

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No. 5C
Date of Meeting August 6, 2019

DATE: July 19, 2019
TO: Managing Members
FROM: John Wolfe, CEO
Sponsor: Jean West, Chief Human Resources Officer
Project Manager: Jean West, Human Resources Officer
SUBJECT: Total Rewards Program

A. ACTION REQUESTED

Request authorization of overall Total Rewards Programs for Northwest Seaport Alliance (NWSA) and Port of Tacoma (POT) non-represented employees, including:

- Adoption of Total Rewards Philosophy;
- Modifications to current vacation and sick leave benefit;
- Expanded options for personal leave without pay;
- Adopting policy for partial day absences for exempt employees; and
- Revised salary increase model for use in the performance management program.

The Total Rewards Programs offered to NWSA and POT are independent for each entity, but the Program elements are identical. Therefore, Staff is combining the presentations at one meeting, and requesting a simultaneous vote by the two entities.

B. SYNOPSIS

The formation of the NWSA identified the opportunity to transition the Port of Tacoma and the NWSA away from a traditional salary and benefits approach to a

Total Rewards Program. Total Rewards Program is part of the overall Northwest Seaport Alliance transition plan.

C. BACKGROUND

NWSA and POT each offer a traditional salary and benefits approach with each component viewed individually rather than a holistic comprehensive total rewards approach.

Gallagher Benefit Services (GBS) was engaged to obtain input from employees, Commissioners, and Managing Members, conduct analysis of our current practices and policies, and provide options for a Total Rewards Program based on the following Total Rewards Philosophy:

- To attract, retain, motivate and engage a highly qualified and diversified workforce to achieve organization's mission, vision, values, culture and business strategy.

Guiding principles:

- Must support employees in performing their best as well as their well-being;
- Must be managed in a fiscally responsible manner and is sustainable over time; and
- Applied consistently and fairly among all employees in NWSA and POT to support organizational goals.

D. SUMMARY OF CHANGES

- Adoption of Total Rewards Philosophy;
- Modifications to current vacation and sick leave benefit;
- Expanded options for personal leave without pay;
- Adopting policy for partial day absences for exempt employees; and
- Revised salary increase model for use in the performance management program.

E. FINANCIAL IMPACT

Proposed modified vacation and sick leave model:

- Potential one-time cost of up to \$90,000 for NWSA and up to \$10,000 for POT for cash out of excess vacation hours;
- Long term potential financial impact is less than 1% increase for both entities.

Proposed modified salary increase model:

- Potential annual increase of approximately \$40,000 for NWSA and \$5,000 for POT. The annual budget for salary increases would continue to be approved during the budgeting process, which will ensure Managing Member and Commissioner input on budget limitations.

F. ATTACHMENTS TO THIS REQUEST

- PowerPoint Presentation