

COUNTY OF HAWAII
SALARY COMMISSION
December 3, 2003

SPECIAL MEETING

MINUTES

Chair Sanborn called the meeting to order at 1:00 p.m. in the Conference Room of the Department of Liquor Control, 101 Aupuni Street, Suite 230, Hilo, Hawaii.

Present:

Mr. J. William Sanborn, Chair
Mr. Joel Nye, Vice Chair
Mr. Yoshiichi "Joe" Tanaka, Secretary
Mr. Glenn Hara, Member
Mr. Tsukasa Ishii, Member
Mr. Paul Mann, Member

Others present:

Mr. Gerald Takase, Assistant Corporation Counsel
Ms. Joney Y. Nitahara, Personnel Program Specialist
Ms. Velma Y. Menezes, Secretary-Reporter

ADDENDUM TO AGENDA

A communication was received from Dixie Kaetsu, Managing Director, submitting a worksheet illustrating the Mayor's proposal to phase in salary increases.

MOTION: Mr. Mann moved to amend the agenda to include the above communication. The motion was seconded by Mr. Hara and unanimously carried.

The communication was assigned number 03-39 and placed on the agenda.

COMMUNICATION NO. 03-36, EMAIL FROM GLENNA JACOBS,
COMMENTING ON SALARY RECOMMENDATIONS

MOTION: Mr. Hara moved to receive and file Communication No. 03-36. The motion was seconded by Mr. Tanaka and unanimously carried.

**COMMUNICATION NO. 03-37, DATED NOVEMBER 12, 2003, FROM
MICHAEL R. BEN, SPHR, DIRECTOR OF PERSONNEL,
FORWARDING MEMORANDUM FROM LAWRENCE K.
MAHUNA, POLICE CHIEF, COMMENTING ON THE
PROPOSED TIERED COMPENSATION PLAN**

MOTION: Mr. Hara moved to receive and file Communication No. 03-37. The motion was seconded by Mr. Tanaka and unanimously carried.

**COMMUNICATION NO. 03-38, DATED NOVEMBER 17, 2003, FROM
JAMES Y. ARAKAKI, CHAIRMAN, HAWAII COUNTY
COUNCIL, COMMENTING ON THE FINAL REPORT OF THE
TIER REVIEW COMMITTEE**

MOTION: Mr. Hara moved to receive and file Communication No. 03-38. The motion was seconded by Mr. Tanaka and unanimously carried.

**COMMUNICATION NO. 03-39, DATED NOVEMBER 26, 2003, FROM
DIXIE KAETSU, MANAGING DIRECTOR, SUBMITTING A
WORKSHEET ILLUSTRATING THE MAYOR'S PROPOSAL
TO PHASE IN SALARY INCREASES**

MOTION: Mr. Hara moved to receive and file Communication No. 03-39. The motion was seconded by Mr. Tanaka and unanimously carried.

**RECEIVE COMMENTS FROM THE PUBLIC, DEPARTMENT/AGENCY
HEADS, AND OTHER OFFICIALS ON THE SALARY
COMMISSION'S PROPOSED TIERED COMPENSATION PLAN**

Chair Sanborn noted that there was no one present to testify.

**COMMUNICATION NO. 03-30, DATED OCTOBER 6, 2003, FROM GLENN
HARA, CHAIR, TIER REVIEW COMMITTEE, SUMITTING ITS
FINAL REPORT ON THE STUDY OF A TIERED
COMPENSATION SYSTEM**

Mr. Nye presented testimony on the above (see written testimony attached).

Chair Sanborn requested that by the next meeting each member come up with his own take on recommendations to try to mitigate any of the

concerns on the testimonies received, including what Mr. Nye has pointed out. Chair Sanborn commented that the Commission should concentrate on what its job is, which is taking a look at reasonable salaries for the positions. He will have something to send to Commission members ahead of schedule with some of the ideas and concerns that he has as well as recommendations.

Mr. Tanaka stated that there is an area he wants to take a second look at and that is the horizontal movement on the schedule. Mr. Tanaka was operating on the fact that it's a one-year deal in each step and the executives just move accordingly. However, they had never really discussed that element of the schedule, and hadn't really made a decision, on what the length of each step is going to be. Perhaps the Tier Review Committee should have another chance to review that schedule to take a look at that aspect of it and get that clarified. Mr. Tanaka would like to take into consideration all the testimony that the Commission heard and review and study this further before making a decision.

