

SALARY COMMISSION
MINUTES
KALANA O MAUI, 7th FLOOR COMMITTEE ROOM
FRIDAY, MARCH 11, 2005

Present: Scott Matsuura, Chair Douglas Levin, Vice-Chair Janet Tomita Michael Westfall Jason Williams Curtis Franks Anthony Lemmo	Absent: Helen Nielsen
Staff: Traci Fujita Villarosa, First Deputy Corporation Counsel Lance Hiromoto, Deputy Director Department of Personnel Services Diane Wakamatsu, Executive Assistant Momi DeMello	Others:

I. Call to Order

Chair Matsuura called the meeting to order at 8:59 a.m.

II. Public Testimony

None

III. Approval of Minutes

1. Minutes of December 10, 2004, January 14, 2004 and February 18, 2005 meetings to be approved.

Minutes of December 10, 2004, January 14, 2005 and February 18, 2005 were reviewed. Ms. Wakamatsu will make the changes, as request by Commissioner Levin, changing the word “respectfully” to “respectively” throughout the three sets of minutes. Commissioner Williams made the motion to approve. The motion to approve was carried unanimously.

2. Discuss the issue of Verbatim versus Summary Minutes.

Chair Matsuura led a discussion with the Commission as to whether they should continue doing the minutes in a verbatim format, or if they should return to summary minutes. Commissioner Williams stated that verbatim minutes are hard to understand and recommended that we go back to summary minutes, stating that it would take less time and there will be fewer changes. Commissioner Levin asked what Ms. Wakamatsu’s comments were as to which is easier for the staff.

Ms. Wakamatsu stated that summary minutes are more consolidated, when summarized; and does take away a lot of what the Commission has said. Would you rather have the details and the discussion and the exchanges when you talk about issues involving salaries or would you rather have it just summarized? When we summarize, we would take what we feel are the important points so, obviously a lot of the comments you are making will not be incorporated.

Chair Matsuura The tapes of the actual meeting is kept by staff , so if there are any questions on the summary minutes as far as content or if something needs to be adjusted, we can always review the tape.

Commissioner Franks It was a good experiment that didn't work, the summary minutes have always been good, and we can always correct them, adjust them and determine if the meeting is really reflected in the Minutes. I think it's much easier to review summary Minutes.

Chair Matsuura asked staff to go back to summary style Minutes.

IV. Unfinished Business

I. Discuss Salary Inversion issue.

Mr. Hiromoto informed the Commission of how the pay structure works and how this can ultimately affect salary inversion. For instance, if the Excluded Managerial Compensation Plan says someone gets a 10% bump in pay when he gets promoted to an EM07; if this individual was a long time employee and he was already way to the right of the EM05 salary range; then when he received a 10% bump, this put him way to the right of the EM07 salary range. Because of that, this has now placed this individual higher than the Fire Chief. That may not be the same if he were a lower EM05 and he was making way to the left of the EM05 range.

Commissioner Tomita asked Mr. Hiromoto if this individual was a long time employee, and would he be close to retirement age? If this is so, and perhaps the individual will retire in 3 years or so then the inversion problem will take care of itself when a new person is hired without tenure and we may want to adjust the Director's salary once the gap is gone.

Chair Matsuura If you look at the Fire Chief and Deputy, and you look at another employee also at an EM07 position, what kind of qualifications are there between them? Is years of service a qualification?

Mr. Hiromoto Years of service is a definite qualification for the position. Generally he had to have been a Battalion Chief for a year; and in order to be a Battalion Chief you had to have been a Captain for so many years; in order to be a Captain you would have to have been a firefighter for 2 years, and so on.

Chair Matsuura The qualifications for any position are very minimal and therefore the Commission might look at raising those qualifications.

Commissioner Levin Is there any desire to fix this today. I would support a resolution to fix this today and I would like to know if any one else is of similar nature? Or would everyone rather go through the processes that we've started to outline? I thought that when we passed the so called patch a few months ago, that we had resolved this problem. I thought it would provide us with enough time to create a structure that we all believed and we could support but now, I again see salary inversion. It bothers me and I'd be willing to support a reasonable resolution to fix this today, perhaps another patch until we have time to really go through this.

