

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

**COMMISSION AGENDA**

**ACTION ITEM**

**Item No.** 5c

**Date of Meeting** April 3, 2012

**DATE:** March 27, 2012

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

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

**SUBJECT:** Memorandum of Understanding between the Port of Seattle and the International Association of Machinists, Local Union No. 289 representing Parts-Procurement Representatives

**ACTION REQUESTED:**

Request Commission authorization for the Chief Executive Officer to execute a memorandum of understanding (MOU) wage and benefit agreement between the Port of Seattle and the International Association of Machinists, Local Union No. 289 representing Aviation Maintenance Parts Procurement Representatives effective January 1, 2012, through December 31, 2012. The total overall additional cost to the Port for the MOU is \$16,654.60 covering all employees.

**SYNOPSIS:**

This agreement covers the Parts Procurement bargaining unit in the Aviation Maintenance Shop. The group is estimated to be below market for total compensation. The total additional estimated cost to the Port for the duration of the agreement is \$16,654.60. The agreement is designed to move the four different hourly rates in this group closer to a uniform wage rate.

**BACKGROUND:**

This MOU executes a wage and benefit opener included in the second year of the current collective bargaining agreement. This represented work group, containing 11 FTEs in Aviation Maintenance, certified in 2008 and continues to have four different hourly wage rates. Each contract cycle the parties are moving the group closer to one uniform wage rate. According to current compensation data, the group is estimated, based on the range of wages rates, to be below market rate for total compensation. The proposed agreement is an average base wage increase of three percent (3.0%) weighted towards the bottom of the wage scale and a lump sum payment of \$500.00 for the employee at the top of the wage scale, with a total additional cost of \$16,654.60. This proposed agreement reduces the number of hourly wage rates from five to four and continues to bring the employees toward one uniform hourly wage.

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The collective bargaining agreement contains a cap on medical benefits of \$1,300 per month per employee. During the first year of the contract, medical benefits exceeded the cap, and the employees are participating in premium cost sharing through a pre-tax wage deduction of roughly \$30.00 per month. The benefit provision will continue the second year of the contract.

The employees will continue in the PERS pension program.

### **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.

Due to economic uncertainty regionally and nationally, the current collective bargaining agreement, executed July 18, 2011, contained a wage and benefit opener the second year of the two-year agreement as follows:

#### Article 14 – Rates of Pay

The parties agree Article 14 Rates of Pay will be open for negotiations to bargain wage rates for 2012. The parties further agree to begin bargaining no later than November 2011.

The Port was legally bound by this agreement to negotiate 2012 wages and benefits in good faith.

### **SCOPE OF THE AGREEMENT:**

#### **Wages**

Effective January 1, 2012, this agreement shall provide an average of 3.0% hourly wage increase and \$500.00 lump sum payment to an employee at the top of the wage scale.

#### **Health and Welfare Benefits**

Current contract language will remain in effect and cost sharing will continue with no additional cost to the Port.

### **FINANCIAL IMPLICATIONS:**

The total overall additional cost to the Port for the duration of the MOU is \$16,654.60 covering all employees.

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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:**

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

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

- July 12, 2011 – the Commission authorized a new collective bargaining agreement 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.