

**SALARY COMMISSION
MINUTES
MAY 14, 2021
Meeting Site: Online via Blue Jeans**

1. Call to Order/Roll Call

The meeting was called to order by Chair Abbott at 8:40 a.m.

Present:

Clark Abbott, Chair
Dawnalyn Fujiwara, Vice-Chair
Tambara Garrick
Grant Nakama
Andy Ho
Scott Parker
Peter Martin
Edwin Misaki

Absent:

Stanford Lantias

Staff:

Gary Murai, Deputy Corporation Counsel
Darlene Endrina, Community Liaison
David Underwood, Director of Personnel Services
Michele Yoshimura, Budget Director
Ipo Mossman, Community Liaison
Rochelle Ines, Secretary
LeeAnn Nomura Matsui, Secretary

2. New Commissioners Andrew Ho and Grant Nakama

3. Public Testimony

There was no public testimony presented.

4. Approval of the Minutes

Vice-Chair Fujiwara made the motion seconded by Commissioner Martin to approve the minutes of the March 12, 2021 meeting. The motion was unanimously passed.

5. Budget overview by Budget Director

Budget Director Yoshimura reported the following:

- The first reading of the FY2022 budget will be heard before the County Council on May 21, 2021. The second and final reading will be on June 4, 2021. Until then, there is no final or adopted budget for FY2022.

- The Budget Committee increased the Mayor's proposed budget. The Mayor's proposed budget was \$829,000,000 and Budget Committee increased it by \$13.7 million. The proposed budget for FY2022 is \$842,658,660.
- No salary adjustments for the department heads, etc. were budgeted other than the council since their salary increases were deferred. They anticipated receiving it on July 1st so \$8,000 was added back into the budget.
- There are no anticipated increases for any of the bargaining units, directors, and deputies. If the Commission decides to move forward with any increases for directors, deputies, etc., she will have to determine the dollar amount and prepare a budget amendment if needed.
- Chair Abbott referenced a Maui News article stating that the Mayor proposed a flat budget. Budget Director Yoshimura noted that the departments were asked to streamline their budgets and submit a flat budget with no increase to operational costs. All bargaining unit salary increases which occurred in calendar years 2019 and 2020 for the various bargaining units were taken into consideration. Salaries increased due to collective bargaining agreements and there were no planned increases for directors, deputies, council and the Mayor.
- Deputy Corporation Counsel Murai asked that based on the uncertainty of the current economic conditions, how reliable are the revenue projections. How confident are you that the revenue is going to come in as projected?

Budget Director Yoshimura stated the following:

- The bulk of the County's revenue comes from Real Property Tax. They received certification on the amount. The concern was whether people would pay due to the pandemic. Taxpayers were given an additional three (3) months to pay. 95-97% of taxes due was collected. It is their hope that residents will pay in full at the next installment in August 2021.
- Another revenue source is the Transient Accommodations Tax (TAT). TAT was approximately \$23,000,000 for the FY2021 and FY2022 budgets. This tax was not factored in the budget. This tax is dependent on the economic impact as tourism increases.
- Also taken into consideration was the decrease in user fees at the landfill and wastewater and water fees.
- Deputy Corporation Counsel Murai commented that park user fees decreased since the public aren't able to rent the community centers. Once the community centers open up, permit fees can be added as income.
- Budget Director Yoshimura agreed. This year, the Summer PALS program will operate and hopefully the community centers will reopen. These revenue sources are minimal and doesn't make a great impact on the budget.

