

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

February 7, 2014

**Committee
Report No.** _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on January 21, 2014, makes reference to County Communication 13-391, from the Mayor, transmitting the following:

1. A proposed resolution entitled "APPROVING COST ITEMS FOR BARGAINING UNIT 11, FIRE FIGHTERS".

The purpose of the proposed resolution is to approve cost items, including adjustments to salaries and fringe benefits, temporary change in station pay, and health benefit premiums, for Bargaining Unit ("BU") 11, firefighters represented by the Hawaii Fire Fighters Association ("HFFA"), for Fiscal Years 2012, 2013, 2014, 2015, 2016, and 2017.

2. A proposed resolution entitled "APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNIT 11, FIRE FIGHTERS".

The purpose of the proposed resolution is to approve cost items, including adjustments to salaries and fringe benefits, and health benefit premiums, for firefighters excluded from BU 11, represented by the HFFA, for Fiscal Years 2012, 2013, 2014, 2015, 2016, and 2017.

By correspondence dated January 14, 2014, the Acting Mayor transmitted revised proposed resolutions, which incorporated corrections to the "Summary of Cost Items" for Fiscal Years 2012 and 2013.

Your Committee notes the cost items for these employees were decided by an arbitration panel. Pursuant to Section 89-11, Hawaii Revised Statutes, the arbitration decision and the amounts of contributions by the State and counties to the Hawaii Employer-Union Health Benefits Trust Fund shall not be subject to ratification by the employees concerned and shall be subject to appropriations by the appropriate legislative body. In the County of Maui, the employer is the executive branch and the Council is the

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

Page 2

**Committee
Report No.** _____

legislative branch. Section 89-11, Hawaii Revised Statutes, further requires the employer to submit all arbitrated awards to the legislative branch within ten days from the date of an agreement.

Your Committee notes each proposed resolution attaches a "Summary of Cost Items" as Exhibit "1". The summaries outline the additional costs required to fund the arbitrated award in categories such as salaries, health benefit premiums, Rank-for-Rank Recall, and Temporary Change in Station Pay. The total additional cost for the agreements for Fiscal Year 2014 for firefighters included in BU 11 is \$982,497 and for those excluded from BU 11 is \$45,844.

The Director of Personnel Services informed your Committee the arbitrated decision will apply to approximately 300 County employees who currently serve as firefighters. The arbitrated decision was rendered on November 30, 2013. There is no cost associated with the contract for the first two years of the six-year contract. It will cost the County an additional \$23 million over the last four years of the contract.

He stated the Rank-for-Rank Recall program calls for a firefighter with a similarly ranked position to be given consideration to fill a vacancy of a ranked position. This practice applies only to the HFFA contract; no other union contracts for the County of Maui have this provision. The cost of \$1.8 million for the Rank-for-Rank Recall program for those included in BU 11 is based on 18 Fire Fighter IIs, 80 Fire Fighter IIIs, and 54 Fire Captains. This program benefits higher-ranked positions. The current practice of the Department of Fire and Public Safety is to fill a vacancy through temporary assignment.

The Director also explained the Temporary Change in Station Pay of \$50 per shift is required when designated firefighters are temporarily assigned to report to a fire station other than their permanent fire station. This temporary change requires the firefighters to pack up and transport their department-issued protective gear and personal living items, such as their bedding and toiletries, for overnight relief.

Your Committee noted concerns of future effects of the arbitrated award on premium pay, the Employee Retirement System, and Employer Union Trust Fund, which will be considered during the Fiscal Year 2015 Budget deliberations. Your Committee further noted the Department of Fire and Public Safety does not appear to have retention or recruitment issues. Nonetheless, the firefighters have been awarded a lucrative six-year contract agreement.

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

Page 3

Committee
Report No. _____

Your Committee expressed appreciation for the hard work and dedication of all firefighters and emergency responders.

Your Committee voted 7-0 to recommend adoption of the revised proposed resolutions and filing of the communication. Committee Chair White, Vice-Chair Hokama, and members Cochran, Couch, Crivello, Guzman, and Victorino voted "aye". Committee members Baisa and Carroll were excused.

