

MINUTES OF THE SALARY COMMISSION MEETING
July 9, 2021
Meeting Site: Via Blue Jeans Video Conference

1. Call to Order/Roll Call

The meeting was called to order by Chair Abbott at 8:35 a.m.

Present:

Clark Abbott, Chair
Dawnalyn Fujiwara, Vice-Chair
Tambara Garrick
Grant Nakama
Scott Parker
Edwin Misaki
Stanford Lanas

Excused:

Peter Martin

Absent:

Andrew Ho

Staff:

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

2. Public Testimony

There was no public testimony presented.

3. Approval of Minutes

Commissioner Parker made the motion seconded by Commissioner Misaki to approve the minutes of the May 14, 2021 meeting. The motion was unanimously passed.

Continuation of Discussion

4. 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.

Deputy Corporation Counsel Murai reported the following:

- At the last meeting, the Commissioners requested information regarding the current salaries of Maui County's elected and appointed officials of the Executive Branch and a comparison of the salaries with the State and other county jurisdictions from Personnel Director Underwood. Director Underwood transmitted this information in his letter to this Commission dated June 17, 2021.
- The next step is to develop a plan to analyze the data. Chair Abbott and Commissioners Lantias, Misaki, and Fujiwara all have past experience with this process. The current Commission should develop an evaluation process to maintain, increase, or decrease the salaries of the elected and appointed officials.
- Previous Commissions have invited Department Directors and/or Boards and Commissions that appoint the Police Chief, Fire Chief, and Liquor Director to make presentations. At that time, questions can be asked about their responsibilities, salaries, etc.

Commissioner Misaki asked why our County's elected officials salaries are higher than the other Counties?

- Deputy Corporation Counsel Murai noted that the Salary Commission awarded increases in 2013. Over time, the other counties have almost caught up.

Chair Abbott asked if anyone has any comments or questions regarding Director Underwood's report.

- Deputy Corporation Counsel Murai said the Police Chief salary is slightly more than the Mayor but it's not unusual to have some positions being paid more than the Mayor.
- Chair Abbott said that in his opinion, the County Council is the highest paid, not just in the State of Hawaii but in many other U.S. municipalities. He feels that they are vastly overpaid here except for some Department heads.
- Commissioner Misaki felt that a plan was needed to decide which salaries to increase, decrease, or maintain the status quo for.
- Commissioner Parker thinks this is an important subject and issue and in the last conversation, they got Mayor's thoughts on salaries that are dependent on the economic situation and perception. Looking at the impacts of compression on

line staff to upper level leadership plays a part of this and how to address it. More so for those who are not a part of collective bargaining.

- Chair Abbott felt that due to the current economic conditions due to the pandemic that any decisions on salary increases for the Mayor, County Council, Department Directors and Deputy Directors, and the County Auditor should be postponed. It may be wise to wait and re-visit this decision towards the end of the year. If some department heads want an increase in salaries, they'll need to come before this body.

Commissioner Nakama asked if a decision for a timeline regarding salaries for any department or any elected official is needed at either this meeting or the next meeting. He felt that this Commission was just beginning the process by hearing from department heads and the commissions who appoint department heads to learn more about each departments responsibilities and what kind of staffing needs they have. Decisions could then be made after that process.

- Chair Abbott said we can request to interview every department head and every person regarding salaries. If more information is needed, we can extend an invitation and any decisions will be made afterwards. Commissioner Nakama believes the next step is to set the process.
- Chair Abbott agreed with Commissioner Nakama. He recommends that we begin scheduling the departments to come before this body. He reminded the other members that we won't accomplish much between August through September but in October we'll have more information to make a final decision for next year.
- Commissioner Nakama asked the following questions:
 - Why is it that we can't accomplish anything in the next three to four months?
 - Isn't that the time we should be interviewing the department heads, etc. to learn more about their departments?
 - What is the next step?
- Commissioner Misaki believes that part of our plan should be to hold the line as far as salaries until we know what the proposed economic outlook will be. The second strategy is to analyze our County Council and ask why their salaries are higher than the Honolulu City Council. The Commission could maintain status quo until the other Counties can catch up.
- Commissioner Fujiwara suggested that any salary increases should be suspended until more information is obtained.

