

SALARY COMMISSION
 MINUTES
 KALANA O MAUI, 9th FLOOR MAYOR'S LOUNGE
 FRIDAY, JULY 8, 2005
 Revised

Present: Scott Matsuura, Chair Douglas Levin, Vice-Chair Curtis Franks Andrew Herrera Janet Tomita Michael Westfall Jason Williams Frederick Rohlfing	Absent: Anthony Lemmo
Staff: Tracy Villarosa, Deputy Corporation Counsel Lynn Krieg, Director, Department of Personnel Services David Ching, Executive Assistant Momi DeMello, Secretary to the Boards and Commissions	Others:

I. Call to Order

Chair Matsuura called the meeting to order at 8:35 a.m. The Chair acknowledged that the only Commission member not present was Anthony Lemmo. All other Commissioners were present as well as Executive Assistant David DeLeon, First Deputy Corporation Counsel Traci Villarosa; Director of Personnel Services Lynn Krieg arrived after the meeting began.

II. Public Testimony

There was no public testimony presented.

I. Approval of Minutes

The minutes of the June 24, 2005 meeting were distributed to the members the morning of the meeting. Vice Chair Levin asked that approval the minutes be deferred to the next meeting to allow the Commissioners time to review them. Commissioner Franks seconded the motion. The motion was carried.

IV. Unfinished Business

1. Review report from the “Timeline” and “Welcome Packet” Sub Committees.

Commissioner Levin reported that he finished an initial draft of the “Welcome Package” yesterday and got the draft out to Chair Matsuura. Commissioner Levin stated that Chair Matsuura has made some comments which he had not had a chance to read yet. They will work together on this project and try to get a final draft ready for the next meeting.

Commissioner Williams reported that the “Timeline” sub committee has been trying to set up a meeting and that the earliest date that they could schedule a meeting was not until next Friday. He then informed the Commission that Commissioner Westfall had gotten some information together. Commissioner Westfall informed the Commission that in doing a little research the sub committee had found that the State conducted an Executive Compensation Study last year 2004 that mirrors a lot of the issues that the Commission has discussed. The sub committee also acquired a State Study that was done at about the same time and again a lot of the same issues were reported except that this study did a comparison to other counties. The sub committee plans to use these reports as a basis for addressing the issues. Commissioner Williams stated that the sub committee was also looking at going with the original Tier approach which has already been established and just needs to be tweak a little. He further reported that the sub committee is looking at options other than salary increases. One option for the Commission to consider would be to perhaps look at a bonus structure. The bonus structure may help in a case of someone who may be close to retirement. If the employee is given a bonus for a year and then the situation changes or the employee retires the next year, the Commission won't be locked in to paying a higher salary for that position. In obtaining information from several different websites from other Salary Commissions the sub committee has found that a lot of these sites base their salaries on COLA (cost of living allowance) and they do not do large increment changes. Some of these sites looked at the changes that affect COLA and gave employees salary increases based on that and then gave them a bonus on top of that. The sub committee is hoping to meet a few times before the next meeting to come up with something more solid to present to the Commission.

Chair Matsuura asked if there were any questions for the sub committees. Vice Chair Levin stated that his only concerns regarding the reports is that he would like to have a chance to read the reports before the Commission makes decisions based on it. Commissioner Westfall clarified that the sub committee was suggesting that rather than having to reinvent a lot of the research, some of it had already been done but was not suggesting that the Commission go along with the decisions that were made in the reports. The sub committee had also done some research on the Big Island's Commission and found that they have gone through the same process with inversion and their minutes were all on the internet so they got to see their thought process. He further stated that this is where the sub committee got the bonus information. The Big Island Commission elected to simply fix the inversion by giving people a one time bonus and therefore the tiers would stay in tact. When that person retires that position would return to whatever the Tier was originally. He then stated that he knows this is another patch but he feels this is something the Commission should at least discuss.

Commissioner Williams asked in regards to the information the sub committee had obtained online, are the committee members able to email this information to other members via the email list. First Deputy Corporation Counsel Villarosa suggested that the document be given to the Secretary for distribution for the next meeting. Chair Matsuura reiterated by asking that any reference materials be sent to the Secretary and she will get it to everyone.

Commissioner Levin mentioned that he noticed that on the new contact list for the Salary Commission that the Secretary's information is not included. The Commission was informed that that information will be provided to the Commission.

2. Election of Officers

First Deputy Corporation Counsel Villarosa opened the nominations for the position of Chair of the Salary Commission. Commissioner Levin nominated Commissioner Matsuura, Commissioner Herrera seconded the motion. The nomination was unanimously approved by the Commission.

First Deputy Corporation Counsel Villarosa opened the nominations for the position of Vice Chair to the Salary Commission. Commissioner Tomita nominated Commissioner Levin. The nomination was also unanimously approved.

The Chair asked staff if elections could be placed on the January 2006 agenda to keep the Commission on time with the election process.