6. Discuss and create a plan of action for Department Directors, Deputy Directors, County Auditor, Mayor and Council Member Salary Reviews for 2021

- Budget Director Yoshimura advised the Salary Commission that if the body wants to consider an increase for the Mayor, County Council Members, Directors, Deputy Directors, or County Auditor, consideration should be made as whether or not departments can absorb the cost or if a budget amendment has to be made. Departments were able to absorb costs due to vacant positions in the past. This will depend on how the Salary Commission plans to move forward.
- Commissioner Ho asked the following questions:
 - Is it standard practice to normally have annual increases somewhere around 2% to 3% per year, or is there a moratorium on any increases? Deputy Corporation Counsel Murai said there is no moratorium and the Commission does not enter the new fiscal year with any preconceived idea of what any increase should be or whether there is even going to be an increase. They discuss salary options like increasing, flat and decreasing salaries.
 - If one department gets an increase, would it be across the board for all other departments? Deputy Corporation Counsel Murai said not necessarily. Each department is evaluated separately depending on the demands on the Director. Every department is examined separately and there have been times where the Commission has granted across the board increases and there have been times where increases were approved for certain positions more than others.
- Chair Abbott said it is uncertain if there's going to be enough money for any salary increases. He recommended scheduling a July meeting after the final budget reading on June 4th. After receiving all the information, the Commission can decide. Chair Abbott asked Deputy Corporation Counsel Murai what's his opinion.
 - Deputy Corporation Counsel Murai responded with the following:
 - It is the call of the Salary Commission. The Commission will decide what it does next. If the decision is to wait until the budget is finalized and passed in late June or early July, that can be done. In the meantime, the Commission can start their other work on other matters.
 - The Commission can begin by examining each department. Each department head or the commissions that appoint certain department heads can prepare a presentation to address appropriate salary pricing. Appointing commissions could discuss whether they are experiencing difficulties in attracting qualified people. The Commission analysis is totally separate from the budget analysis. If the body thinks a certain position is underpaid or overpaid, decisions can be made. If an increase was not originally budgeted, the departments could still fund any increases to their director and deputy director salaries.

- Commissioner Misaki asked if a flat budget could be accepted. Deputy Corporation Counsel Murai advised that it's not part of the Salary Commission to approve the budget. It is the opinion of the Corporation Counsel that the Mayor's proposed budget is outside the kuleana of the Salary Commission.
- Commissioner Parker felt that the Commission could be in conflict with the Mayor or County Council when it comes to discussions regarding salary increases, etc. If the budget is flat but we approve a salary increase, we were never in any kind of "perceived transparency" with the bodies that are discussing the budget or approving the budget. Should the Commission decide to approve increases, someone will need to find the money. The budget doesn't drive the Commission's decision making, but thinks that's where we may need to be a bit more informed during the budget process. If the Mayor's budget is flat and the council approves a flat budget, why we would decide to award salary increases when the approved budget is flat. If we as a body later approves salary increases, there is a perceived disconnect.
- Commissioner Martin agreed with Commissioner Parker that this is a good conversation about their role as the Salary Commission having to decide on the appropriate salaries for department heads, etc.
- Chair Abbott recommended that if there are departments struggling with their salaries, it would be a wise to have them come and talk to the Salary Commission. He doesn't believe that salary adjustments be applied carte blanche across the board, but there may be some departments that are more restricted in their budget. It would be wise to have those department heads come in and advise us as to what's going on and what their problems really are and see if we can help in any way.
- Deputy Corporation Counsel Murai responded as follows:
 - Previous Salary Commissions have used the practice of meeting with various department heads in order to determine the appropriate salaries.
 - The first order should be for the Commission to decide whether to conduct a review of salaries for this year.
 - It is at the Commissions discretion to decide that this is not the time to consider salary increases.
 - The Commission could invite the Directors and Deputy Directors of the departments, the Mayor, and/or the Council Chair to speak with the Commissioners.
 - Previously, the departments are grouped by infrastructure (Public Works, Water, Planning, Parks & Recreation, etc.), public safety (Police, Fire, Prosecutor, etc.), and the administration departments (Personnel, Finance, Budget, etc.).
 - Each department would describe their function, divisions, number of employees, name and responsibilities of programs, etc.
 - After these presentations, the Commission can decide to adjust the salaries.

