

COUNTY OF KAUAI
SALARY COMMISSION
4444 RICE STREET, PIIKOI BUILDING, SUITE 300
LIHUE, HAWAII 96766

APPROVED MINUTES OF THE COMMISSION'S FOURTH TELECONFERENCE MEETING
NOVEMBER 10, 2021

CALL TO ORDER

Chair Yoshida called the teleconference meeting to order on Wednesday, November 10, 2021, at 9:00 a.m.

ROLL CALL

Commissioners present at the meeting: Chair Laurie Yoshida, Vice Chair Kenneth Rainforth, Trinette Kauai and Patrick Ono.

Also, present Boards and Commissions Administrator Ellen Ching, Support Clerk Mercedes Omo, and Deputy County Attorney Andrew Michaels.

Invited guests: Human Resources Director Annette Anderson, and HR Manager III Janine Rapozo and Director of Finance Reiko Matsuyama.

PUBLIC TESTIMONY

Chair Yoshida asked if there were any remote testifiers wishing to provide testimony. Hearing no testifiers and having no written testimony, the public testimony was closed.

APPROVAL OF MINUTES

- a) Open Session Minutes of August 25, 2021, Meeting.

Chair Yoshida called for a motion to approve or amend the minutes of the August 25, 2021, Meeting. Commissioner Kauai requested that amendment be made on Page four, first paragraph to reflect the correct spelling as their and not they're. Staff acknowledged Commissioner Kauai's request and will make the necessary correction.

A motion was made by Commissioner Kauai, seconded by Vice Chair Rainforth to approve the minutes of the August 25, 2021, meeting as amended. The motion carried 4:0.

BUSINESS

SC 2021-1 DISCUSSION AND DECISION-MAKING ON SUBMITTING A SALARY RESOLUTION TO ESTABLISH MAXIMUM SALARY CAPS FOR CERTAIN COUNTY OFFICERS AND EMPLOYEES INCLUDED IN SECTION 3.-2.1 OF THE KAUAI COUNTY CODE FOR FISCAL YEAR 2022/2023.

Chair Yoshida called on HR Director Annette Anderson to address the Commission regarding chronic vacancies specifically the engineering and attorney positions and a market analysis of the average salaries for those positions are in the private sector.

Ms. Anderson acknowledged the Commissioners, and then introduced HR Manager III Janine Rapozo to the Commission. Ms. Rapozo will be presenting some additional information after Ms. Anderson is done with her opening presentation.

Ms. Anderson starting with a brief update on the status of the collective bargaining. When considering the issues for the Salary Commission and the appointees five of the eight bargaining units have settled their two-year contracts which began on July 1st, 2021, through June 30 of 2022. However, the contracts that were settled for zero increases for the first year and zero increases for the second year there is what they call a re-opener for the second year to consider if salaries are appropriate for the second year beginning July 1, 2022. The re-opening negotiations will either result in a settlement or if not, they will go to binding arbitration. The first arbitration is scheduled for January 2022. As such, HR would like to recommend that the Salary Commission hold off on making recommendations to the County Council regarding maximum salary caps for the appointees and to see what happens in the next few months with the collective bargaining units.

Relative to the County's chronic vacancies and approved positions, out of the 1331 positions, 151 are still vacant which she considers it as a fluid number because people leave, and people are hired. She pointed out that with respect to the vacant positions some positions are being dollar funded because the department cannot recruit, or departments are not actively recruiting for various reasons. Of 151 vacancies 11 are engineering positions, which includes the County engineer. As for the Water Department they have already filled their chief engineer position and deputy position.

Due covid, HR put a hiring freeze in place which means that the departments would have to go through the mayor's office to get permission to recruit for vacancies and many of the requests have been granted. With respect to a recommendation on how to address the chronic vacancies, especially the engineers and attorneys, HR revised their recruitment and increment recruitment policies that basically increased the potential of giving hiring bonuses and travel, transportation expenses for new hires. Both civil service and or exempt positions are applicable when there is a labor shortage, or the positions are critical to fill. Basically, the hiring bonus could go up to 20% of the annual base salary with a maximum of \$20,000 payable over a 4-year period. The condition to that is the county wants the employee to stay employed for 4 years if not, they must pay back a portion of that money, in addition HR will revise the travel and transportation incentives up to \$5000 depending on the time zone the applicant is in.

The good news is the chronic vacant attorney positions are now filled and with the new engineer positions in public works HR is expecting more requests to come in as they continue to move forward.

