

**COUNTY OF HAWAII
SALARY COMMISSION
November 29, 2006**

MINUTES

Chair Mann called the meeting to order at 10:08 a.m. in the Conference Room of the Department of Liquor Control, 101 Aupuni Street, Suite 230, Hilo, Hawaii.

Present:

**Mr. Paul Mann, Chair
Mr. Searle W. Grace, Vice Chair
Mr. Dwayne Mukai, Secretary
Mr. Tsukasa Ishii, Member
Mr. Newton Inouye, Member**

Others present:

**Mr. Lincoln Ashida, Corporation Counsel
Mr. Michael R. Ben, Director of Personnel
Ms. Joney Nitahara, Personnel Program Specialist
Ms. Velma Y. Menezes, Secretary-Reporter**

STATEMENTS FROM THE PUBLIC

Mr. Glenn Matsuda, Fire Commissioner, testified on behalf of the Fire Commissioners. He presented a comparison of salaries by counties showing the low rate of pay that Hawai`i County's Fire Chief is getting compared to the rest of the islands.

Mr. Matsuda testified on the area of coverage involved showing Honolulu with 602 square miles; Maui 1,159 square miles; Kauai 622 square miles; and Hawaii 4,028 square miles. Honolulu is about 6.69 times smaller than the island of Hawai`i, Maui about 3.48 times smaller, and Kauai 6.40 times smaller.

The Fire Department currently has seven fire captains and four battalion chiefs making more money than the Fire Chief. This includes overtime. With the recently vacated Deputy Chief's position due to retirement, it was a very difficult task for the administration to recruit an individual to apply for a job with less pay and more responsibilities.

Hawai`i is the only island that has volunteer fire fighters and stations totaling 24. The Fire Chief not only has the responsibility of taking care of the regular uniformed employees, but he also has the responsibility for the

volunteer staff as well. In essence, the Chief is responsible for 44 fire stations, 20 regular fire stations, and 24 volunteer fire stations. This is throughout the Island of Hawai`i, which is between three to six times larger than any other island.

The Big Island is the only island that provides emergency paramedic ambulance stations. Therefore, the area of responsibility is much greater than just providing fire suppression and education. With the increase of homes and businesses on the Big Island within the last ten years or more, the individuals appointed to the top positions of the Fire Department deserve a pay increase.

Honolulu has 1,093 uniformed employees; Maui 281; Kauai 158, and Hawai`i 714, which includes the volunteer fire fighters. Oahu has 44 fire stations, Maui has a mere 14, Kauai has 16, and Hawai`i also has 44 fire stations, which also includes the volunteer fire stations.

The services provided by the other islands are also provided by the Hawai`i County Fire Department including emergency pre-hospital, medical treatment and transportation, advanced life support paramedic ambulance units, aero medical services, volunteer fire protection, and soon-to-be ocean safety, which is now provided only by the Island of Kauai.

Right now the Fire Chief's salary is lower than the County of Maui's Fire Chief. The Oahu Fire Chief gets paid \$114,000 plus a uniform and vehicle expense. Mr. Matsuda suggested that the Fire Chief's pay be increased to somewhere between \$110,000 and \$120,000. The Deputy Chief's pay should also be increased accordingly in order to attract and maintain the current quality of fire and rescue protection on the Big Island.

Mr. Matsuda distributed information showing a comparison breakdown on a spreadsheet.

Mr. Inouye asked whether Hawai`i County's Fire Chief has a vehicle allowance, to which Mr. Matsuda submitted that he does not, nor does he have a uniform allowance.

Mr. Inouye asked whether this vehicle allowance is like Police's where they give the Police Chief an amount every month to operate his vehicle.

