

COUNTY OF HAWAII  
SALARY COMMISSION  
September 20, 2002

MINUTES

Chair Inouye called the meeting to order at 1:35 p.m. in the Conference Room of the Department of Liquor Control, 101 Aupuni Street, Suite 230, Hilo, Hawaii.

**Present:**

Mr. Eric Inouye, Chair  
Mr. Jason Hashimoto, Vice Chair  
Mr. Rodney Watanabe, Secretary  
Mr. Glenn Hara, Member  
Mr. Joel Nye, Member  
Mr. J. William Sanborn, Member  
Mr. Yoshiichi "Joe" Tanaka, Member

**Excused:**

Mr. Gerald Kita, Member

**Others present:**

Mr. Michael R. Ben, Director of Personnel  
Mr. Rodney T. Kaido, Deputy Director of Personnel  
Mr. Gerald Takase, Assistant Corporation Counsel  
Ms. Joney Nitahara, Personnel Program Specialist  
Ms. Velma Y. Menezes, Secretary-Reporter  
Members, Police Commission  
Members, Fire Commission

**STATEMENTS FROM THE PUBLIC**

Chair Inouye noted that the Commission received a written statement from Mr. Hugh Ono regarding the salary of administrative appointees.

Mr. Wil Okabe, Chair, Police Commission, testified on their proposal for salary increases for the Chief of Police and Deputy (see attached written testimony). Mr. Okabe was joined by Mr. Horace Hara, Vice Chair, and former Vice Chair Dwight Manago.

Mr. Watanabe noted a question that had come up at an earlier meeting regarding how many EM-7s or police officers are eligible for retirement. A

corresponding question was what happens when an EM-7, who's making \$84,000, now retires. Would that then mean there's a vacancy and someone from within the department would move up to that level?

Mr. Manago responded in the affirmative.

Mr. Watanabe noted that that means even if someone retires at that higher pay scale, it wouldn't take away the discrepancy because someone else would fill it.

Mr. Tanaka asked that the Police Commission elaborate on the fifth point of the written testimony, the economic status of our economy, as the basis for giving the increase.

Mr. Manago explained that the EM-7s were given a 5% bonus this year. Basically what happened was their pay raise was disguised as a bonus, therefore, making their pay this year \$88,932. The Police Commission decided not to use the \$88,932 figure, which would reflect \$96,000+ for the Chief and \$91,000 for the Deputy. In taking the current economic situation into consideration, they felt it would be more reasonable to take the lesser figure, which was \$84,696, as a base instead. The Police Commission does feel that they would be able to get better qualified candidates based on the \$91,599 proposed salary.

Mr. Tanaka questioned the standard of conduct for the Chief and Deputy, stating that high standards are normally expected from the bottom to the top.

Mr. Okabe responded that because the Honolulu and Kauai Police Chiefs receive this particular compensation, the Police Commission decided that they would like to put that in for Hawaii County as well.

Mr. Manago explained that this compensation was initially given as a uniform and gun maintenance compensation. It was subsequently changed into a standard, based on the high standard and scrutinization that the officers have to adhere to, such as being on call "24-7," and so on. The \$1,020 is based on \$85 a month, which Mr. Manago believes was obtained through collective bargaining.

Mr. Sanborn questioned the logic in #2 with regard to the geographical size of our County in comparison to the other counties.

Mr. Manago used the District of Ka`u as an example. He stated that there is a large liability in the district, because Ka`u is larger than the size of Oahu. Yet, there are only two patrol officers in the district of Ka`u, and many times they don't even have a sergeant out there taking command of the ship. Because our island is 6-3/4 times larger than Oahu or 6 times larger than Kauai, it makes it that much more difficult in terms of liability and the utilization of manpower. Based on a police officer per citizen ratio, Ka`u actually has more manpower than Kona or South Hilo. The fact still remains,

however, that they still need to cover the people, and they can't do it with any less than two officers on duty in that district. It would be more efficient if they were the size of Oahu. Population wise Hawaii County is second only to Oahu in all the counties. Honolulu is the only county where the Chief gets paid more than the Assistant Chiefs, the EM-7s, although Oahu actually has EM-8s, and they are paid more. In fact, Chief Donohue recently received a raise and a five-year extension on his contract.

