Michael P. Victorino
Mayor

Sananda K. Baz
Managing Director

OFFICE OF THE MAYOR
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

April 16, 2019

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OFFICE OF THE
COUNTY CLERK

Honorable Kelly King, Chair
and Members of the Council
Maui County Council
County of Maui
200 South High Street
Wailuku, Hawaii 96793

Dear Council Chair King and Council Members:

SUBJECT: APPROVAL OF COST ITEMS FOR BARGAINING UNIT 11 EMPLOYEES

In compliance with HRS Section 89-11, I am herewith transmitting the cost items for the two-year contract period (7/1/19 - 6/30/21) covering included employees of Bargaining Unit 11, Fire Fighters. The law requires that all cost items be subject to appropriations by the appropriate legislative bodies.

These computations reflect the implementation cost for included employees of Bargaining Unit 11 for fiscal years 2019- 20 and 2020- 21. This is based on the arbitration panel's decision and award dated April 8, 2019, a copy of which is attached for your information. A summary of the pay adjustments is also attached for your information.

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

If you have any questions or require additional information on this matter, please call on Mr. David J. Underwood, Director of Personnel Services.

Sincerely,

Michael P Victorino

Michael P. Victorino
Mayor, County of Maui

DJU:ceb
Attachments
xc: Director of Finance
Director of Personnel Services

COUNTY COMMUNICATION NO. 19-189

Resolution

No. __________

APPROVING COST ITEMS FOR BARGAINING UNIT 11,
INCLUDED EMPLOYEES

WHEREAS, the Mayor, by correspondence dated April 16, 2019 to the Honorable Kelly King, Chair, and Members of the Maui County Council, submitted cost items for Fire Fighters included within Bargaining Unit 11, pursuant to an arbitration decision and award dated April 8, 2019; 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

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. MURAI
Department of the Corporation Counsel
County of Maui
2019-0655
2019-04-11 Resolution BU11 Cost Items

COUNTY OF MAUI
UNIT 11 (INCLUDED)
SUMMARY OF COST ITEMS
FY 2019-2020; FY 2020-2021

1. Wages and Compensation Adjustments
Summary includes the following increases:

A. Effective July 1, 2019:

1) 2% across-the-board wage increase.

2) Continuation of the step movement plan.

3) Employees on salary ranges SR 17 to SR 27 on June 30, 2019 shall receive a one-time lump sum payment based on their step within the salary range on July 1, 2019, as follows:

Step E	$1,800
Step F	$1,825
Step G	$1,850
Step H	$1,875
Step L1	$1,900
Step L2	$1,925
Step L3	$1,950
Step L4	$1,975
Step L5	$2,000

B. Effective July 1, 2020:

1) 2% across-the-board wage increase.

2) Continuation of the step movement plan.

3) Employees on salary ranges SR 17 to SR 27 on June 30, 2020 shall receive a one-time lump sum payment based on their step within the salary range on July 1, 2020, as follows:

Step E	$1,800
Step F	$1,825
Step G	$1,850
Step H	$1,875
Step L1	$1,900
Step L2	$1,925
Step L3	$1,950
Step L4	$1,975

EXHIBIT "1"

Step L5	$2,000
Step L5	with 28 or more years of service as of June 30, 2020, an additional $500

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

A new step L-6 step shall be established and implemented for bargaining unit 11 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 include the roll-over cost from previous years.

Additional Cost FY 2020	Additional Cost FY 2021
$ 1,491,030	$ 2,605,030

TOTAL ADDITIONAL COST:

FY 2019	**$ 1,491,030**	**FY 2020**	**$ 2,605,030**

IMPASSE ARBITRATION FOR BARGAINING UNIT 11

BEFORE ARBITRATORS
RICHARD L. AHEARN, WILLIAM J. PUETTE AND WILLIAM BRILHANTE

PURSUANT TO HAWAII REVISED STATUTES CHAPTER 89 STATE OF HAWAII

Case No. 18-1-11-171

In the Matter of the Interest Arbitration Between:

HAWAII FIRE FIGHTERS ASSOCIATION, IAFF, LOCAL 1463, AFL-CIO,

Exclusive Representative,

and

DAVID Y. IGE, Governor, State of Hawaii; KIRK CALDWELL, Mayor, City and County of Honolulu; HARRY KIM, Mayor, County of Hawaii; MICHAEL P. VICTORINO, Mayor, County of Maui; and DEREK S.K. KAWAKAMI, Mayor, County of Kauai,

Employers.

