

COUNTY OF HAWAII
SALARY COMMISSION
January 16, 2004

M I N U T E S

Chair Sanborn called the meeting to order at 1:00 p.m. in the Conference Room of the Department of Liquor Control, 101 Aupuni Street, Suite 230, Hilo, Hawaii.

Present:

Mr. J. William Sanborn, Chair
Mr. Joel Nye, Vice Chair
Mr. Yoshiichi "Joe" Tanaka, Secretary
Mr. Glenn Hara, Member
Mr. Tsukasa Ishii, Member
Mr. Paul Mann, Member

Others present:

Mr. Craig Masuda, Deputy Corporation Counsel
Mr. Rodney T. Kaido, Deputy Director of Personnel
Ms. Velma Y. Menezes, Secretary-Reporter

ADDENDUM TO AGENDA

A communication was received from Steve Morifuji, Chairperson, Liquor Commission, supporting the Salary Commission's salary proposal for the Director of the Department of Liquor Control.

MOTION: Mr. Hara moved to amend the agenda to include the above communication. The motion was seconded by Mr. Tanaka and unanimously carried.

The communication was assigned number 04-02 and placed on the agenda.

Chair Sanborn announced that Mr. Hara had attended the Liquor Commission's meeting to explain the Salary Commission's tiered proposal.

MOTION: Mr. Mann moved to amend the agenda to include an oral report from Mr. Hara on the above. The motion was seconded by Mr. Tanaka and unanimously carried.

MINUTES OF OCTOBER 17, 2003

MOTION: Mr. Mann moved that the minutes of October 17, 2003 be approved as circulated. The motion was seconded by Mr. Hara and unanimously carried.

MINUTES OF NOVEMBER 5, 2003

MOTION: Mr. Hara moved that the minutes of November 5, 2003 be approved as circulated. The motion was seconded by Mr. Mann and unanimously carried.

MINUTES OF NOVEMBER 21, 2003 SPECIAL MEETING

MOTION: Mr. Hara moved that the minutes of November 21, 2003 be approved as circulated. The motion was seconded by Mr. Mann and unanimously carried.

MINUTES OF DECEMBER 3, 2003 SPECIAL MEETING

MOTION: Mr. Mann moved that the minutes of December 3, 2003 be approved as circulated. The motion was seconded by Mr. Hara and unanimously carried.

COMMUNICATIONS

A) Communication No. 03-40, dated October 23, 2003, from Lincoln S. T. Ashida, Corporation Counsel, regarding further clarification on the attorney-client privilege.

B) Communication No. 03-41, dated October 30, 2003, from Wendell Hatada, Executive Assistant, regarding boards and commissions vacancies.

C) Communication No. 03-42, dated November 25, 2003, from Lincoln S. T. Ashida, Corporation Counsel, regarding privatization.

D) Communication No. 03-43, dated December 10, 2003, from Lincoln S. T. Ashida, Corporation Counsel, regarding 2003 Office of Information Practices Training.

E) Communication No. 03-44, dated December 23, 2003, from Horace S. Hara, Chair, Police Commission, regarding the Salary Commission's suggestions on the compensation for the Police Chief.

MOTION: Mr. Hara moved to receive and file Communication Nos. 03-40 through 03-44. The motion was seconded by Mr. Tanaka and unanimously carried.

Regarding Communication No. 03-41, Mr. Tanaka asked whether there was any way to push the matter to get new people on board.

Chair Sanborn suggested writing a letter to the Council member of the appropriate district requesting their assistance in finding a suitable nomination. A copy of the letter could be sent to the Mayor.

Mr. Masuda advised that it would be all right to do so. Also, if any Commissioner knows of a qualified person in those districts, they could inform Wendell Hatada or the Mayor, who could approach those people to see if they'd be willing to serve.

MOTION: Mr. Tanaka moved that the Commission send a letter to the appropriate Council members in which the vacancies exist to request their assistance in finding suitable candidates. The motion was seconded by Mr. Nye and unanimously carried.

Chair Sanborn requested that Ms. Menezes draft the letter.

UNFINISHED BUSINESS

A) Communication No. 03-30, dated October 6, 2003, from Glenn Hara, Chair, Tier Review Committee, submitting its final report on the study of a tiered compensation system.

B) Oral report from Mr. Hara regarding his appearance at the Liquor Commission's meeting.

C) Communication No. 04-02, dated January 9, 2004, from Steve Morifuji, Chairperson, Liquor Commission, supporting the Salary Commission's salary proposal for the Director of the Department of Liquor Control.

Mr. Hara reported receiving a call from the Liquor Commission asking that a representative from the Salary Commission appear before them to answer questions about the letter the Salary Commission had sent suggesting that the commissions look into setting up their own compensation schemes that they might want to consider to be different from the "political" appointees as opposed to the commission appointees. With the concurrence of the Chair, Mr. Hara appeared at the Liquor Commission's meeting on January 8, 2004. The questions asked were basically for clarification on the initial report, such as how the figures were obtained, the kinds of data that were considered, etc. The message Mr. Hara relayed was that the Salary

Commission would appreciate from them any special considerations with respect to a salary schedule that they saw fit for their commission appointee.