Relative to the Office of the Prosecuting Attorney there are some vacancies which may be attributed to the resignation of Prosecuting Attorney Justin Kollar, but with the upcoming elections, HR hopes that the vacancies will be filled in the future months.

As for a market analysis on average salaries in the private sector for attorneys and engineers, HR recommended that analysis be based on the total compensation (i.e., employee health benefits, sick and vacation leave, holidays, flex spending accounts for free life insurance, employee/employer contributions to an employee's retirement benefits) and not just a comparison of salaries between the private public sectors.

HR Manager Janine Rapozo

Regarding the salary structure for engineers, Ms. Rapozo pointed out that the County's top-level engineers are the department head and deputy. Other different levels of civil engineers can range from civil engineer I (entry level trainee) up to civil engineer VII (civil engineer degree and six (6) years of professional civil engineering experience, two (2) years of which shall have included administrative experience.

Unlicensed civil engineers that have no experience and normally start as an entry level but has a degree and one(1) or two (2) years of professional civil engineering experience and can work independently are compensated at a higher pay rate. Civil engineers V, VI and VII are part of the bargaining unit and are what the HR refers to as excluded managerial (EM) positions.

In reviewing the salaries of the different engineering positions, Ms. Rapozo reported that she looked at multiple publications to see what the different comparable were. Nothing is ever going to be apples to apples and the best they could do as far as salaries are reflected in the Annual Base Pay chart.

Regarding the salary structure for the attorneys, Ms. Rapozo referred to the same Chart reflecting a comparison of the Salary Commission's maximum salary caps, the Professional, Administrative, Managerial maximum salaries, and the Bureau of Labor Statistics maximum salaries for the county attorney, prosecuting attorney, first deputies and deputies.

Benefits

Ms. Rapozo referred to an sheet reflecting data on total benefit costs consisting of five (5) major categories: 1) paid leave; 2) supplemental pay; 3) insurance; 4) retirement and savings; and 5) legally required benefits; a breakdown of benefits reflecting the percentages of the Employer's cost for local and state government (national) 38.3%, private industry (national) 29.4% and County of Kauai 84.81 % or 95.61% (Fire and Police); and high ERS percentage of 41%, but lower FICA percentage of 1.45%.

The County is paying roughly 50% more in additional benefits, compared to national, local, and state governments. The costs for the private sectors may not be that high for some states, but in the Hawai'i for certain private companies including Kauai the cost is very significant.

Therefore, she concurs with Ms. Anderson that looking at the total compensation is the way to go.

Chair Yoshida thanked Ms. Anderson and Ms. Rapozo for a great presentation. She asked the Commissioners if they had questions for either Annette or Janine.

Both Commissioners Rainforth and Kauai expressed their appreciation for Ms. Anderson and Ms. Rapozo for a very thorough presentation. Ms. Kauai noted that as far as salaries nationally as well as what private Hawai'i companies provide, the County is lacking behind in attorneys' salaries.

Ms. Rapozo agreed and noted that the civil engineers have different levels coming in so there is some wiggle room, but for attorneys they already have degrees and a license to practice law, so she understands where Commissioner Kauai is coming from when it comes to salary.

Ms. Anderson added that private sector law firms make a lot more money than the public sector and if the Commission wants information on comparing the Kauai salaries to the other counties in Hawai'i she could get them the information. She noted that perhaps Kauai needs to be more competitive with the other islands but to keep in mind and look at the size of the county or the state for that matter.

Mr. Ono asked relative to the Chart of Salaries reflecting the various pay levels for civil engineers that provided to the Commissioners, when it comes to the executive managerial positions, what level does the county engineer and deputy engineer come under? Based on the Chart of Salaries he assumes that those positions are level VII positions.

Ms. Rapozo clarified that county engineer position maximum salary cap is \$137,022 which is also the salary cap of the county attorney. She apologized for not including the county engineer position in the Chart of Salaries. Mr. Ono thanked Ms. Rapozo for clarifying.

Chair Yoshida pointed out that earlier HR Director Annette Anderson said that she would provide the Commission with information on salary comparisons for the appointees from the other counties the Commission oversees. She asked if it possible for the Commission to get information on the state's comparable as well. Ms. Anderson asked if the information she is asking for is with respect to the attorneys or is she asking about the engineers and not just the attorneys.

Mr. Ono stated that any additional information would be helpful.

Ms. Rapozo stated that she recalls HR providing that information to the Commission at one point, but nonetheless she will provide the most recent information.