ARBITRATION PANEL:

Impartial Chair:	*Richard L. Ahearn, Esq.* Arbitrator and Mediator 2212 Queen Anne Ave., #509 Seattle, WA 98109
Union's Member:	*William J. Puette,* Ph.D., Director Center for Labor Education and Research University of Hawaii, West Oahu Campus 91-1001 Farrington Highway Kapolei, Hawaii 96707
Employers' Member:	*William Brilhante, Jr., Esq.* County of Hawaii Department of Human Resources 101 Pauahi Street, Suite 2 Hilo, Hawaii 96720

APPEARANCES:

For the Exclusive Representative:	*Alan C. Davis, Esq.* Davis & Reno 22 Battery Street, Suite 800 San Francisco, CA 94111-5524
For the Employer Group *County of Maui:*	*Gary Y. Murai, Esq.* Deputy Corporation Counsel Department of the Corporation Counsel County of Maui 200 South High Street Wailuku, Maui, Hawaii 96793
County of Hawaii:	*John S. Mukai, Esq.* Deputy Corporation Counsel Office of the Corporation Counsel County of Hawaii 101 Aupuni Street, Suite 325 Hilo, Hawaii 96720
City and County of Honolulu:	*Amanda Furman, Esq.* *Kurt Nakamatsu, Esq.* Deputy Corporation Counsels Department of the Corporation Counsel City and County of Honolulu 530 S. King Street, Room 110 Honolulu, Hawaii 96813
County of Kauai:	*Matthew M. Bracken, Esq.* *Cameron N. Takamura, Esq.* County Attorneys Office of the County Attorney Moikeha Building 4444 Rice Street, Suite 220 Lihue, Hawaii 96766-1300
Also Present:	*Robert H. Lee* *Aaron Lenchanko* *Carolee Kubo*

I. BACKGROUND

Hawaii Fire Fighters Association, IAFF, Local 1463, AFL-CIO (herein the Union or the Association) is the designated Exclusive Representative (Bargaining Unit 11) for the firefighters employed by the State of Hawaii and its counties and is authorized to negotiate a successor Collective Bargaining Agreement (CBA) with the Employer Group pursuant to Hawaii Revised Statutes (HRS) §89-11. As set forth in HRS §89-6(d) (2), the Governor of the State and the Mayors of the Counties are defined as the "employer" for purposes of negotiating a CBA with an Exclusive Representative.[1]

The Employer Group employs approximately 2,000 Bargaining Unit 11 members in six (6) primary classifications. Of that number, approximately:

- 1,055 firefighters are employed by the City and County of Honolulu;
- 338 by Hawaii County;
- 301 by Maui County;
- 177 by the State; and
- 146 by Kauai County.

The Parties have negotiated collective bargaining agreements since about 1975. With the enactment of Act 108, that subsequently became HRS § 89-11, a statutory process for interest arbitration procedures was established for the Employer group and labor organizations representing its employees. Since then the Parties have engaged in interest arbitration numerous times, most recently in 2017. The CBA that resulted from that process expires by its terms on June 30, 2019.

On June 12, 2018, following collective bargaining negotiations for a successor agreement, the Union submitted a declaration of impasse with the Hawaii Labor Relations Board (HLRB). On

[1] The Union and the Employer Group herein are collectively referred to as the Parties.

June 21, 2018, the HLRB declared an impasse. Subsequently, on September 10, 2018 the Parties informed me that they had jointly agreed to my selection as the neutral Chair for a mediation-arbitration process pursuant to HRS §89-11 (e)(2)(A). In addition, Dr. William J. Puette and William Brilhante, Esq. were selected as the Union and Employer Group arbitration panel members respectively.

II. FINAL POSITIONS OF THE PARTIES

The Association

On October 29, 2018, the Association, pursuant to HRS § 89 – 11 (e)(2)(B), submitted its Final Positions on each of the following CBA sections:

1.	Section 12	Promotions
2.	Section 14	Duties
3.	Section 24	Night Alarm Premium
4.	Section 27	Temporary Assignment
5.	Section 28	Bureau Opportunity Benefit Incentive
6.	Section 30	Meals
7.	Section 32	Wages
8.	Section 32-A	Compensation Adjustments
9.	Section 44	Hazardous Duty
10.	Section 47	Uniforms
11.	Section 50	EUTF
12.	Section 55	Duration
13.	New Section	Honolulu Fire Department FPB Auto Allowance

The Employer Group

Also, on October 29, 2018, pursuant to HRS §89-11(e)(2)(B), the Public Employer submitted its Final Positions on the following issues:

1.	Section 12	Promotions
2.	Section 24	Night Alarm Premium
3.	Section 27	Temporary Assignments
4.	Section 27-A	Rank-for-Rank Recall
5.	Section 32	Wages
6.	Section 44	Hazardous Duty
7.	Section 55	Duration

III. THE HEARING

The hearing in this matter opened on Monday, January 7, 2019, continued on consecutive days and recessed on Saturday, January 12, 2019. The hearing resumed on Tuesday, January 22, 2019 and again continued on consecutive days through Friday, January 25, 2019. The final session was conducted on Friday, February 1, 2019. At each session the Parties had full opportunity to call witnesses, to make arguments and to enter documents into the record. Witnesses were sworn under oath and subject to cross-examination by the opposing Party. A Certified Court Reporter was present throughout the entire hearing and transcribed the proceedings and the testimony.

