

SALARY COMMISSION
 MINUTES
 KALANA O MAUI, 9th FLOOR MAYOR'S LOUNGE
 FRIDAY, SEPTEMBER 9, 2005
 REVISED

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

I. Call to Order

Chair Matsuura was not present so Vice Chair Levin conducted the meeting. Chair Levin called the meeting to order at 8:50 a.m.

II. Public Testimony

There was no one present for Public Testimony

I. Approval of Minutes

Chair Levin thanked the Secretary for getting the minutes of the August 5th meeting mailed to the Commission members a couple of days prior to the meeting for their review. Vice Chair Levin then asked if the Commission had any changes. Director Krieg had stated that she did not receive the corrections to prior meetings. Chair Levin asked that the Commission have a discussion as to how corrections on prior minutes are to be handled. First Deputy Corporation Counsel Villarosa explained that normally the changes are stated and then when the Commission approves the minutes, it is approved with changes and then they are not discussed any further. She also pointed out that minutes to the prior meeting was not listed on the agenda and that the only minutes that are listed on the agenda are the minutes of August 5th. Chair Levin then asked First Deputy Corporation Counsel Villarosa if the Commission should get an updated set of minutes distributed. First Deputy Corporation Counsel Villarosa stated that if the Commission would like to receive a revised copy, they could. Chair Levin then asked the Commission members if they would like another copy of the minutes after the changes. Chair Levin determined that the Commission members does not want to receive a revised copy of the

minutes and so it stood that the Secretary would make the requested changes and post it to the Commission's website.

Chair Levin moved the Commission on to the approval of the August 5th minutes.

Commissioner Rohlfing had a few changes and they were as follows:

- Page 7, where it states "First Deputy Corporation Counsel Villarosa stated that from a **prospective**"... should read stated that from a **perspective**.
- Page 9, where it states "Commissioner Rohlfing proceeded to explain that they will be targeting the **initial** problem"... should read the **inversion** problem.

Commissioner Rohlfing then stated that otherwise he thinks it's a great job.

Commissioner Rohlfing moved to approve the minutes with changes. Commissioner Herrera seconded the motion. The motion was carried.

IV. Unfinished Business

1. Review Draft of the "Welcome Packet"

Commissioner Levin explained that he has not heard back from Chair Matsuura and therefore they had not moved forward. He apologized to the Commission for not having an update. First Deputy Corporation Counsel Villarosa informed the Chair that she had her revisions done and handed him a copy. Chair Levin then informed the Commission that he felt that these revisions are going to be of a legal and technical nature and therefore he will incorporate it with his report. He will get together with Chair Matsuura and hopefully have a more complete draft for the Commission to review at the next meeting.

2. Review "Timeline" Report

Commissioner Williams reported that the Committee thought that this meeting would mainly cover Considerations of Salary Adjustments and so they thought that they would hold off on the Timeline report and leave the time for Chair Levin's discussion on salary adjustments.

3. Commission Will Consider a Salary Adjustment for the Executive Branch

Chair Levin proceeded to explain the revised report (attached) that was handed out to the Commission at the beginning of the meeting. He stated that he put out a proposal at the last meeting that was fairly complex. He explained that there were some suggested changes that he incorporated in the revised report. The revised report reflects the changes. The first change is that the report was sorted by Levels and the second change was that instead of using 1,000 as the minimum number, the lowest number under 100 was used. On the first page of the revised report, at the top table, the first column over to the right reads Deputy Difference in Dollars. In reference to the bolded numbers what used to be at least \$1,000 difference are now \$76, \$51, \$95 and \$120. The affect of that is to make the average initial raise 9.94% instead of 10% on an aggregate basis. The other change that was made was that the Mayor's salary was lowered to just a little higher than the Tier IV level. The fact that he was trying to keep the Mayor's Deputy at the Tier IV level was ignored. The third change that was requested was to add some assumptions, which can be found at

the bottom of the page 1. He then proceeded to recap the assumption listed. He then proceeded to explain the section headed "Proposed Changes" on page 1 of the report. The last change is that the formulas for the Deputy Directors are now set at exactly 95% of the Directors salaries.

