

COUNTY OF KAUAI
Minutes of Meeting
OPEN SESSION

Board/Committee:	SALARY COMMISSION	Meeting Date	November 10, 2014
Location	Mo'ikeha Building, Meeting Room 2A/2B	Start of Meeting:	10:30 a.m. End of Meeting: 12:04 p.m.
Present	Vice Chair Randy Finlay. Members: Charles King; Sheri Kunioka-Volz; Cammie Matsumoto; Lenie Nishihira; Jo Ann Shimamoto Also: Deputy County Attorney Mona Clark; Boards & Commissions Office Staff: Support Clerk Barbara Davis, Administrator Paula Morikami. Testifier: Councilwoman JoAnn Yukimura; Mr. Thomas Takatsuki, Acting Director of Personnel		
Excused	Chair Michael Machado.		
Absent			

SUBJECT	DISCUSSION	ACTION
Call To Order		Vice Chair Finley called the meeting to order at 10:30 a.m. with 6 members present
Approval of Minutes	Open Session Minutes of September 15, 2014	Mr. King moved to approve the minutes as circulated. Ms. Matsumoto seconded the motion. Motion carried 6:0
Business	<p><u>SC 2014-04 Discussion and possible decision-making with regard to establishing the maximum cap for salaries for the fiscal year 2015/2016 for Councilmembers and all officers and employees included in Section 3-2.1 of the Kaua'i County Code (on-going)</u></p> <p>a. <u>Draft Resolution 2014-1 amending Resolution 2012-1; Resolution 2012-2; Resolution 2012-3; Resolution 2013-1; Resolution 2013-2 as relates to the salaries of County officers and employees</u></p> <p>JoAnn Yukimura, Councilwoman, expressed concern for the decisions the Commission might make and the implications on the budget for the County. Some of her concerns come from page 2 of the Commission's minutes (9/15/14), which noted that Mr. Hunt was said to have stated "where the County is financially should not be reflective of the Salary Commission's decisions on executive salaries. Whether or not the County elects to go up to</p>	

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	<p>those levels will be a financial decision; the decision as to what those levels should be is within the Commission’s kuleana.” She stated she did not know whether that was accurate, but if it is she is trying to understand what it means for all of us. If it means what she thinks it means, Mr. Hunt was saying the Commission should not be concerned about budgetary considerations as they set the executive salaries; that the financial considerations will be made by someone else. The Council can reject the salaries then it comes back to the Commission. The Mayor can exercise some prerogative as he did when there was a freeze on Mayoral appointee raises. The Prosecuting Attorney and the County Council, who are the two other elected bodies, did not choose to join the Mayor so there was a real discrepancy in salaries; and there was, in her opinion, an illegal action on the part of the County Council because the appointing authority never approved the clerk’s salary – there is no record of it. How do you ensure proper implementation of executive salaries, and who does make the budgetary decisions. There is also concern with inversions, and keying salaries to the highest paid civil servant is not the way to go. In the proposed salary levels, the deputies in fire and police are getting higher salaries than the county engineer, the managing director and the county attorney, and the prosecuting attorney. If that is how it currently is, it is the Commission’s job to ask what the proper relationship of executive salaries is. We are a very fragmented system of making salary decisions with separate unions and appointing officials. While it is not the Commission’s specific authority to speak to that they might want to write a letter to the Mayor, or pass a motion that expresses concern about where all of this is going, and the constraints being set on the Commission.</p> <p>Vice Chair Finlay noted Ms. Yukimura pointed out some very difficult decision making problems the Commission has, and one is police and fire. The rank-and-file unions have negotiated an agreement that is completely out of the control of this Commission. Regulated positions like deputies of</p>	

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	<p>the fire and police appear to have very high salaries compared to other county people, but the people they supervise make more than they do. Both the fire and police chiefs say they can't get the rank-and-file officers to move into the deputy roles because it is a cut in pay. Those salaries are being driven up by the underlying unions of which we have no control over. If the Council could create more authority for the Salary Commission to have some control over all the salaries in the entire County then there would be the cohesiveness it would take to set all the proper salaries.</p> <p>Ms. Yukimura appreciated Mr. Finlay's thoughts. Instead of specifying the solution such as the Salary Commission taking care of all the salaries, possibly raise the problem to the Mayor, to the Legislators, and to others who control or make the laws regarding collective bargaining, and express the concern about the workability of the system, and ask them to look at it to come up with solutions might be the way to begin. Noting the specific inversion problems with the police and fire, Ms. Yukimura thought there would be people who could work with the salaries, and who might apply when there is a vacancy with the chiefs.</p> <p>Mr. Finlay said if the number of employees that this Salary Commission sets salaries for is less than 50 people, and if the County budget is under a strain from salaries, it is from the far larger number of employees, which are completely out of the Commission's jurisdiction. Giving raises to this group of people will not affect the County budget. Of greater concern is if the Commission raises these salaries, the unions immediately start to use that as a negotiating ploy to further increase their negotiating.</p> <p>Ms. Yukimura said she looked at the last bargaining process and they were not looking at the top salaries of the chiefs and deputies; they were looking at the County's reserve, which is also questionable. It makes no sense to have the reserve be an element of pay raise appropriateness when we have to</p>	