In addition, at various times during the course of the proceedings the Parties engaged in discussions aimed at reaching mutually satisfactory resolutions of the outstanding issues. On Friday, January 25, 2019, the neutral arbitrator assisted in those efforts by engaging in mediation sessions. Prior to closing the record, the Parties waived both oral argument and post-hearing briefs.[2]

IV. ISSUES NO LONGER IN DISPUTE

At the hearing on January 12, 2019, the Union withdrew its proposals on Section 12, Promotions, and new Section 13, Fire Department Fire Prevention Bureau Auto Allowance. In addition, at the February 1, 2019 hearing, the Union withdrew its proposals on the following Sections:

Section 14. Duties
Section 24. Night Alarm Premium
Section 27. Temporary Assignment
Section 28. Bureau Opportunity Benefit Incentive
Section 30. Meals
Section 44. Hazardous Duty
Section 47. Uniforms

[2] The Panel wishes to acknowledge the comprehensive, well-organized and highly effective presentation of evidence and argument by the Parties throughout the hearing. Unquestionably, the positions of both Parties were ably and vigorously expressed by their respective representatives.

V. TENTATIVE AGREEMENTS

Prior to and during the interest arbitration process, the Union and the Employer Group were able to reach tentative agreements on issues involving the following provisions of their Collective Bargaining Agreement:

Section 34. Sick Leaves

Section 35. Accidental Injury Leave

Section 39. Safety and Health

Section 50. Hawaii Employer-Union Health Benefit Trust Fund

The Panel unanimously finds and agrees that the Tentative Agreements listed above are consistent with the statutory criteria governing this proceeding. Accordingly, the Panel hereby orders the Parties to incorporate each of the above Tentative Agreements into their 2019-2021 agreement.

VI. ISSUES REMAINING FOR PANEL RESOLUTION

The following issues remain unresolved and therefore subject to resolution by the Panel:

Section 27-A. Rank-for-Rank Recall

With respect to Section 27-A, Rank-for Rank Recall, the Employer Group proposed its elimination, whereas the Union argued for its retention.

Section 32. Wages

Regarding Section 32, Wages, the Union sought a 2% wage increase effective July 1, 2019, an additional 2% increase effective July 1, 2020, a 3% increase effective July 1, 2021, and an additional 3% increase effective July 1, 2022.

For its part, the Employer Group opposed any wage increase.

Section 32-A. Compensation Adjustments

The Union's proposal included catch-up step movements and a new step. The Employer Group was opposed.

Section 55. Duration

The Union's proposal is for a 4-year CBA; the Employer Group asserts that a 2-year agreement is appropriate.

VII. ANALYSIS OF ISSUES IN CONSIDERATION OF STATUTORY CRITERIA

Pursuant to the criteria of HRS §89-11(e)(2)(c), the Parties agreed that the Panel would have discretion to fashion an appropriate and reasonable Award that would be grounded in consideration of the record documents and testimony, as well as the arguments and positions of the Parties, in the context of the standards expressed in HRS §89-11(f). In this regard, the Panel understands that it is required to consider each of the factors, and that no factor is determinative on its own. Rather, the statute allows the Panel discretion to determine the weight to be given each factor, as well as how to balance each factor both separately and as a comprehensive whole.

Consistent with interest arbitration generally, the Parties presented extensive testimony and voluminous documents. Although the Panel has carefully reviewed the entirety of the evidence, we have not responded to every document or every part of the testimony. Instead, we focused primarily on the factors the Parties emphasized at hearing and those that were determinative in shaping our Award. In our analysis, the Panel understood that interest arbitration is essentially an extension of the collective bargaining process that seeks to decide the outstanding issues in a manner that would reasonably approximate what the parties would have reached during good faith bargaining, in consideration of the statutory factors. Finally, the Award need not constitute either of the Parties' final positions, but must represent a fair and equitable determination, grounded in consideration of all the factors.

As demonstrated in detail below, the Panel's analysis, in the context of HRS §89-11(f), followed the overriding statutory admonition that:

"(F) An arbitrator or arbitration panel in reaching its decision shall give weight to the following factors and shall include in its written report or decision an explanation of how the factors were taken into account:"

In accord with that direction, the Panel considered each factor below both individually and as interconnected with the other criteria, as follows:

(1) The lawful authority of the employer, including the ability of the employer to use special funds only for authorized purposes or under specific circumstances because of limitations imposed by federal or state laws or county ordinances, as the case may be;[3]

There is no dispute regarding the lawful authority of the Employer Group. In addition, the Panel finds no legal restriction on the ability of the Employer Group to use special funds for the purpose of the increases set forth in this Award.

(2) Stipulations of the parties.[4]

The Parties have stipulated that this matter is properly before this Panel for resolution.

(3) The interests and welfare of the public.[5]

The Panel appreciates that the employees in Bargaining Unit 11 provide numerous valuable contributions that support the interests and welfare of the public. In that regard the Panel recognized in particular the insights of Thomas Williams, Executive Director of the Employees Retirement System of the State of Hawaii (ERS), who testified that all stakeholders in Hawaii rely on the services provided by the counties and the State.

With regard to the ability of the Employer Group to attract and retain quality firefighters in support of these contributions, as described below, the Panel is persuaded that notions of fairness and reasonableness require wage levels and compensation adjustments that are adequate in relation to comparable internal and external comparators and to account for anticipated increases in the cost of living. The Panel is satisfied that the wages and adjustments reflected in this Award in Sections 32 and 32-A as set forth below support those interests.

