

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

May 20, 2016

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 March 29, 2016, and May 11, 2016, makes reference to County Communication 16-50, from the Mayor, transmitting a proposed resolution entitled "APPROVING COST ITEMS FOR UNIT 14, OCEAN SAFETY OFFICERS."

The purpose of the proposed resolution is to approve cost items for Ocean Safety Officers included within Bargaining Unit 14, represented by the Hawaii Government Employees Association, for Fiscal Years ("FY") 2016 and 2017 (incorrectly referenced at the top of Exhibit "1" as also including FY 2015).

Your Committee notes the cost items for these employees were decided by an arbitration panel. The arbitration decision was issued on February 22, 2016. The Mayor transmitted the proposed resolution to approve the cost items by correspondence dated March 3, 2016 (County Communication 16-50).

Pursuant to Section 89-11(g), Hawaii Revised Statutes, the arbitration decision and the amounts of contribution 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 legislative body is the Council. Section 89-11, Hawaii Revised Statutes, requires the employer to submit all arbitration awards to the legislative body within ten days from the date of the agreement.

Your Committee notes the proposed resolution attaches a "Summary of Cost Items" as Exhibit "1." The summary outlines the additional costs required to fund the arbitration award in categories such as wages,

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

Page 2

Committee
Report No. _____

uniforms, and equipment, and differential pay for rescue craft operations. The total additional cost for the agreement for FY 2017 is \$1,057,975.

There is no cost associated with the first year of the two-year contract. Your Committee notes, however, for FY 2016, Ocean Safety Officers were still covered under the contracts for Bargaining Units 3 and 4, and received the benefits of those contracts.

Your Committee notes the arbitration decision will apply to 60.5 County employees who currently serve as Ocean Safety Officers. The State reimburses the County for the costs of 10.5 of the officers who provide lifeguard services at Makena State Park.

At its first meeting, your Committee received oral testimony from only one testifier, an Ocean Safety Officer, in support of the proposal. No one else came to testify. There was no testimony received from union representatives, other Ocean Safety Officers or Bargaining Unit 14 representatives, members of the public, or the Administration.

The Director of Personnel Services stated Bargaining Unit 14 is newly established and includes State law enforcement officers, and State and County Ocean Safety Officers.

He said other cost items in the contract include differential pay for certified rescue craft operators at \$3.50 per hour when assigned and a uniform maintenance allowance of \$10 per month.

Your Committee notes that, subsequent to its first meeting on the proposed resolution, it received numerous testimonies in support of the salary increase from union representatives, Ocean Safety Officers, other members of Bargaining Unit 14, and members of the public.

Your Committee noted it is acutely aware that County resources are finite. The dissent by the Chief Negotiator, Office of Collective Bargaining, in the arbitration decision, sounded a warning about future collective bargaining negotiations, noting that "for all bargaining units each 1

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

Page 3

**Committee
Report No. _____**

percent across the board increase in salary costs has an approximate \$92 million impact to the general funds over the biennium.”

Your Committee emphasized that the State requires the counties to shoulder these costs, even though they are largely attributable to visitors, yet refuses to increase the counties’ share of transient accommodations tax (“TAT”). Noting the counties previously received the lion’s share of the TAT, your Committee stressed that additional TAT revenue would reduce the burden on the County tax base, and that the counties are simply asking that a larger share of the money they earn be returned to them. Your Committee strongly urged union representatives, the Hawaii Lifeguard Association, and the public at large to support the County’s efforts to lobby the State Legislature for a more equitable share of the TAT.

Your Committee expressed frustration with the process and lack of sufficient voice in the negotiations, and the apparent inability of the councils to vary from the terms presented.

Nonetheless, your Committee expressed wholehearted support for the work performed by, and dedication of, the County’s Ocean Safety Officers. Your Committee recognized the Ocean Safety Officers are deserving of salary increases and supported the proposed resolution.

Your Committee recommended the proposed resolution be revised to include transmittal of a certified copy of the resolution to the Budget Director.

Your Committee voted 6-0 to recommend adoption of the proposed resolution, as revised, and filing of the communication. Committee Chair Hokama, Vice-Chair White, and members Baisa, Couch, Crivello, and Guzman voted “aye.” Committee members Carroll, Cochran, and Victorino were excused.

Your Committee is in receipt of a revised proposed resolution, approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee’s recommended revision and a revision to correct the FY 2015 reference in Exhibit “1.”

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

Page 4

Committee
Report No. _____

Your Budget and Finance Committee RECOMMENDS the following:

1. That Resolution _____, as revised herein and attached hereto, entitled "APPROVING COST ITEMS FOR UNIT 14, OCEAN SAFETY OFFICERS," be ADOPTED; and
2. That County Communication 16-50 be FILED.

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



RIKI HOKAMA, Chair

bf:cr:16006aa:mmy/cmn

Resolution

No. _____

APPROVING COST ITEMS FOR UNIT 14, OCEAN SAFETY OFFICERS

WHEREAS, the Mayor, by letter dated March 3, 2016 to the Honorable Mike White, Chair, and Members of the Maui County Council, submitted cost items for Ocean Safety Officers included in Bargaining Unit 14 and represented by the Hawaii Government Employees Association, AFSCME Local 152 AFL-CIO, pursuant to an arbitration decision and award dated February 22, 2016; and

WHEREAS, pursuant to § 89-11(g), Hawaii Revised Statutes, the February 22, 2016 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 arbitration decision and award is issued; 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, the Budget Director, and the Director of Finance.

APPROVED AS TO
FORM AND LEGALITY:



GARY Y. MURAI
Deputy Corporation Counsel
County of Maui

S:\ALL\GYM\resolutions\HGEA\RESO.HGEA.Unit.14.wpd

COUNTY OF MAUI
UNIT 14 (INCLUDED)
SUMMARY OF COST ITEMS
FY 2016 - 2017

1. Wages

Summary includes the following increases:

Effective July 1, 2016:

1. Across the board increase of 4%.
2. Delete Salary Ranges SR04 to SR10, and SR30 to SC03.
3. Delete the first 3 steps of the salary schedule and add 2 steps after the maximum step following the existing pattern of integrated salary rates.
4. Re-label the 12 steps of the new salary schedule.
5. Place employees on the step of the corresponding pay range of the new salary schedule as follows: Employees on the 1st step placed on the 1st step of the new schedule, employees on the 2nd step placed on the 2nd step of the new schedule, etc.
6. Employees on the last step (step M or 13th step) shall be placed on the last step (12th step) of the new salary schedule.
7. One-time payment equal to 4% of the new annual basic rate of pay for employees on the last step (step M or 13th step) as of June 30, 2016.
8. 4% increase to basic rate of pay for all employees, plus one-time payment equal to 4% of new annual basic rate of pay for employees not administratively assigned to the salary schedule.
9. Continuation of the step movement plan.

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 includes the roll-over cost from previous years.

Additional Cost	Additional Cost
FY 2016	FY 2017
\$ 0	\$ 876,745

2. Uniforms and Equipment

Effective July 1, 2016:

1. The amount of uniform maintenance allowance shall be \$10.00 per month.

Additional Cost	Additional Cost
FY 2016	FY 2017
\$ 0	\$ 2,880

3. Differentials

Effective July 1, 2016:

1) Certified Rescue Craft Operators shall receive \$3.50 per hour when assigned.

Additional Cost <u>FY 2016</u>	Additional Cost <u>FY 2017</u>
\$ 0	\$ 178,350

TOTAL ADDITIONAL COST:

***FY 2016 \$ 0**

***FY 2017 \$ 1,057,975**

*Figures do not include EUTF as premium rates may change.