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	<p>keep a certain reserve as a best practice in budgeting, and it affects our bond rating. If that is presently allowed in arbitration that is one of the rules that should change, and why the Salary Commission needs to say they see problems that need to be addressed. Ms. Yukimura said she was in no way speaking against the rank-and-file because they would be enormously hurt by a bankruptcy. Everyone has a stake in a healthy budget. Also, the police were arguing that the parity should be with police salaries in San Francisco, and management was arguing that the parity should be with other state and county workers, and workers in the community where people live. If the argument can be parity with another jurisdiction maybe that is another rule that should be looked at.</p> <p>Responding to the issue about the police comparing with San Francisco, Mr. Finlay said what this Commission has been trying to do is understand comparable salaries from the different islands, and weight that with populations and responsibilities. However, sometimes in the bigger populations the work is less stressful because you have more specialists, and the smaller islands have fewer deputies in which they have to be more inclusive of responsibilities. It can be argued either way. When this Commission is comparing salaries there are no private salaries to judge a relationship with police or fire.</p> <p>Ms. Yukimura suggested recruiting may be the test of whether the salaries are enough.</p> <p>Mr. Finlay noted the back and forth negotiating between union and non-union salaries, and suggested perhaps management should not be negotiating with the unions. Perhaps this Commission should be negotiating with the unions then we could keep the whole pyramid of employees with some semblance of relationship amongst each other. Right now the Commission does not have any control over any of the collective bargaining employees,</p>	

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	<p>or even the middle management. We get these increases the Commission cannot control, and then are asked to set salaries of the people who are negotiating those contracts.</p> <p>Ms. Yukimura thought Mr. Finlay was pointing out the problem of a disjointed salary setting system. Whether it is the Salary Commission, the Human Resources person, or a joint effort, there needs to be a reinvention of the system. She did not know if she would advise giving a specific way to do it because it will take a crafting involving many different aspects and the history. But an acknowledgment of a problem, and a request that the system be looked at would be appropriate from the Salary Commission.</p> <p>Mr. Finlay said as much as the Salary Commission would like to hold the budget down, and save the taxpayers from having the County go into bankruptcy, we only control 40 salaries and it will not make a budget difference.</p> <p>Ms. Yukimura said it might not be the salaries of the executives, but it does affect the relationship within the executive salaries. The well-being of the whole County, including civil service, is at stake.</p> <p>Mr. King referred to Ms. Yukimura's statement that Mr. Hunt had said this Commission is supposed to set the maximum salaries for these positions. Historically those maximum salaries become the actual salaries, but it is something that should be appropriated by the commission that is involved. We are operating in a vacuum. We are supposed to be setting executive salaries, but we don't have input from management. Mr. King further pointed out that salaries have not been raised for several years.</p> <p>Ms. Yukimura suggested the Salary Commission check how the evaluation system is working, and believes all commissions do yearly evaluations of the</p>	

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	<p>appointees.</p> <p>Mr. Finlay said Ms. Yukimura's solution is the same as everyone else who sits in that chair; to give bigger raises to the county engineer and everybody else so they make more than the deputies. We can't keep doing that; we can't keep giving raises to take care of inequities in the system. Her initial concern was the County budget, but she is suggesting the solution is to give everybody raises until everybody is happy.</p> <p>Ms. Yukimura said her suggestion is to get a proper salary system and see where that leads. Getting clear criteria whereby they would set executive salaries, and how to weigh these things.</p> <p>Ms. Matsumoto stated her understanding of the system is that those positions are evaluated, and raises are based on performance. That is what they did with Planning, and she thought that was shared with all the departments.</p> <p>Ms. Kunioka-Volz said in all fairness the reason the managers were getting the caps was because the County was so far behind when the first proposal came out. Is it the Salary Commission's responsibility to monitor the evaluations to which Mr. King noted that responsibility is part of the Salary Commission's Resolution.</p> <p>Ms. Yukimura said the people would feel more comfortable if there was a system of accountability and that it was working.</p> <p>Mr. Finlay pointed out that Section 4 (Article I) requires performance evaluations, and that was in the previous Resolutions as well. He further pointed out this was not the Commission that could help the County meet its budget.</p>	