In addition, the Panel recognizes that the existing Section 27-A, Rank-for-Rank Recall, contributes to the public welfare by helping prevent and avoid safety problems that could adversely impact the public. Thus, although the Rank-for-Rank provision may increase overtime costs, the Panel appreciates that its value to public safety and to the morale of the Bargaining Unit 11 members

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[3] HRS §89-11 (f)(1).
[4] HRS §89-11 (f)(2).
[5] HRS §89-11 (f)(3).

outweighs any fiscal concerns. Based upon the record evidence presented at this hearing, the Panel is fully satisfied that the interests and welfare of the public are properly addressed in this Award.

(4) The financial ability of the employer to meet these costs; provided that the employer's ability to fund cost items shall not be predicated on the premise that the employer may increase or impose new taxes, fees, or charges, or develop other sources of revenues;[6]

General Considerations

As the financial ability of the members of the Employer Group constitutes an exceptionally critical factor, the Panel sets forth general considerations below, followed by specific analysis of each County and the State.

Relying on budgetary documents that indicate uncertainty in the counties' future financial condition, the Employer Group contends that revenues from real estate taxes, the major source of funding for the budget of each County, cannot be determined with any precision and may well decline in the upcoming years. In addition, Act 268, passed in 2013, requiring that each County pay its full portion of the annual required contributions for various post -retirement benefits, will impose substantial increased costs to the counties. Moreover, as those contribution rates are fixed, the counties lack flexibility. In light of the foregoing, the Employer Group generally asserted that any increased costs to the CBA would exacerbate their known financial challenges.

For its part, the Union asserted that the counties' budgets do not provide a reliable basis to objectively assess financial ability to meet the compensation increases sought by the Union. Rather, in reliance on the counties' Comprehensive Annual Financial Reports (CAFRS) and bond ratings by well respected, independent organizations that employ widely accepted benchmarks regarding fund balances and expenditures, the Union contends that the Employer group has failed to demonstrate financial inability to meet the Union's positions.

[6] HRS §89-11 (f)(4)

<u>Employer Group</u>[7]

Honolulu

Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services, testified on behalf of the City and County of Honolulu.[8] Mr. Koyanagi predicted that expenditure increases are projected to outpace revenues. In that regard he relied substantially on the cyclical nature of real property taxes, that represent 86% of general fund revenues. Further, he expects that assessed values will eventually level off or even decline, adversely affecting property tax revenues.

Mr. Koyanagi also noted that the Transient Accommodations Tax (TAT) (representing about 3.3% of general fund revenues) is permanently capped, that Public Service Company taxes (representing about 2% of general fund revenues) have been decreasing since 2014 and that four charter created funds cannot be used for other purposes.

Mr. Koyanagi also raised substantial concerns about increasing retirement costs as a result of legislation requiring 100% of annual required contributions for employees' postemployment benefits (EUTF), as well as required rate increases to the ERS, amounting to an increase from 25% to 41% for Police and Fire and from 17% to 24% for all other employees. In actual cost terms, the County's total annual required contribution for 2019 is $177 million; in 2020 the amount increases to $184 million; in 2021, $190 million, in 2022, $197 million. Specifically, with respect to Bargaining Unit 11, after the four-year phase-in, for every dollar of compensation to a firefighter, the City will contribute $0.41 into the ERS.

Mr. Koyanagi also highlighted an increase in overtime costs since the introduction of Rank for Rank in the CBA for Bargaining Unit 11. Thus, a rather constant level of overtime costs between 2008 and 2014 preceded a sharp increase from approximately $11 million in 2014 to $25 million in 2018.[9]

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[7] Neither the State nor the County of Maui testified or presented affirmative evidence on this factor.
[8] As there was an understandable similarity of arguments from the counties, the Panel sought to avoid burdening the record with unnecessary duplication.
[9] The Union countered that overtime is subject to numerous variables, including unanticipated absences, unfilled vacancies and other circumstances. Moreover, overtime must be approved by management.

Mr. Koyanagi also highlighted an additional, consequential expense that results from a formula established by the legislature. Thus, individuals who earn additional monies above base pay (generally as a result of unscheduled overtime) before retirement are entitled to an increased pension because of those additional earnings. Those retirees who accordingly receive a fixed percentage above base pay are labeled "spikers." In such circumstances the employer is billed an additional amount to compensate for the more robust benefits that a "spiker" will receive from ERS during retirement. For instance, for fiscal 2018, the City was billed over $5 million for the firefighter retirees who were "spikers." The City projects similar increases in the future.

Further, Mr. Koyanagi raised concerns about increasingly high borrowing costs in part as a result of the need for significant funds to support the Honolulu Authority for Rapid Transportation (HART), the current light rail construction project. Thus, in November 2018 the City issued $44 million in debt for rail construction. The City also expects to add bus routes to bring people to the rail stations; although uncertain, the costs from these endeavors could be substantial.

In summary, Mr. Koyanagi concluded that:

- General fund expenditures will increase faster than revenues.
- Rail operating costs will place a heavy burden on the City's finances.
- Unless the City increases its revenues or reduces its services, the fund balance will continue to decrease.
- Even with the Employer Group's proposal of no wage increase, expenditures would exceed revenues.

