

AGENDA REPORT

Ordinance: Enactment of the Ordinance Necessary to Set the Salaries and the Salary Increase for Port of Oakland Non-Represented Employees in Port Employee Representation Unit H and To Ratify and Authorize Actions to Make Certain Compensation Adjustments of Unit H Employees Consistent With the Criteria and Factors Set Forth in Administrative Procedure 432 (Annual Compensation Adjustments for Employees in Unit H). **(Finance & Admin.)**

MEETING DATE: 10/11/2018

AMOUNT: \$135,000 for FY 2018-2019
Operating Expense

PARTIES INVOLVED: Non-Represented Employees in Port Employee Representation Unit H

SUBMITTED BY: J. Christopher Lytle, Executive Director

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Ordinance

EXECUTIVE SUMMARY

Port staff requests that the Board of Port Commissioners ("Board") enact the ordinance necessary to ratify and set the salaries and a 4% cost-of-living salary increase for non-represented employees in Port Employee Representation Unit H (hereinafter, "Unit H") and to ratify and authorize certain Executive Director and Port Attorney actions to award certain additional compensation consistent with the criteria and factors set forth in Administrative Policy and Procedure Policy No. 432 ("AP 432") including the performance of individual Unit H employees, up to four percent (4%) annually.

BACKGROUND

Article IX, Section 2 and Article XII, Section 5e of the By-Laws of the Board of Port Commissioners and Administrative Policy and Procedure 432 (AP 432 is attached as Attachment A) provide the Executive Director with the authority to review and adjust the salaries and other related benefits of the positions in Unit H on an annual basis. Among the factors to be considered, the Executive Director may take into account the organization's financial sustainability, employee performance, salary adjustments provided to Port employees through the collective bargaining process, market competition, internal compaction, internal equity, and other benefits (e.g., leave; health). Similarly, Article X,

Section 13 and Article XII, Section 5e provide the Port Attorney, as an appointing authority, with the authority to review and adjust the salary and other related benefits of the Assistant Port Attorney position. In addition, Article XII, Section 2 of the By-Laws provides that the Board may adjust the salaries and other related benefits of its direct reports, including the Port Attorney, Secretary ("Secretary of the Board"), and Auditor ("Chief Audit Officer").

ANALYSIS

In an effort to provide an equitable and fair compensation plan for the Port's Unit H staff and consistent with the factors outlined in AP 432, a one-time four percent (4%) cost-of-living increase retroactive to the first day of the pay period containing January 1, 2018 is recommended for the Unit H employees referenced in the "Salary Table for Non-Represented Employees" which is attached as Attachment B; the salary table sets forth the proposed salaries and the four percent (4%) salary increase for the certain non-represented employee positions in Unit H. These positions include the following: (1) two positions that directly report to the Board (Port Attorney; the Secretary of the Board); (2) Directors of: Aviation, Maritime, Commercial Real Estate, Chief Financial Officer, Engineering, Communications, Human Resources, Governmental Affairs, Environmental Programs and Planning, Social Responsibility; and, (3) the Assistant Port Attorney.

In order for the Board to implement the salary adjustments for the non-represented employees as described above and as set forth in the attached salary table, the Board, by Ordinance, must specifically amend Port Ordinance No. 867 to ratify and set the salaries and salary increases. The second reading for the Ordinance amendments will be scheduled for the Board's regular meeting on October 25, 2018.

AP 432 provides that compensation for Unit H employees may be based on employee performance, salary adjustments provided to Port employees through the collective bargaining process, internal compaction and internal equity. Collective bargaining agreements with represented employees generally provide for performance and tenure based compensation adjustments in addition to annual cost-of-living adjustments in the form of step increases and premium pay. Taking into consideration such performance and tenure-based pay provided to represented employees, and to avoid internal compaction and promote internal equity, it is recommended that certain Unit H employees shall also be eligible for performance-based compensation in addition to the annual cost-of-living adjustments. The proposed ordinance would, in addition to the one-time 4% annual cost-of living increase retroactive to January 1, 2018, authorize the Executive Director (as to certain Unit H employees on an individual by individual basis) and the Port Attorney (as to the Assistant Port Attorney) to award additional compensation of up to 4% annually consistent with the criteria set forth in AP432, to include the individual performance of each Unit H employee in terms of competency, expectations, the achievement of goals, and the satisfaction of objectives ("Merit Pay"). This authority does not extend to positions directly reporting to the Board (Executive Director, Port Attorney, Secretary to the Board and Chief Auditor) as the Board reserves onto itself the discretion to award merit pay, if any, to these positions. The

Ordinance approves and ratifies AP 432 and all actions of the Executive Director, the Port Attorney and the Board taken to award any such Merit Pay or other adjustments.

BUDGET & STAFFING

No impact to budget or staffing. Salary adjustments were estimated in the budget.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022). <https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

Goal: Pursue Employee Excellence

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply because the requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

SUSTAINABILITY

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities.

ENVIRONMENTAL

The matters contained in this Agenda Report were reviewed in conjunction with the requirements of the California Environmental Quality Act (CEQA) and the Port's CEQA Guidelines. The requested Board actions are not projects pursuant to CEQA Guidelines, Sections 15060(c)(3) and 15378(b)(2), and no environmental review is required.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)/ PROFESSIONAL LIABILITY INSURANCE PROGRAM (PLIP)

The Owner Controlled Insurance Program (OCIP) and Professional Liability Insurance Program (PLIP) do not apply to the matters addressed by this Agenda Report as they are not capital improvement construction or design projects.

OPTIONS

1. The Board enact the Ordinance necessary to amend Port Ordinance No. 867 to ratify and set the four percent (4%) salary increase retroactive to the first day of the pay period containing January 1, 2018 and the salaries for certain Port of Oakland non-represented employees in Unit H and to ratify and authorize certain Executive Director and Port Attorney actions to award certain additional compensation consistent with the criteria and factors set forth in Administrative Procedure and Policy No. 432 ("AP 432") including the performance of individual Unit H employees, up to four percent (4%) annually.
2. The Board not enact the proposed Ordinance and direct staff to prepare an ordinance to adjust Unit H salary in different amounts or in accordance with another compensation program.
3. Take no action.

RECOMMENDATION

1. Port staff recommends that the Board enact the Ordinance necessary to amend Port Ordinance No. 867 to ratify and set the four percent (4%) salary increase retroactive to the first day of the pay period containing January 1, 2018 and the salaries for certain Port of Oakland non-represented employees in Unit H and to ratify and authorize certain Executive Director and Port Attorney action to award certain additional compensation consistent with the criteria and factors set forth in Administrative Procedure and Policy No. 432 ("AP 432") including the performance of individual Unit H employees, up to four percent (4%) annually.

Attachment A: Administrative Policy and Procedure 432 (Annual Compensation Adjustments for Employees in Unit H, dated November 6, 2014).

Attachment B: Salary Table for Non-Represented Employees