Mr. Nye noted that the information about only two police officers covering all of Ka`u doesn't have anything to do with the amount of money that the Police Chief is compensated. It's not going to get three officers down there. That situation doesn't change. What is needed is more officers out there working.

Mr. Manago agreed, but reiterated that there is the liability situation. When there are complaints, for instance, everything will fall back onto the Chief's shoulder. He's still responsible for the whole department and again it's a harder task being that there are fewer people trying to control a large area.

Mr. Nye asked how many more police officers are need to eliminate overtime.

Mr. Manago stated that he can't say, but they have done studies on that and are going to make recommendations on the upcoming budget as to how to correct some of the problems that they have with overtime. Part of the reason overtime is so high is because of what's happening with the lack of manpower.

In answer to Mr. Hara's inquiry on evaluations, Police Commissioner Hara responded that the Police Commission does a formal, annual evaluation of the Police Chief. This year they plan to do a mid-year evaluation just to give the Chief some idea of status and improvement requests.

For discussion purposes, Mr. Hara suggested a plan where the Salary Commission authorizes the Police Commission to give an annual bonus up to \$1,020 to include those areas like standards and performance. It wouldn't just be an automatic \$1,020, but it would be part of the evaluation process based on the Police Commission saying "okay you deserve this, now you got it."

Police Commissioner Hara stated that he has no problem with that. Because of collective bargaining, the standard of conduct is no longer an additional bonus, but is a part of collective bargaining that all the Assistant Chiefs and below receive it. If the standard was that all officers, EM-7s down, must meet the criteria of acceptable conduct in order to receive that compensation, then Police Commissioner Hara would say it's okay; but to hold that over the Deputy and the Chief and say the rest would automatically get it, he has problems with that.

Mr. Okabe stated that he would basically concur with Commissioner Hara if it came down to this stipulation or no money at all.

Mr. Hara also brought up for discussion a plan giving 3%, instead of the 5% for the Chief over the Deputy Chief, and authorizing a 2% increase after a year by evaluation by the Police Commission. If it was a 3% increase, Mr. Hara estimated that the salary would be \$89,090, almost \$90,000; and it would still give the Police Commission one arrow in its quiver after a year.

In speaking for himself, Mr. Okabe stated that they were asked to give the Salary Commission a proposal, and he feels they did their homework in comparing all the counties. However, the determination in accepting this or changing it would have to be the Salary Commission's decision.

Mr. Manago responded that they did look at going down 3% and they did start with a lower base pay, so they did take make that consideration in coming up with their figure. In comparing the geographical size and workforce of the island with Oahu and Maui, and with Hawaii County falling in between the two, they felt their proposal was fair.

Mr. Hara explained that his motivation was to give the Police Commission a management tool with some flexibility in the salary in terms of merit increases or bonuses for performance.

Police Commissioner Hara stated that although the Police Commission has the authority to hire and fire the Police Chief, their major responsibility is civilian oversight of the Police Department operations. Operationally, they don't have command authority over the Chief. They function as a buffer between the citizens and the department, and they can make recommendations. It's difficult for the Police Commission to talk about merit pay for then they become like employers of the Police Chief. Actually their job is to hire and fire based on the capability or qualifications of the Chief, and they have the public input within their own jurisdictions.

Police Commissioner Hara mentioned that the Maui schedule did not reflect the 5% across-the-board increase that the Assistant Chiefs and below would be receiving as of January 2003. When January 2003 does come up, Maui Assistant Chiefs will be making \$88,932; and Maui is looking at their Chief's pay going up as well because of that situation.

Mr. Sanborn noted that if the Salary Commission went with the Police Commission's recommendation, they would basically be placing the Police Chief and the Deputy on the top of the ladder, far above any other deputy in the County itself. So the Police Commission's recommendation is strictly a comparison with other counties as opposed to an internal comparison. At this point in time, the Mayor is paid more than the Police Chief, and the recommendation puts the Police Chief's salary way above the Mayor's.

Mr. Manago stated that there recently was an article in the Honolulu Advertiser which reported that Mayor Kim says he has no problem with the

Chief of Police making more than he does if that's the only way to get the qualified person to run the department. He at no time mentioned the fact that there was no money to fund it, and he was not balking at having any type of increase for the Police Chief.