Kauai County

Budget Administrator Mr. Ken M. Shimonishi testified on behalf of the County of Kauai. He produced evidence that the County's general fund balance, although increasing each year since FY 2014, remains below the FY 2010 total. Significantly, faced with a steadily decreasing fund balance in FY 2014, the County engaged in a Long -Term Financial Planning project with the Government Finance Officers Association (GFOA). As a result, the County committed to a structurally balanced budget policy that requires a disciplined approach, providing that recurring revenues would equal recurring expenditures.

With respect to the fire department specifically, the County has experienced cost increases over the past eight years of approximately 7.2% annually. Further, ERS contributions alone will increase 5% for FY 2020 and another 5% for FY 2021. Based on the Union's proposals, as well as the scheduled increase in ERS contributions, the County projects year over year expenditure increases in the following percentages: FY 2019, 5%, FY 2020 8.7%, FY 2021 12%, FY 2022 11.8% and FY 2023 11.0%. In addition, Transient Accommodations Tax (TAT) revenues are capped by the State legislature and will not increase.

In summary, although the last four fiscal years indicate improved financial performance, the impact of increased ERS contributions in particular will continue to challenge the County's ability to produce structurally balanced budgets. Moreover, any increased costs in the CBA will add to those challenges.

County of Hawaii

Deanna Sako, Director of Finance, testified that the County's revenue projections are not keeping pace with required fringe benefit and salary increases. In that regard, the trajectory of real property taxes, that represent approximately 75% of revenues, is uncertain, particularly because of the lava incident and Hurricane Lane. On the other hand, total employee related expenses, representing approximately 63% of the County's expenditures, continue to increase.

Significantly, since 2010 the percentage of overtime costs attributed to Bargaining Unit 11 has increased to the extent that they now represent nearly 50% of the County's total overtime costs, although the department represents less than 18% of the total number of full-time equivalent positions. Of that amount, approximately 25% resulted from rank- for- rank overtime. Thus, with increases from uncontrollable expenditures such as health coverage, increases from known collective bargaining agreements and increases mandated by ERS, the County predicts a shortfall in fiscal 2019.

In summary, the County of Hawaii asserted that it seeks an agreement that is "fair and reasonable," but that it would have difficulty meeting the terms of the Union's final position.

Employees' Retirement System of the State of Hawaii

Mr. Thomas Williams, Executive Director of the Employees' Retirement System of the State of Hawaii (ERS), was called by the Employer Group as a witness to provide evidence concerning the status, health and challenges of the State's retirement system. He was not asked to venture an opinion on any of the Parties' proposals.

As an initial matter, Mr. Williams observed that vested pension benefits are protected by the Hawaii State Constitution and that current law requires that the retirement program be fully funded in a maximum of 30 years or less. Fortunately, the State legislature adopted a phase -in process so that the employers could anticipate increased contributions and could incorporate them into their fiscal plan, providing predictability for that sector of expenses.

Mr. Williams further observed that the health of the pension plan has a significant impact upon the rating agencies such as Moody's, Standard & Poor and Fitch. Thus, to the extent the public entity has a solid plan in place to address unfunded liabilities, the government agency receives higher ratings and lower bond costs. Conversely, to the extent that an organization lacks well developed strategies to address unfunded liabilities, it receives lower bond ratings, resulting in higher borrowing costs.

Mr. Williams views the stakeholders to the pension plan as the entire community, because the community depends on these plans, as everyone relies on the services that the plan members provide. Further, with the high cost of living in Hawaii often a detriment to attracting certain talented people, a strong and healthy retirement system helps offset this disadvantage.

In summary, Mr. Williams asserted that the pension program is vital to the entire Hawaii community and that it is critical to ensure that the pension fund remain sustainable, not only for the membership, but for the benefit of the entire State.

Union

As in prior years, the Union's expert witness on the ability to pay criteria was Timothy F. Reilly, a Certified Public Accountant, who holds a Master's in taxation and is a member of both the American Institute of Certified Public Accountants and the Government Financial Officers Association (GFOA). Mr. Reilly has been testifying in Hawaii regarding his financial analyses in interest arbitration hearings for more than 20 years.

Initially, Mr. Reilly testified that the budgets on which the Employer Group representatives relied for their testimony are of limited value, in essence reflecting political activity that results in a financial plan of operation. Although budgets provide an estimate of revenues and a spending plan based on those resources, they fail to address the financial condition of the public entity. Rather, budgets explain what revenues the organization expects to receive and expenditures it anticipates regarding those resources. However, the budgets fail to reveal liabilities, capital assets, receivables, cash balances and resources available to the government. In essence, Mr. Reilly asserted that a budget is a spending plan that allows the elected government officials the ability to determine whether the budget priorities set by elected officials are being followed.

By contrast, according to Mr. Reilly audited Comprehensive Annual Financial Reports (CAFRs) remain a much more informative and more meaningful basis to analyze the actual financial condition of the members of the Employer Group. CAFRs include the auditor's financial report, financial statements and a 10- year statistical section. Especially telling, CAFRS provide the critical information on which the independent rating agencies, such as Moody's and Fitch determine the bond ratings for governmental organizations, thereby providing significant and objective evidence of the financial health of the institution. In turn these ratings determine the cost of borrowing money from bonds.

