

# **PORT OF EVERETT**

## **COMPENSATION POLICY FOR PoE CHIEFS**

### **Philosophy and Objectives**

The Port of Everett's primary objective for the Chief's Compensation Policy is to provide a reasonable and competitive executive total compensation plan consistent with market-based compensation practices for candidates and executive employees who possess the experience and skills needed to grow the organization.

The compensation program for Port Chief positions is designed to:

- Encourage the attraction and retention of high-caliber executives.
- Provide a fair, equitable and competitive total compensation package.
- Support a "pay for performance" culture through the use of incentives.
- Reward individual accomplishments as well as organizational success.
- Ensure that the program is easy to explain, understand, and administer.
- Balance the need to be competitive with the limits of available financial resources.
- Ensure that the program complies with state and federal legislation.

### **Program Market Position**

While the Port focuses on comparable local government organizations in the Puget Sound area to benchmark pay, it is also understood that the market for executive talent may be broader than this group. Market information from regional surveys and major regional employers may be used as a supplement to form a "market composite" to assess the competitiveness of compensation.

In general, the Port's goal for the Chief's compensation, excluding benefits, is 115% of market average. However, compensation can be above or below market average based on experience, performance, and business need to attract and retain specific talent.

### **Compensation Components**

The typical executive compensation package may consist of eight (8) components:

1. Base pay. As determined by results of the annual market salary survey, internal equity considerations, and budget capacity; and as approved by the Executive Director.
2. Performance incentives. As set annually by the Executive Director in consideration of mutually agreed upon metrics.

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3. Health and retirement benefits. The Port maintains a defined set of insurance benefits that are available on the same basis to all staff. Retirement plans are provided and administered by Washington State Department of Retirement Systems (DRS) in the form of PERS2 or PERS3 plans. A voluntary 457 deferred comp plan (DCP) is also available.
4. Sick Leave. Sick leave balances will be negotiated upon hire into a Chief position and will accrue at 8 hours per month thereafter to a maximum of 1440 hours.
5. Vacation. Vacation leave balances will be negotiated upon hire into a Chief's position and will accrue at 16 hours per month for the first 60 months of service. Thereafter, vacation leave will accrue at 18.67 hours per month.
6. Car allowance. The monthly amount for a car allowance will be determined by the Executive Director. In no case will the allowance be less than \$200 per month. Allowances will be adjusted annually in January to reflect changes (increases or decreases) to the CPI-W: Seattle-Tacoma-Bellevue for the prior calendar year. The car allowance is taxable income to the employee.
7. Other fringe benefits. Other fringe benefits, available to all Port exempt staff, will be administered as delineated in, and in compliance with, the Port of Everett Employee Handbook.
8. Relocation. A relocation allowance and/or expense reimbursement may be negotiated upon hire. Relocation allowances/reimbursements are considered to be taxable income to the employee for IRS purposes.

### **Governance and Procedures**

A market survey is conducted in the summer of each year and is intended to ensure that assigned salaries fall within a reasonable range of competitive practices for comparable positions among similarly situated organizations.

Following this review, the Executive Director reviews and approves base salaries, objectives and goals for the upcoming year's annual incentive plan, the amount(s) of the monetary incentive, and any necessary adjustments to other compensation components.

Compensation adjustments will be documented by Human Resources and communicated to the Payroll Office for processing.

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