

**COUNCIL OF THE COUNTY OF MAUI**  
**BUDGET AND FINANCE COMMITTEE**

February 2, 2018

**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 January 23, 2018, makes reference to County Communication 17-467, from the Mayor, transmitting the following:

1. A proposed resolution entitled "APPROVING COST ITEMS FOR BARGAINING UNIT 12, INCLUDED AND EXCLUDED EMPLOYEES," along with a summary of cost items.

The purpose of the proposed resolution is to approve cost items for Bargaining Unit ("BU") 12, included and excluded employees, represented by the State of Hawaii Organization of Police Officers ("SHOPO"), for Fiscal Years ("FY") 2018, 2019, 2020, and 2021.

2. A copy of the interest arbitration panel's decision and award dated November 7, 2017.

At the request of the Chair of your Committee, the Department of the Corporation Counsel transmitted the following:

1. A proposed resolution entitled "APPROVING COST ITEMS FOR BARGAINING UNIT 12, POLICE OFFICERS," attaching a summary of cost items as Exhibit "1," approved as to form and legality.

The purpose of the proposed resolution is to approve cost items for Police Officers included within BU 12, represented by SHOPO, for FY 2018, 2019, 2020, and 2021.

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# **BUDGET AND FINANCE COMMITTEE**

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2. A proposed resolution entitled "APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNIT 12, POLICE OFFICERS," attaching a summary of cost items as Exhibit "1," approved as to form and legality.

The purpose of the proposed resolution is to approve cost items for Police Officers excluded from BU 12, represented by SHOPO, for FY 2018, 2019, 2020, and 2021.

Your Committee notes that cost items are subject to appropriation by the legislative branch, pursuant to Sections 89-11(g) and 89C-5, Hawaii Revised Statutes. The decision of the arbitration panel shall be final and binding upon all parties. In the County of Maui, the executive branch is the employer and the Council is the legislative branch. Section 89-11(g), Hawaii Revised Statutes, requires the employer to submit all cost items to the legislative branch within ten days after the date on which an agreement is entered into.

Your Committee notes the summary of cost items attached to each proposed resolution outlines the additional costs required in categories such as salaries, other compensation allowances, and health benefit premiums.

Your Committee also notes the additional costs for FY 2018 for Police Officers included in BU 12 is \$1,386,288 and for Police Officers excluded from BU 12 is \$79,502.

The Director of Personnel Services said the cost items for BU 12 resulted from binding arbitration hearings. The arbitration panel's decision and award was issued on November 7, 2017, and the Mayor submitted the cost items to the Council on November 15, 2017.

The Director explained the award from the arbitration panel is a four-year agreement with across-the-board increases each year. The increases are consistent with the increases for other bargaining units.

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He said the award includes one-time payments in the third and fourth years of the contract. He said the one-time payments were based on the economic uncertainty of future years. He said although the payments are not described as retention bonuses, they are a means to retain employees. He also commented on the difficulties in attracting and retaining employees for BU 12.

The Director explained the increase for ammunition and firearm maintenance allowance. He said police officers purchase and maintain supplemental weapons used for practice to maintain their proficiency.

He added an additional salary step was established for those who have accrued 28 or more years of service credit. There is no cost in the current fiscal year related to the added step, which will be effective at 11:59:59 p.m. on June 30, 2021. This was included to retain officers who might otherwise leave. The Director said this measure also recognizes that retirement rules have changed for police officers, and an officer now must have 30 years of service in order to retire. The anticipation is that police officers will now have longer careers, resulting in implementation of the additional step.

The Director said the costs related to the Hawaii Employer-Union Health Benefits Trust Fund reflected in the summary of cost items for included employees also includes the costs for excluded employees. He noted the system could not differentiate included employees from excluded employees; therefore, a cost breakdown could not be provided.

The Budget Director said funds for the cost items are appropriated in Countywide Costs for FY 2018.