Mr. Matsuda deferred to Mr. John Bertsch, who stated that he would venture to imagine that the Maui County Fire Chief probably drives a Fire vehicle in addition to receiving a vehicle allowance, primarily because when they drive a County vehicle, they are on 100% of the time, 365 days a year, having to go out at 1:00 or 2:00 in the morning. They must have a vehicle handy to them. He, however, does not know whether the compensation package recognizes that they also need to have a personal vehicle, because sometimes the Fire Chief may be on a vacation or, for example, might not necessarily want to drive the County vehicle to his daughter's wedding.

Mr. Bertsch did not know whether the \$5,100 allowance was for a personal vehicle, but stated that he would be glad to research it and get back to the Commission.

Chair Mann stated that his understanding is that it's not within the purview of this Commission to authorize compensation for uniform allowances. If the Mayor wanted to give it to the Fire Chief, that would be fine, but it's not something the Commission was authorized to do. He'd be interested in knowing how other jurisdictions are doing this.

Mr. Bertsch responded that that is not what they're requesting. What they're trying to show is the total package that other persons in similar positions are receiving. Whether that is granted to their particular chief is inconsequential, but what it is demonstrating is that the Chief is making a set salary without any of those other perks. If they're not going to provide those same perks, then they should compensate him in salary.

Mr. Bertsch, a former Police Commission Chair and currently a Fire Commissioner, presented the following in his testimony:

After September 11, 2000, President Bush formed the TSA. The TSA had a giant void in positions and were mandated by the government to fill those positions. Approximately 18 months later, the Police Department lost Jimmy Correa, who was the Police Chief at that time, to the TSA. Chief Correa was making approximately \$84,000 a year at the Police Department. He had not hired a Deputy Chief at that time because he couldn't get anybody, as there were people making more money in their current positions than they would as a Deputy Chief.

When Chief Correa was offered a position at TSA in 2003, the base salary for that position was \$127,000 a year just to maintain the security of both the Hilo and Kona airports. The United States government also provides COLA, which is a cost of living adjustment; and the current cost of living adjustment, which is available on the internet, is about 33%.

While they lost a good chief to TSA, they gained a fantastic chief with Larry Mahuna. At that time, when the Police Commission came to the Salary Commission, which was the exact same time that the Fire Commission was going to hire Chief Oliveira, they asked for an increase in salary so they could attract some people in the hierarchies in the Police Department, such as Chief Mahuna, who would not have taken the Deputy Chief position because of the salary issue. The Salary Commission wisely granted the salary increase, and that salary increase was applied to both the Police Chief and Fire Chief. That was the last time these individuals have had a true salary evaluation for what the positions are. At the time Chief Correa left the Police Department, he was also faced with his subordinates making more money than he was, and the Police Commission was ready to go through this exercise anyway. Unfortunately for the County, this other opportunity presented itself to Chief Correa.

Mr. Bertsch's fear currently is that those opportunities still exist out there. Having had the opportunity to work with both of the chiefs, he feels that they are without a doubt probably some of the best people in the State of Hawai`i.

Chair Mann informed Mr. Bertsch that the Salary Commission had created a new salary grid for all of the different categories of department heads. The department heads are entitled to move up another 2% every two years within that grid, but the commissions would have to request it. In addition, they're going to increase the entire grid, which may bring the chiefs close to what they're requesting.

Mr. Bertsch added that in the last two years, both the Chief and Deputy have constantly been behind the eight ball with regards to their compensation. The Police Department and Fire Department are probably larger than most of the corporations in the State of Hawai`i. With a \$60,000,000 a year budget, the Police Chief runs 600 employees--400 sworn, 200 civilian; vehicles, and facilities. They perform more than a chief executive would for a major corporation. The same is for the Fire Department with fire apparatus, union contracts, complaints from the public. They're both paramilitary organizations. These gentlemen are making life and death decisions almost every day. The decisions that they make affect the fire fighters program, the police officer program, all the way up the ranks.

When they fail to do their job to compensate the generals of the armies correctly and the subordinates start making more money than their superiors, in a paramilitary organization where there are type A personalities, it doesn't work.