- Chair Abbott felt that the new Commission members need more information before they can make a decision. It will make a difference to have department heads make presentations before this body.
- Commissioner Fujiwara asked if all or only a few department heads will be asked back since they all received salary increases effective January 1, 2020. Chair Abbott suggests picking four or five department heads to interview.
- Commissioner Nakama concurred that only a few departments could be asked to make presentations. Is there someone that could this body with some insight into what is happening in the job market, salaries, and where our economy is heading. With this information we would have a baseline to help with decisions regarding increases or decreases in salary.
- Chair Abbott referenced Director Underwood's report. Anyone occupying a position on that list could be ask to come and make a presentation.
- Commissioner Parker suggested contacting Dr. Carl Bonham of the University of Hawaii Economic Research Organization (UHERO). He could give us an economic outlook for the State and County which could help this body address salaries for the department heads, etc. and potentially the private sector. Market comparisons would help determine if we are underpaying or overpaying same or similar jobs. It's important to look at the salaries of private sector employees to see if there is a possibility that we are underpaying our department heads, etc. If we're trying to recruit, it's highly unlikely that we will get highly skilled people into certain jobs because we're underpaying. How do we keep highly skilled people from leaving or bringing in people we want? If we can bring in Dr. Bonham, we can get a perspective and from there dig deeper into the departments.
- Commissioner Nakama did an online search and agreed that asking Dr. Bonham to make a presentation is a good idea.
- Commissioner Parker wondered if this will help or hinder the process. Could our conversations be more aligned with the budget process. It would help the departments, the Mayor, and Council if our decisions were made beforehand to help in their budgets. If the Commission's decisions are made after the budget is approved, the monies will need to be found.
- Deputy Corporation Counsel Murai said during Director Yoshimura's presentation at the last meeting, if a 10% increase is awarded to every department head or council member, the amount is small in comparison to the rest of the budget. That it's really not a factor. It would be helpful as we approach the budget season knowing what the increases are, but it should not be a major factor

in how you proceed. Using the MPD as an example, if the Chief receives a \$10,000 annual salary increase, in a \$2,000,000 budget will not have a significant impact.

- Director Underwood stated that the Employers Council has an annual salary survey which DPS has access to and can do salary comparisons to the private sector. However, many government positions are not found in the private sector. There are no private sector Police or Fire Chiefs or even a Director of Environmental Management. There are many positions are unique to the public sector. Director Underwood can provide information for common positions such as Finance, Legal, and Human Resources.
- Commissioner Lianas said last year we compared private sector to the County and we were comparing apples to oranges. Private sector operates on profit basis and the County does not. If we are to get qualified people, is it based on money to get them to come. If so, that is what needs to be done. For the Council, they are overpaid. We need to look at the Department heads raises in order to keep people. We need to take a harder stand on giving raises and is in favor of freezing the Council salaries for now and not take a look at all the other salaries. We need to intricately look at how to handle raises. Which department heads are brought in and how we can make improvements in this area.
- Chair Abbott concurred with Commissioner Lianas to freeze the council member salaries at least until the end of the year.
- Commissioner Misaki suggested that an examination of salaries of Hawaii Non-Profit executives be done instead. He believes that non-profits are like a pseudo government since they can't make a profit and they can only spend whatever income comes in.
- Chair Abbott thought it a good idea to have 2 or 3 of the non-profits to come and talk to the Commission. The more information, the better.
- Commissioner Misaki requested obtaining information on the average salary of the Non-Profits. We could request some information and hopefully they'll provide it.
- Deputy Corporation Counsel Murai said that non-profit director salaries may be available through the Hawaii Alliance of Non-Profit Organizations. The Commission needs to identify the specific information, convey that request to the staff, and the staff will do their best to try and get it. The staff will inform this body as to what information they can obtain. Also, consideration should include the fringe benefits that are not available to private sector employees. Any information the commission wants needs to articulated and requested.

- Commissioner Nakama said the CPI increase since the last raise was effective January 1, 2020. He asked if it is appropriate to request a list of highly paid salaries in each department for non-appointed employees to know where the gap is.
- Director Underwood said that information can be obtained.
- Deputy Corporation Counsel Murai said that this information will possess only positions and salaries.
- Commissioner Nakama felt it helpful to know what the difference is from the department heads and deputies versus their highest paid employee(s).
- Director Underwood asked if the salary information will pertain only to the base salary. Some of the operational salary like police employee might have a base salary but there is a lot of overtime in those operations so they may make considerably more than their base salary.
- Commissioner Nakama said he wants base salary at the step where the employee is at.
- Deputy Corporation Counsel Murai recommending looking at the gross income instead.
- Commissioner Nakama asked if the staff can prepare both reports with base salary at the step and the base salary with overtime for the last calendar year.

Note: Commissioner Nakama left the meeting.