Your Committee noted the State has no employees in BU 12, but it participates in the negotiations of collective bargaining contracts and the Governor holds four votes on the matter.

Your Committee voted 6-0 to recommend adoption of the proposed resolutions and filing of the communication. Committee Chair Hokama,

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Vice-Chair White, and members Carroll, Crivello, Guzman, and Sugimura voted "aye." Committee members Atay, Cochran, and King were excused.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Resolution \_\_\_\_\_, attached hereto, entitled "APPROVING COST ITEMS FOR BARGAINING UNIT 12, POLICE OFFICERS," be ADOPTED;
2. That Resolution \_\_\_\_\_, attached hereto, entitled "APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNIT 12, POLICE OFFICERS," be ADOPTED; and
3. That County Communication 17-467 be FILED.

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

  
\_\_\_\_\_  
RIKI HOKAMA, Chair

bf:cr:18006(2)ca:mmy

# Resolution

No. \_\_\_\_\_

## APPROVING COST ITEMS FOR BARGAINING UNIT 12, POLICE OFFICERS

WHEREAS, the Mayor, by correspondence dated November 15, 2017 to the Honorable Mike White, Chair, and Members of the Maui County Council, submitted cost items for a four-year contract for police officers represented by Bargaining Unit 12, State of Hawaii Organization of Police Officers, pursuant to an arbitration decision dated November 7, 2017; and

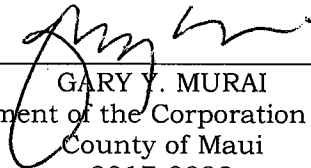
WHEREAS, pursuant to § 89-11(g), Hawaii Revised Statutes, the November 7, 2017 arbitration award shall be final and binding upon the parties; all items requiring any moneys for implementation shall be subject to appropriation by the appropriate legislative body; and the employer shall submit all such items within ten days after the date on which the agreement is entered into; and

WHEREAS, a Summary of Cost Items is attached hereto as Exhibit "1"; now, therefore,

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

1. That it does hereby approve of the Summary of Cost Items as specified in Exhibit "1"; and
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



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GARY Y. MURAI  
Department of the Corporation Counsel  
County of Maui  
2017-0093

BF-6(2) 2018-01-11 Resolution for BU-12

COUNTY OF MAUI  
UNIT 12 (INCLUDED)  
SUMMARY OF COST ITEMS  
FY 2017-18, FY 2018-19, FY 2019-2020, FY 2020-2021

1. **Salaries**

Summary includes the following increases:

*A. Effective July 1, 2017:*

- 1) Across-the-board increase of 2.0%.
- 2) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range as provided in the pertinent compensation adjustment provisions shall move to such step on the employee's police service anniversary date.

*B. Effective July 1, 2018:*

- 1) Across-the-board increase of 2.25%.
- 2) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range as provided in the pertinent compensation adjustment provisions shall move to such step on the employee's police service anniversary date.

*C. Effective July 1, 2019:*

- 1) Across-the-board increase of 2.0%.
- 2) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range as provided in the pertinent compensation adjustment provisions shall move to such step on the employee's police service anniversary date.

*D. Effective July 1, 2020:*

- 1) Across-the-board increase of 2.0%.
- 2) Service step movements: All employees who complete the cumulative years of service required for the next higher step in the pay range as provided in the pertinent compensation adjustment provisions shall move to such step on the employee's police service anniversary date.

*E. Effective June 30, 2021 at 11:59:59 p.m.*

A new step L-6 step shall be established and implemented for bargaining unit 12 employees who have accrued twenty-eight (28) or more years of service credit in accordance with the current step movement plan.

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 includes the roll-over cost from previous years.