Chair Levin stated that now that he has explained the changes he would like to look at the results of those changes. On page 1 the biggest change is that the salary increase is now a 9.94% overall increase. The bottom table on page 1 reflects the largest increase for any given department will be the departments in the Level IV. On page 2, which reflects salaries through June 30th 2007 the overall raise would be 14.52% from the current level and the actual raise required as of next July 1st would be 4.58% across the board. There are no other proposed structural changes to this report but it does mean that between now and the next two years someone will be getting almost a 25% raise.

Chair Levin then said that having stated the things he liked about his report, he would now like to spend a few minutes commenting about what he does not like about it. He does not like the fact that this will mean that the Directors of Planning and Public Works is at a higher salary range than Corporation Counsel and Prosecuting Attorney's Directors. He likes the idea that Commissioner Rohlfling brought to the Commission at the last meeting of "Red Lining" specific departments for specific reasons.

Commissioner Williams verified that Chair Levin has now moved on from the proposal of his report to the discussion of the report. Chair Levin confirmed that we are in the discussion point of his proposed report. Commissioner Williams then asked Chair Levin for verification that in his report he is lowering the Mayor's salary. Chair Levin confirmed that Commissioner Williams was correct and that was done to keep the overall increase under 10%. Chair Levin then corrected himself and clarified that he is not lowering the Mayor's salary and that the column to the far right reflects the comparison between departments. Chair Levin then stated that he had set that particular Deputy's (Managing Director) salary at 95% of the Mayor's salary.

Director Krieg then asked Chair Levin why the Chair was referring to the Managing Director as the Mayor's Deputy? He stated that it's just easier to refer to the second Tier as the Deputy. Director Krieg then stated that the Managing Director is a full fledged department head and that he manages his own department. First Corporation Counsel then offered to circulate copies of the County's Organizational Chart for clarification. Director Krieg also stated another concern regarding the Levels. She stated that she had a real concern regarding setting the Planning Department at Level IV for several reasons. First because this move is being done solely because of inversion, again she stated that she is strongly against that. She continued to explain that if the Planning Department is being moved to Level IV which puts that Director above the Water Department's Director, she sees a strong unfairness if the functions of these departments are compared. The Commission should look at and compare the level of complexity between the functions of the two departments, the scope of the functions that the Water department has, and the vastly more complex responsibilities in the Water Department in terms of variety of functions it has to manage on a daily basis. The size of the department should be taken into consideration, all kinds of things come into play. She also had a concern if the Commission were to put the Planning Department above the Finance Department. If you take a look at the chain of command, if the Mayor is gone, the next person in charge of the County is the Managing Director and if both the Mayor and the Managing Director is gone, the next person in charge is the Finance Director.

Chair Levin asked how the Commission would like to address these issues. He asked if they would like to lay out all of the issues and brainstorm and then come back and visit each one and see if they can come up with a resolution for them. Or do they want to visit and discuss each one and hash it out.

Director Krieg stated that she was hoping to hear from the Timeline subcommittee to help the Commission with this. Commissioner Williams stated that it is a little frustrating for the subcommittee members because the first timeline it came up with, the Commission was concerned with the fact that it would just take too long. However, if the Commission were to have done it, we would have been at least half way through it by now. He then stated that the Commission can only use these excuses for so long and even though it would take a long time to go through each department, if the Commission would just do it, it would get done. As long as we have our philosophy for doing it we can go through each department and make it a lot easier to get it done, even if it takes a year. At least people will see after each meeting that something is getting done. Chair Levin concurred with Commissioner Williams but asked him to remember that his proposal was intended as a patch to buy the Commission a year and a half to two years to work on this. The Commission continued their discussion on the pros and the cons of the report and concluded that this will all take time to implement it.