- Commissioner Misaki requested salary information for some Non-Profit Executive Directors, Executive Assistants, Legal Counsel, and Executive Accountants. All of these that are similar to County of Maui appointed positions. This request would not include fringe benefits.
- Director Underwood reported that he doesn't have a non-profit category but by industries like real estate, finance, social services, and public sector.
- Commissioner Misaki clarified his request if specific to Non-Profits.
- Chair Abbott asked Director Underwood for a report similar to what he presented last year listing base salaries and the benefits package.
- Director Underwood responded that the Department of Finance publishes annually the fringe benefit rate. The fringe benefit rate is the cost to the employer and not necessarily what the employee gets. For regular employees, employers are required to contribute such to the pension plan.

Chair Abbott ask how can the Commissioners request additional information for specific items.

- Director Underwood said that past Commissions have requested information regarding increases or changes in salaries for the rank and file employees over the same period. He is unsure if the commission wants this information or not. But DPS can provide the data. Chair Abbott said any information we can get will help.
- Chair Abbott agreed that the salaries for the Mayor and Council Members should remain status quo until year end.
- Commissioner Parker asked if we need to make a decision today because the Commissioners are still in conversation and discussion. He needs clarification if any decisions need to be made today or continued until a point where they decide a decision is needed.
- Deputy Corporation Counsel Murai suggested taking a more organized approach by developing a plan of action and framework. You will not bind yourselves to past Commissions but can invite departments, etc. to appear before the Salary Commission, have them explain their responsibilities, and answer questions. You can then deliberate. A decision does not need to be made today. It's inappropriate to make a decision today since the agenzized item is to create a plan of action. If the decision is to not interview any departments and you just want to the information, then think about setting deadlines for requesting information, deadlines for receipt of the information, and a third meeting for decision making. No matter the decision, the Commission will be subject to second guessing from the community including letters to the editor. He recommends to proceed in an organized, orderly manner.

Deputy Corporation Counsel Murai asked Chair Abbott if he was soliciting a motion. Chair Abbott was not making a motion and asked if the Commission could make a motion.

- Chair Abbott requested that four department heads provide information to our requests. Also, request for information on Non-Profit salaries and ask that the information be received in time for the next meeting on August 13.
- Vice-Chair Fujiwara suggested making a motion to request that all documents be received prior to the next meeting so they can review it. At the next meeting they can decide which departments to extend an invitation.
- Commissioner Misaki said that we're in the information gathering and planning stage. The next step is to review, and finally, we put together an outline of a plan. The plan can call for which directors to review and when. He confirmed such with

Deputy Corporation Counsel Murai who agreed and noted whatever the plan is, it should be a strong one. Deadlines need to be identified.

- Deputy Corporation Counsel Murai asked if there's no objection, the staff will take it as a directive and deadlines to receive the information need to be set. The requested data are:
 - Salaries of Non-Profit Executive Directors.
 - Consumer Price Index data.
 - Salaries for the highest paid employees in each department.
- Chair Abbott requested if at all possible this data be available by the next meeting on August 13, 2021.
- Director Underwood reported that a request for data for the first item will be made. Requests pertaining to the second and third items were previously requested. Upon receipt of all data, they will compile all the data and submit the information to the Commission. The August date is probably doable.
- Commissioner Parker suggested that an inviting Carl Donham of UHERO to speak to provide their most recent forecast on economic and business environment in the State and County. Combined with the salary data will be a good launching point going forward.
- Chair Abbott asked that the staff make the request. Stacy Takahashi said that she will set it up for the next meeting.
- Stacy Takahashi asked to speak about the budget process. Departments usually begin developing their proposed budgets around November. If there are possible changes, a time line could be developed when it comes time for having departments come in for presentations to the Commission. Even though the Budget Director previously spoke about little impact, the Commission should be as transparent as possible.
- Chair Abbott thought that it was an excellent suggestion but believes that they still could make that decision in the August 13 meeting when they have more information. Invitations could be extended to people for the September, October, and November meetings prior to the proposed budget process.
- Discussion followed regarding the setting of the agenda for the next meeting.

5. Agenda Setting for Next Meeting

- Continuation of Item #4 of this agenda dependent upon the receipt of information requested and continuing the discussion regarding the FY 2022 salary reviews for the Mayor, County Council Members, Department Directors, Department Deputy Directors, and the County Auditor.
- Possible presentation by Dr. Carl Bonham and the subject parameters.

6. Announcements

The next meeting is scheduled for Friday, August 13, 2021 at 8:30am, via BlueJeans video conference.

7. Adjournment

There being no further business, the meeting was adjourned at 9:48 a.m.