Mr. Nye stated that he thinks the Commission has gotten a pretty good start on the tiering system, but a little more work needs to be done. Maybe two categories isn't enough to separate them apart. He's also trying to get an idea of what criteria establishes these tiers. He has no problem with Parks & Recreation being on Tier 4, but he does not understand why Civil Service is on Tier 3 and Parks & Recreation is down on Tier 4.

Mr. Nye noted that the previous commission back in 1991 had eight different levels. He thinks it might be better if they formulated those into four tiers, maybe group them together and see if that doesn't come out a little closer to size, complexity, and any other criteria that's going to be used to establish these tiers.

Mr. Hara stated that if Mr. Nye is using the same criteria in measuring the number of different rankings, he thinks that the current Commission had just as many. He doesn't think each one of these numbers was a different tier in the earlier study. He believes the previous commission had two tiers, and they said anything 12 and above is in one tier and anything below 12 is another tier.

Mr. Nye commented that a two-tier system may cause animosity between the departments because those in Tier 4 may say they should be in Tier 3. If they're ranked according to criteria of size, complexity, responsibilities, education requirements, etc., and the Commission comes up with four tiers, it will be a little easier to justify to the department heads why they fit in that particular category.

Mr. Hara stated that they're more than welcome to come in, as they were before, to justify what their ranking should be. He also noted that there's not much disparity in how the departments ranked themselves with what the Tier Review Committee did in terms of ranking them.

Mr. Hara stated that he basically sees four issues that the Commission may want to look at in terms of refining what the TRC did. They are as follows: 1) What, if anything, should the Commission do about moving along the steps on any particular grade. Mr. Hara thinks that that can be an independent decision made after they establish the initial salary, the starting points, and they can then decide what they want to do after that in terms of the steps. 2) The number of tiers. Is the Commission satisfied with two, or should there be at least three? It appears that Police Chief Mahuna is suggesting a need for another tier also. 3) Does the Commission want to phase in the raises as referenced in Dixie Kaetsu's memorandum? 4) Does the Commission want to treat the departments with commissions (Liquor, Civil Service, Fire, and Police) as a separate issue?

Mr. Hara identified the above as the four major issues that were brought up in the three days of hearings and in the materials that were submitted. If the Commission wishes to send it back to the TRC to reconcile some of the issues, it would be his suggestion that as a vehicle, the Commission move that the TRC report be adopted as is, then start receiving amendments to that and deal with each amendment until the final package is developed.

Mr. Nye commented that in their discussion about steps, what he's hearing, which is about the same as what he reads Ms. Kaetsu's memorandum, is that it's an automatic increase tied to collective bargaining.

Mr. Hara responded that when he constructed the schedule, the only reason he put in those steps was to give the Commission some flexibility in moving in one particular grade, which, as it turned out, was useful to put the Police Chief's and Fire Chief's at step C. The Commission may have to put Public Works there too because of the inversion problem, whereas the intuitive thing would be to start everybody at step A. Therefore, it gave the Commission some flexibility to say a particular department is in this tier, and yet they can move some departments a little bit more or a little bit less but still be in the same tier. The steps were developed as a planning aid.

Mr. Nye asked what criteria would they base step movements on.

Mr. Hara responded that it could be a lot of different things. The Commission hasn't even discussed that. It's an open issue. They could either do that now and make that part of the whole package, look at it later, or abandon the steps and just keep the numbers that they have now.

Chair Sanborn envisioned that the steps give the Mayor flexibility to come back and approach the Commission to allow him to hire at a higher step if the need arises. With regard to Police and Fire, it doesn't mean that the numbers the Commission is using has to put them in C. They can be at D or E, but the Commission could say the position always starts at A unless there's a mitigating situation that requires it to be higher.

Mr. Nye reiterated his earlier suggestion of increasing the number of tiers as well as steps, as the swing between the steps amounts to only \$3,000, which isn't enough to make a difference.

Mr. Hara noted that there's a 5% increment between steps. In doing what Mr. Nye suggests, there will be overlaps; and the overlap would be that someone in a subordinate grade might be making more than someone who's a superior.

Chair Sanborn referred to the December 26, 1991 report from Michael Kassar to the Honorable Lorraine Inouye, who was mayor at the time. The report points out that there were a set number of items that needed to be worked on for the tiers and it could very well be that they need to add one or more tiers.

Mr. Mann opined that the first issue is the number of tiers. The Commission first needs to reach an agreement on the number of tiers before it can arrive at any numbers. The Mayor recommended that Tier 3 be broken down to Tier 3a and Tier 3b. Perhaps the Commission could use that as a starting point and in effect come up with five tiers.