Mr. Sanborn stated that he's not so concerned about the Mayor as he is about the other departments. If the Commission is going this aggressive in one area, they're going to have to go aggressive in other areas. The Commission has to look at it as not just an individual increase but look at it collectively.

Mr. Nye noted that with no merit increase to retain the Police Chief, as Mr. Hara had suggested, and with collective bargaining pushing everybody else down the next year or two, he believes they will be in the same situation that they are in right now several months down the road.

Police Commissioner Hara stated that that's why the Police Commission went with a percentage increase, so that the Deputy will always get 3% higher than the EM-7s, and the Police Chief would get 5% above the Deputy. They'll be progressively ahead.

Mr. Nye responded that that would be an automatic-setting thing and they'd be right back where collective bargaining is dictating the process.

Mr. Takase stated that it can't be tied directly back to the collective bargaining salary. The Commission can use it as a guide but they would still need to make an independent decision.

It was noted that the Police Commission is looking at a timeframe of December to complete its selection process for a new Police Chief.

Mr. Sanborn stated that irrespective of the base and the discussion they've been having about how does that fit with the EM-7s, how important is it that the Chief be paid more than all the Assistant Chiefs, particularly if the Assistant Chief has made it all the way up the ranks and they're only one year away from retirement?

Mr. Manago responded that it's very important. Part of the indication would be the feedback that they've gotten from top administrators and even different departments telling the Police Commission that if they went over there they'd have to take a major pay cut with the current salary as it is. That will be a major deterrent in people deciding whether or not to place their application in for the Chief of Police here. It would also be a deterrent internally within the department-taking a pay cut and adding more responsibility.

Mr. Walter Moe stated the following:

In reviewing the Charter, it states that the Commission shall review and compensate all County elected officials and appointed directors and

deputy directors so that their total salaries and benefits have a reasonable relationship to compensation in the public and private sector.

That insulates the Salary Commission to a certain degree from budgetary questions. The Commission is independent and has the authority and power to act. The Commission's action is law.

Mr. Moe comes from the private industry. In searching for an executive to run a company, the salary is a minor component. What you're looking for is talent, knowledge, the total package of an individual – an executive to run the company so that it becomes profitable, so that the stock holders are satisfied, and the company makes money. Mr. Moe invited the Commission to think about the Police Chief as a highly trained individual with years of experience, and the need to attract that kind of talent. The few thousand dollars that they're talking about now is totally inconsequential to what they will be getting and what that individual can contribute to the County and to the health and safety of the community.

Another element that Mr. Moe stated he would like to touch on again is that he spoke with a couple of Majors in the department, and their opinion is that they are excluded from participating in the process. They can't afford the drop in compensation. Therefore, now the County is losing local, highly trained, and very qualified individuals from applying.

Ms. Phoebe Lambeth, from the Police Commission, stated the following:

In regards to the question that Mr. Sanborn asked about how important was it for department heads to make more than their subordinates, they must remember that the Chief and the Deputy Chief get the base line salary. They can work up to 14 hours a day and only get paid for 8 hours, whereas all the other officers work 8 hours and anything beyond that is time-and-a-half. It is very demoralizing. She was in the same position where her subordinates made more than she did, and she worked 16 hours a day. She doesn't think that they have to live with that situation and wants the Commission to take that into consideration.

#### APPROVAL OF MINUTES OF AUGUST 29, 2002

MOTION: Mr. Nye moved that the minutes of August 29, 2002 be approved as circulated. The motion was seconded by Mr. Tanaka and unanimously carried.

#### COMMUNICATIONS

A) Communication No. 02-21, dated August 28, 2002, from Craig T. Masuda, regarding the salary increase for the Office of the Corporation Counsel and Prosecuting Attorney.

**MOTION:** Mr. Hara moved that Communication No. 02-21 be received and filed. The motion was seconded by Mr. Sanborn and unanimously carried.

**B)** Written statement, dated September 20, 2002, from Mr. Hugh Y. Ono, P.E., regarding salary of administrative appointees.