Commissioner Westfall stated that not every member of the Commission believes that the inversion is what we should be focusing on, but instead focus on the process. He also stated that he doesn't agree with the assumptions that this report is based on, so the Commission is discussing things which he doesn't feel has a foundation to agree upon. He then stated that if you were to look at the current salaries, it is not out of line compared to other places. He stated that perhaps the Commission needs a motion that they are going to continue this discussion on inversion or that they are going to look at the process and come back to the inversion.

Commissioner Williams stated that in doing his research the standard amount was 3.5% as a cost of living adjustment and if the Commission is looking for a patch, it should start there. He stated that he didn't think that a patch should fix everything in each department. It should be something that provides a little something until we can fix the problem. He also agreed with Commissioner Westfall that salary inversion should not be the basis on determining salary increases. He stated that he hopes that the Commission's number one issue is making sure that the department heads are getting fair salaries for the jobs they are doing and that the tax payers are paying the right amount.

Commissioner Herrera recapped what the Commission has worked on so far and stated that he thought that the Commission was attempting to temporarily address these issues to give the Commission time. This should allow the Commission to work through the different issues and in the meantime the employees in these positions are still being taken care of. He then stated that it will take at least a year to look at each department. He also stated that if the Commission was to look at every concern then the Commission will just meet for a lot of months and not get anywhere. He then stated that now it looks like what some of the Commission members want to do is to throw out all of this and start over where we were three or four month ago.

Commissioner Williams stated that he is not saying that at all because he thinks that a lot of the work that was done on Chair Levin's report is good. Commissioner Herrera then asked the Commission why can't they fix the problems with the report and then attack the next problem. Commissioner Williams then stated that he does not agree with Commissioner Herrera's suggestion or that anyone should make a dish and then try to fix it later by adding a little salt. He feels that the Commission needs to handle this correctly and then integrate the report into it. He then restated that he firmly feels that a process is needed. Commissioner Williams reiterated that all he wants is to make sure that before the Commission gives a 9% and then an overall 14% increase is that we do what everyone else is doing and look at a cost of living adjustment and then fix the problem.

First Deputy Corporation Counsel Villarosa stated that she thinks that when the Commission is looking at a cost of living increase, they are assuming that the underlying salary is proper. She also stated that she is hearing other people saying that the underlying salary that you are starting with is not proper and therefore a cost of living increase doesn't address the issue the Commission is currently discussing. Commissioner Westfall stated that the Commission has never had a vote on any of this and that if you looked at where other jurisdictions in the State of Hawaii are at, we're at the top. He then corrected his statement by saying that Maui is not over O'ahu, but it's fairly close so if we refer to that, there is no problem.

Commissioner Rohlffing stated that one of the things that the Commission seems to be responding to is the process not only of what is happening in the economy in general but the process of first collective bargaining, which set certain increases in place followed by the EMCP increases which set certain salary adjustments. He was looking back at the EMCP adjustments and asked Director Krieg how many people got the various rate increases. He then stated that he had some real problems with both salary inversion and reconstruction of the Tiers. He suggested that perhaps the Commission should look at what the EMCP did and try to figure out what kind of a fix could be put on the existing salaries which would be in tune with those increases which has already been granted. Chair Levin asked Commissioner Rohlffing for clarification on his proposal. He clarified that his theory is that the Commission look back at what happened with what the Mayor did, he approved the EMCP increases and that made certain raises for certain people in various categories. If we look at what those numbers are and try to come up with at least an average increase over the two periods in discussion and then approve an across the board increase for the Directors and Deputy Directors which corresponds with that percentage. In the meantime the Commission can worry about the inversions and the process for the future. This will provide an interim fix that rewards these Directors and Deputy Directors who are suffering from inequity with the EMCP employees and bargaining unit workers. Commissioner Westfall then stated that the last increase was based exactly on that thought process but after the fact the Commission found that there had been another increase.