Administrator Ellen Ching noted that she also recalls Ms. Rapozo did in the past provide data reflecting the salary comparisons of all the counties that were encompassed in salary resolution.

Chair Yoshida asked if it possible to get updated information to which Ms. Ching replied yes.

With no further questions, comments or requests, Chair Yoshida thanked Ms. Anderson and Ms. Rapozo for their presentation. She then called on Finance Director Reiko Matsuyama to address the Commission on the county's revenue projections for fiscal year 2022/2023.

Ms. Matsuyama reported that the primary source of the county's revenue come from real property taxes and the good news is real estate sales have been going up, which will a positive impact on the county's revenues.

The county values properties on the first October of each year. However, October 1, 2020, real property did not capture all the increases which meant that revenues for that period would have to be reflected in the Fiscal Year 2023 revenue projections therefore it would too early to say what Fiscal Year 2023 required tax revenue projections are going to look like. There are certain markets that are looking at a 20% assessment increase, but homeowners who live on their property and have a home exemption they will most likely benefit from a real property 3% assessment cap.

Generally, real property does not come out with a revenue projection until February, right before budget time. The next largest general fund revenue resource is the TAT (transient accommodation tax). Historically speaking, the County use to receive just short of \$15 million each year from TAT which is distributed twice a year from the state. However, due to the pandemic, Governor Ige withheld all the county's share of the TAT distribution since May of 2020, and it continued through fiscal year 2021.

As a result, the Legislature passed House Bill 862 which became law on July 8, 2021 which eliminated the distribution of the TAT to the four counties but gave the counties the authority to establish and administer its own transient accommodations tax at a maximum rate of 3 percent. Thankfully, the County had the political will to quickly establish its own TAT. On October 1, 2021, the measure was put into effect and since the Finance Department has been collecting revenues, but it's still too soon to know the amount of revenue coming in. Note - the County has been out of its share of the TAT since May 2020 through September 2021 (17 months).

Revenues have been volatile so it's hard to get an estimate of what the County is looking at, but relatively speaking it should provide more than the \$15 million the County was getting prior. One thing to remember though is whatever the County gets from its own new TAT the money is not new money for the County, it is to replace what was previously coming in from the state and more so, the money has already been allocated for current operations. Without its share of the TAT from the state, the County's funding came from its General Fund reserve which

prompted the County to cut costs. To give the Commission insight on the County not getting its share of the state's TAT the unassigned General Fund Reserve went from \$81 million down to \$68 million as of June 30, 2020; a decrease of \$13 million.

But nonetheless, the County of Kauai is in good shape right now because of the TAT monies that are coming in and is the first of any county to implement the 3% transient accommodation tax. Maui has started work on implementing 3% tax in November and will start their collections in December and granted they will bring more money than Kauai, Kauai is in a better place than it was last month. That concluded Ms. Matsuyama's presentation and she opened the floor up for questions.

Ms. Kauai stated that she had no questions just a statement to thank Ms. Matsuyama for their efforts to replenish the General Fund reserve which should get the County back on track.

Chair Yoshida asked relative to the County receiving monetary assistance from the federal government during the pandemic was the money used for covid purposes (PPE) not to replace the \$15 million that the County did not get from the state to which Ms. Matsuyama replied yes and explained that all the money the County received from the Cares Act went to Covid. None of the money went to operational purposes.

Ms. Ching joined the conversation. She stated that like HR Director Anderson and HR Manager III Rapozo, Finance Director Matsuyama worked very hard to come up with a process and procedures to keep everything running smoothly. Ms. Matsuyama and her team has been on the forefront of this deity and the work they have done has been awesome and is very much appreciated. Point in time, capturing revenues that is so essential to the County of Kauai and adhering to her request on behalf of the Salary Commission as well as other commissions; she just wants to say thank you to Ms. Matsuyama and the entire Finance Department for all that they do and provide to the County and support to the boards and commissions.

Chair Yoshida echoed Ms. Ching's sentiments. She noted that the real property tax collection office may need to hire additional staff. Ms. Matsuyama stated that they are planning to hire additional staff to help with collections.

With no further questions or comments, Chair Yoshida thanked Ms. Matsuyama for her presentation, and then moved on to the next agenda item.

SC 2021-6 Discussion and decision-making regarding a request dated October 1, 2021, from Reid Kawane, Chair Charter Review Commission to Laurie Yoshida, Chair Salary Commission inviting the Salary Commission to present proposals on any Charter amendments they would like the Charter Review Commission to consider.