**MOTION:** Mr. Hara moved that Mr. Ono's written statement be received and filed. The motion was seconded by Mr. Nye and unanimously carried.

Chair Inouye stated that the Commission will invite Mr. Ono to its next meeting to respond to any questions the Commissioners might have. The communication was assigned no. 02-21.

#### UNFINISHED BUSINESS

**A)** Adoption of Proposed Rules of the Salary Commission

Mr. Nye questioned the meaning of §202-7.

Mr. Takase explained that §202-7 basically recites Chapter 92 of the Hawaii Revised Statutes, the administrative procedures act. Once the Commission's rules are passed, the rules would be filed with the County Clerk and becomes effective after that point in time.

In response to a concern voiced by Mr. Nye on the 8.3% increases and the effective date of June 30, Mr. Takase stated that that was a specific action by the Commission and the salaries that were set are not rules.

**MOTION:** Mr. Hara moved that the proposed rules for the Salary Commission be adopted. The motion was seconded by Mr. Watanabe.

#### **Discussion:**

Mr. Takase noted for clarification of the minutes that the rules are Title III, Chapter 200.

The motion was voted on and carried unanimously.

**B)** Communication No. 02-18, dated May 24, 2002, from James Y. Arakaki, Chair, Hawai`i County Council, regarding an opinion on the salaries of the Legislative department heads and deputies.

**MOTION:** Mr. Hara moved that the 8.3% across-the-board raise be given to the County Clerk, Deputy County Clerk, and Legislative Auditor retroactive to when the 8.3% went into

effect for the other departments. The motion was seconded by Mr. Tanaka.

**Discussion:**

Mr. Sanborn stated that it would be rather unfair if the Commission didn't increase their salaries by the 8.3%, because that had been a start to bring everyone to an equal level. Then the Commission could start talking about whether it's going to be different in the end. He has no objection to that move.

Mr. Nye stated that he doesn't think the Commission overlooked these positions. They weren't aware of them at the time. These were positions that even the County Council wasn't too clear on whether or not they even wanted to have these positions, and to give them an 8.3% pay increase when the Commission goes back and looks at each department individually as to what those department heads are going to be paid takes away all their "wiggle room."

Mr. Hara stated that the Commission can bump down the salaries for any position; it just won't be effective until somebody else fills it. You can't bump down somebody already in the position.

Mr. Takase opined that the Commission may be able to. When the Commission passed the 8.3%, they were trying to catch up with what they felt was lacking in the past. These positions are positions that were typically included with Directors or Deputy Directors on the administrative side.

Mr. Watanabe stated that while he's generally in favor of raises, he's not entirely sure that he supports this because these positions do not have employees under them who are making more than them, which doesn't make it as immediate of a concern. Another thing is that the Commission had agreed that there would be some level of tiering, whereas the current stratification is just one level. In looking at the information, these positions are currently being paid more than Maui's.

Mr. Sanborn clarified that his original proposal was 5% across-the-board mainly to alleviate some of the pressure and get things moving. He picked 5% because he was looking at the minimum differential, and he went along with the 8.3% because he didn't think it was that much of a difference. He's still not entirely happy with the fact that there are some departments getting pay raises that may not have needed one. That is why he made the statement the last time that he wouldn't necessarily be supportive of another 8.3% in the second and third years. The Commission basically missed these people not knowing they were there, and they should bring them up to the parity level as that level may stay there for a long time.

Mr. Ben noted that the County Clerk may change next year. It's a two year appointment. The question for the Commission to answer is does it want to compensate the County Clerk the same as the Director of Liquor

Control, who has been a department head for 18 years? Does the Commission want to send the message that it's okay?

Mr. Watanabe stated that this issue revolved around the Commission looking at fairness, and he understands the fairness issue, but who the Commission has the authority to dictate salaries for was spelled out in the Charter, and it was the Charter that missed it, not so much this group. Seeing what the other counties are paying, he doesn't think that they're far off the mark at this point.

Mr. Ben stated that it was his fault these positions were missed. He looked at the Charter, and the Charter said directors of departments and executive agencies, so everything that he presented to the Commission was based on departments and executive agencies. Now there is an opinion that it was the Charter Commission's intent to cover these positions based on their minutes, so now the Salary Commission has to cover them.