Based primarily on his review of the CAFRs and the bond ratings of each member of the Employer group, Mr. Reilly reached the following conclusions with respect to each individual Employer Group member.[10]

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[10] As with the Counties' presentations, we have attempted to avoid undue duplication regarding Mr. Reilly's testimony.

The City and County of Honolulu

According to Mr. Reilly, the City and County's governmental activities as presented in the CAFRs are healthy and growing stronger. Since the end of the recession, revenues have experienced strong growth due to rising property values and growth in nontax revenues. The General Fund maintains a strong cash and investment balance to revenues ratios and a strong unrestricted fund balance to revenues ratios.

By contrast, the unreliability of budgets is demonstrated in the years between 2013 and 2018, in which the City and County underestimated actual revenues in amounts ranging from $2.3 million in 2016 to $19.8 million in 2013. Likewise, there was also a favorable variance for expenditures during those reporting years, meaning that less was spent than budgeted. Indeed, with the exception of years in which there was a recession, as far back as 1990 there has been favorable variances from the budgeted revenues and expenditures every single year. For the most recent year, the variance was over 10%, resulting in a favorable variance of $119.6 million. Similarly, contrary to the actual results, the annual budgets for the years between 2013 and 2018 projected deficits.

More specifically, total revenues to the City and County since 2015 have experienced substantial growth. For instance, between 2008 and 2018 total tax revenues increased from $900 million to $1,320 billion in 2018. Of that amount, real property tax revenues grew from $776 million in 2008 to $1,188 billion in 2018, an increase of over 50%. More recently, for the fiscal year ended June 30, 2018, the real property tax revenue increased 7.12% over the prior year.[11]

With respect to the HART, that is responsible for developing and operating the city's "fixed guideway system," the revenues of its fund are restricted to solely finance HART construction. HART's net position grew from $1.285 billion to $2.953 billion in 2018. Although facing significant financial challenges, since January 1, 2018, the passage of additional legislation has resulted in increased revenue to HART. Consequently, Mr. Reilly considers the fund to be healthy.

[11] Union Exhibit number 59.

On the other hand, Mr. Reilly acknowledged that public service tax revenues have been decreasing, primarily because of new technologies. For instance, the State of Hawaii's program for solar panels has resulted in revenues to utilities decreasing, a circumstance that is expected to continue. A similar circumstance derives from the switch to cell phones, with the use of land lines approaching obsolescence.

Perhaps most impressive, as the result of a strong local economy, substantial reserves, and effective financial management, Moody's and Fitch have recently rated the City's General Obligation bonds Aa1 and AA+ respectively, both just under the AAA rating. The underlying bases for the funds' respective conclusions follow.

Moody's considered the following strengths:

- The City's very large and growing property tax base, with large private and public construction projects.
- A robust economy with strong tourist appeal, anchored by significant and expanding military presence and strong government sectors.
- Prudent fiscal management and improving reserves.

Moody's also recognized certain challenges, including:

- A high cost of living and vulnerability to shifts in tourism.
- A burden from debt service, retiree pension costs and retiree healthcare costs.
- Uncertainties regarding the light rail construction project.

Moody's further acknowledged that Hawaii is the only state to adopt a plan to fully fund the other post-employment benefits (OPEB) annual required contribution, which improves the credit rating, but increases the annual fixed costs for local governments.

Fitch relied on:

- An economy that has proven its stability over the long term.
- An expectation that revenue growth will increase more rapidly than the average for the country.
- A substantial non-tourism economy that balances the inherent volatility of tourism.

In conclusion, Mr. Reilly asserted that the City's financial position is strong and continues to grow stronger due to its healthy and diversified economy, the accumulation of reserves, the large increase in assessed property values through 2018 and the continuing growth in residential values. His conclusion was that the City and County of Honolulu has the ability to afford increased financial costs with regard to Bargaining Unit 11.

County of Hawaii

Mr. Reilly testified that the County of Hawaii's financial health is strong and growing stronger. In support of that conclusion he relied on an increase of over 30% in net assessed property tax values from 2014 through 2019. As a result, property tax levies have increased substantially during that period of time. Further, an increase in the State's General Excise Tax (GET) tax revenues, although restricted to transportation, will allow unrestricted revenues to be spent on general expenditures.

With respect to the General Fund, its financial health and resources are strong, with large cash and investment balances and healthy unrestricted resources. Indeed, the General Fund experienced large favorable variances for both the adopted and final budgets in each of the previous nine (9) years. The County will also receive significant financial aid from FEMA and the State to help with reconstruction from the volcano and hurricane natural disasters.

In 2017 Moody's gave the County of Hawaii an Aa2 rating, considering the outlook stable. In so doing Moody's noted the County has:

- A sizable tax base that is expected to expand.
- Stable financial performance with healthy reserve levels.
- Manageable debt levels.
- Elevated pension and OPEB liabilities.

Likewise, in 2017 Fitch issued the County an AA+ rating, noting;

- Tourism proved resilient during the economic downturn.
- Continued diversification in other sectors such as government, higher education, science and technology.
- General fund revenue growth exceeded US economic performance.
- Moderate long-term liabilities relative to personal income.
- Exceptionally strong financial resilience.