<u>Additional Cost</u> <u>FY 2018</u> \$ 1,077,682	<u>Additional Cost</u> <u>FY 2019</u> \$ 2,716,232
<u>Additional Cost</u> <u>FY 2020</u> \$ 4,447,200	<u>Additional Cost</u> <u>FY 2021</u> \$ 6,252,703

**2. Lump Sum Bonus**

*A. Effective July 1, 2019:*

Bargaining unit 12 employees on salary ranges PO 7 to PO 15 on the following steps shall receive a one-time lump sum bonus as follows:

Step A	\$1,800.00
Step B	\$1,825.00
Step C	\$1,850.00
Step D	\$1,875.00
Step L-1	\$1,900.00
Step L-2	\$1,925.00
Step L-3	\$1,950.00
Step L-4	\$1,975.00
Step L-5	\$2,000.00

*B. Effective July 1, 2020:*

- 1) Bargaining unit 12 employees on salary ranges PO 7 to PO 15 on the following steps shall receive a one-time lump sum bonus as follows:

Step A	\$1,800.00
Step B	\$1,825.00
Step C	\$1,850.00
Step D	\$1,875.00
Step L-1	\$1,900.00
Step L-2	\$1,925.00
Step L-3	\$1,950.00
Step L-4	\$1,975.00
Step L-5	\$2,000.00

- 2) Bargaining unit 12 employees on step L-5 with twenty-eight (28) or more years of service credit accrued on or before July 1, 2020, shall receive a one-time lump sum bonus of \$500.00.

Additional Cost	Additional Cost
<u>FY 2020</u>	<u>FY 2021</u>
\$ 824,116	\$ 874,679

**3. Firearm Maintenance Allowance**

*A. Effective July 1, 2017:*

Effective July 1, 2017, the Employer shall provide to bargaining unit 12 employees authorized to carry a firearm as a condition of employment on a 24-hour basis a sum of \$1,000.00 per fiscal year for the proper care and maintenance of weapons and accessory personal safety equipment related to their employment issued by the Employer, and for the purchase, care and maintenance of supplemental weapons, including ammunition approved by the Employer.

Additional Cost	Additional Cost
<u>FY 2018</u>	<u>FY 2019</u>
\$ 173,000	\$ 173,000
Additional Cost	Additional Cost
<u>FY 2020</u>	<u>FY 2021</u>
\$ 173,000	\$ 173,000



**4. 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>	Additional Cost <u>FY 2019</u>
\$ 135,606	\$ 396,672

Additional Cost <u>FY 2020*</u>	Additional Cost <u>FY 2021*</u>
\$ 396,672	\$ 396,672

\*Premium rates for FY 2020 and FY 2021 have not been negotiated at this time so premium rate increases are unknown.

**TOTAL ADDITIONAL COST:**

<b>FY 2018</b>	<b><u>\$1,386,288</u></b>	<b>FY 2019</b>	<b><u>\$3,285,904</u></b>
<b>FY 2020</b>	<b><u>\$5,840,988</u></b>	<b>FY 2021</b>	<b><u>\$7,697,054</u></b>

# Resolution

No. \_\_\_\_\_

## APPROVING COST ITEMS FOR EMPLOYEES EXCLUDED FROM BARGAINING UNIT 12, POLICE OFFICERS

WHEREAS, the Mayor, by correspondence dated November 15, 2017 to the Honorable Mike White, Chair, and Members of the Maui County Council, submitted cost items for police officers excluded from Bargaining Unit 12, represented by the State of Hawaii Organization of Police Officers; and

WHEREAS, pursuant to § 89C-5, Hawaii Revised Statutes, and the November 7, 2017 arbitration award regarding Bargaining Unit 12 employees, all items requiring any moneys for implementation shall be subject to appropriation by the appropriate legislative body; and,

WHEREAS, a Summary of Cost Items is attached hereto 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
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



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GARY Y. MURAI  
Department of the Corporation Counsel  
County of Maui  
2017-0093

BF-6(2) 2018-01-11 Resolution BU-12  
Excluded

COUNTY OF MAUI  
 UNIT 12 (EXCLUDED)  
 SUMMARY OF COST ITEMS  
FY 2017-18, FY 2018-19, FY 2019-2020, FY 2020-2021

**1. Salaries**

In accordance with Hawaii Revised Statutes Section 89C-3, salary adjustments provided herein shall be at least equal to the compensation and benefit packages provided under collective bargaining agreements.