Mr. Takase informed the Commission that these positions supervise departments on the legislative side - the County Clerk's office and the Legislative Auditor's office. The Legislative Auditor is the head of the legislative auditor's section which is basically the research branch for the legislative branch, and the County Clerk takes care of two divisions, the Clerk's office and also Elections. They have, in the past, been recognized as equals or co-equals of department and deputy department heads. That is why the Council Chair is asking for the inclusion of these positions in the pay package. The wording in the Charter was imprecise, so it didn't look like they were included directly; but when looking back, the Charter Commission did talk about this specifically.

Mr. Nye noted that in previous meetings they talked about addressing different departments where there's disparity between the department head and collective bargaining. They also decided that they were going back to look at each department head's qualification, education, responsibilities, and so forth to adjust the salaries accordingly. This would be a good place to start, but not today. They should revisit this issue after the other concerns and urgencies. These positions are already making more money than two other counties so he doesn't see where the urgency is.

Mr. Hara stated that the 8.3% raise was in recognition of the fact that the collective bargaining sector received either 21 or 27% increases while there were no increases to the executive salaries. To be fair, these positions should be on the same boat that everybody else is. If they had been on the list initially, would the Commission have said let's take these three positions out because they don't deserve the 8.3%? It was across the board.

Mr. Sanborn noted that when the Commission did the 8.3% across-the-board, they raised the water manager, the deputy water manager, the deputy director of personnel, the director of parks and recreation, and the deputy planning director all above Maui County. The Commission should be getting into Police and Fire to figure out the differential there.

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

Mr. Hara asked for a statement from the Corporation Counsel's office as to whether the Commission does in fact adjust the salaries now for those particular positions. One question is can the Commission do it? The second question is if the Commission can do it, when would it be effective--when the Commission says it's effective or when there's a person who takes the position?

C) Review of executive salaries for the Police Department and Fire Department for purposes of establishing appropriate salaries for County executives pursuant to Section 13-28 of the County Charter.

MOTION: Mr. Hara moved that the Salary Commission adopt the proposal of \$87,237 for the Deputy Chief and \$91,599 for the Police Chief, as presented by the Police Commission. The motion was seconded by Mr. Watanabe.

**Discussion:**

Mr. Hara explained the reason he made the motion. First of all, he would like to send a message to the other commissions with hiring and firing authority that the Salary Commission will give deference to their determinations as to what's appropriate to run their department. As the Salary Commission doesn't have the resources to go down to the level that the other commissions have in terms of making those kinds of determinations, the Salary Commission should at least defer to them in these areas unless it's obvious that they're out of line. In this case, Mr. Hara doesn't think the Police Commission is out of line.

Secondly, if the Commission does undertake to adopt the motion, they'll be pushing themselves in a corner where they have to make fast decisions later about the Mayor and Managing Director, in terms of the hierarchy of things, which they should keep in mind. The Police Department functions are probably one of the most important and core functions of the County, and the Commission should support that.

Mr. Sanborn commented that if his calculations are correct, when they originally were looking at across-the-board, using Maui as an example, they had looked at a disparity of about 16%. But whatever this formula comes out to, it's within a couple thousand dollars. Therefore, it's as if they were just making a 15% or a 16% adjustment to get the department heads started. He's a little concerned about the deputy positions however, because they had been unfilled for a while. What he's concerned about is that if they raise the Police Chief and the Deputy Police Chief immediately, that puts it above all the EM-7s, which means that everybody will be applying for the job.

Mr. Ben stated that the Deputy Chief position is appointed by the Police Chief. How he goes about filling it is up to him.

Mr. Nye asked about Mr. Hara's suggestion concerning the additional 2% to be given the following year upon satisfactory performance of the Police Chief.

Mr. Hara responded that he is satisfied with the response he got today from the Police Commissioners. This is their proposal and he's not about to impose something on the Police Commission that they don't feel comfortable with. It's the Police Commission's job to come up with an incentive to keep the Police Chief.

Mr. Tanaka questioned the issue of the standard of conduct compensation.

Mr. Hara responded that they're different issues, and the discussion might better be focused if they took that issue separately. He intends to make a motion to have them get the standard of conduct pay.