The Liquor Commission pointed out to Mr. Hara that their funds come out of the license fees from their licensees so their budget is different from other departments whose budgets are funded by the County's general fund. The Liquor Commission expressed some concerns about how they would fund salary increases mandated by the Salary Commission, so Mr. Hara explained that that is why he was there. The Salary Commission wants to hear from them because of those kinds of concerns. Mr. Hara also suggested that it might be fruitful for all of the commissions to form a joint committee to study salary schedules for Fire, Police, Civil Service, and Liquor since they are appointees of commissions and tend to be more career oriented than the political appointees.

Mr. Hara did sense from at least one or two of the commission members that they would appreciate the Salary Commission taking some action on the pay raise because of the existing inequity resulting from the Police Chief and Fire Chief already having gotten their raise, leaving the other department heads one year behind the curve again.

Mr. Nye noted an inconsistency in that while the Liquor Commission said they were concerned about the Salary Commission mandating a particular salary, and also concerned about funding it because of budget restraints, they then went on to state that they support the Salary Commission's proposal.

Mr. Hara guessed that the Liquor Commission made the decision (that the Salary Commission's proposal was within their budget) after he left the meeting. He believes the Liquor Commission was more concerned about the structural discontinuity of making the decision and having to pay it, so he let them know that this Commission is sensitive to those issues. That is why they were soliciting input from the various commissions. In their letter, the Liquor Commission is basically saying that if the Salary Commission is going to give the department heads a raise, include their department head.

Mr. Mann noted that all the letter says is that they agree with the Salary Commission's proposal. The issue of money isn't addressed. The Liquor department has the ability to change the fees for licensees so there is some flexibility for them. That doesn't mean they have the money today.

Ms. Jan Pakele, Director of the Department of Liquor Control, testified that her department has its reserve account as well. They are not funded by general funds. They have fees and tithes that they assess and some of that is in a reserve account. Therefore, they have access to that reserve account for any raises that may be considered by the Salary Commission. Monies that are taken out of the reserve account is by a Council action, and they are authorized to have a reserve account by law.

NEW BUSINESS

A) Communication No. 04-01, dated January 8, 2004, from Glenn Hara, Chair, Tier Review Committee, submitting a report to consider issues amending the October 6, 2003 final report on the study of a tiered compensation system.

MOTION: Mr. Hara moved that the recommendations of the Tier Review Committee report dated January 8, 2004 be accepted by the Commission and that the Commission consider recommendations 1 through 4 separately. The motion was seconded by Mr. Mann.

Discussion:

Mr. Tanaka indicated a desire to review information on other counties' tiered systems if such information is available.

Mr. Hara noted that in looking at the data in the blue book, it appears that Maui's department heads are compensated at different levels.

Mr. Tanaka agreed that it looked like a modified tier of some kind.

It was also noted that Kauai has different levels of pay.

Mr. Hara explained each issue and recommendation in the TRC's report:

1. Number of tiers and percentage difference between tiers.

The first issue the TRC looked at was the number of tiers. Mr. Nye had submitted a proposal that there be four tiers at the department head level and that there be a larger percentage difference between tiers. After studying Mr. Nye's proposal and reviewing the TRC's initial submittal, the TRC recommends that the Salary Commission keep the number of tiers and percentage difference as initially recommended in the October 6, 2003 final report.

Mr. Hara noted that if the Commission adopts the motion in terms of the recommendation it doesn't mean that they have accepted the initial report. He's treating these like amendments to the initial report. When the Commission considers accepting the initial report it will be with no change. In other words, there will be two tiers with the departments assigned to the tiers as stated in the October 6 report, and the tiers assigned to pay grades 18 and 17, also as indicated in the initial report.

When the TRC reviewed its initial TRC ranking, they concluded that there wasn't enough room for another tier, and there was a question on where the breakouts would be if a third tier was created. Also, if a third tier

was created, the number of department heads in that third tier would be so small that it wouldn't make that much of a difference.

The TRC also considered Council Chair Arakaki's comments that the Legislative Auditor and the County Clerk should be considered on par with the executive departments, and based on Mr. Nye's ranking, they would have fallen to the lowest tier.

Mr. Mann emphasized that this recommendation does not establish the pay table; it only establishes the differences. They're agreeing to the 5% and not the numbers.

2. Phase-in of any suggested pay increases.

The second issue was, if there were going to be any kind of pay adjustments, whether those pay adjustments should be phased in over a period of time. The Mayor's Office had submitted a proposal for a five-year phase-in for the amount that had been circulating as discussion figures.

One of the things the TRC took note of was that in 2002 the Salary Commission did approve and adopt a plan that would have resulted in a pay increase over three years, and in fact it did approve and implement the first increment of that raise in 2002. In June or July of 2003 the second increment was supposed to come in but the Commission started discussing the possibility of doing a tier and postponed implementation of the plan. The TRC looked at that and noted that it was already on the horizon that they would try to get everybody up to speed by 2004, so if they decide to phase in the salary increases, it would be consistent with what they had adopted earlier to do it in two more steps rather than spreading it out in five.