Commissioner Williams I would rather take the time to get it right, add it to the agenda and go through the process. Salary inversion has been here for a long time and I don't want to just put a band aid on this. I would rather not do it today.

Chair Matsuura I think that we really need to do something. I don't think that we can wait and go through the entire process, on the compensation plan. I'd like to leave this item on the agenda as a separate item so that we can have further discussions. Personnel should notify us if they are working on something that's going to increase everyone's salary before this Commission makes a decision. We were not notified earlier that these increases were happening on the EM positions even after all the increases were made. I'm not necessarily prepared today to make all of the changes but I'd like to take some time to review this information and possibly listen to your plan and see what kind of time line we're going to be working on.

Mr. Hiromoto I would like to add that we just completed bargaining with the Firefighter's union about two weeks ago and we just completed interest arbitration with the Hawaii Government Employees Association HGEA (all four) units and we're currently in negotiations with the Blue Collar United Public Worker's Union. All of these contracts expire June 30th of this year. The only one that is continuing through is SHOPO, the Police union; they have a contract until June 30th of 2007. I only mentioned that because, once the arbitration decisions come out for these Units, Unit 1, UPW, HGEA and Fire, we will be taking a look at the Excluded Managerial Compensation Plan. It may result in a pay increase for the bargaining unit employees and then we will need to look at possible inversions with the EMCP unit. We may be looking at an adjustment come July 1st of this year.

Commissioner Williams The Commission probably doesn't want to change things until after we find know what the adjustments will be. Perhaps we can put it on our agenda after that, so we don't change it now and then change it again.

Chair Matsuura Maybe we could leave it on the agenda for discussion and possible action. I'd like to have some time to review the chart and the memo. Keep in the back of your minds that there are things that are going to be happening by end of June.

Mr. Hiromoto By the end of this month we would know in regards to Fire what the arbitrator had ruled for the Fire union and it would have to go to Council to request for funding, within 10 days after the arbitrator's decision. That decision should come out March 15th, next week. As far as the HGEA we'll probably have a decision by the end of the month. They are trying to make the State legislative deadline. HGEA Unit 2 is blue collar supervisors Unit 3 are the white collar clericals, Unit 4 is the white collar clerical supervisors and Unit 13 are the professionals.

Mr. Hiromoto I believe we should get the HGEA decision by the end of this month. It depends, there's a timing issue as far as when the arbitrator gets the court reporters information.

Commissioner Williams I think some of the people were having their reviews at the same period as other increases happened and this caused compounded increases.

Mr. Hiromoto We've had across-the-board increases where on July 1, 2006, everybody gets a 4% pay increase. They also have provisions for step movements on their anniversary date.

Commissioner Westfall I was frustrated that the Commission didn't have this information prior to them making decisions. As I look at this list, a lot of these positions are positions that were out there when we were arguing this issue three months ago. What I would ask is maybe we could go back to Ms. Krieg and maybe we could get a memo that outlines over the next year what is anticipated as far as these different bargaining things that will be coming up so we don't fall back into this in six months.

Commissioner Williams I think there was some miscommunication; we were looking at a number that actually wasn't accurate, because it was in the process of being revised. I think it's no ones' fault, just some miscommunications. We just want to be sure that this doesn't happen again.

Mr. Hiromoto I think that although we have the mind set that the EMCP is non-inclusive of Managers; Managers are separate from their subordinates. Even within the EMCP we have provisions similar to step movements, increases that happen on their anniversary date. We call that within range progression.

Chair Matsuura I think that what Mike is asking for is if we can get something from Personnel as it relates to when these things will happen so that we can anticipate the change. There needs to be some way of knowing so we can anticipate the next adjustment.