More recently, on July 5, 2018, Moody's issued an analysis of the impact on credit from the volcanic activity at Kilauea. Its report noted that the County "has a number of tools it can deploy to address any significant costs, most notably its strong property taxing authority." Thus, Fitch anticipated that the volcanic activity will have a "manageable effect on the county's financial health."

The Union's exhibits also included an article from the January 19, 2018 edition of West Hawaii Today that described the County's Salary commission meeting the prior day, at which raises ranging from 15.4% to 34.6% for the top administrators were approved. According to a statement attributed to Finance Director Deanna Sako, the County had set aside a "provision for compensation adjustment" to prepare for union collective bargaining agreements and that there should be enough money for management-level raises also.

In light of all the foregoing Mr. Reilly concluded that the County of Hawaii's strong financial health demonstrates that it has the ability to afford the increased costs associated with Bargaining Unit 11's CBA.

Kauai

According to Mr. Reilly, the financial condition of the County of Kauai is also very healthy. For instance, property tax revenues since 2014 have increased by more than 20% as a result of increasing assessed values and a significant increase in the direct tax rate. Indeed, except for interest, all components of the governmental fund revenues showed strong growth since 2009. Further, Mr. Reilly noted that the County will receive significant resources from FEMA to repair damage from Hurricane Lane, offsetting any future County expenditures for that purpose.

In addition, for the years 2013 through 2018, the County projected deficits each and every year for both the adopted and the final budget. However, in most of those years the final budget variance was favorable. Also, the unrestricted fund balance as a percentage of ratios for the past three years exceeded 30% and in fact grew to 38.4%.

In October 2017 Fitch issued an "AA" rating regarding the County's general obligation bonds, based on:

- Strong revenue framework.
- Moderate long-term liability burden.
- Strong operating performance, somewhat offset by its large and growing carrying costs for debt service and retiree benefits.

Fitch also noted that the County is well-positioned to address economic challenges.

Similarly, in the same month Moody's assigned the County the rating of Aa2, reflecting:

- The County's sizable tax base, with a tourism driven economy.
- Stable financial performance with improved reserve levels, manageable debt levels, and elevated pension and OPEB liabilities.
- Consistent tax base growth.
- Reserve levels that are above prudent.
- A low debt burden.

Based on the above factors, Mr. Reilly offered the opinion that Kauai has the ability to afford increased expenditures for Bargaining Unit 11's CBA.

Maui

Mr. Reilly's analysis of the financial ability of the County of Maui included an observation that property tax revenues, the largest source of funds for Maui, continue to increase, largely as a result of increased assessed values, and are projected to increase again in 2019. Although other revenues decreased, such sources constitute an insignificant portion of the overall revenue stream.

Mr. Reilly also recognized that on September 28, 2018, President Trump approved a Major Disaster Declaration for Hawaii. The Declaration made federal funding available to state and local governments for emergency work and repair or replacement of facilities damaged by Hurricane Lane, causing widespread flooding and downing trees and power lines. The downed power lines caused wildfires, resulting in additional damage. As a result of the Presidential Declaration, Maui will receive payment of not less than 75% of the eligible costs for emergency protective measures taken to save lives and protect property and public health, for repairing or replacing damaged public facilities and for hazard mitigation projects to prevent or reduce long-term risk to life and property.

Mr. Reilly also relied on the independent conclusions of Maui's credit worthiness, including Moody's Aa1 rating, reflecting:

- A large and growing property tax base and a healthy local economy.
- Strong financial flexibility.
- A strong management team.
- A modest direct debt burden composed entirely of fixed rate debt.
- An above average budgetary burden from the combination of debt service, pension and employee and retiree healthcare costs.

In reaching its conclusions Moody's recognized that pension and OPEB payments will substantially increase annual fixed costs relative to budget.

Similarly, Standard and Poor's assigned an AA+ rating to Maui, relying on the County's:

- Adequate economy.
- Strong management, with good financial policies and practices.
- Adequate budgetary performance.
- Very strong budgetary flexibility.
- Very strong liquidity.
- Strong debt and contingency liability profile.

Based on the evidence discussed above, Mr. Reilly asserted that Maui also has the ability to afford increased contributions to the CBA of Bargaining Unit 11.

State of Hawaii, Department of Transportation, Airports Division

Unlike the revenue sources for the counties, the airports are supported by an Enterprise Fund that under federal law can spend its revenues only on airport services, airport debt and airport expenses. Revenues derive from the users of the airports through charges for landing fees, fuel fees and by rates imposed on the airlines. Even with a substantial recent net investment in remodeling of the airport, the Fund is extremely healthy. In addition, the airports have significant non-operating revenues that far exceed non-operating expenses.

Based on the above, Mr. Reilly expressed his conviction that the State can readily afford the increased costs associated with Bargaining Unit 11's CBA.