Therefore, that's the current recommendation: Upon approval of a pay schedule, the TRC recommends phasing in salary increases over a two-year period by granting 50% of the salary increase effective on the first day of the month following the date of approval, and the other 50% one year from that date. In other words, if the increase is from \$70,000 to \$90,000, one month following that the salary would go from \$70,000 to \$80,000 and a year from then from \$80,000 to \$90,000.

Mr. Tanaka asked whether granting increases in increments as explained above would impact the budget timelines followed by the Mayor and Council. He wondered whether complications could result and whether it would be better to set a definite point at which everyone agrees to the schedule together.

Chair Sanborn stated that right now the Commission is trying to understand the recommendations. Once the recommendations are accepted by the Commission, they're still going to have discussions on the pay schedule, whether they would adopt it or come up with a different schedule. At some point, the Commission will need to discuss the phase-in recommendation, whether it be for a two-year period, five years, or anything

in between. There are two issues here, one is the phase-in and the other is the start date.

3. Movement along the steps on the pay table.

Mr. Hara noted that the recommendation is that all department heads except Police, Fire, and Public Works start at Step A. Step increases should occur every two years from the anniversary date of appointment or from the time the Commission adopts the schedule.

Police, Fire, and Public Works will start at 18C of this schedule, if it is adopted, because of the salary inversion. Appointments can come at any time during the administration of any particular mayor, and if that happens, they would start at A. What Mr. Hara is trying to avoid right now is adopting the schedule from somebody who's already an incumbent and having that person say he/she has been here for six years so he/she should be at Step C too. The idea was at least to build in some kind of a step increase for experience on the job without the administration having to come back every time to ask for that to happen. It's an anticipation of rewarding somebody for being on the job and gaining the experience necessary for unique positions.

With respect to Police and Fire, they start at C and move up, but hopefully for Police, Fire, Civil Service, and Liquor, the Commission will have some guidance from those commissions as to a special table for those department heads.

Therefore, the issue of what the Commission is doing with A, B, and C, the answer is to take them as two-year step increases if the person is on the job.

4. Consideration for treating Police, Fire, Civil Service, and Liquor on separate "career track" schedules.

The TRC's recommendation is that with the adoption of the tiered system and the proposed schedule, the above commission-appointed department heads receive salary increases along with the other department heads (except for Police and Fire, as they already got theirs). However, a committee of this Commission should be established to study a separate pay schedule or schedules recognizing longevity and career track issues for these department heads for future implementation. In other words, get them up to speed, learn from what the Commission has done so far, and see if they can tailor those departments' pay requirements more towards what happens to their appointees. The TRC suggests that a joint committee be established for this purpose consisting of representatives from each of the commissions to serve on the joint committee. The TRC also recommends that the same Commissioners be charged with studying the Council salaries.

The motion was voted on and carried with Mr. Nye voting no.

MOTION: Mr. Hara moved that the October 6, 2003 TRC report as amended by the January 8, 2004 report be adopted by the Commission for implementation. The motion was seconded by Mr. Mann.

Discussion:

Mr. Hara noted that if there any changes to be made to the report it would have to be by way of amendment to the motion.

MOTION: Mr. Tanaka moved that the Commission postpone further action on this matter until the next meeting. The motion was seconded by Mr. Hara.

Discussion:

Mr. Tanaka stated that he studied the proposal but does not want to rush into it as it is a very important matter. He's also interested in obtaining additional information and would like more time to study it further. Considering that the proposal will have such a tremendous impact on the County, he doesn't think putting it off for one month is asking too much. He would like to be sure that he's making the right decision on the vote and is basically asking for some time to do more work on it.

Mr. Hara stated that he basically agrees with Mr. Tanaka and thinks that it's reasonable to allow everyone more time to digest what they'd just approved for consideration by the Commission.

The motion was voted on and carried with Mr. Mann voting no.

In discussing issues for the next meeting, Mr. Tanaka noted implementation concerns and problems that relates to the budget timeline that the County operates under.

Chair Sanborn agreed that one issue would be implementation both on the schedule of implementation and the date of it being implemented.

Mr. Mann commented that they can't discuss implementation until they agree on what the steps and numbers are going to be. He sees two major areas of discussion - the numbers and phase-in.

Mr. Hara commented that he wouldn't get too involved in the details of implementation as opposed to the basics, such as how much and when to start. His concern is, for example, that if the Commission decides on January 15 that they're starting on February 1, they'll be told the County can't cut the check because the process takes 30 days. In terms of the budget implementation, Ms. Kaetsu basically said if the Commission decides on any kind of a salary adjustment, they can do it. It's just a matter of the Mayor finding the money and figuring out where they're going to put it. It's not going to require any kind of further budgetary process.

NEXT MEETING DATE

The Commission scheduled its next meeting for Friday, February 20, 2004, at 10:00 a.m., in the conference room of the Department of Liquor Control.

ADJOURNMENT

The meeting adjourned at 3:00 p.m.

Respectfully submitted,

J. William Sanborn, Chair

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