Chair Levin stated that he has some suggestions but before presenting them he would like to hear from Commissioner Tomita. Commissioner Tomita stated that she is never satisfied with basing decisions on inversion. She stated that she knows that there are people being paid a higher salary than the Directors that will be retiring shortly. When they retire the difference in pay will be much greater than that of the Deputy Director. When this happens do you intend to lower the Deputy's salary? Chair Levin then shared his thoughts and clarified that the term patch is just a term being

used and that he knows that it is a raise but it's just referring to the type of raise. He then asked the following questions: do we start with the proposal of picking a number and applying it across the board or do we want to start with this proposal and "Red Line" it and knock salaries down so we can fix as much inversion as possible, identify the ones we don't care about and move on. He then asked the Commission which of these suggestions does the Commission think would be the most efficient and the most comfortable to work with.

Commissioner Rohlffing asked if the Commission was going to use the report as a basis. He further stated that he is not a fan of the Tier system so he has a problem with the creation of the new Level IV. He commented that you don't create another Tier if you don't believe in the Tier system. If the Commission uses this matrix does, it also agrees that it will have to do this Level IV thing? Chair Levin did not have an answer to this question. He then explained that he felt a little locked into the use of Tiers because it was a formal structure and in proposing this he was trying to work within the previous formal structure. He stated that he could probably cut the rate another whole point by abandoning the Tiers and just raising each department without respect to tiers based on their highest paid Deputy to resolve the inversion, although we would still have a problem with Planning and Fire. Commissioner Rohlffing suggested to "Red Line" those two departments and say that they don't apply to our formula. Chair Levin stated if the Commission wanted to do that, it would probably take him ten to fifteen minutes to revise the schedule, eliminate the Tiers and see where numbers will drop in. This would resolve the Tiering problem and would probably eliminate a full point off of the raises and eliminate some of the raises for some of the departments that the Commission members are uncomfortable with. What this will also do is that the departments that need the big raises will jump out in it of themselves. He further explained that he could then sort the report by their salary range based on their highest Deputy's salary range, remove the Tiers and then just set their proposed salary so their Deputy's salaries are a few dollars higher. Commissioner Herrera stated that Chair Levin might want to hold off on this until he resolved the first issue which is does the Commission agrees that it even wants to look at this anymore. Chair Levin stated that the comment regarding eliminating the Tiers may be the thing that saves this model. Commissioner Williams suggested that the Commission agree with what they are looking at first and then they can save the model or not. Chair Levin stated that he sometimes talks in a way that says that there is division amongst the Commission and he does that not because he's trying to create division but because he thinks it helps them to realize what things they do have common ground on. He then asked the Commission if they think that this report is salvageable. Does the Commission want to try to work with this by revising it or do you want to go off to the flat across the board option? Commissioner Westfall stated that he would like to make a motion that the Commission look at making raises along the lines of what Commissioner Rohlffing said regarding a flat across the board increase just so we can get this moving. Commissioner Williams seconded the motion. Chair Levin asked if there was any discussion on the motion that was made.

Commissioner Herrera stated his concern that the Commission doesn't have all of the information needed to determine the across the board increase. Director Krieg asked Commissioner Rohlffing if he was referring to the last pay adjustment. Commissioner Rohlffing stated that she was correct. Chair Levin asked if there were any other comments on this motion. Commissioner Herrera stated that he thinks that this would serve the purpose of giving the Commission some time to look at the process. Commissioner Rohlffing suggested that the Commission take a short recess so Chair Levin could re-work the numbers. He felt that it might be a good idea to look at the figures to be able to vote on which way to go. Commissioner Westfall and Commissioner Williams explained that the

motion wasn't to eliminate the report option, but instead it was a motion to investigate this option. First Deputy Corporation Counsel Villarosa explained that the Commission really doesn't need a motion, just consensus as far as a direction. Chair Levin stated that he has no objection to an investigation.