- The process will normally take a year and it is for the Commission to determine the process to be used for the coming year.
- Chair Abbott thought it helpful to all of new Commission members to have the departments do presentations. It would help provide a better handle of what the Salary Commission's role is.
- Director Underwood said that previously, the Commission has also taken into account the collective bargaining increases awarded to the rank and file as well as the cost of living. The Department of Personnel Services (DPS) can provide any requested data regarding collective bargaining agreement data to the Commission. In the past, DPS has also provided information regarding the salaries of comparable positions in other jurisdictions which the Commission may want. It could provide foundational or background information the Commission wants to review. DPS can also provide copies of collective bargaining agreements as they are received should the Commission request it.
- Budget Director Yoshimura reported that the last director increases was in January 2019. It was a 2% increase cost of living adjustment that on average was about \$6,000 per department for the director and the deputy. It was not a big impact to the operating budget. At any time during the fiscal year, if the Salary Commission approves a salary increase, it is her job to find the funding for it. She doesn't want the Commission members to think that it's a big impact to the operating budget because it's about \$6,000 per department if you do a 2% increase.
- Commissioner Nakama asked the following questions to Budget Director Yoshimura:

What is the typical dollar amount that would trigger a budget amendment?

Budget Director Yoshimura said it depends on whether the department could absorb the additional cost or not. For smaller departments like Personnel Services, salary increases could be absorbed by using the savings if there are vacant positions. Budgets are always adjusted throughout the year. It is a rare occurrence if a budget amendment needs to be prepared. However, if you a retroactive increase is approved, it will probably generate some type of budget amendment request.

In all likelihood, a retroactive salary increase would probably not have any impact because that's only a year amendment and the new budget would accommodate whatever the salary commission ended up deciding Budget Director Yoshimura agreed.

His main point is the amount of a salary increase would have to be significant to trigger a budget amendment since most departments could absorb the costs even if the amounts are \$50,000 to \$100,000 and its budgets are big.

- Budget Director Yoshimura advised the Commission that if an increase is approved before fiscal year ending June 30, 2021, and it is retroactive to January 2020, or other date, because the Budget Committee did appropriate for salary

adjustments for collective bargaining and other pay increases, we can pay the retroactive portion out of this year's budget. Moving forward, the departments absorb any future amount.

- Commissioner Martin mentioned that last year all directors were brought in. Although not a requirement, it would be wise to do so.
- Deputy Corporation Counsel Murai said that in the past, the Commission brought in everyone out of a sense of fairness and gave everyone an opportunity to say their piece, but you can be selective. Some positions can be examined more closely than others. The decision is entirely up to the Salary Commission. The job of the Commission is to do the study and do what you believe is appropriate.
- Chair Abbott said he doesn't think we have to bring everybody in to do a presentation. Budget Director Yoshimura would be able to advise which departments are struggling. It would behoove us to listen to them to give an honest opinion as to whether it's an increase is possible or not. But we have to be fair.
- Commissioner Martin commented it's interesting that these directors are appointed by the Mayor and approved by the council. His point being that if we had an idea of what the Mayor and the County Council feels these directors and deputies should be paid would be helpful. It would be great for all of us to compare what they are actually making, like the Fire Chief, Police Chief etc. The new members have no idea of the salaries being paid out to the department heads.
- Chair Abbott commented that he wants the new members to have an outline of what the current salaries that are being paid to these personnel.
- Deputy Corporation Counsel Murai said all this information is public information and public record. The staff can get that information for Commission. If you want to know the salaries for all the directors, deputy directors and legislators in Maui County, Hawai'i County, the City and County of Honolulu and Kaua'i County, you just need to request it.
- Chair Abbott requested information on current salaries for all State of Hawaii and the four counties directors and their deputies. In addition, he requested the salaries of legislators.
- Vice-Chair Fujiwara agrees that they should have all the information by the next meeting so they can review it together.
- Chair Abbott thinks that's the way to proceed. A decision can then be made on which departments to invite to speak before the Commission. Some of them are flying blindly as to what is being paid out.
- Commissioner Ho said that he comes from a private sector background and all salaries were reviewed annually. If you do not measure, you do not manage. Employers must do their due diligence and make an effort to see that the salaries

paid are fair and correct. Deputy Corporation Counsel Murai noted that Commissioners get this info every year.