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	<p>Commission discussion commenced in which Vice Chair Finlay asked if everyone had the opportunity to review the language of the Salary Resolution without any salary numbers.</p> <p>In response to a question about the name change to Human Resources it was noted that it is currently still Personnel Services, but the Resolution will be changed to reflect Human Resources by which time the name change will have become effective.</p> <p>Article II, Section 1- in response to a question regarding the December 1, 2009, date Deputy Attorney Clark explained that was the date those salaries were established previously. The new salaries for the Council cannot go into effect at the time the Council is acting on it; they have to wait until the next session. To encompass what they will get for the next two years is why that paragraph is part of the Resolution.</p> <p>On the first page insert the word “maximum” before the word salaries in the second paragraph which starts with BE IT RESOLVED to reflect the same language noted elsewhere in the Resolution.</p> <p>Discussion was held on performance reviews and whether a sentence should be added that the Salary Commission wants to review a summary of the performance review from the previous year to which Mr. King said he would be uncomfortable with that, but perhaps a certification that it was done. Not being in the business of managing the County, the Commissioners agreed that would be valuable. Mr. Finlay pointed out the Resolution is very clear about maximum salaries with a spread, it is very clear that performance evaluations are required to work through that system, and there is language about car and cell phone allowances that was requested by the County’s Director of Finance for clarification.</p>	

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	<p>Referring to the last paragraph of the second page, the language states “Upon request”, but the Commissioners do not recall ever requesting the list from Personnel Services. The Commissioners agreed all they need to know is that the evaluations were done; they do not need to know the names, only the positions. It was also suggested that rather than “Upon request” an actual date be inserted so it is not forgotten. While discussing the actual date, Staff pointed out that evaluations are done towards the end of the year for the next fiscal. The Commission decided to request “Annually by February 1” to receive certification that evaluations were performed, whether they met the requirements, and that salaries were adjusted accordingly within the maximum range.</p> <p>Discussion turned to the list of current salaries for the County as compared to Maui. As an explanation to Councilwoman Yukimura, Mr. Finlay explained the Commission did not just look at Maui. The Commission reviewed the Big Island and Honolulu as well, and boiled it down to using Maui as a reference point. The figures in the right hand column were to have been implemented in 2009, if there had not been a salary freeze, so raises have effectively been frozen for the past 5 years. The raises that would have gone into effect are not higher than Maui, but the numbers seem to be more appropriate than the current numbers. Mr. King said he put together a matrix of the salaries making note of those positions that were earning equal or more than the Mayor, along with what represents the percentage of increase for Kaua‘i versus what percentage it is of the Maui salary. Mr. Finlay questioned the history on the salary for the County Clerk to which Ms. Yukimura thought the Council did set the salary at that level when Ricky Watanabe was appointed. Previous to that both Councilmember Bynum and she felt there was an illegal raising of the salary, and there is no public record of the appointing body having set that salary. Asked if the Clerk’s salary was set by the Commission, Ms. Yukimura said the County Council is the appointing body of the clerk. If it was set above the maximum set by the</p>	

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	<p>Salary Commission then it is not legal, but the precedent was set in 2009. Mr. Finlay noted that was a particularly high salary in comparison with the other departments further saying it is hard to reduce a salary, but further increases could be deferred. Mr. Finlay said if the Commission is in agreement to move the new position of Director of Human Resources to the upper level of \$114,848 he would be in agreement of accepting all the numbers in the right hand column to go into the Draft Resolution.</p> <p>The Commissioners made special note that they were not giving department heads and deputies a 7% salary increase, but rather only setting maximum salary caps. Discussion ensued as to whether the 7% should be done in a two-step process whereby most Commissioners felt after five years that 7% was reasonable. This 7% should not be looked at as an increase, but rather as a restoration of salaries.</p> <p>Vice Chair Finlay asked for a motion to change the Director of Human Resources salary to \$114,848, accept all the numbers in the right hand column to go into the Draft Resolution, and adopt the changes to the language as discussed.</p> <p>During discussion of whether to incorporate the County Council members into the main body of the list Deputy Attorney Clark said the advantage of having them in a separate section is so everyone remains conscious of the fact that their salaries cannot be changed on an immediate basis; there has to be a two year lapse so they don't get to vote for their own raises.</p> <p>There was agreement that another meeting was not required, but the Commissioners would be notified to come to the Boards & Commissions Office to sign the Resolution as adopted.</p>	<p>Mr. King so moved. Ms. Nishihira seconded the motion. Motion carried 6:0</p> <p>Ms. Nishihira moved to eliminate Section 2 of Article II of the Resolution. Mr. King seconded the motion. Motion carried 6:0</p>
Adjournment		Mr. King moved to adjourn the meeting at 12:04

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		p.m. Ms. Nishihira seconded the motion. Motion carried 6:0

Submitted by: _____
Barbara Davis, Support Clerk

Reviewed and Approved by: _____
Randy Finley, Vice Chair

() Approved as circulated.

() Approved with amendments. See minutes of _____ meeting.