Commissioner Williams asked if the Commission could review each department. He thought that perhaps they could go through two departments per month and look at every process they are going to use in either the inversion process or the EMCP process. He stated that it could be that we find that a particular department doesn't have inversion but they still need the increase and this department has inversion and needs an increase and so on. Commissioner Herrera asked that if the Commission was to look at two departments at a time how will it be able to avoid the scenario of while we're focusing on this department today, how will the Commission know how it is affecting the other departments that we will look at down the road. Commissioner Williams stated that if we do two departments at a time we could put Water and Planning in the same group or we could make a schedule of which departments we will discuss. He then stated that the Commission will have two departments per month that they are doing something with and they will know exactly when their department is going to be talked about and so they can come in and provide public testimony on that day.

Commissioner Westfall stated that he has had conversations with Director Krieg and they had started to come up with criteria and what they would like to see is what Commissioner Rohlfing said. The Tiers don't make any sense, the scope of responsibilities for some of these jobs have changed, i.e. the Attorneys, Public Works now has a huge staff with a broad mix of different people and therefore they should be way up there. He further stated that he doesn't think that it would take more than a month, if we sat down for a few hours, to come up with some sort of logic. Commissioner Westfall suggested that the Commission would probably come up with about five or six different variables that we look at, we put this in a spreadsheet and then we start to discuss it. We may come with all the same figures that we have in this report. He then stated that what makes him uncomfortable is that he doesn't feel like he has a rationale behind why the Commission is making these increases other than the inversion issue. Chair Levin made an argument in favor of the report and then took a short break while he worked on the numbers of the report.

Chair Levin called the meeting back to order at 10:20 a.m. First Deputy Corporation Counsel Villarosa stated that there was a motion and a second on the floor before the Commission recessed, and perhaps the Commission members could withdraw their motion and second and then the Commission can have the discussion since it looks like the Commission will be discussing two things. Commissioner Williams withdrew his second to the motion. First Deputy Corporation Counsel Villarosa stated that the motion is now off the table. She then stated to Chair Levin that with the inversion issue it might be helpful if we could see more than just the top salary earners for the departments that have issues, if the Commission could see perhaps five or ten of the top to be able to determine if the inversion is just with one person or more. Commissioner Herrera stated that he felt that one person with a salary inversion is already one too many. Even when the one person retires, they will work their way up the pay scale and there will be salary inversion again. Commissioner Williams stated that he agreed with First Deputy Corporation Counsel Villarosa

accept that he believes that two comparisons would be sufficient.

Chair Levin asked the Commission where they would like to go from here. He asked if they would like to look at the departments that are showing the large raises and investigate those before we make a decision. He further explained that the departments that stand out are; Housing, Finance, Planning, Public Works and Fire. He also stated that he didn't think that the Commission would accomplish anything today because there is just too much information on the table and Commissioner Tomita had to leave so we've lost a voting member. Commissioner Williams stated that the Commission still had enough members present to vote on this issue. First Deputy Corporation Counsel Villarosa then asked Chair Levin how he came up with the figures in the Director's Proposed Salary column of the report. Chair Levin then stated that he did that by making sure that the Deputy's proposed salary was at least a few dollars higher than the next person. Commissioner Williams asked if then the high priority departments that the Commission will be looking at are Fire and Public Works and then Planning. The Commission continued to review the revised report and cross-referenced it with The Updated Salary Inversion Charts report provided to the Commission by the Department of Personnel Services dated 9/23/05. Director Krieg informed Chair Levin that he should specifically be looking at the portion of this report that states "as of 06/30/06". Commissioner Rohlfling asked Chair Levin for clarification in that Corporation Counsel is at \$89,640 which is their current salary. Prosecutor had that salary before but Planning is listed at \$103,600 which is a proposed amount. So there is a mixture of existing and proposed salaries. Chair Levin clarified the rationale for having it this way and determined that it was done that way to be able to pin point salary inversions. He then changed the column heading to read Director's salary needed to solve inversion. After clarification, Chair Levin continued to proceed with cross-referencing the DPS report with his report and the Committee had a discussion.