Your Committee is in receipt of a further revised proposed resolution relating to cost items for firefighters excluded from BU 11, approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's recommended revisions.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Resolution _____, as revised herein and attached hereto, entitled "APPROVING COST ITEMS FOR BARGAINING UNIT 11, FIRE FIGHTERS" be ADOPTED;
2. That Resolution _____, as revised herein and attached hereto, entitled "APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNIT 11, FIRE FIGHTERS" be ADOPTED; and
2. That County Communication 13-391 be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



MIKE WHITE, Chair

Resolution

No. _____

APPROVING COST ITEMS FOR BARGAINING UNIT 11, FIRE FIGHTERS

WHEREAS, the Mayor, by letter dated December 9, 2013, to the Honorable Gladys Baisa, Chair, and Members of the Maui County Council, submitted cost items for Fire Fighters represented by Bargaining Unit 11, Hawaii Fire Fighters Association, pursuant to an arbitration decision and award dated November 30, 2013; and

WHEREAS, pursuant to § 89-11(g), Hawaii Revised Statutes, the November 30, 2013 arbitration decision and award shall be final and binding upon the parties, all items requiring any moneys for implementation shall be subject to appropriation by the appropriate legislative body, and the employer shall submit all such items within ten days after the date on which the agreement is entered into; and

WHEREAS, a Summary of Cost Items is attached hereto as Exhibit "1"; now, therefore,

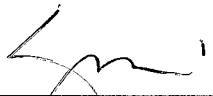
BE IT RESOLVED by the Council of the County of Maui:

1. That it does hereby approve the Summary of Cost Items as specified in Exhibit "1"; and

Resolution No. _____

2. That certified copies of this resolution be transmitted to the Mayor, the Director of Personnel Services, and the Director of Finance.

APPROVED AS TO
FORM AND LEGALITY:



GARY Y. MURAI
Deputy Corporation Counsel
County of Maui

COUNTY OF MAUI
UNIT 11 (INCLUDED)
SUMMARY OF COST ITEMS
FY 2011-12, FY 2012-13, FY 2013-14,
FY 2014-15, FY 2015-16, FY 2016-17

1. Salaries

Summary includes the following increases:

A. Effective July 1, 2011:

No additional costs.

B. Effective July 1, 2012:

No additional costs.

C. Effective July 1, 2013:

- 1) 2.0% across-the-board wage increase.
- 2) No step movement.

D. Effective January 1, 2014:

- 1) 2.0% across-the-board wage increase with the addition of Step L5 on the salary schedule.
- 2) Employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service shall move to the appropriate step in their salary range on July 1, 2014.
- 3) Catch-up step movements: All employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service shall move to the next higher step in their salary range on the employee's service anniversary date.
- 4) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range shall move to such step on the employee's service anniversary date, provided that the employee did not receive a catch-up step movement.

EXHIBIT " 1 " " "

Summary of BU 11 Cost Items

Page 2 of 7

- 5) All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employee's cumulative service corresponds with the next higher step on the salary schedule.

E. Effective July 1, 2014:

- 1) 2.0% across-the-board wage increase.
- 2) Employees shall receive no more than one step movement from July 1, 2014 to June 30, 2015.
- 3) Catch-up step movements: All employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service shall move to the next higher step in their salary range on the employee's service anniversary date.
- 4) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range shall move to such step on the employee's service anniversary date, provided that the employee did not receive a catch-up step movement.
- 5) All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employee's cumulative service corresponds with the next higher step on the salary schedule.
- 6) Employees with 25 or more years of service whose salaries are below Step L5 of the employee's salary range shall be placed on Step L5 of the employee's salary range on the employee's service anniversary date.

D. Effective January 1, 2015:

- 1) 2.0% across-the-board wage increase.
- 2) Catch-up step movements: All employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service shall move to the next higher step in their salary range on the employee's service anniversary date.

- 3) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range shall move to such step on the employee's service anniversary date, provided that the employee did not receive a catch-up step movement.
- 4) All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employee's cumulative service corresponds with the next higher step on the salary schedule.
- 5) Employees with 25 or more years of service whose salaries are below Step L5 of the employee's salary range shall be placed on Step L5 of the employee's salary range on the employee's service anniversary date.

