



MEMORANDUM

July 8, 2022

TO: MEMBERS, PORT COMMISSION
Hon. Willie Adams, President
Hon. Kimberly Brandon, Vice President
Hon. John Burton
Hon. Gail Gilman

FROM: Katharine Petrucione
Deputy Director, Finance and Administration

SUBJECT: Discussion and Possible Action on Port Executive Director Salary
Pursuant to Charter Section B3.581(h)

STAFF'S RECOMMENDATION: Policy Decision for Port Commission
(Draft Resolution No. 22-39 attached)

Background

Charter Section B3.581(h) grants the Port Commission the exclusive authority to set the salary of the Port Executive Director. The Charter provides that the Executive Director's salary shall not exceed the "prevailing salaries paid those holding similar positions in comparable maritime employment." In setting the Executive Director's salary, historically the Port Commission has relied in part on a salary survey conducted by Port staff. For this report, Port staff surveyed the salaries for directors at comparable ports, as well as the salaries of directors of other enterprise and similar departments within the City and County of San Francisco (City).

Salary Survey

The Port Executive Director's annual salary is \$318,942. The Port Commission last approved a 5 percent salary increase for the Executive Director on July 9, 2019, retroactive to July 1, 2019. That approval also included a subsequent salary adjustment of 1 percent, effective January 1, 2020, which increased the Executive Director's salary to its current level. In May 2022 Port staff surveyed the salaries of port directors in eight major West Coast ports. Of the eight ports surveyed, three have authority over both a seaport and an airport. The remaining five ports have jurisdiction over a seaport only.

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Port staff determined these five with only a seaport involve “comparable maritime employment” as required by the Charter. For the five seaports, the average annual director salary is \$325,835 as of May 23, 2022 (date of survey). The salaries range from a low of \$226,600 in Tacoma, Washington to a high of \$400,514 in Long Beach, California, as shown in the attachment.

Staff also surveyed the salaries of the directors of other City enterprise departments and similar departments, including the San Francisco Airport, San Francisco Public Utilities Commission, San Francisco Public Works, Department of Public Health, and the Municipal Transportation Agency. The average salary for the directors at these City agencies is \$390,528, with a range of \$290,940 at San Francisco Public Works to \$502,164 at the Department of Public Health, as shown in the attachment.

Port Executive Director Salary Discussion and Options

The Charter requirement that the Port Commission set the Port Executive Director’s compensation precludes the Executive Director from being represented by an employee organization and exempts the Executive Director’s salary from collective bargaining. This Charter provision sets the Executive Director apart from nearly all other City department heads, most of whom are represented by the Municipal Executives Association (MEA), with salaries established through the collective bargaining process.

While the Port Executive Director is not represented by MEA, in the past the Port Commission has set the Director’s salary, and approved cost of living adjustments for future years, based on the adjustments in the MEA Memorandum of Understanding (MOU).

Prior MEA MOU

In the most recent MEA MOU, which covered Fiscal Years (FY) 2019 -20 through 2021-22, MEA members received a cumulative 11 percent wage increase over three years:

- 3.0% base wage increase on July 1, 2019, and a 1.0% base wage increase on December 28, 2019
- 3.0% base wage increase on July 1, 2020, and a 0.5% on December 26, 2020
- 3.0% base wage increase on July 1, 2021 and 0.5% on January 8, 2022.

If the Port Executive Director’s salary had grown with other City municipal executives’ in FY 2020-21 and 2021-22, her salary would have increased from \$318,942 to 341,267 or by 7%.

New MEA MOU

The City concluded collective bargaining with the majority of its unions in April 2022. The new MEA MOU covers the period from July 1, 2022 to June 30, 2024 and includes wage increases as follows:

- 5.25% on July 1, 2022

- 2.50% on July 1, 2023, unless the City’s March 2023 Joint Report projects a budget deficit in excess of \$300 million, in which case the increase will be delayed to January 1, 2024
- 2.25% on January 1, 2024, unless the City’s March 2023 Joint Report projects a budget deficit in excess of \$300 million, in which case the increase will be delayed to July 1, 2024

Possible Options

The Port Executive Director’s salary is \$318,942, \$6,893 lower than the average salary of other seaport directors surveyed, and \$71,586 lower than the average salary of surveyed City department heads. Accordingly, the Port Commission could consider a salary increase based on the survey results. The Port Commission could also set the Executive Director’s salary based on the survey results and then apply the MEA wage increases per the newly negotiated MOU. The Port Commission may also adjust the Executive Director’s salary in accordance with the most recent and new MEA MOUs.