3. Commission will consider salary adjustments for the Executive level across the board including but not limited to an increase of 16.1% excluding the Police Department and County Council.

Chair Matsuura informed the Commission that at the last meeting there was a long discussion regarding salary increases up to 16.1%. Vice Chair Levin handed out copies of his calculations of a proposed salary increase per last month's meeting. As Vice Chair Levin proceeded to clarify the numbers on his report, Chair Matsuura explained to the Commission that they are looking at inversions for the EMCP. Vice Chair Levin then asked if all Commission members had a copy of the salary inversion chart that Director Krieg handed out at the last meeting. Staff handed out copies of the report to those that did not have it with them.

Vice Chair Levin recapped the Updated Salary Inversion Charts from the previous meeting for those members that were not present. He stated that the largest salary inversion is found in the Fire Department. In order to correct this inversion he determined that there would need to be a 15% increase just to make it even. He went on to explain that if the Commission were to look at the Police Chief and other Level III Directors they would find a 16.04% difference and the Commission then came up with a 16.1% increase to round off the numbers. The Commission was informed that at last months meeting a motion was made to adopt the increase and there were three aye votes and two nay votes and the motion did not pass. The Commission then decided to place this issue back on the agenda with the hope of better attendance by Commission members to discuss and consider this or other alternatives.

Commissioner Williams asked why the Commission was comparing the salaries of Corporation Counsel with the salaries of a Judge. Vice Chair Levin informed the Commission that this was a comparison that was brought to the Commission by Corporation Counsel Moto.

Commissioner Williams suggested that perhaps in the Fire Department's situation it might be better to give the Fire Chief a bonus instead of a salary increase because the Assistant Fire Chief has been with the department since 1976 and may be ready for retirement soon. He further stated that the hardest thing in making this decision is to be sure that the Commission is making it fair to the taxpayers not just this year, but for future years.

Commissioner Herrera explained to the Commission that bonuses are a problem for two reasons. The first reason is that they don't apply to retirement and the second problem is that if you give it consistently you open yourself up to questions. Some of the concerns might be the Commission's motivation on deciding who gets bonuses, how would it be assessed, and is the Commission doing it fairly. Bonuses are very problematic if you're not attaching them to performance. He very strongly opposed bonuses and likes the across the board raises better because he feels that it is a more fair way to do pay increases.

Vice Chair Levin stated as an adjustment to the proposal that was on the table last month, some Commission members were willing to accept a raise of 8.1% as of July 1, 2005 and 8.0% July 1, 2006.

Commissioner Westfall stated that he noticed that although the Commission has been using this Tier System, it is not written anywhere. His assumption is that the Tier System is only as good as what we want to do today and that someone can change it all tomorrow. First Deputy Corporation Counsel Villarosa reiterated that it is not part of the Commission's Rules so the Salary Commission is not bound to follow it. The Tier System has been used as a guideline and was created in a prior Commission.

Commissioner Westfall stated that he read Mr. Moto's report asking to be compared to the judge's salary and asked if the Commission would have to change the Rules to do that. First Deputy Corporation Counsel Villarosa stated that Mr. Moto was trying to provide independent information because he doesn't necessarily agree with what the other counties are doing and that he was asking for something less than that and he is looking at it as a benchmark. Commissioner Rohlfing stated that this should also apply to the Prosecuting Attorneys and that if Corporation Counsel is on a benchmark why not the Prosecuting Attorney's office as well. The Prosecuting Attorney's office should not be ahead of Corporation Counsel in pay.

Vice Chair Levin informed the Commission that the actual increase needed between now and the next EMCP salary increases would be 21.36% spread over the next two years.

Commissioner Herrera asked if the Commission decides on 8% and 8% can the Commission adjust the second 8% if something comes up. Vice Chair Levin stated that if scheduled raise takes affect in July 1, 2005 and a second raise that takes affect July 1, 2006 the second increase may be taken back in June of next year or be extended out. Commissioner Williams suggested that perhaps the wordage should

state that the employees will have one increase and the Commission is reviewing for a second raise. This might be better than saying two raises and adjust it later. Perhaps the Commission could even state that by a certain date a second raise will be given. Commissioner Rohlfing stated that this does not, however, get to the inequity.

Vice Chair Levin noticed that the Fire Chief is listed as a Level II Director and realized that if the Commission raised that position to a Level III it would lower the amount of raise necessary to give them equity and this is the largest inequity.

Commissioner Tomita stated that the Commission will be faced with another salary inversion problem when Public Works transfers employees into the Department Of Transportation as they had stated they would do. Director Krieg stated that they cannot do that because it would require a Charter amendment. Chair Matsuura stated that the Department Of Transportation had told the Commission that they were going to look at all the different issues as it relates to employees. They were to look at Charter changes and all the things it will take to come up with a true Department Of Transportation. The Commission gave the Director of Transportation a higher salary based on having more employees within the department.