Mr. Ben stated that if that's the intent, then the Commission needs clarification from Mr. Takase, because Mr. Takase has opined that the Commission can only adjust salaries. Standard of conduct is not a salary, it's a differential.

Mr. Hara disagreed, stating that it's a matter of semantics. If Mr. Takase says it's going to be a salary difference, a fixed amount, and it's going to be part of the compensation, the Commission can just say "as an additional salary" to get the same amount.

The motion was voted on and unanimously carried.

**MOTION:** Mr. Hara moved that the Police Chief and Deputy Chief receive as an additional salary of \$1,020 annually to coincide with the annual standard of conduct pay received by all the personnel in the department. The motion was seconded by Mr. Tanaka.

**Discussion:**

Mr. Ben noted that the authority for the standard of conduct differential belonged to the Mayor. The Mayor was the one who had not granted it. Mr. Ben asked whether there is now an issue over authority.

Mr. Takase stated that he will need to look at it, but basically, authority for salary lies with this body.

Mr. Ben stated that he is not questioning the authority for salaries, but he does remember Mr. Takase's opinion that said the Salary Commission is limited to establishing salaries and not benefits or anything else.

Mr. Takase noted that the Commission classified the standard of conduct as salary.

Mr. Watanabe suggested that the Commission come back to this at the next meeting with Mr. Takase's clarification on that issue.

Mr. Hara noted that his reason for keeping the two issues separate is because somewhere down the line he doesn't want somebody saying that the Chief and Deputy still aren't getting the \$1,020 and try to get it added on again.

Mr. Sanborn commented that if it's considered to be a recognition, it has to be active and labeled as such. It's like any other salary increase, if people get used to getting it, then they think that it's automatic. Therefore, Mr. Sanborn thinks it has to be separated and they should probably have more discussion there.

**MOTION:** Mr. Tanaka moved that the issue of standard of conduct pay be postponed to the Commission's next meeting. The motion was seconded by Mr. Hara and unanimously carried.

Mr. Sanborn asked about the effective date for the increases for the Police Chief and Deputy. He thought it was the Commission's intent to make it effective on the hiring of the new Chief, not necessarily compensating someone who's been appointed on a temporary basis.

**MOTION:** Mr. Sanborn moved that the pay adjustments for the Police Chief and Deputy Chief be effective on the appointments of the new Police Chief and Deputy Chief. The motion was seconded by Mr. Hara and unanimously carried.

Mr. Watanabe asked whether the Commission wants to focus on the Fire Department at its next meeting.

Mr. Takase noted that the Fire Commission is brand new and is trying to feel their way through the process. He doesn't think they'll be ready for the next meeting; however, the Commission did pass an earlier motion to request Mr. Ono's attendance.

Mr. Hara stated that what he would like to do at the next meeting is decide whether or not they're going to accept any executive positions to be higher than the Mayor. That is a fundamental decision. If they decide that they want a hierarchical structure to be reflected on hierarchical salary, then now that they set the Police Department's salary, they have to decide which positions are going to be equal to or greater and then deal with those salaries. Now that they've drawn a bright line, they have to see what falls in the middle of this line and what falls below, and then deal with the more urgent problem, which is setting the salaries for the people above that bright line. Then next on the agenda will be those positions below that line.

Mr. Sanborn suggested identifying which departments they want to consider at their next meeting so that their time isn't taken up with those they don't want to address right now.

Mr. Takase recommended leaving Fire on the agenda.

The Commission discussed whether there's a concern about the Mayor making less money than the Police Chief.

Mr. Watanabe stated that the Commission had agreed that there should be some difference in levels, that all department heads are not the same, so the Commission should be moving ahead that way. What they need to decide is how big a difference. Individual Commission members can reveal their positions at the next meeting.

#### NEXT MEETING DATE

The Commission scheduled its next meeting for Friday, October 18, 2002, at 12:30 p.m., in the conference room of the Department of Liquor Control.

#### ADJOURNMENT

**MOTION:** Mr. Nye moved that the meeting be adjourned. The motion was seconded by Mr. Sanborn and unanimously carried.

The meeting adjourned at 3:40 p.m.

Respectfully submitted,

Eric Inouye, Chair

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