Chair Yoshida stated that as of right now, the Commission does not have any proposals to submit.

As a refresher, Ms. Ching stated that in anticipation of the 2022 elections, the Charter Review Commission in the process of reviewing any ballot questions the Commissioners feel are necessary to place on the election ballot. It's like an administrative procedure the Commission uses to invite all the departments and commissions to submit amendments they would like the Charter Review Commission to review and consider. In the past, the Police Commission proposed a charter amendment for the chief of the police and to her understanding other salary commissions across the state have full authority to set the salaries for their departments heads and certain officers without having to go before their County Council for approval or disapproval of a salary resolution. Historically, that was an amendment the Kauai Salary Commission via the CRC has put forward, but it did not go anywhere. If the Commission wishes, she will have staff place item on the agenda for discussion and possible decision-making.

Chair Yoshida asked her fellow Commissioners if that was something they wanted to consider. Ms. Kauai suggested that the item be placed on the next agenda for discussion.

Ms. Ching stated that having a broader agenda item such as discussion and decision-making on the proposed charter amendments will allow the Commission to discuss the matter and if the members come up with more ideas the Commission can have a discussion on those ideas as well.

Chair Yoshida asked what the deadline is to submit a proposal because the Commission is not going to meet until January or February of next year. Ms. Ching stated that having a meeting either in January or February of next year would still give the Commission time because the deadline is typically in June. She shared that the other commissions have handled the matter in several different ways some of which decided to defer the matter to their next meeting for more discussion and some commissions received the communication for the record.

Mr. Ono stated that he doesn't have a question, but to his understanding that was part of the reason for having the item on the agenda to sort things out. It is vital that the Commission come to an understanding because the decisions the Commission makes are important to the County and the community. He asked if there were any additional members coming on board because he feels a little hesitant with moving forward with a resolution without a full Commission.

Ms. Ching stated that she has a couple of people who are considering the possibility of serving on the commission, hopefully in the new year. Mr. Ono thanked Ms. Ching for her efforts to try to find volunteers especially during these times because it's been a challenge for everyone.

Vice Chair Rainforth stated that in the past, he attended a Charter Review Commission meeting to try to convince the body to put the amendment Ms. Ching was referring to on the election ballot, but it wasn't a convincing argument for them to include it on the ballot, but they have quite a few items to consider. He stated that if the Commission wanted to go forward with an amendment sometime in the future it would have to be a convincing argument.

Ms. Ching stated that the last go round, the Charter Commission had a lot of proposals to review and consider. In her mind, one of thing that was important to the members was not to overwhelm the electorate because it could discourage them from participating and voting. Of all proposals that were submitted, the Commission limited it to only six (6) ballot questions the members felt were critical and there weren't many.

Politically speaking, it would be difficult at this point because of the economy. The foundation and purpose of the Charter Commission is to look at amendments that will improve the operations of the County and whatever it is will have the Commission's stamp of approval. Vice Chair Rainforth agreed. Chair Yoshida questioned whether the Salary Commission should inform the Charter Review Commission that the Salary Commission is going defer the item to the next meeting. Hearing no response, Chair Yoshida moved to the next agenda item.

SC 2021-7 Discussion and decision-making on setting a date for the next Salary Commission.

Ms. Kauai stated that the January 2022 would be a good month to have a meeting.

Chair Yoshida stated that Wednesdays are usually a good day for everyone.

Ms. Ching stated that council normally meets on Wednesdays so she would need to check to see what Wednesdays council is going to be meeting. Chair Yoshida stated that either January 19 or January 26 is good, but she'll wait for confirmation. Ms. Kauai stated that based on council's 2022 meeting calendar January 19 is good day for the Commission to hold a meeting because council meets on the 12th and 26th, but not the 19th. Chair Yoshida asked if anyone needed attend the 2022 Legislative opening on January 19. Hearing none, Chair Yoshida announced that the next Salary Commission meeting is tentatively set for January 19, 2022 @ 9:00 a.m.

Adjournment

Being there was no reason to go into executive session, Chair Yoshida called for a motion to adjourn the meeting. Ms. Kauai moved. Vice Chair Rainforth seconded. Hearing no objections. The motion carried 4:0. At 10:10 a.m. the meeting adjourned.

Submitted by:

Mercedes Omo

Support Clerk

Approved as circulated on: January 19, 2022

Approved as amended:

Chair-elect Kauai Salary Commission