

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

October 20, 2017

Committee
Report No. _____

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 October 3, 2017, makes reference to County Communication 17-354, from the Mayor, transmitting a proposed resolution entitled "APPROVING COST ITEMS FOR BARGAINING UNIT 1, NON-SUPERVISORY BLUE COLLAR EMPLOYEES."

The purpose of the proposed resolution is to approve the cost items for Bargaining Unit 1, Non-Supervisory Blue Collar Employees, represented by the United Public Workers ("UPW"), for Fiscal Years 2018, 2019, 2020, and 2021.

At the request of the Chair of your Committee, the Department of the Corporation Counsel transmitted a revised proposed resolution, approved as to form and legality, incorporating a Summary of Cost Items attached as Exhibit "1."

Your Committee notes pursuant to Section 89-10, Hawaii Revised Statutes, cost items are subject to appropriation by the legislative branch. In the County of Maui, the executive branch is the employer and the Council is the legislative branch. Section 89-10, Hawaii Revised Statutes, requires the employer to notify the legislative branch of all cost items within ten days of the date on which an agreement is ratified by its employees. Further, if the State legislature or the legislative body of any county rejects any of the cost items submitted, all cost items shall be returned to the employers and employee representatives for further bargaining.

Your Committee notes the county communication that transmitted the proposed resolution included a "Summary of Cost Items." The

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summary outlines the additional costs required in categories such as salaries and health benefit premiums.

Your Committee notes the total additional costs for the agreement for Fiscal Year 2018 is \$1,017,354.

The Director of Personnel Services said 587 employees, or 23 percent of the County's workforce, are in Bargaining Unit 1. He said the agreement for Bargaining Unit 1 is for four years and the agreements for Bargaining Units 2, 3, 4, 11, and 13 are for two years. Nonetheless, the cost parameters for the first two years of the UPW contract are similar to the other agreements.

Your Committee notes the Council approved the cost items for Bargaining Unit 11, represented by the Hawaii Fire Fighters Association, by Resolution 17-85. The Council also approved the cost items for all bargaining units represented by the Hawaii Government Employees Association by Resolution 17-101 (Bargaining Unit 2), Resolution 17-102 (Bargaining Units 3 and 4), and Resolution 17-104 (Bargaining Unit 13). All cost items are for Fiscal Years 2018 and 2019.

Your Committee noted this is a Statewide agreement, so the State and all four counties must approve the cost items for them to take effect. At the time of your Committee's meeting, the State Legislature had already approved the agreement, while the other counties were in the process of considering it.

Your Committee expressed concerns that the costs for the third and fourth years of the agreement for the Hawaii Employer-Union Health Benefits Trust Fund have not been negotiated. The Director said the Department will come back before the Council if the items end up costing more than expected.

Your Committee voted 8-0 to recommend adoption of the revised proposed resolution and filing of the communication. Committee Chair Hokama, Vice-Chair White, and members Atay, Carroll, Cochran,

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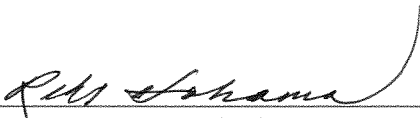
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Guzman, King, and Sugimura voted "aye." Committee member Crivello was excused.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Resolution _____, as revised herein and attached hereto, entitled "APPROVING COST ITEMS FOR BARGAINING UNIT 1, NON-SUPERVISORY BLUE COLLAR EMPLOYEES," be ADOPTED; and
2. That County Communication 17-354 be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



RIKI HOKAMA, Chair

bf:cr:17006(2)ba:mmy/jgk

Resolution

No. _____

APPROVING COST ITEMS FOR BARGAINING UNIT 1, NON-SUPERVISORY BLUE COLLAR EMPLOYEES

WHEREAS, the Mayor, by letter dated August 22, 2017 to the Honorable Mike White, Chair, and Members of the Maui County Council, submitted cost items for Non-Supervisory Blue Collar Employees included within Bargaining Unit 1, represented by the United Public Workers, pursuant to the August 14, 2017, notice of ratification of the collective bargaining agreement; and

WHEREAS, pursuant to Section 89-10, Hawaii Revised Statutes, Council approval is required prior to payment of said cost items; and

WHEREAS, a Summary of Cost Items is attached hereto and incorporated herein by reference as Exhibit "1"; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That it does hereby approve of the cost items as specified in Exhibit "1"; and

Resolution No. _____

2. That certified copies of this resolution be transmitted to the Mayor, the Director of Personnel Services, the Budget Director, and the Director of Finance.

APPROVED AS TO FORM AND LEGALITY:



Gary Y. Mural
Deputy Corporation Counsel
County of Maui

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2017-0093
BF-6(2) 2017-09-18 Resolution

COUNTY OF MAUI
UNIT 01 (INCLUDED)
SUMMARY OF COST ITEMS
FY 2017-18, FY 2018-19, FY 2019-20, FY 2020-21

I. Salaries

Summary includes the following increases:

A. Effective November 1, 2017:

A one-time lump sum payment of one thousand dollars (\$1,000) for Employees who were employed as of October 31, 2017. Employees who are less than full-time shall receive a prorated amount.

B. Effective June 1, 2018:

3.2% across the board salary increase, including employees not assigned to the salary schedule.

C. Effective November 1, 2018:

A one-time lump sum payment of one thousand dollars (\$1,000) for Employees who were employed as of October 31, 2018. Employees who are less than full-time shall receive a prorated amount.

D. Effective May 1, 2019:

3.45% across the board salary increase, including employees not assigned to the salary schedule.

E. Effective July 1, 2019:

2.0% across the board salary increase, including employees not assigned to the salary schedule.

F. Effective July 1, 2020:

2.0% across the board salary increase, including employees not assigned to the salary schedule.

Wage costs include fringe benefit costs representing expenses which automatically increase when base salaries increase (e.g., premium pay, overtime, Medicare, unemployment compensation, and leave benefits). All subsequent year costs include the roll-over cost from previous years.

| | |
|---|---|
| Additional Cost <u>FY 2018</u> \$ 846,807 | Additional Cost <u>FY 2019</u> \$ 2,224,282 |
| Additional Cost <u>FY 2020</u> \$ 3,514,809 | Additional Cost <u>FY 2021</u> \$ 4,446,671 |

2. Hawaii Employer-Union Health Benefits Trust Fund

The following costs assume the employer will continue to pay the same percentage of health benefit premiums as it currently pays. This is approximately 60% of the premium amount, plus administrative fees, with the employee paying the balance. Increase in costs in subsequent years is due to anticipated increases in premium amounts.

| | |
|--|--|
| Additional Cost <u>FY 2018</u> \$ 170,547 | Additional Cost <u>FY 2019</u> \$ 543,835 |
| Additional Cost <u>FY 2020*</u> \$ 543,835 | Additional Cost <u>FY 2021*</u> \$ 543,835 |

*For FY 2020 and FY 2021 have not been negotiated at this time, as premium rate increases are unknown.

TOTAL ADDITIONAL COST:

| | |
|-----------------------------------|-----------------------------------|
| FY 2018 <u>\$1,017,354</u> | FY 2019 <u>\$2,768,117</u> |
| FY 2020 <u>\$4,058,644</u> | FY 2021 <u>\$4,990,506</u> |