

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b

ACTION ITEM

Date of Meeting April 3, 2012

DATE: March 27, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Lisa Hornfeck, Labor Relations Manager

SUBJECT: Collective Bargaining Agreement between the Port of Seattle and the International Union of Operating Engineers, Local Union No. 286, representing Operating Engineers

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to execute a new collective bargaining agreement (CBA) between the Port of Seattle and the International Union of Operating Engineers, Local Union No. 286, representing Operating Engineers covering a period from June 1, 2011, through May 31, 2014, and affecting 92 full-time equivalent (FTE) positions. The total estimated additional cost to the Port for the duration of the three-year contract is \$494,860.56.

SYNOPSIS:

The estimated additional cost for wages and pension increases is \$173,612 in the first year of the contract, \$168,038 in the second year of the contract, and \$153,300 in the third year of the contract. The total estimated increased cost to the Port for wages and pension for the duration of the three-year contract is \$494,860.56. The year two and year three estimated increases are estimated at 2.1%, identical to the actual increase in year one. Actual increases in year two and year three will be based on the Consumer Price Index for the Seattle-Tacoma-Bremerton area. The agreement provides for employee cost sharing for future medical expenses and premiums.

BACKGROUND:

This memorandum covers 92 operating engineers in the Aviation Maintenance Division. This work group maintains Sea-Tac Airport's conveyor baggage system, the mechanical utility systems, the industrial wastewater treatment facility, and the loading bridges.

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PROJECT JUSTIFICATION:

RCW Chapter 41.56 requires the Port of Seattle to collectively bargain wages, hours and working conditions with the exclusive bargaining representative designated by the employees.

SCOPE OF THE AGREEMENT:

Term of the Agreement

June 1, 2011 - May 31, 2014

Wages

Effective June 1, 2011, this collective bargaining agreement shall provide the following:

Effective June 1, 2011: The base wage rate shall be increased by the sum of 100% of the percentage increase in the Consumer Price Index for Seattle-Tacoma-Bremerton with a minimum increase of not less than 0% nor more than 6%. The index used shall be the CPI-U covering the period April 2010 – April 2011.

The percentage increase is 2.1%, to \$ 35.89.

Effective June 1, 2012 The base wage rate shall be increased by the sum of 100% of the percentage increase in the Consumer Price Index for Seattle-Tacoma-Bremerton with a minimum increase of not less than 0% nor more than 6%. The index used shall be the CPI-U covering the period April 2011 – April 2012.

Effective June 1, 2013 The base wage rate shall be increased by the sum of 100% of the percentage increase in the Consumer Price Index for Seattle-Tacoma-Bremerton with a minimum increase of not less than 0% nor more than 6%. The index used shall be the CPI-U covering the period April 2012 – April 2013; or

Either party may request a wage opener.

Pension

Effective June 1, 2011 The Port shall contribute \$3.35, an increase of fifteen cents (\$.15), per compensable hour to Central Pension Fund. The cost of this increase the first year of the contract is \$26,832.

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Other pension rates remain consistent with the prior agreement and there is no increased cost to the Port.

Health and Welfare

The parties agree to share responsibility for future health care cost increases. This collective bargaining agreement shall provide as follows:

- Future increases to the \$1100 monthly contribution base rate shall be shared by the Port and the employee in the following way:
 - The employee will contribute 50% of any hourly increase up to 10% of the total hourly base rate and the Port will contribute 50% of any hourly increase.
 - Once employee contributions have reached 10% of the total hourly base rate, future increases shall be split 10% paid by the employee and 90% paid by the Port.

Premiums

Effective June 1, 2012: Premium rate for operating maintenance engineers (operators in the boiler room) increased \$0.20, to \$1.20 per hour, due to the licensing requirements. There are 46 employees receiving this premium at an estimated cost of \$17,888.

Other Changes

- Article 7.05 Modified the recall period in the event of a reduction in force
- Article 8.10 Language added to address the disciplinary process for Operators who fail to keep their licenses current
- Article 9.03 Journeyman Trainee
 - Entry level hourly rate reduced 10%, from 90% to 80% of journeyman hourly base rate. Hourly rate increased to 95% of journeyman base rate after six months if successfully working to become full journeyman. There is no increased cost to the Port, and some expected modest savings for this change.
- Article 16 Funeral leave modified to include domestic partners and two extra days of leave if the funeral is out of state
- Various language clarifications covering shift bidding, sharing of employee seniority lists, layoff sequence, overtime call-in procedure, holiday schedules

FINANCIAL IMPLICATIONS:

The total estimated additional cost to the Port for the duration of the contract is \$494,860.56 for total wage and pension increases.

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BUDGET STATUS AND SOURCE OF FUNDS:

The increase in expense is included in the Aviation Maintenance department's 2012 operating budget. It will be paid from the Airport Development Fund.

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.