

SALARY COMMISSION  
MINUTES  
KALANA O MAUI, MAYOR'S LOUNGE  
FRIDAY, SEPTEMBER 10, 2004

<b>Present:</b> Scott Matsuura, Chair Douglas Levin, Vice-Chair Gladys Baisa Anthony Lemmo Janet Tomita Michael Westfall Jason Williams	<b>Absent:</b> Curtis Franks Helen Nielsen
<b>Staff:</b> Traci Fujita Villarosa, First Deputy Corporation Counsel Diane Wakamatsu, Executive Assistant Lita Dahilig	<b>Others:</b> Jeffrey Pearson, Deputy Director, Department of Water Supply

**I. Call to Order**

Meeting was called to order by Chair Matsuura at 8:40 a.m.

**II. Public Testimony**

**A. Jeffrey Pearson, Deputy Director, Department of Water Supply**

Deputy Director Jeffrey Pearson testified in favor of increasing the salaries for all County Department Directors and Deputy Directors (see Attachment "1"). He emphasized that to attract quality people in upper management positions, their salaries should be similar to the level that is offered by the private sector.

Commissioner Baisa asked Deputy Director Pearson if he receives any overtime pay in his current capacity. Mr. Pearson responded that because he is in an appointed position, he is not entitled to overtime pay. Commissioner Baisa explained that it is difficult for the Salary Commission members to make a decision by only looking at the annual salary and not knowing about premium (overtime) pay benefits. She added that for a County employee who is not in an appointed position, there can be a significant amount of premium (overtime) earnings.

Deputy Director Pearson stated that his Department's budget did not account for pay increases and he can't include it now because of their limited budget. However, there are currently many vacant positions within the Department of Water Supply. Because these positions have not been filled and probably won't be, the monies for these positions provides leeway for the Department to pay for whatever increases the Salary Commission feels is appropriate.

Chair Matsuura asked whether anyone else was interested in offering testimony. Having received no response, the public testimony portion of the meeting was closed.

### **III. Public Hearing**

Chair Matsuura opened the Public Hearing on the proposed Salary Commission Rule Amendment. Having received no public testimony, Chair Matsuura noted that the proposed amendment would be placed on the next Salary Commission meeting agenda for appropriate action.

### **IV. Approval of Minutes**

The Minutes of August 13, 2004 Salary Commission Meeting were reviewed and unanimously approved.

### **V. Unfinished Business**

#### **A. Subcommittee's Report on Executive Compensation Plan**

Commissioner Westfall referred to the Subcommittee's report on Compensation for Mayor, Appointed Directors and Deputy Directors dated 09/1/04 (see Attachment "2"). He explained that it covered four major topics which were:

- a) current level of compensation for Mayor, Department Directors, and Deputy Directors;
- b) requests for salary increases from Planning Director, Prosecuting Attorney, and Corporation Counsel;
- c) issue pertaining to salary inversion; and
- d) methodology and approaches used in determining compensation.

Commissioner Williams reported that the Subcommittee's proposed recommendations are:

- a) across-the-board salary increases of approximately 4.8% for all Appointed Department Directors and Deputy Directors based on the U.S. Department of Labor's Consumer Price Index (CPI);
- b) not allow additional salary increase (above the 4.8%) to any Department Director who requested a higher compensation level;
- c) further review and discuss current positions affected by salary inversion (including initiating/implementing corrective measures); and
- d) conduct a fundamental review of the structure and standards used to determine compensation for Appointed Department Directors and Deputy Directors.

Vice-Chair Levin expressed that he liked the Subcommittee's report; however, he had the following concerns.

- 1) Whether the Police Chief would be included in the salary increase since he recently received a raise. (In other words, is the Subcommittee intending to give him another raise?)
- 2) Whether the use of the National CPI for Maui becomes significantly higher in view of the dramatic increases in housing costs within the last few years.

Vice-Chair Levin commented that he respects the Subcommittee's position and that he believes the final motion to recommend salary increases should be drafted by the Subcommittee. He explained that if the concerns that he brought forward are addressed, he would be willing to support the Subcommittee's recommendations.

Commissioner Westfall clarified that the Subcommittee is open to suggestions and that nothing contained in the report is "written in stone". He further stated that the Subcommittee has had discussions on how it needs to look at some things differently and engage in further discussions.

Commissioner Westfall mentioned that, to his understanding, the Subcommittee's primary role was to conduct research and fact finding and to present this information to the Commission members. Thereafter, any Commissioner is welcome to present their own proposals, or to provide modifications on what the Subcommittee proposed.

Commissioner Baisa stated that she has seen studies that ranked the cost of living in various cities across the country and that this information is probably available online. She considered this to be a major factor because although the national cost of living is at the level recorded in the Subcommittee's report, the Salary Commission needs to know what it really costs to live in Hawaii as compared to elsewhere. Commissioner Baisa was asked if she would be willing to access this information and provide it to the Commission members. She responded in the affirmative and noted that she would have her office e-mail the information to the Commission members.

Vice-Chair Levin questioned the need for the Salary Commission to perhaps revisit and possibly address the issue of salary inversion.

Chair Matsuura pointed out that in order to understand where and why salary inversions exist, as well as whether they will exist indefinitely, the Salary Commission would need to receive information from the Department of Personnel Services. Therefore, he requested that Personnel Director Lynn Krieg provide a report which identifies the number of County employees that are currently involved in salary inversion situations.