- Commissioner Parker recently read that the Salary Commission for the City and County of Honolulu did not increase salaries. He asked if staffers can access information from other Counties along with their decisions.
- Deputy Corporation Counsel Murai reminded Chair Abbott that reports from other Salary Commissions are all public records.
- Budget Director Yoshimura said to keep in mind that the Big Island and O'ahu had changes in administration, so the salaries of their directors and deputies may be a factor to their respective salary commission decisions.
- Chair Abbott ask his fellow Commission members for their thoughts as to what information they feel is necessary. If we obtain data regarding the other county jurisdictions salaries, the more information we have, the better we can do our job.
- Commissioner Nakama requested that a transmittal of information consolidated into one document would be the most efficient way to receive and review the information. This would reduce the amount review time in the meeting to leave more time for discussion at our next meeting.
- Co-Chair Fujiwara agrees that we should get the information needed from staffers.
- Chair Abbott made a formal request and will leave it up to Deputy Corporation Counsel Murai.
- Deputy Corporation Counsel Murai explained that if the information is not available online, the staff can contact their counterparts in the other jurisdictions to request data as well as obtain copies of their Commission reports. A request for copies of meeting minutes can be obtained due to the Sunshine Law.
- Chair Abbott asked how long it would take to obtain the information that is needed.
- Commissioner Misaki asked if we can start with a table that for Hawai'i, Maui, Honolulu and Kaua'i Counties that shows all the salaries to make a simple comparison. Director Underwood said they actually maintain that information on an ongoing basis and it is readily available.
- Commissioner Ho stated that if we're going to compare all of the Counties for their respective salaries, he requests the cost of living information for the county jurisdictions.
- Director Underwood said the Consumer Price Index (CPI) information is published by the U.S. Bureau of Labor Statistics and is available for the Honolulu Metro Area and that's the most granular statistic that they publish so there isn't a great source of the comparable CPI data County by County.

- Deputy Corporation Counsel Murai as an example discussed the salaries for the Police Chiefs for the City and County of Honolulu and Maui County:
 - City & County of Honolulu Police Chief – approximately \$200,000 with a police force of 2,000 officers.
 - Maui County Police Chief – approximately \$156,000 with a police force of 300 officers.
- Director Underwood confirmed salary information is public. If the Commission is interested in internal salary comparisons, salary inversions, companies on salaries with rank and file, typically civil service salaries are not public but they can get anonymized data.
- Chair Abbott said minimum salaries are all that is needed at this particular time and its discussion and decision making can be taken up in a future meeting.
- Commissioner Misaki agreed and suggested the next meeting be on the 2nd Friday in July.
- Commissioner Nakama verified that this item will be deferred to the July meeting. Chair Abbott confirmed the date because the budget will be finalized and we would have the complete information available. Commissioner Nakama confirmed that the June meeting will be cancelled. Commissioner Misaki informed Commissioner Nakama that meetings are normally held quarterly.

7. Agenda Setting for Next Meeting

Create a plan of action and continue the discussion regarding the FY 2022 salary reviews for the Mayor, County Council Members, Department Directors, Department Deputy Directors, and the County Auditor.

8. Announcements

- Chair Abbott thanked everyone for submitting their email addresses and contact phone numbers. The information provided allows the Commission members communicate with one another. If anyone has a suggestion for an agenda item, etc. communication can be done via email correspondence, etc. and avoid the Sunshine Law and any other problems.
- Deputy Corporation Counsel Murai reminded the Commissioners when communicating via email to not use “reply all” because it could be construed as making agreements and could be a violation of the Sunshine Law. Discussions should be on a one-on-one basis. If Chair Abbott asks for agenda suggestions, only reply to him. Do not “reply all” to avoid mini caucuses.

9. Schedule Next Meeting

The next meeting is scheduled for Friday, July 9, 2021 at 8:30am, online, via BlueJeans.

10. Adjournment

Meeting adjourned at 9:46 a.m.