

**PORT OF GALVESTON
REQUEST FOR DISCUSSION AND
TRUSTEES ACTION**

BUSINESS ITEM – E-11

PREPARED BY: Peter S. Simons Interim Port Director December 18, 2017

SUBJECT: Discuss and Consider One-Time Adjustment to Pay for Port Employees for Prospective Services

BACKGROUND: Public entities in Texas are not permitted to make adjustments to an employee's salary for past services but they may make adjustments for prospective services and base eligibility for the adjustment on the demonstrated performance of an employee. This agenda seeks Board approval for a one-time pay adjustment for Port employees. The adjustment addresses additional workload in 2018 associated with a fifth cruise ship, major capital infrastructure projects at the cruise terminals, maintenance and security infrastructure projects elsewhere in the Port and administrative tasks related to re-solicitation of key support services contracts.

RECOMMENDATIONS: The Board of Trustees is respectfully requested to review the attached information, to listen to the briefing from the Interim Port Director and to approve a compensation adjustment for Port employees for prospective services.

Respectfully Submitted By:



Peter S. Simons, Interim Port Director

DATE ACTION TAKEN: _____

Approved: _____
Disapproved: _____
Deferred To: _____
Incorporated into Minutes: _____

Motion By: _____
Seconded By: _____
Unanimous: Yes _____ No _____
By: _____

PORT OF GALVESTON
Briefing
DISCUSS AND CONSIDER ONE-TIME ADJUSTMENT TO PAY FOR PORT
EMPLOYEES FOR PROSPECTIVE SERVICES

Background

Public entities in Texas are not permitted to make adjustments to an employee’s salary for past services but they may make adjustments for prospective services and base eligibility for the adjustment on the demonstrated performance of an employee. For the past five years, a one-time adjustment to pay was provided to employees in December. The adjustment compensated employees for anticipated additional work, generally related to preparing for and managing the winter cruise business when the pace of cruise activity increases significantly. This winter, for example, the Port will have cruise ships every day of the week except Tuesday and Wednesday. The table below lists the adjustments previously approved by the Board.

| Schedule of Salary Adjustments | | | |
|---------------------------------------|-----------|---------------|---|
| Year | Type | Recipient | Amount |
| 2012 | one-time | All employees | \$1,000 pre-tax |
| 2013 | one-time | All employees | \$1,000 pre-tax |
| 2014 | 1.5% COLA | All employees | Varied based on salary |
| 2015 | one-time | All employees | Varied based on 2014 evaluations. See note. |
| 2016 | one-time | All employees | \$1,000 post-tax |

Note: In 2015, employees who were evaluated as “meeting” expectations on their 2014 performance evaluation received \$1,000 pre-tax. Employees evaluated as “exceeding” expectations received \$2,000 pre-tax and those evaluated as “outstanding” received \$3,000 pre-tax.

Current Situation

This agenda seeks Board approval for a one-time pay adjustment for Port employees. The adjustment will compensate employees for the additional workload in 2018 associated with a fifth cruise ship, major capital infrastructure projects at the cruise terminals, maintenance and security infrastructure projects elsewhere in the Port and administrative tasks related to re-solicitation of key support services contracts. The salary supplement will be paid to all individuals employed by the Port during 2017 but the amounts will vary based on the employee’s length of service in 2017. Employees who are on performance probation as of the date the Board takes action on this item will

not be eligible for the adjustment. The following table sets forth the recommended salary adjustment amounts.

| Proposed Salary Adjustments | | |
|------------------------------------|--------------------|--------------------|
| Dates of Service | Full-time Employee | Part-time Employee |
| All year | \$ 750.00 | \$ 375.00 |
| Hired after 07/01/2017 | \$ 375.00 | \$ 187.50 |
| Hired after 10/01/2017 | \$187.50 | \$ 93.75 |

Note: Adjustments for part-time employees will also be pro-rated at 75%, 50% or 25% based on the amount of time they work.

Fiscal Impact

The 2017 budget included an allowance for a 2.0% cost of living increase for all employees. The total amount budgeted was \$101,657. The budget also included an allowance of \$40,000, to be used at the discretion of the Interim Port Director for employee retention. Thus, a total of \$141,657 was budgeted for pay adjustments for 2017.

Implementation of the recommended adjustments will cost \$70,121.25.

Staff Recommendation

The Board of Trustees is respectfully requested to review the attached information, to listen to the briefing from the Interim Port Director and to approve a compensation adjustment for Port employees for prospective services.