Upon discussion Chair Levin determined that the following departments would be considered for "red lining": Finance, Housing, Public Works, Planning and Fire. Chair Levin at this time asked the Commission if they would like to continue to work on this or would they prefer that he email everyone the revised report and work on it at the next meeting.

Commissioner Herrera then asked Commissioner Rohlfling if he had gotten his information he asked for regarding the EMCP salary increase in 2005. Director Krieg then informed the Commission that for the fiscal year 2005-2006, EMCP employees related to BU11 (firefighters) got an percentage increase to the base pay was 12.34% and the out of pocket increase was at 11.5%. For Police, the increase to base pay was 11.58% and out of pocket increase of 10.94%. Chair Levin asked Director Krieg to explain what the out of pocket increase is. Director Krieg explained that the out of pocket is the actual cost for the employee. The rest of the EMC employees had an increase to base of 5.67% and an out of pocket increase of 4%. Commissioner Herrera asked Director Krieg if the Commission could get a copy of her report for the next meeting. Director Krieg answered no. First Deputy Corporation Counsel asked what report she was reading this information off of and she stated that it was a report intended for Council Member Hokama. First Deputy Corporation Counsel then asked if the report was confidential, or why can't the Commission have a copy. Director Krieg stated that she did not prepare this report for the Commission, but did state that she could prepare a report consisting just of the information she presented. Commissioner Herrera expressed that it was alright if Director Krieg did not submit the report to the Commission. Commissioner Herrera asked if the figures stated by Director Krieg referred to 2005-2006. Director Krieg stated that the figures were for a raise in 2006. She was

then asked if there was a difference in the amount of increase each year. She replied with the following; fiscal year 07 Police 5.76% increase to base and 5.18% out of pocket, Fire 6.125% increase to base and 5.525 out of pocket, everyone else 5.62% increase to base and 4.79% out of pocket. Commissioner Westfall asked Director Krieg why the first year had such a large increase and she explained that because of the package they put together for the first year, they got an additional within range progression increases and then they got a **percentage** increase. Chair Levin ended the discussion and moved down the agenda.

In preparation of the agenda Chair Levin stated the report has revealed some interesting aspects such as the fact that the Commission will only really have to look at five departments to see whether or not there is a “red line” situation necessary. He further stated that the Commission could probably work in a combination of some kind of small across the board increase along with an actual investigation of the five departments (Fire, Planning, Housing, Finance and Public Works) and then go from there. Chair Levin then asked Director Krieg if she could be prepared to answer more in depth questions about the roles and responsibilities of employees in the departments of Housing, Finance, Planning, Public Works and Fire.

Commissioner Williams asked if the Commission could look at Commission members that are consistently absent. First Deputy Corporation Counsel stated that this is an issue that the Commission will have to vote on and the Commission will make the recommendation as a whole. She further stated that the Chair makes the determination whether it is an absent or excused but the Commission needs to determine the dismissal. She had also stated that whether it is an excused or an absent as long as they miss four meetings the Commission can recommend a removal. Chair Levin agreed to add this as an agenda item. Chair Levin asked that the Welcome Packet and Timeline Report items be taken off of the next agenda to allow time to discuss the other issues. He did determine that the Commission will continue to discuss the Salary Adjustment for the Executive Branch. Chair Levin asked if at the next meeting he could have the projector already set up.

Commissioner Rohlfling stated that he could not make it to the next meeting on October 14th. The Secretary went to get a calendar of the Lounge to reschedule the meeting. The Commission decided on October 7, 2005 at 8:30 a.m. in the Mayor’s Lounge.

V. Setting the Agenda for Next Meeting

- Discussion of possible “Red Lining” Departments of Housing, Planning, Finance, of Public Works and Fire.
- Review the performance measures for the above mentioned departments.
- Address the issue of Commission member’s absenteeism.
- Commission will consider a Salary Adjustment for the Executive Branch.
- The next meeting is scheduled for October 7th 8:30 in the Mayor’s Lounge.

VI. Announcements

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

Respectfully submitted,

C. Momi Medeiros
Boards and Commissions Secretary