Commissioner Levin If we were to say this is where we're at, can you predict what you think the range is going to be for these other employees on July 1st? What do you think the highest is going to be and what you think the lowest is going to be, what you think the range is going to be. So that when we make this decision for what the raise is for the people to solve the salary inversion problem, we are basing it on not what you current list is, so when we make a decision, it sticks for a while. Is that possible or is that really hard?

Mr. Hiromoto That's really hard.

Chair Matsuura If I was in Personnel's position, I don't think I would even come up with a number that they anticipate, just from a negotiating stand point, I think that's a very bad policy. Another thing to take into consideration is that the negotiations with the union are done on five Counties plus the State.

Commissioner Westfall Is there the same inversion problem in the other levels of the County?

Mr. Hiromoto I cannot think of any, but I would not exclude them because we're talking about different bargaining units. You have the UPW which is the blue collar and the supervisors are HGEA and that's a different bargaining unit, so there may be inversions.

Commissioner Williams Salary inversion is going to be a continued problem and that's why I reiterate again, we shouldn't rush on it.

Commissioner Lemmo I think my approach probably would be department by department. Am I correct that an EM07 position is moving up in their ranks and it's not an appointed position? They are part of a bargaining unit, the EM07?

Mr. Hiromoto Yes, they are part of the Excluded Managerial Compensation Plan, but they are not represented by a union. They are management's personnel.

Commissioner Lemmo I believe we govern their salaries?

Mr. Hiromoto You are correct.

Commissioner Levin Just for clarification many of the Department heads whose salaries we do set are quite transitory.

Commissioner Lemmo That's why I want to approach this salary inversion dilemma on a case by case or individual department basis because some of these guys have moved up the ranks and others have just come in a year ago or two years ago because they're appointed. I think there's a big difference in how inversion is treated in each case.

Commissioner Levin Some of these officers change when the Mayor changes and some of them don't like the Fire and Police Chief doesn't change. Which of these positions would change when the Administration changes and which would not.

Mr. Hiromoto Those employees who are governed by a Commission, like the Liquor Commission, Civil Service Commission, Fire Commission and Police Commission. These four do not part when the Administration changes.

Chair Matsuura These four Commissions have authority to hire and fire the Director and the Deputy (I think).

Mr. Hiromoto Yes everybody else is appointed by the Mayor.

2. Discuss revised Subcommittee report on Executive Management Compensation Plan.

Commissioner Williams I would like to review some of the things the sub committee compiled. This is a revised list from the last one. There are some things that need Charter changes regarding the compensation. At this point, Mr. Williams proceeded to go over the points on the list:

- **March 11:** Review revised Subcommittee report on Executive Management Compensation Plan, which we are doing now.
- **April 8:** Decision on whether we wait till the very end and tell every one what the raises are or are we going to do this every time we make a decision for each department. Do we make the decision that day and we can either increase then or at a future date?
 - Discuss the effect and importance of cost of living increases, is that something we want to look at or not?
 - Discuss the timing of our decisions with respect to those made by unions like we did today. Basically we will decide things based on the union meetings and there discussions on what the increases are going to be.
- **May 13:** Discussion of Ken Taira's letters and suggestions
 - Salary Inversion, make a priority list
 - Comparisons with other counties
 - Departmental differences
- **June 10:** Creations of two subcommittees with the assignment of departmental reviews based upon priority levels.
- **July 8:** First Subcommittee Report
 - Discussion
 - Second Subcommittee Report
 - Discussion
- **Aug 12:** Vote on subcommittee reports form July 8th meeting
 - First subcommittee report
 - Discussion
 - Second subcommittee report
 - Discussion
- **Sept 9:** Vote on subcommittee reports from Aug 12th meeting
 - First subcommittee report
 - Discussion
 - Second subcommittee report
 - Discussion
- **Oct 14:** Vote on subcommittee reports from Sept 9th meeting
 - First subcommittee report
 - Discussion
 - Second subcommittee report
 - Discussion
- **Nov 18*** Vote on subcommittee reports from Oct 14th meeting
 - First subcommittee report
 - Discussion
 - Second subcommittee report
 - Discussion

- **Dec 9:** Vote on subcommittee reports from Nov 18th meeting
 - First subcommittee report
 - Discussion
 - Second subcommittee report
 - Discussion
 - Final decision making discussions
 - Consideration of any item not concluded above

The recorder did not record part of the discussion of the plan however I listed the items off of the report that was handed out.