In the last report, 78% of the Fire Department's calls for service were medically related (EMS). Hawai`i County is the only county in the State where the Fire Department manages the EMS system. All the other counties subcontract it out. The Fire Chiefs in other counties make more money, and they don't have to worry about the ambulance and the paramedic services. They only concentrate on the fire service. Hawai`i County has some of the best paramedics and EMS services in the State and it's all managed under the Fire Chief. His scope of work in comparison with other counties is threefold greater.

Chair Mann asked why the Fire Department has so much overtime for those 11 people.

Mr. Bertsch explained that both the Fire Department and the Police Department have been understaffed for a long period of time. Coupled with that, a lot has been going on in the County over the last 24 months. They've had big fires with an army of fire fighters tackling them, while still responding to other fire calls and medical calls. What happens is they have to take a Battalion Chief or a Captain who are normally running a station and put him out in the field. If someone calls in sick and the Captain is there, that Captain can't leave the station without a Captain there, so what

happens then is a temporary assignment of the next person in line to Acting Captain.

Each of the departments has various structures involved in organizational charts where one of the Assistant Chiefs is an expert and their assignment is a full-time position. In the Fire Department, there's a Chief in charge of all the medical services. When there's a major event, it would be very reasonable to see that Chief managing that program for as long as it takes.

Mr. Bertsch stated that because of collective bargaining agreements, they have found themselves in the same position again within a matter of six months. If it's within the purview of the Commission, he would recommend the Commission set the base salary for the Fire and Police Chiefs and their Deputies with a stipulation that at no time will the Chief or the Deputy ever make a dollar less than the highest paid employee within that department.

Chair Mann commented that it would work if they had some control, but they have no control over the overtime.

Mr. Inouye asked whether the other counties have the same problem of subordinates making more than their chief.

Mr. Bertsch stated that from what he understands, Kauai just instituted a similar program to what he just suggested. To answer Mr. Inouye's question, yes, they have the same problem, and they do the same analysis that is done here, and they re-address it all the time.

Mr. Inouye commented that if there was a plan like that in place and there was a medical emergency, he would hate to see a situation where a Battalion Chief had to say he could not work any more because he's going to make more than the Chief. He prefers the Fire Chief having the flexibility of keeping the Battalion Chief at the emergency for as long as it takes, as that Battalion Chief is the expert in the field.

Mr. Bertsch stated that if the Chief can justify the overtime and can answer the questions that the Fire Commission would ask, then it's appropriate. His point is that it puts the onus back on the Chief.

Mr. Bertsch added that there are many business models that work very effectively where the Chief always makes 10% more and the Deputy always makes 5% more than the highest paid employee, and it works as long as there's accountability.

Mr. Grace stated that having been a fireman for 25 years in Honolulu, everything Mr. Bertsch said has a true ring to it. When it comes to overtime, if a fire is burning by your house, you're not going ask someone how long have you worked. He understands what Mr. Bertsch means about the Chief making less than those 10 individuals; it really disrupts the line. He concurs with all the discussion and feels that making less than subordinates is disruptive and demoralizing.

MINUTES OF JULY 17, 2006

MOTION: Mr. Inouye moved that the minutes of July 17, 2006 be approved as circulated. The motion was seconded by Mr. Ishii and unanimously carried.

Mr. Mukai noted that according to Roberts Rules of Law, the Commission doesn't actually have to approve minutes and financial reports.

COMMUNICATIONS

A) **Communication No. 06-04**, dated July 20, 2006, from Lincoln S. T. Ashida, Corporation Counsel, regarding a meeting for board/commission staff members.

MOTION: Mr. Inouye moved that Communication No. 06-04 be received and filed. The motion was seconded by Mr. Mukai and unanimously carried.

UNFINISHED BUSINESS

A) **Tier Review Committee's proposal on pay schedule for commission-appointed department heads (Fire, Police, Liquor, Civil Service).**

The Commission reviewed Exhibit A that Mr. Ben prepared of the proposed salary schedule for commission-appointed department heads and their deputies.

