

MEMORANDUM

July 3, 2019

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Gail Gilman
Hon. Victor Makras
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 Port 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 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

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 \$327,508 as of May 1, 2019 (date of survey). The salaries range from a low of \$268,000 in Stockton, California to a high of \$408,250 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, San Francisco Public Works, Department of Public Health, and the Municipal Transportation Agency. The average salary for the directors at these City agencies is \$352,665, with a range of \$266,266 at San Francisco Public Works to \$450,476 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, 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). The City and MEA recently negotiated a new three-year MOU which covers the period from July 1, 2019 to June 30, 2022. The new MOU provides for wage increases in each of the next three fiscal 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.

The MOU stipulates that the base wage increases scheduled for December and January may be delayed by approximately six months if the March update to the City’s Joint Report for Fiscal Year ’20-’21 or Fiscal Year ’21-’22 estimates a budget deficit of \$200 million or more in years two or three of the projection.

Applying the MEA MOU base wage adjustments to the Port Executive Director’s salary for the coming fiscal year would result in the following salary adjustments:

Current Salary	\$292,396
3% increase effective 07/01/19	301,158
1% increase effective 12/28/19	304,174

The Port Executive Director’s current salary is \$35,112 lower than the average salary of other seaport directors surveyed, and \$60,269 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.

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.

Prepared by: Lavena Holmes
Human Resources Manager

For: Katharine Petrucione, Deputy Director
Finance and Administration

Attachment:
West Coast Port Directors/City Department Heads Salary Survey

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

RESOLUTION NO. 19- 31

- 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 \$348,232; and
- WHEREAS, a survey of City department heads in similar enterprise departments indicated that the average salary as of May 1, 2019 is \$352,665; 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 \$301,158 effective July 1, 2019, representing a 3.0 % increase; and, be it further
- RESOLVED, that effective December 28, 2019, the salary of the Port Executive Director will be \$304,174 for the remainder of the fiscal year 2019-20, representing a 1.0 % increase.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 9, 2019.

Secretary