

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6b

Date of Meeting November 8, 2011

DATE: November 1, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Tammy Woodard, Sr. Manager, Total Rewards
David Leon, Benefits Manager
Ann McClellan, Compensation Supervisor

SUBJECT: Resolution No. 3655, First Reading, 2012 Salary and Benefit Resolution

ACTION REQUESTED:

First Reading of 2012 Salary and Benefit Resolution No. 3655: A Resolution of the Commission of the Port of Seattle establishing jobs, pay grades, salaries, allowances and adjustments for Port employees not represented by a labor union; authorizing and establishing conditions in connection with the following benefits: social security; industrial insurance; unemployment compensation; military leave; retirement; compensated leave, including civic duty, bereavement leave, holidays, paid time off/extended illness leave, shared leave, and awarded time; insurance benefits, including medical, dental, life and long-term disability; and authorizing this Resolution to be effective on January 1, 2012, and repealing all prior resolutions dealing with the same subject, including Resolution No. 3647.

SYNOPSIS:

The Salary and Benefit Resolution delegates authority from the Commission to the Chief Executive Officer to direct the administration of compensation and benefits for the Port's non-represented employees. The resolution includes provisions governing pay practices, pay ranges and benefit programs. When reviewing the 2011 Salary and Benefits Resolution and determining what changes should be incorporated into the 2012 resolution, staff reviews what has changed in the past year regarding pay, benefits and other total rewards programs. This year, notable considerations include the upward trending of the Consumer Price Index (CPI), and minor changes to the Port-sponsored health care plans.

Recommended changes to the Salary and Benefits Resolution are minimal and consistent with changes in past years. Recommendations include a 2% increase to the salary ranges for non-represented jobs, elimination of the range for the Chief Executive Officer job, updated holiday schedule, reducing the maximum paid time off (PTO) balance to 700 hours, an updated Exhibit

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A that reflects non-union jobs, and minor wording changes to increase clarity. The cost of the recommended changes is limited to those associated with the range adjustment and will be approximately \$10,000.

BACKGROUND:

The Salary and Benefit Resolution delegates authority from the Commission to the Chief Executive Officer to direct the administration of compensation and benefits for the Port's non-represented employees. Compensation and benefits are major components of the Port's total rewards package which is key in retaining, engaging, and attracting skilled employees committed to helping the Port achieve its mission, goals and business objectives. The programs and plans covered by the Salary and Benefits Resolution will be reviewed against the total rewards philosophy in the near future to evaluate how well they align with the philosophy. Work plans and strategies will be developed for bringing plans and programs into alignment with the philosophy if necessary.

The resolution covers approximately 867 employees, or 56% of the Port's workforce, those employees not represented by a labor union. The Port's total rewards philosophy is to pay at market and provide a benefits package that is slightly above market. Changes to the resolution vary from year to year and like the 2011 resolution, the 2012 resolution does not contain any substantial changes.

PROPOSED CHANGES:

There are minimal changes from the 2011 resolution. Most changes are made to clarify sections of the resolution that have generated questions throughout the year or that must be updated to reflect updated practices. Noteworthy revisions to the resolution include the following:

Resolution Section III.A. - Salary Ranges

We recommend a 2.0% increase to salary ranges for 2012. Each year, the compensation staff reviews and analyzes data from various published salary surveys to determine how our pay ranges compare to average market pay rates. This analysis is the basis for adjustments to the Port's ranges. This is different from the COLA approach most public employers use.

This year, our analysis of the labor market indicates the Port's salary ranges, on average, are very slightly below market. Salary surveys are reporting that pay is expected to increase, on average, 3.1% in 2012. Increasing ranges by 2% will keep ranges close to market and support retention of high performing staff and recruiting of top candidates for open positions in 2012. Maintaining the current range structure through 2012 could hinder retention and hiring, particularly if hiring activities in the local labor market increase substantially before the end of 2012 as increases in hiring activities are often accompanied by an upward pressure on actual pay levels.

Increasing the non-represented range structure will result in approximately 15 employees whose pay is less than the new minimum of their salary range. The cost to increase pay for these

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employees to the new minimum of their range is approximately \$10,000. We also recommend eliminating the salary range for the CEO job. Eliminating this range simplifies the Salary and Benefit Resolution and is consistent with section VI.B, which grants the Commission discretion in determining pay and/or the salary range for the Chief Executive Officer.

Resolution Section III.C.1 - Salary Rates, Ranges, and Allowances for Non-evaluated Jobs

The section related to Japan Regional Staff Positions is being deleted from the Salary and Benefit Resolution as the Port no longer has staff based in Japan.

Resolution Section VIII. - Administration of Benefit Programs

Changes in this section include updating the Port holidays for 2012 and reducing the PTO balance limit to 700 hours in accordance with the plan put in place when the PTO program was implemented.

Reference to the Long Term Sick Leave Account is also being eliminated. One employee still had a very small balance in this account. The value of the balance was \$143 and the hours were added to the employee's Extended Illness account.

Resolution Exhibit A

Exhibit A is attached to the Salary and Benefit Resolution and is a schedule of authorized non-represented job titles. Though salary ranges require the approval of Commission or the Chief Executive Officer, amendments to Exhibit A do not require this level of approval. Exhibit A is amended and published periodically throughout the year by Human Resources and Development to reflect the outcomes of on-going job evaluation work.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- November 1, 2011 – 2012 Salary and Benefit Resolution Briefing.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- Resolution No. 3655, Salary and Benefit Resolution
- Resolution No. 3655, Red-Line Version
- Exhibit A – Schedule of Authorized Non-Represented Position Titles and Salary Ranges Effective January 1, 2012
- 2012 Salary and Benefit PowerPoint Presentation