For included unit 12 employees, the summary includes the following increases:

*A. Effective July 1, 2017:*

Across-the-board increase of 2.0%.

*B. Effective July 1, 2018:*

Across-the-board increase of 2.25%.

*C. Effective July 1, 2019:*

Across-the-board increase of 2.0%.

*D. Effective July 1, 2020:*

Across-the-board increase of 2.0%.

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. Below is the summary of increases for excluded unit 12 employees:

Additional Cost FY 2018	Additional Cost FY 2019	Additional Cost FY 2020	Additional Cost FY 2021
\$ 71,502	\$ 188,369	\$ 298,802	\$ 411,883

**2. Lump Sum Bonus**

*A. Effective July 1, 2019:*

Included bargaining unit 12 employees on salary ranges PO 7 to PO 15 on the following steps shall receive a one-time lump sum bonus as follows:

Step A	\$1,800.00
Step B	\$1,825.00
Step C	\$1,850.00
Step D	\$1,875.00
Step L-1	\$1,900.00
Step L-2	\$1,925.00
Step L-3	\$1,950.00
Step L-4	\$1,975.00
Step L-5	\$2,000.00

*B. Effective July 1, 2020:*

- 1) Included bargaining unit 12 employees on salary ranges PO 7 to PO 15 on the following steps shall receive a one-time lump sum bonus as follows:

Step A	\$1,800.00
Step B	\$1,825.00
Step C	\$1,850.00
Step D	\$1,875.00
Step L-1	\$1,900.00
Step L-2	\$1,925.00
Step L-3	\$1,950.00
Step L-4	\$1,975.00
Step L-5	\$2,000.00

- 2) Included bargaining unit 12 employees on step L-5 with twenty-eight (28) or more years of service credit accrued on or before July 1, 2020, shall receive a one-time lump sum bonus of \$500.00.

3) Below is the summary of increases for excluded unit 12 employees:

Additional Cost	Additional Cost
<u>FY 2020</u>	<u>FY 2021</u>
\$ 43,675	\$ 52,386

**3. Firearm Maintenance Allowance**

A. *Effective July 1, 2017:*

1) Effective July 1, 2017, the Employer shall provide to included bargaining unit 12 employees authorized to carry a firearm as a condition of employment on a 24-hour basis a sum of \$1,000.00 per fiscal year for the proper care and maintenance of weapons and accessory personal safety equipment related to their employment issued by the Employer, and for the purchase, care and maintenance of supplemental weapons, including ammunition approved by the Employer.

2) Below is the summary of increases for excluded unit 12 employees:

Additional Cost	Additional Cost
<u>FY 2018</u>	<u>FY 2019</u>
\$ 8,000	\$ 8,000
Additional Cost	Additional Cost
<u>FY 2020</u>	<u>FY 2021</u>
\$ 8,000	\$ 8,000

**4. Hawaii Employer-Union Health Benefits Trust Fund**

By law, the employer's contributions to the Employer-Union Trust Fund (EUTF) are not subject to arbitration, and are thus negotiated separately. Under that separate agreement, the employers will continue to pay the same percentage of health benefit premiums as they currently pay. (This is approximately 60% of the premium amount, plus administrative fees, with the employee paying the balance.) Due to the tracking method utilized in coding employees in the EUTF system, cost item figures for excluded unit 12 employees have been combined with the additional cost item figures for the included unit 12 employees.

**5. TOTAL ADDITIONAL COST:**

**FY 2018 \$ 79,502**

**FY 2019 \$ 196,369**

**FY 2020 \$ 350,476**

**FY 2021 \$ 472,269**