Delegates authority from the Commission to the CEO to direct administration of pay and benefits for non-represented employees
 - Pay and benefits are major components of the Port's total rewards package
- Covers approximately 867 (56%) Port employees
- Contains provisions similar to collective bargaining agreements
 - Benefits, basis for pay increases, holidays
- Does not set actual salaries for non-represented employees

Salary and Benefits Resolution Background

- Authorizes the Port to provide medical and dental insurance benefits
- 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 within guidelines of the Salary Administration Policy
 - Funding for PfP established by the Port budget
 - PfP, unlike other public employers' plans, are not guaranteed increases

Salary and Benefits Resolution Background

- Resolution contains the salary range structure for non-union jobs
 - Ranges are “open” ranges, they do not include specific pay steps
- Changes informed by
 - New or changing laws governing pay or benefits
 - Updates to Port pay or benefit policies
 - Current Market pay levels
 - Anticipated pay increases at local and regional, public and private , employers
 - Input, and questions, from Port staff

Salary and Benefits Resolution Background

- Commission questions from last year
 - What portion of employees receive a PTO cash out?

	2010	2011
Percentage of non-union employees receiving a cash out	33%	26%
Portion of cash outs due to termination		13%
Portion of cash outs due to hour limit		14%
Portion of cash outs due to employee request		73%
Total hours cashed out	34,805	17,252
Value of cashed out hours	\$1.6 million	\$819,650

- What portion of employees receive overtime?

	2010	2011
Portion of non-exempt employees receiving overtime	18%	18%
Number of overtime hours	5,193	5,885
Overtime pay	\$223,493	\$295,397

Salary and Benefits Resolution Background

- Tuition Reimbursement Program
 - not addressed in the Resolution
 - component of the Learning and Development category of total rewards
 - Activity since 2007
 - 91 employees, mostly non-union
 - \$630,544 in tuition reimbursed
 - Reimbursement ~ 64% of tuition
 - Books, fees and other costs not reimbursed
 - Educational programs must be pre-approved
 - Individual classes must also be pre-approved

Salary and Benefits Resolution Background

- Tuition Reimbursement Program
 - Not a major impact on recruiting, focus more on non-degree classes, seminars, conferences, etc.
 - Supports employee contributions to the Port
 - Survey results support positive impacts of employees with degrees
 - greater job satisfaction,
 - Greater sense of being appreciated, and
 - belief that the Port will be a desirable employer in the long-run

Salary and Benefits Resolution Background

- Salary Ranges
 - Last year ranges were about 1% below market
 - Anticipated 2.9% average market pay increase for 2011
 - 2.8% reported actual average market pay increase for 2011
 - Ranges were adjusted by 2% for 2011

Salary and Benefits Resolution Background

- Benefits
 - Self-funding implemented in 2011
 - Slower cost increases attributable to self-funding
 - 3% instead of 8% for 2012
 - Premium sharing formula changed slightly for 2011
 - Employees paying ~ 9% of the premium
 - Continue managing Port cost for non-union benefits
 - Slight increases to premium, copays, and deductible for 2012
 - Reviewing potential plan design changes for 2013-2014

2012 Salary & Benefit Resolution Changes

- Considerations for 2012
 - Upward Trend of the Consumer Price Index
 - Minor changes to Port-sponsored health care plans

2012 Salary & Benefit Resolution Changes

- Standard Changes
 - Updated holiday schedule
 - Minor wording changes to clarify sections
 - Reducing PTO balance limit from 800 hours to 700 hours

2012 Salary & Benefit Resolution Changes

- Jobs market priced to determine how ranges compare to market
 - 14 published surveys utilized, 12 are all industry, 1 is local public sector, 1 is airport specific
 - About half the non-union jobs market priced
 - These jobs represent about 60% of non-union employees
 - Port range midpoints compared to market average actual rates
- Ranges currently 0.3% below market
- Planned 2012 market pay increases average 3.1%

2012 Salary & Benefit Resolution Changes

- Planned pay changes of local public employers also informs range adjustment recommendation
 - 12 local public employers contacted
 - COLA increases planned to be zero to 2%
 - Step increases expected between zero and 8.8%
 - Total increases expected to range from zero to 8.8%

2012 Salary & Benefit Resolution Changes

- Pay for union jobs also considered
- Port COLA increases expected to be at least 2% based on CPI increase trends and collective bargaining agreements
 - Local CPI-U most commonly used
 - Annual increases to this index has ranged from 0.2% to 3.2%, most recent annual increase was 2.7%.

2012 Salary & Benefit Resolution Changes

- 2% range adjustment recommended for 2012
- Recommendation is somewhat conservative
- Some skill sets remain in high demand
- If hiring activities increase before 2012 year-end, ranges could lead to recruiting challenges

Conclusion

- Recommended 2012 Resolution changes
 - Changes are minimal
 - Consistent with past years
 - Range adjustment is conservative

Questions?