Ms. Krieg advised the Commission to refer back to a report that was submitted by former First Assistant to the Managing Director Ken Taira, which addressed the issue of salary inversion. She explained that Mr. Taira had developed a plan/method to address this issue so that it would be at a percentage rate above the maximum Excluded Managerial Compensation Plan and that no one could earn above the maximum of that.

Commissioner Lemmo asked whether the information that was submitted by Mr. Taira was ever discussed by the Commission.

Commissioner Tomita expressed that, from a historical standpoint, the issue of salary inversion was never a concern or consideration of prior Salary Commission members. This is the first year that she has heard about this issue and how Commission members feel about it. She recognizes that the Commission has difficult issues to deal with, but the focus should be on doing what is fair and right. Regardless of what the Commission decides, she believes that there will be people that are happy and people that are not happy.

Vice-Chair Levin asked Commissioner Tomita if she believes that salary inversion is a problem.

Commissioner Tomita responded that it is difficult to decide on this issue because the question that remains unresolved is what happens after an employee that is currently earning a higher salary than a Department Director retires. She asked whether the Salary Commission would then lower the Department Director's salary.

## **B. Subcommittee's Report on County Council Members Compensation Plan**

The proposal that was submitted by the Subcommittee at the last Salary Commission meeting was brought up for discussion. Chair Matsuura stated that the Commission needs to come up with a specific amount as opposed to setting a range which has been the proposal thus far.

Commissioner Levin indicated that half of the people that responded to the survey in The Maui News didn't support the raise because they didn't have all the facts. People say that the Salary Commission doesn't pay other County employees enough (i.e., firemen, policemen and others). Although he agrees with them, the Commission doesn't have the ability to change that except by what it changes in the County Council Members salaries.

Commissioner Lemmo explained that he had done some research which generally speaks against the Subcommittee's suggested salary range increase for Council Members. He emphasized that in no way should the Council Members raises be reflected upon by raises that are given to the Police and Fire departments. He added that he also failed to see the relationship in comparing the Mayor to the Council Members. Council Members do not report to the Mayor, and therefore, should not be compared to the Mayor.

Commissioner Lemmo suggested that the Council Members salaries fall within the range of \$50,000 to \$53,000 with an additional \$5,000 considered for the Council Chair. He mentioned this salary range is similar to the amount that Vice-Chair Levin had proposed when he first came on board three or four months ago.

Commissioner Williams stated that although he agrees with this range, he understands that it's not just people's salaries that the Commission is dealing with. The Commission is also

dealing with the community and it's apparent that they don't agree with the current salary range.

Commissioner Levin suggested using an average of 3% compounded over a six year period, with a rate increase each year. He noted that this calculation would equate to raises given within the private sector.

Commissioner Westfall stated that he is certain that there has been a workload increase for Council Members during the past six or seven years. However, the numbers that Commissioner Lemmo is proposing only takes into consideration the cost of living increase. Therefore, it does not factor in the amount of hours that is required to commit to the job.

Commissioner Lemmo stated that he believes that the pay increases are at a fair level and that it is comparable or even higher than the scale that is used by labor unions.

Commissioner Westfall then questioned whether a raise should be negated if a Councilmember worked 20 hours a week in the past and now needs to work 40 hours a week. He pointed out that the increase in the workload is not reflected in the pay increase proposed by Commissioner Lemmo.

Commissioner Lemmo expressed that he does not believe that the Council Members workload has increased 100%. To his understanding based on the research that was conducted, the majority of the Council Members workload (research, Committee Reports, written documents, etc.) is done by the technical staff within the Office of Council Services or by the Councilmember's Executive Assistants.

Commissioner Lemmo emphasized that he believes that the Salary Commission's allegiance is to the citizen's in our community and that any salary rate increase needs to have a rational justification that can be defended.

Commissioner Baisa agreed with Commissioner Lemmo to some degree. She also agreed that pay increases are long overdue, so the Commission has catching up to do. She further agreed with the \$55,000 range that he proposed.

Commissioner Lemmo expressed a concern regarding Commissioner Baisa voting on salary increases for Council Member at the Commission's meeting in November. He questioned whether there may be a conflict to interest that should be addressed by the Board of Ethics since she does lobby the Council. He asked if this matter could be referred to the Board of Ethics so a determination can be made.

First Deputy Corporation Counsel Traci Fujita-Villarosa stated that the Department of the Corporation Counsel's office does not see any conflict; however, they do not make that decision. Her office can only look at prior appeals that have gone before the Board of Ethics. She suggested that the Salary Commission submit a written request to the Board of Ethics so an Advisory Opinion can be rendered.

Commissioner Levin requested that the information that is received from the Board of Ethics be made available to the Salary Commission members.

Commissioner Baisa voiced no objections to the Commission's request.

**C. Verbatim Minutes**

The issue of Verbatim Minutes transcription was briefly discussed. Due to the high cost that is associated with the transcription services, the Commission unanimously agreed that it not be further considered.

**VI. New Business**

No new business was discussed.

**VII. Set Agenda for Next Meeting**

The next meeting is scheduled for Friday October 8, 2004 at 8:30 in the Mayor's Lounge.

**VIII. Announcements**

There were no announcements.

**IX. Adjournment**

Commissioner Lemmo moved to adjourn the meeting at 10:32 a.m. and Commissioner Baisa seconded the motion. The motion was unanimously approved.

Respectfully submitted,

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Diane A. Wakamatsu  
Executive Assistant to the Mayor