Commissioner Lemmo I thought that Jason presented the plan well. It looks like the April 8th meeting could be one that sets the stage for the rest of the year. I do know that some of our discussions were regarding when everything takes affect. Whether it be the next fiscal year or maybe we can get this all done by January 1st.

Chair Matsuura I would like to bring the Commission back to a point where they are not looking at individual's salaries, based on who is in the position as much as possible. I would like this Commission to be reminded that we should be setting salaries based on the position and not the individual.

Commissioner Levin The Commission wants to be able to provide compensation that attracts qualified people so Maui County is run as effectively as possible.

Chair Matsuura If we want to require certain levels of education, work experience etc. as qualifying factors then we need to set those requirements or recommend that those requirements be set by Charter.

Commissioner Westfall Philosophically, the Director and Deputy Director have more responsibility than everyone under them and that should justify higher compensation.

Chair Matsuura There are a lot of different things that are going to be expanded upon as the Commission go through the process. Based on the minutes and based on Commissioner Levin's report the last time around, it appears that there is supposed to be several other things included in the plan that I don't see here. The previous report included some work being done on introductory materials, and some historical work done on past justifications or basis for salaries.

Commissioner Levin I am working on the introductory portion of the plan. I said I would work on it but it would have to be after tax season.

Chair Matsuura I could work on the history compilation and come up with a historical time line. I just thought it would be part of the complete plan so that if we had to we could create 2 or 3 sub committees to get the work done.

Commissioner Levin Because I have seen a little of the historical structure now, I have more respect for it. What I would like to suggest is that we go back to using the historical structure and use it for the next six months or a year and a half until we finish this broader review. Maybe the next time we meet we can have the more senior members of our Commission give us a historical perspective of what has been used and handouts to show us how it was done. Then we can use that structure to make some decisions in the next couple months to fix the salary inversion.

Commissioner Lemmo I was hoping that this could be done by end of year.

Chair Matsuura From a historical perspective if you were to stick to your month to month schedule it's going to take two years. The sub committees in the past went off and worked on their own and we met almost weekly in order to come up with some kind of report. To interview all of the departments or department heads is going to be quite a task. It's not so much meeting with them, but it's sorting out the answers you will get. We asked for it in writing and it took forever to sort that out just from a written document. We took a year or longer and obviously it didn't satisfy any one on the current Commission. The Civil Service Commission said that they know exactly what it would take to solve some of these problems, and we sent them a letter and we're waiting to see if they take us up on our offer and come and tell us what we are doing wrong or how we can improve.

Commissioner Williams The Commission has had a lot of responses from the departments and he feels that the Commission could start off with some of these departments.

Chair Matsuura I think what the Commission needs to do is to come up with a uniform set of questions that they will use for the interview. Be sure these questions will cover all of the different areas and all of the different things that you are trying to set or require. If you go back, there are three sets of questionnaires that have been sent out over the history of the Salary Commission. The first one was sent out at the Commissions' conception and there were two others after that.

The Commission concluded that they are concerned about salary inversion and Commissioner Tomita shared that there was not a problem with inversion until the Department of Liquor asked for pay increase.

The Commission had an extensive discussion as to whether it should make a decision on salary inversion immediately or if it should wait until the next meeting. The Commission had decided to move up the salary inversion issue on their list of priorities. Salary inversion will be kept on the agenda for discussion at the next scheduled meeting.

V. Set Agenda for Next Meeting

Chair Matsuura: The next meeting is scheduled for April 8th, 8:30 a.m. in the Mayor's Lounge.

VI. Announcements

There were no announcements.

VII. Adjournment: 10:25 a.m.

Respectfully submitted,

C. Momi DeMello
Boards and Commissions Secretary