

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

July 26, 2007

Committee
Report No.

07-66

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 July 2, 2007, makes reference to County Communication No. 07-182, from the Mayor, transmitting the following:

1. A proposed resolution entitled "APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM UNIT 12, POLICE OFFICERS".

The purpose of the proposed resolution is to approve the pay adjustments and fringe benefit costs for employees excluded from Bargaining Unit 12, pursuant to Section 89C-5, Hawaii Revised Statutes (HRS).

2. A document entitled "COUNTY OF MAUI UNIT 12E SUMMARY OF COST ITEMS FY 2007-08, FY 2008-09, FY 2009-2010, FY 2010-2011".

The document provides a summary of cost items for employees excluded from Bargaining Unit 12 for Fiscal Years 2008, 2009, 2010, and 2011. The cost increases are for wages, including fringe benefit costs representing expenses that automatically increase when base salaries increase (e.g., premium pay, overtime, Medicare, unemployment compensation, and leave benefits); Standard of Conduct Differential; and Uniform and Gun Allowance.

Your Committee notes that the Mayor transmitted County Communication No. 07-182 in accordance with Section 89C-5, HRS, which requires that all cost items shall be subject to appropriations by the appropriate legislative bodies.

By correspondence dated June 22, 2007, the Chair of your Committee requested that the Department of the Corporation Counsel revise the proposed resolution by (1) adding any recitals needed to explain the Council's timely receipt of the attached "Summary of Cost Items"; and (2) deleting references to a County Communication and referring instead to an attached "Summary of Cost Items" as Exhibit "1".

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

July 26, 2007
Page 2

Committee
Report No. 07-66

By correspondence dated June 25, 2007, the Department of the Corporation Counsel transmitted a revised proposed resolution entitled "APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNIT 12, POLICE OFFICERS" incorporating your Committee's requested changes.

By correspondence dated June 29, 2007, the Department of the Corporation Counsel transmitted a further revised proposed resolution entitled "APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNIT 12, POLICE OFFICERS". The further revised proposed resolution attaches a corrected "Summary of Cost Items" labeled as Exhibit "1", which includes additional cost items for meals, and travel allowance.

At its meeting, your Committee met with the Director of Personnel Services, the Budget Director, and a Deputy Corporation Counsel.

There was no public testimony.

The Budget Director informed your Committee that appropriations for the cost items are included in the Fiscal Year 2008 Budget (Ordinance No. 3462).

The Director of Personnel Services stated that the further revised proposed resolution attaches a corrected "Summary of Cost Items", which includes additional cost items for meals, and travel allowance.

The Director of Personnel Services reviewed individual cost items, noting a 6 percent "across-the-board" annual increase and a new "step" (L5) effective July 1, 2007 for employees with 25 or more years of service.

Your Committee requested that the Director of Personnel Services provide the total percentage increase of an annual 6 percent raise compounded over four years.

Your Committee notes that the Government Accounting Standards Board, (GASB) through its Statement No. 45, requires the County to identify how it will address its unfunded Hawaii Employer-Union Health Benefits Trust Fund (EUTF) liability. The mission of GASB is to establish and improve standards of State and local governmental accounting and financial reporting that will result in useful information for users of

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

July 26, 2007
Page 3

Committee
Report No. 07-66

financial reports; and guide and educate the public, including issuers, auditors, and users of those financial reports.

Your Committee was concerned that the "Summary of Cost Items" did not include an estimate of the required increase in employer's contributions to the EUTF.

Your Committee requested that the Director of Finance explain how the EUTF determines an employer's required contribution and an estimate of the required yearly increase in employer's contributions to the EUTF for the cost items.

Your Committee voted to recommend adoption of the further revised proposed resolution and filing of the communication.

Your Budget and Finance Committee **RECOMMENDS** the following:

1. That Resolution No. _____, as revised herein and attached hereto, entitled "APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNIT 12, POLICE OFFICERS", be **ADOPTED**; and
2. That County Communication No. 07-182 be **FILED**.

Adoption of this report is respectfully requested.

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

July 26, 2007
Page 4

Committee
Report No. 07-66

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