Vice Chair Levin stated that if the Fire Chief and Deputy Fire Chief were to be moved up to Level III positions then an increase of only 16.7% would be necessary for the next two years. He then stated that the Commission would need to also move the Planning Department up to a Level III to keep that position up to par. He then stated that he is still gathering information and is not sure what he would propose at this time.

Director Krieg suggested that if the Commission chooses to keep the Tier concept that it not adjust the Tier concept just to adjust the inversion by moving departments from Tier to Tier. Chair Matsuura stated that the Tier system was set up at the first Salary Commission and that it was based on budgets, employee count etc. Director Krieg further stated that there is a basis of keeping departments on specific tiers. She feels that to move them now just to resolve salary inversion would invalidate the whole Tier concept.

Vice Chair Levin suggested that a decision not be made right now and that he be allowed some time to go back to his office and work with a spreadsheet. He would like to come back with some complex proposals that might correct the salary inversion issue. He will put his proposal on a spreadsheet format for the Commission to review and decide as to where things need to go to correct salary inversion for the next few years.

Commissioner Westfall agreed in respect to Corporation Counsel and believes that the Commission has been somewhat remiss in not getting back with Mr. Moto. Commissioner Westfall has obviously done the research on the internet and spoke with people on O'ahu that serve on those Commissions and he has made a good argument. The Commission can move them up a Level if it is going to use the Tier system. The same market rate for an attorney of his caliber has gone up 180,000 to 250,000 so to get a person in that position for 100,000 is terrific. We need to address that position individually sooner than later. He is the only one that has come before this Commission and addressed his concerns.

Commissioner Williams stated that from the first time the subcommittee went over the time line he

thought it was a good idea to go through each department and not do an across the board increase for everyone. He thought that this way within a year the Commission would have worked on each department individually. He likes the idea of going through and looking at each department and determining what their needs are, resolve it and be done for two years. If we do it that way we can justify every raise we give each department and say that everyone that should have gotten a raise got one.

Commissioner Herrera stated that the only problem is that the squeaky wheel gets the grease and Moto articulates his concerns very well, but the Captain positions are too concerned with their day to day business to come before us or articulate their issues so they may be overlooked. We need to take care of everyone fairly and not just those that are the best educated or best spoken. Commissioner Williams stated that that is exactly why he feels that the Commission should go through each department individually.

Commissioner Westfall stated that another caution is that the Police Chief works at the pleasure of the Police Commission so the Commission members are the ones that came before this Commission. That Commission did their analysis and they were the ones fighting for that department's raise. I didn't see that any of the other Commissions submitted anything on behalf of the other Directors. First Deputy Corporation Counsel Villarosa stated that the Fire Department and the Liquor Department both submitted written testimony. They did not come before the Commission but they did submit something in writing on behalf of their Directors.

Commissioner Rohlfing agrees with Commissioner Westfall but he can't understand why there is a difference between the Level II and Level III between the Corporation Counsel and the Prosecuting Attorney's office. He wasn't clear as to where that decision came from or the justification. He asked if the Commission has records of how this came to be and what the considerations were. He feels that they should probably be on the same Level because they have varying types of responsibilities, they have considerable amount of employees under them and they have professional people under them which requires a different kind of leadership. He thinks that the Commission needs to deal with this issue in a broader form because he thinks that it might get stalled or it will extend beyond and the Commission will never be able to catch up. He is waiting for Vice Chair Levin's report giving the Commission a reasonable proposal that would allow the Commission to take care of this at one time if possible.

Chair Matsuura stated that it seems that the Commission should take a vote as to pass or defer this issue. He added that perhaps we need to change the description for the next meeting.

Vice Chair Levin stated that the Commission talked about being sure that the description wasn't restrictive and in reading this agenda and it was amazingly restrictive. Chair Matsuura stated that he thinks that the Commission intentionally made the description very general regarding salary increases. First Deputy Corporation Counsel Villarosa stated that that would probably be the best way to approach it to just say that the Commission will consider a salary adjustment for the Executive Branch.

V. Setting the Agenda for Next Meeting

- Chair Matsuura suggested that staff run the agenda by Corporation Counsel to be sure that the proper wordage is used. First Deputy Corporation Counsel Villarosa suggested that staff email her the agenda for review before completing.
- Review a draft of the “Welcome Packet”
- Review the “Timeline” report

Chair Matsuura informed the Commission that he will not be able to be here on August 12th and therefore asked if the meeting could be moved to Thursday August 11th. The Commission took a short break while staff printed out the Mayor’s Lounge schedule to reschedule this meeting. The Commission decided that it would move the meeting to August 5th at 8:30 a.m. in the Mayor’s Lounge.

VI. Announcements

There were no announcements.

VII. Adjournment was at approximately 11:00 a.m.

Respectfully submitted,

C. Momi DeMello
Boards and Commissions Secretary