



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6b

ACTION ITEM

Date of Meeting November 19, 2019

DATE: November 1, 2019
TO: Stephen P. Metruck, Executive Director
FROM: Tammy Woodard, HR Director – Total Rewards
Ann McClellan, Total Rewards Manager
Sandra Spellmeyer, Total Rewards Manager

SUBJECT: Resolution No. 3765 as amended, amending the Salary and Benefits Program for 2020.

ACTION REQUESTED

Request adoption of Resolution No. 3765 as amended: A resolution of the Port of Seattle Commission amending the policy directive for salaries and benefits for employees not covered by a collective bargaining agreement; Authorizing this Resolution to be effective on January 1, 2020.

EXECUTIVE SUMMARY

The Salary and Benefits Policy Directive establishes pay ranges for non-represented jobs and authorizes the benefits plans that comprise the overall benefits package offered to non-represented Port employees. Resolution No. 3765 as amended includes an adjustment to the non-represented pay ranges for 2020, recommended changes to the benefits package, and recommended changes to add clarity.

JUSTIFICATION

The Salary and Benefits Policy Directive specifies the pay and benefits programs authorized by the Port Commission, while the details of these programs are maintained in Port policies and supporting documents. The policy directive also includes authorization for benefits offered to Port of Seattle retirees and to Port Commissioners as well as the administrative details of these benefits. Updates to the policy directive are designed to keep the authorized pay and benefits plans current and ensure the Total Rewards package that they are part of continues to support the attraction and retention of employees with the talents and abilities necessary for the Port to achieve its mission, vision, and goals.

DETAILS

Recommended changes to the Salary and Benefits program for 2020 are as follows:

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Adjustments to Pay Ranges for 2020

The Port's goal is to have the pay ranges for non-represented jobs reflect the market pay rates for Port jobs in these ranges. Annually, Human Resources staff analyzes data from published salary surveys to determine how well our existing pay ranges align with current market pay rates. Data from both public and private employers are utilized in this analysis as the Port recruits from, and loses employees to, both private industry and public sector employers. The annual analysis also includes analyzing data from salary planning surveys to determine what pay increases local employers, both public sector and private industry, are anticipating for the coming year. Combining the data on how current ranges compare to market with data on anticipated pay increases provides the basis for determining any recommended range adjustment for the coming year.

This year, our analysis indicates that the Port's current pay ranges for non-represented employees are 1% below market. Additionally, Puget Sound area employers are reporting an expected 2020 overall average pay increase of about 3.3%. Based on this analysis, we are recommending a 3.5% pay range adjustment to ensure that we maintain the Port's non-represented pay ranges at market competitive levels through 2020.

While not directly relevant to our pay range analysis, we also surveyed public employers in the Puget Sound area to determine what they are projecting for their range adjustments. The pay programs at most local public employers are based on changes to the Consumer Price Index and include cost-of-living increases for employees equal to their range adjustments. The cost-of-living adjustments are in addition to possible step and/or merit increases. At the time of our survey this year only four of the 14 employers we surveyed were able to provide a projected range adjustment amount. The available projected 2020 range adjustments from the available four employers range from 1.7% to 3.0% and average at 2.3%.

While other local public employers provide cost of living increases to their employees, at the Port, pay increases for non-represented employees are based on employee performance so adjustments to the pay ranges do not result in automatic pay increases for Port employees. The only automatic pay adjustments for non-represented employees are when an employee's pay is less than the new pay range minimum, and the increase is only to the new minimum of the pay range. With the 2020 recommended pay range increase, we estimate that approximately 34 employees will have pay rates that are less than their 2020 range minimum and the estimated annual cost of increasing these employees' pay to their new range minimum will be about \$46,000.

As part of the analysis that leads to the pay range adjustment recommendation, we also consider the City of Seattle minimum wage. In 2020, the City of Seattle minimum wage will be \$16.39/hour for large employers (501 or more employees) and the Port's high school intern rate will be \$17.56/hour. With the recommended 3.5% salary range adjustment for 2020, all

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non-represented pay ranges will have range minimums above the City of Seattle minimum wage.

Paid Leave Benefits

Beginning in 2020, benefits will become available through the Washington Paid Family and Medical Leave program. Last year the Port applied to opt out of this state administered plan and offer our own version of this benefit, and our opt-out application was approved. The state requires that opt-out plans provide benefits equal to, or better than the state plan. In response to this state requirement, the Port's opt-out plan will add two new paid leave plans in 2020 to our leave program for non-represented employees.

- Port Paid Medical Leave will be available to employees for their own, or a family member's serious health condition and will be a partial income replacement plan with a weekly rate equivalent to what the state plan would provide. Employees will have the option to supplement benefits through this plan with their available accrued leave.
- Port Paid Family Leave will be available to employees adding a new child to their family and will be a partial income replacement plan with a weekly rate equivalent to what the state plan would provide. Employees will have the option to use their available accrued leave to supplement their pay in weeks when they receive partial pay under this new paid leave program.
- In addition, the Port will adjust the current Port Paid Parental Leave program to supplement the partial pay of the Port Paid Family Leave to provide full pay for a portion of the Port Paid Family Leave. Effective January 1, 2020 the Port will increase the number of weeks of fully paid Parental Leave from the current four weeks to six weeks and the six weeks will run concurrent with benefits payable through Port Paid Family Leave. This notification is consistent with the notification to the Commission required in the Salary and Benefits Policy Directive, Section 5.5.

As required by the State's opt-out plan requirements, the Port will offer these new paid leave benefits to represented employees as well as non-represented employees. The Port is also required to apply each year for our opt-out plan to be approved by the state and we just submitted our 2020 application. We expect our application will be approved again for benefits effective January 1, 2020.

Other Adjustments

We are recommending adding a definition of Seasonal Employee for non-represented employees to facilitate consistent use of the term and treatment of employees who work in seasonal jobs at the Port. We are also adding a definition for Employment Date/Date of Hire and are deleting the definition of the Guided Rating Distribution.

To streamline the policy directive, we are recommending removing some secondary references and tightening up language in places.

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To further clarify the Port's rights and the Executive Director's responsibilities related to changes to the salary and benefits program, we are recommending combining two related references in

ALTERNATIVES AND IMPLICATIONS CONSIDERED

There are no alternatives recommended.

FINANCIAL IMPLICATIONS

There is minimal cost associated with recommended 2020 changes to the Salary and Benefits Resolution. Based on current data and the recommended 3.5% range adjustment the cost of adjusting the non-represented pay ranges will be approximately \$46,000. Other recommended changes to the Salary and Benefits Program will have no budget impact.

ATTACHMENTS TO THIS REQUEST

- (1) Resolution No. 3765 as amended
- (2) Presentation slides
- (3) Exhibit A

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

Introduction on November 12, 2019