E. Effective July 1, 2015:

- 1) 2.0% across-the-board wage increase.
- 2) Employees shall receive no more than one step movement from July 1, 2014 to June 30, 2015.
- 3) Catch-up step movements: All employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service shall move to the next higher step in their salary range on the employee's service anniversary date.
- 4) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range shall move to such step on the employee's service anniversary date, provided that the employee did not receive a catch-up step movement.
- 5) All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employee's cumulative service corresponds with the next higher step on the salary schedule.

- 6) Employees with 25 or more years of service whose salaries are below Step L5 of the employee's salary range shall be placed on Step L5 of the employee's salary range on the employee's service anniversary date.

F. Effective January 1, 2016:

- 1) 2.0% across-the-board wage increase.
- 2) Catch-up step movements: All employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service shall move to the next higher step in their salary range on the employee's service anniversary date.
- 3) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range shall move to such step on the employee's service anniversary date, provided that the employees did not receive a catch-up step movement.
- 4) All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employee's cumulative service corresponds with the next higher step on the salary schedule.
- 5) Employees with 25 or more years of service whose salaries are below Step L5 of the employee's salary range shall be placed on Step L5 of the employee's salary range on the employee's service anniversary date.

G. Effective July 1, 2016:

- 1) 5.0% across-the-board wage increase.
- 2) Catch-up step movements: All employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service shall move to the next higher step in their salary range on the employee's service anniversary date.

- 3) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range shall move to such step on the employee's service anniversary date, provided that the employee did not receive a catch-up step movement.
- 4) All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employee's cumulative service corresponds with the next higher step on the salary schedule.
- 5) Employees with 25 or more years of service whose salaries are below Step L5 of the employee's salary range shall be placed on Step L5 of the employee's salary range on the employee's service anniversary date.

Wage costs include fringe benefit costs representing expenses which automatically increase when base salaries increase (e.g., premium pay, overtime, Medicare, unemployment compensation, and leave benefits). All subsequent year costs include the roll-over cost from previous years.

Additional Cost
<u>FY 2012</u>
\$ 0

Additional Cost
<u>FY 2013</u>
\$ 0

Additional Cost
<u>FY 2014</u>
\$ 855,946

Additional Cost
<u>FY 2015</u>
\$ 2,835,471

Additional Cost
<u>FY 2016</u>
\$ 4,354,623

Additional Cost
<u>FY 2017</u>
\$ 6,565,955

2. Rank-for-Rank Recall

All eligible fire fighters (Fire Fighter II, Fire Fighter III, Fire Captain) shall be offered 12 shifts (288 hours) per fiscal year for recall on a rank-for-rank basis and assigned such overtime work on a fair and equitable basis giving due consideration to operational requirements.

Additional Cost
FY 2012
\$ 0

Additional Cost
FY 2013
\$ 0

Additional Cost
FY 2014
\$ 0

Additional Cost
FY 2015
\$ 1,792,477

Additional Cost
FY 2016
\$ 1,894,239

Additional Cost
FY 2017
\$ 2,027,855

3. Temporary Change in Station Pay

Employees who are temporarily assigned to report to a fire station other than their permanent fire station shall receive a temporary change of station pay of \$50.00 per twenty-four hour work shift or partial work shift if an employee is required by the Fire Chief or designee to pack up and transport their personal living items such as their bedding, toiletries, etc. for overnight relief.

Additional Cost
FY 2012
\$ 0

Additional Cost
FY 2013
\$ 0

Additional Cost
FY 2014
\$ 0

Additional Cost
FY 2015
\$ 146,000

Additional Cost
FY 2016
\$ 146,000

Additional Cost
FY 2017
\$ 146,000

4. Hawaii Employer-Union Health Benefits Trust Fund

The following cost assumes the employer will continue to pay the same percentage of health benefit premiums as it currently pays. This is approximately 60% of the premium amount, plus administrative fees, with the employee paying the balance. Increase in costs in subsequent years is due to anticipate increases in premium amounts.