Applying the new MEA MOU base wage adjustments to the Port Executive Director’s current salary would result in the following salary adjustments:

Current Salary	\$318,942
5.25% increase effective July 1, 2022	335,686
2.50% increase effective July 1, 2023	344,078
2.25% increase effective January 1, 2024	351,820

The Port Commission could also choose to adjust the Executive Director’s salary to catch up with salary increases that municipal executives received in FY 2020-21 and FY 2021-22, but that the Executive Director did not receive, and then apply the new MEA MOU base wage adjustments. That would result in the following salary adjustments:

Current Salary	\$318,942
7.00% increase effective July 1, 2022	341,267 (Catch up from prior years)
5.25% increase effective July 1, 2022	359,184
2.50% increase effective July 1, 2023	368,164
2.25% increase effective January 1, 2024	376,447

Port Executive Director Benefits

The Port Executive Director position (job code 9399) is a contract rate classification that allows the Executive Director to be covered under the City’s unrepresented employee ordinance with respect to the benefits, terms, and conditions of employment (other than salary) described in the ordinance. Such benefits, terms, and conditions of employment are substantially similar to those under the MEA MOU and include health benefits; life insurance; a reimbursement program for tuition and training costs, as well as for equipment used in conducting City business; reimbursement for costs for certifications, licenses, and registrations; executive leave; and severance pay. A copy of the current ordinance covering unrepresented employees is attached. The City adopts a new ordinance each year and adjusts terms as necessary to maintain general parity with MEA for unrepresented management employees. Because the Port Executive Director

classification is a contract rate, the wage adjustment in the ordinance covering unrepresented employees does not apply to the Director's salary, which remains subject solely to the Port Commission's jurisdiction and decision-making.

RECOMMENDATION

What action to take, if any, on the Port Executive Director's salary is a policy decision for the Port Commission. Port staff will implement the Port Commission's decision on the Executive Director's salary retroactive to July 1, 2022.

Prepared by: Katharine Petrucione, Deputy Director
Finance and Administration

Attachments:
West Coast Port Directors/City Department Heads Salary Survey
San Francisco Unrepresented Employee Ordinance

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 22-39

- WHEREAS, Section B3.581(h) of the Charter grants the Port Commission the exclusive authority to set the compensation (salary) of the Port Executive Director; and
- WHEREAS, Section B3.581(h) of the Charter provides that the compensation of the Port Executive Director shall not exceed prevailing salaries paid to those holding similar positions in comparable maritime employment; and
- WHEREAS, The current salary of the Port Executive Director is \$318,942; and
- WHEREAS, A survey of salaries paid to Port Directors of West Coast seaports indicated that the current average compensation as of May 23, 2022 is \$325,835; and
- WHEREAS, A survey of City department heads in similar enterprise departments indicated that the average salary is \$390,528; and
- WHEREAS, It has been the practice of the Port Commission to establish the salary for the Port Executive Director in accordance with the salary structure provided in the Memorandum of Understanding between the City and the Municipal Executives Association and the approved wage increases for fiscal years 2022-23 and 2023-24 are:
- 5.25% on July 1, 2022
 - 2.50% on July 1, 2023, unless the City's March 2023 Joint Report projects a budget deficit in excess of \$300 million, in which case the increase will be delayed to January 1, 2024
 - 2.25% on January 1, 2024, unless the City's March 2023 Joint Report projects a budget deficit in excess of \$300 million, in which case the increase will be delayed to July 1, 2024;
- now, therefore, be it
- RESOLVED, That the salary of the Port Executive Director will be \$_____ effective _____, representing a ___% increase.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 12, 2022.

Secretary