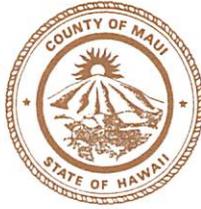


ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

OFFICE OF THE MAYOR

Ke'ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui

August 22, 2017

Honorable Mike White, Chair
and Members of the Counsel
Maui County Council
County of Maui
200 South High Street
Wailuku, HI 96793

RECEIVED
2017 AUG 25 AM 8:34
OFFICE OF THE
COUNTY CLERK

Dear Council Chair White and Council Members:

RE: Approval of Cost Items for Employees Included in Bargaining Unit 01

In compliance with HRS Section 89-10, I am herewith transmitting the cost items for the four-year contract covering Bargaining Unit 01, blue collar, non-supervisory employees. The law requires that all cost items be subject to appropriations by the appropriate legislative bodies.

These computations reflect the implementation cost for employees included in Bargaining Unit 01 for fiscal years 2017-2018, 2018-2019, 2019-2020 and 2020-2021. A summary of the pay adjustments is also transmitted for your information.

Also transmitted is the necessary resolution prepared by the Corporation Counsel for approval of the cost items.

We would appreciate your expediting approval of the cost items in order to implement the pay adjustments and respectfully request the Council to waive referral of this matter to committee. If you have any questions or require additional information on this matter, please call on Mr. David J. Underwood, Director of Personnel Services.

Very truly yours,

A handwritten signature in black ink that reads "Alan Arakawa".

ALAN M. ARAKAWA
Mayor, County of Maui

dju:cn
Attachments
cc: Director of Finance
Director of Personnel Services

COUNTY COMMUNICATION NO. 17-354

Resolution

No. _____

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

WHEREAS, the Mayor, by letter dated August 22, 2017 to Council Chair Mike White and members of the Maui County Council, which is incorporated herein by reference, has submitted cost items pursuant to the August 14, 2017 notice of ratification by Non-Supervisory Blue Collar Employees included within Bargaining Unit 1, represented by the United Public Workers; and

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

Resolution No. _____

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

APPROVED AS TO FORM AND LEGALITY:



Gary Y. Murai
Deputy Corporation Counsel
County of Maui

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

1. 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.

Summary of BU 01 Cost Items

Page 2 of 2

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>