

MEMORANDUM

September 8, 2017

TO: MEMBERS, PORT COMMISSION
Hon. Willie Adams, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Doreen Woo Ho

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 Commission

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 Port Executive Director's salary, historically the 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

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. 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 \$309,788 as of June 30, 2017 (date of survey). The salaries range from a low of \$253,137 in Stockton, California to a high of \$406,232 in Portland, Oregon, 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 ("PUC"), San Francisco Public Works, Public Health Department, and the

Municipal Transportation Agency. The average salary for the directors at these City agencies is \$306,951, with a range of \$245,129 at San Francisco Public Works to \$366,678 at the PUC, 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 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, the Port Commission has traditionally set the Director's salary, and approved cost of living adjustments for future years, based on the known adjustments in the MEA Memorandum of Understanding ("MOU"). In early 2017, the City and MEA extended the existing MOU by another two years, to June 30, 2019. That extended MOU provides for the following wage increases: a 3% base wage increase on July 1, 2017; and a 3% base wage increase on July 1, 2018, which may be delayed to the pay period including January 1, 2019 if the City's March 2018 Joint Report shows a projected budget deficit of more than \$200 million.

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

Current Salary	\$282,022
3% increase effective 09/18/17	\$292,396 (to cover the entire fiscal year)
3% increase effective 07/01/18 or 01/01/19	\$299,182

The Port Executive Director's current salary is \$27,766 lower than the average salary of other seaport directors surveyed, and \$24,929 lower than the average salary of surveyed City department heads. Accordingly, the Port Commission could consider a salary increase based on the survey results, rather than the MEA MOU adjustment, and could approve a wage adjustment of 3.0% on July 1, 2018 (or the pay period including January 1, 2019 if the MEA increase is delayed as described above).

Port Executive Director Benefits

The Port Executive Director position (job code 9399) is a contract rate classification that allows the Port Executive Director to be covered under the City's unrepresented employee ordinance (currently, Ordinance No. 067-17) 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 would not apply to the Director's salary, which would remain 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.

Prepared by: Lavena Holmes
Human Resources Manager

For: Katharine Petrucione, Deputy Director
Finance & Administration

Attachments:
West Coast Port Directors/City Department Heads Salary Survey
Ordinance No. 67-17 (unrepresented employees)

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

RESOLUTION NO. 17- 41

- 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, a survey of salaries paid to Port Directors in the major west coast seaports indicated that the current average compensation is \$309,788; and
- WHEREAS, a survey of City department heads in similar enterprise departments indicated that the average salary as of July 25, 2017 is \$304,813; 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; now, therefore be it
- RESOLVED, that the salary of the Port Executive Director will be \$292,396 per year for the remainder of fiscal year 2017-18, representing a 3.0 % increase; and, be it further
- RESOLVED, that effective July 1, 2018, the salary of the Port Executive Director will be \$299,182 per year, representing a 3.0 % increase; provided, if the City's 2018 March Joint Report shows a projected budget deficit of more than \$200 million, the increase will be delayed until January 1, 2019.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 12, 2017.

Secretary