Mr. Hara asked whether Mr. Mann is suggesting that they look at the rankings again. Mr. Mann responded in the affirmative.

Mr. Mann noted that more tiers and a five-step spread would give them quite a bit of flexibility. He believes the Commission can reach an agreement on the rankings.

Mr. Nye pointed out some differences in the rankings done in 1991 and the current rankings. He also voiced a concern about the question of salary inversion. He would hate to rank a department at a top tier because of salary inversion only to have the EM-07 retire the next year, and they've given the department head that money.

Mr. Hara noted that one of the driving principles is the hierarchy whereby if you're higher up, you get paid more. He's not inclined to abandon that principle right now because it's contrary to how he thinks governmental agencies are run.

Mr. Tanaka reminded the Commission that the TRC had decided that inversion would not be a criterion but would be handled if the issue arose.

The Commission further discussed political appointees versus nonpolitical appointees, as well as those who are commission-appointed.

Mr. Hara noted that the career progression for commission-appointed department heads are different from the others. He takes political appointees to mean those who change with the administration as opposed to being fired by a commission, but that still does not address some of the more technical career positions such as Public Works where usually there's a

progression in-house up until the deputy level. What he would like to see done with the commissions is to set up more of a career-oriented pay table where there would be more steps in recognition of the fact that they should be getting raises along the way as they progress in their position and they get more experience and more longevity in that position.

Mr. Hara suggested asking the commissions to form a joint committee of the four commissions to come up with a pay schedule that the Salary Commission can consider for the appointees that are appointed by commissions. The Salary Commission can figure out where the rest of the departments fall in tiers and see what the others come up with in terms of commissions. That way they'd be getting input from the people who are supposedly the experts in terms of the different functions in the area they're supposed to be overseeing.

Mr. Hara stated that he doesn't mind treating the commission appointees separately as long as everybody gets the raise at the same time. Therefore, his suggestion is that they separate them out but give them a raise too that's commensurate with where they're ranked, then they ask the commissions for a pay table for planning purposes in the future and treat them separately in the future. The pay schedule should be consistent with a career approach to these positions, rather than appointive approach where they can assume these department heads are not going to be around in a few years as opposed to the commission-appointees who may be in the position for 12-20 years.

Chair Sanborn stated that the Commission will send the commissions a copy of the proposal and formally ask them to respond based upon their individual commission.

Mr. Hara brought up the issue of phasing in the raises.

Mr. Mann stated that he likes the idea.

Mr. Tanaka agreed, as there are realistic, financial kinds of things the Commission has to consider as well.

Mr. Hara stated that if the Commission agrees that they want to phase it in, then they basically need to do what is in Dixie Kaetsu's memorandum. If they go back to the TRC and set up the tiers, they can use the same schedule as a starting point. They can phase in the increases for three years unless someone wants it for four years or five years, but they would only approve one year at a time.

Chair Sanborn summarized that the Commission will send a copy of the proposed compensation plan to the commissions and request information from them as soon as they can after their next meeting. The tiered recommendations and suggestions will be sent back to the TRC, and whatever they come up with will be discussed at the next full Commission meeting in January.

Mr. Hara suggested the Chair appoint a substitute for Mr. Kita if Mr. Kita declines to participate further on the Tier Review Committee, as he has other commitments in Honolulu. In the meantime, they can take a recess, and he will get together with Mr. Mann and Mr. Tanaka to get a date for the TRC to meet.

The Commission recessed at 2:50 p.m. and reconvened at 3:00 p.m.

NEXT MEETING DATE

Mr. Hara announced that the TRC will meet on December 19, which was the regular meeting date that had been set for a full Commission meeting. Therefore, he suggested that the regular Commission meeting be pushed forward to January 16, 2004, at 1:30 p.m., at the Liquor Department's conference room. The TRC will meet at 10:00 a.m. on December 19, 2003 at Mr. Hara's office.

Chair Sanborn removed Mr. Kita from the TRC. He noted that all members are invited to the TRC meeting.

MOTION: Mr. Hara moved that the December 19, 2003 regular meeting be cancelled to allow the Tier Review Committee to meet on that date. The motion was seconded by Mr. Tanaka and unanimously carried.

ADJOURNMENT

The meeting adjourned at 3:10 p.m.

Respectfully submitted,

J. William Sanborn, Chair

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