Chair Mann noted that the Tier Review Committee had recommended a 1% increase every two years for those department heads that are career individuals, which includes the Department of Liquor Control, Personnel, Police, and Fire. They felt that these four should be treated a little differently than those department heads that change with the administration. After two years, they would be eligible to move up to the next grade. The schedule was extended to include steps E through J, as some individuals could be here longer than the two terms of the administration and should be able to enjoy some kind of compensation for that longevity. The Commission felt that they should be entitled to another 1% (between pay grades) so that it was conceivable that they could make 5% more than the other department heads.

MOTION: Mr. Mukai moved to accept the salary schedule as presented. The motion was seconded by Mr. Inouye and unanimously carried.

Chair Mann noted that they have to decide on an effective date, and it perhaps should be retroactive to at least four months.

Mr. Ben stated that there's no immediate effect whether the Commission makes it retroactive today or a year from now, because no one has moved along the schedule far enough to be affected by it. When the initial salary schedule was enacted, everyone was put on the first step, and no one's on Step E yet.

Mr. Inouye asked whether it's their responsibility to notify the commissions that it's their duty to come before the Salary Commission to ask for the increase.

Chair Mann responded that it would be the commissions' responsibility to request the increase.

Mr. Ben stated that once the Commission adopts the pay plan for the commissions, his department will issue the notice and the instructions. Mr. Ben noted that the Commission hadn't approved the pay plan yet. They only approved the schedule. The pay plan describes how the department head moves along the schedule.

Mr. Ben noted that page 2 of the "Pay Plan for Commission Appointed Department Heads and Their Deputies" (see August 17, 2006 letter) was missing. Copies of page 2 were provided to the Commission.

The pay plan describes where the department heads are on the pay plan. When it's time to move to Step F, the appropriate commission has to come and request for the movement.

MOTION: Mr. Mukai moved to amend his motion to include an effective date of January 1, 2007. The motion was seconded by Mr. Inouye and unanimously carried.

Mr. Inouye noted that they need to vote on the pay plan, which implements the schedule.

Mr. Ben reiterated that in the pay plan, department heads move from Step A through Step E every two years, but when it's time to move to Step F, the appropriate commission has to come in to request it. It still follows the concept of the previous plan so that they do not lose any credit for accumulated time. When a new person is hired, the commission can request the person be hired at a higher step than Step A, and the Salary Commission would have to approve their request.

The Commission briefly discussed Mr. Bertsch's suggestion of adding a sentence in the language to allow for the ability to move either up or down in the steps.

MOTION: Mr. Mukai moved to accept the pay plan as presented effective January 1, 2007. The motion was seconded by Mr. Inouye and unanimously carried.

Mr. Ben stated that now that an effective date has been established, the first blank on page 2 of the draft should be January 1, 2007. The second blank will be December 31, 2006, and on January 1, 2007, they'll be at Step D on the eight-step schedule.

Based on what the Commission just did, Mr. Mukai asked whether the commissions would have to wait till the department head reached Step E before coming to the Salary Commission to request a movement up of a step or two.

Chair Mann stated that they can request it at any time. However, the Commission will be readjusting the whole schedule so the Police and Fire Commissions' request doesn't mean anything yet. All the Commission knows is that Police and Fire are looking for a \$110-120,000 adjustment.

Mr. Inouye noted that in reading the pay plan, the Commission can move only a new appointment anywhere on the schedule. He doesn't see any statements about moving existing positions.

Mr. Grace stated that they need to "tweak" this.

Mr. Mukai stated that the Fire Chief and Police Chief are underpaid and asked if the Commission would be able to change them from an A-18 to A-19, for example.

Chair Mann stated that he doesn't think they want to tackle that right now.

Mr. Inouye stated that they have to clarify whether they have that authority.

Mr. Ben stated that since the Commission ultimately bears the responsibility of setting salaries, they could act on it regardless of whether it's stated in the pay plan.