Additional Cost
FY 2012
 \$ 0

Additional Cost
FY 2013
 \$ 0

Additional Cost
FY 2014
 \$ 126,551

Additional Cost
FY 2015
 \$ 340,045

Additional Cost
FY 2016
 \$ 505,224

Additional Cost
FY 2017
 \$ 682,842

TOTAL ADDITIONAL COST:

FY 2012 **\$ 0**

FY 2013 **\$ 0**

FY 2014 **\$ 982,497**

FY 2015 **\$ 5,113,993**

FY 2016 **\$ 6,900,086**

FY 2017 **\$ 9,422,652**

Resolution

No. _____

APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNIT 11, FIRE FIGHTERS

WHEREAS, the Mayor, by letter dated December 9, 2013, to the Honorable Gladys Baisa, Chair, and Members of the Maui County Council, submitted cost items for Fire Fighters excluded from Bargaining Unit 11, Hawaii Fire Fighters Association; and,

WHEREAS, pursuant to § 89C-5, Hawaii Revised Statutes, and the November 30, 2013 arbitration decision regarding Bargaining Unit 11 employees, all items requiring any moneys for implementation shall be subject to appropriation by the appropriate legislative body; and,

WHEREAS, a Summary of Cost Items is attached hereto as Exhibit "1"; now, therefore,

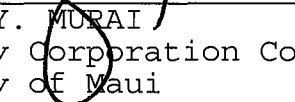
BE IT RESOLVED by the Council of the County of Maui:

1. That it does hereby approve the Summary of Cost Items as specified in Exhibit "1"; and,

Resolution No. _____

2. That certified copies of this resolution be transmitted to the Mayor, the Director of Personnel Services, and the Director of Finance.

APPROVED AS TO
FORM AND LEGALITY:



GARY Y. MURAI
Deputy Corporation Counsel
County of Maui

COUNTY OF MAUI
 UNIT 11 (EXCLUDED)
 SUMMARY OF COST ITEMS
FY 2011-12, FY 2012-13, FY 2013-14,
FY 2014-15, FY 2015-16, FY 2016-17

1. Salaries

In accordance with Hawaii Revised Statutes Section 89C-3, salary adjustments provided herein shall be at least equal to the compensation and benefit packages provided under collective bargaining agreements. HRS 89C-3 states in pertinent part that the personnel director shall, "Ensure that adjustments for excluded civil service employees result in compensation and benefit packages that are at least equal to the compensation and benefit packages provided under collective bargaining agreements for counterparts and subordinates within the employer's jurisdiction; ... "

Wage costs include fringe benefit costs representing expenses which automatically increase when base salaries increase (e.g., premium pay, overtime, Medicare, unemployment compensation, and leave benefits). All subsequent year costs include the roll-over cost from previous years.

Additional Cost
<u>FY 2012</u>
\$ 0

Additional Cost
<u>FY 2013</u>
\$ 0

Additional Cost
<u>FY 2014</u>
\$ 45,844

Additional Cost
<u>FY 2015</u>
\$ 156,052

Additional Cost
<u>FY 2016</u>
\$ 235,793

Additional Cost
<u>FY 2017</u>
\$ 350,222

2. Rank-for-Rank Recall

All eligible fire fighters (Fire Battalion Chief and Assistant Fire Chief) shall be offered 12 shifts (288 hours) per fiscal year for recall on a rank-for-rank basis and assigned such overtime work on a fair and equitable basis giving due consideration to operational requirements.

Additional Cost
FY 2012
\$ 0

Additional Cost
FY 2013
\$ 0

Additional Cost
FY 2014
\$ 0

Additional Cost
FY 2015
\$ 84,810

Additional Cost
FY 2016
\$ 84,810

Additional Cost
FY 2017
\$ 84,810

3. Hawaii Employer-Union Health Benefits Trust Fund

By law, the employer's contributions to the Employer-Union Trust Fund are not subject to arbitration, and are thus negotiated separately. Under that separate agreement, the employers will continue to pay the same percentage of health benefit premiums as they currently pay. (This is approximately 60% of the premium amount, plus administrative fees, with the employee paying the balance.) As the cost for this item cannot be determined at this time, we are not including cost figures for this item at this time.

TOTAL ADDITIONAL COST:

FY2012 \$ 0

FY 2013 \$ 0

FY 2014 \$ 45,844

FY 2015 \$ 240,862

FY 2016 \$ 320,603

FY 2017 \$ 435,032