Mr. Ashida agreed, noting that the Charter was amended in 2000. The voters amended the Charter to give this body the final say on setting the salaries for executives in the County of Hawai'i. It no longer requires Council approval.

Mr. Ashida cautioned that although the Commission has that ultimate authority, once rules are established and adopted, the Commission must follow those rules. If the Commission wants the flexibility of moving the steps of the Fire and Police Chiefs, the Commission needs to look at what it's adopting. That would include language that would allow the flexibility.

Mr. Ben noted that this is not a rule, but a pay plan.

MOTION: Mr. Mukai moved to amend the pay plan to allow a commission, at any time, to request that an incumbent be moved to a particular step in the pay grade. The motion was seconded by Mr. Inouye.

Discussion:

Mr. Bertsch suggested adding a sentence that says the Salary Commission reserves the right to amend this pay plan as deemed necessary in the execution of its duties. For some reason, if the Commission finds themselves trapped somewhere else within the pay plan, they can refer back to that sentence and note that this is an ongoing living document, they wish to amend it, and therefore they can change a sentence or a paragraph as deemed necessary.

Mr. Mukai stated that the Commission has a lot of jurisdiction over its operations; therefore, if something is not right and needs to be fixed, they could just go ahead and fix it.

Mr. Bertsch explained that the reason for his statement was because the color of the Commission changes over the years, and this document that the Commission is putting into policy is going to travel to other commissioners. They will not understand the thought processes that went into generating that document. They will read the document verbatim and will apply it. So even though the Commissioners know they have the authority and can amend it, in two years when the current Commissioners are gone and somebody is reading that as the bible, they're not going to know that that was the Commission's intent.

The Commission voted on the motion. The motion carried unanimously.

Chair Mann stated that the Commission can entertain the suggestion from the floor if it wants to.

Mr. Mukai stated that if this body changes and the people sitting in these seats deem that there needs to be changes, then they can make those changes.

B) Two year review of pay schedule for elected officials, department heads, and deputies.

Mr. Ben noted that an updated data book (brown cover) had been prepared and distributed to Commissioners for their review.

Chair Mann stated that they will review it and take it up at their next meeting.

NEXT MEETING DATE

The Commission scheduled its next meeting for Wednesday, January 10, 2007, at 10:00 a.m.

Before adjourning, Mr. Ben asked to make an explanatory remark. Generally in a pay plan, the comparable work of everybody assigned to a particular pay grade is basically the same even though they might be in different areas. When a pay grade is changed, for example from A-18 to A-19, as mentioned for the Police Chief and Fire Chief, what the Commission is saying is that the value of the job they had determined is greater than what was once A-18. The change shouldn't be for purposes of giving greater pay.

Mr. Mukai expressed a concern about allowing members of the public to interject during meeting proceedings.

Chair Mann agreed but stated that he allowed it because of Mr. Bertsch's experience. He thought it was very helpful.

Mr. Ben thought it was helpful too but cautioned the Commission about it.

Mr. Mukai added that he thought they should set some ground rules to avoid a similar situation in the future.

Mr. Ben referred the Commission to Exhibit 6 of the brown book, History of Salary Increases, and pointed out that the last page at the bottom indicates there was a 4/01/90 pay increase for executives. If looking at it from that point, it appears that executives have done all right, but when that pay increase occurred, it was to catch up from all the pay increases they were lacking previously in comparison to the other employees. Before that, the executives' last pay increase was in 1986, so from 1986 to 1990, employees were getting pay increases while executives weren't. When this 4/01/90 pay increase went into effect, the purpose was to catch up with all the pay increases that employees were getting; that's why it was so big.

Ms. Nitahara noted that Exhibit 9 shows where the employees are versus the executives of today.

Mr. Ben stated that if the Commissioners have any questions or would like to review other data, they may call either him or Ms. Nitahara.

ADJOURNMENT

The meeting adjourned at 11:55 a.m.

Respectfully submitted,

Paul Mann, Chair

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