Panel's Resolution

The Panel recognizes the well-settled principle that an employer bears the burden of demonstrating an inability to pay. As expressed in a leading treatise, "Employers who have pleaded inability to pay have been held to have the burden of producing sufficient evidence to support the plea."[12] That principle has been applied in the public sector generally and in particular in successive Opinions and Awards involving the same parties as here.[13] For example, in 2000 Arbitrator Thomas Angelo analyzed the employer's burden of proof pursuant to this statutory scheme, with the following observations:

> ... an inability to pay requires sufficient evidentiary support to demonstrate the diversion of revenue to wages would so seriously hamper other government obligations that the public's interest would be substantially and adversely affected. An unwillingness to pay is based more on a preference to spend revenue on non-wage items. There is nothing inherently suspect or deficient about such an argument, and in fact it is implicit in the statutory factors we must consider. However, the evidentiary test is different in that there must be a showing that even with the ability to pay there would be a resulting inability to meet fundamental needs of the public.[14]

After elaborating on examples of successful and unsuccessful inability to pay scenarios, Arbitrator Angelo further observed:

> In interest arbitration, this unwillingness to pay can be supported by showing that while the wage payment could be made it would so seriously impact on other expenditures that it cannot be justified. One question is whether the outlook for the individual will change so as to ameliorate the problem. For example, if revenues will increase or other funding is available, then both wages and discretionary spending can take place.[15]

In assessing the record evidence in the context of the above standards, the Panel acknowledged Mr. Reilly's expertise, developed in his role as a certified public accountant and through financial analyses and testimony for over 20 years in interest arbitrations conducted in Hawaii and elsewhere. Further, although the Panel found the counties' various budget presentations informative, the Panel ultimately was persuaded that the CAFRs and the credit ratings by the

[12] Elkouri & Elkouri, How Arbitration Works, 22 – 65 (8th Ed., 2016).
[13] See City of Havre, Montana, 76 LA 789 (Snow, 1981) and City of Clinton, Iowa, 72 LA 190, 196 (Winton, 1979).
[14] Union Ex. 25, pp. 28.
[15] Union Ex. 25, pp. 29 and 30.

independent rating agencies provide more reliable and more persuasive insights regarding the counties' financial conditions. In reaching this conclusion, the Panel also recognized that prior awards involving these same parties and other awards have placed controlling weight on audited financial reports such as the CAFRs.[16]

As the Panel finds the 2013 and 2017 awards involving these same parties well- reasoned, the Panel agrees that precedent supports attaching more weight to the CAFRs than to the budgets. In addition, the Panel considered it particularly significant that the well- respected and influential independent rating agencies rely on the audited CAFRs for purposes of their analyses. As explained by Mr. Williams, the financial markets in turn rely on the bond ratings to determine the rates at which the public entities can borrow. In light of the undeniable value of the independent bond ratings in the financial markets, the Panel considered those ratings, and the CAFRs that provide the underlying information for the ratings, as augmented by Mr. Reilly's testimony, to be controlling for purposes of assessing the inability to pay factor.

On the other hand, the Panel recognized that projections about ability to pay necessarily are subject to uncertainty, particularly as the time frame extends further into the future. In addition, the Panel appreciates that the State and the Counties will seldom have sufficient revenues to undertake every seemingly valuable initiative for the public welfare. However, in the context of HRS §89-11 and the evidence above, the Panel is persuaded that the Employer Group failed to demonstrate that the wages and wage adjustments set forth in this Award would substantially and adversely affect other governmental obligations, or seriously impact other priority expenditures. In reaching this assessment, the Panel understood that it could not base its conclusion about present or future economic condition "on the premise that the employer may increase or impose new taxes, fees, or charges or develop other sources of revenues."

On the other hand, in recognition of the concern of the Employer Group that property tax revenues are subject to uncertain change, and that economic projections become increasingly unreliable as

[16] Union Ex. 21, pp.5; Collins Award, Nov. 15, 2013; Union Ex. 3 (B), Gaba Arbitration Report, May 11, 2017. See also Cuyahoga County Sheriff's Department, 102 LA 143, 145 (Strasshofer,1993)), that gave more probative value to comprehensive audited financial reports than budget figures.

the timeframe is extended, the Panel will adopt the Employer's position that Article 55, Duration should only reflect a 2-year CBA, rather than the 4-year agreement sought by the Union. This latter conclusion necessarily results in denying the Union's position to the extent it sought wage increases of 3% in both 2021 and 2022.

(5) The present and future general economic condition of the counties and the State;[17]

In its deliberations the Panel recognized that the Employer Group, particularly as a result of the increased contributions to the ERS fund as described above, will be responsible for significantly higher pension and retiree medical costs in the near future. With those constraints foremost in mind, the Panel concluded that the present and future general economic condition of the members of the Employer Group, as demonstrated in part by the objective and favorable bond ratings for each County within the Employer Group, demonstrate the ability to pay the increased costs of this Award. In that regard the Panel was persuaded that the relatively strong financial conditions of each member of the Employer Group, particularly with this award expiring in 2021, outweighed concerns about increased pension and health fund costs, as well as the uncertainty of the direction of the real estate market.

(6) Comparison of wages, hours, and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours, and conditions of employment of other persons performing similar services, and of other state and county employees in Hawaii;[18]

The Panel recognizes that the above statutory criteria requiring a comparison of wages, hours, and conditions of employment of Bargaining Unit 11 Employees to "other persons performing similar services" and "other state and county employees in Hawaii" constitute crucial factors, warranting substantial weight in our deliberations. Set forth below is the essential evidence on which each Party relies regarding these criteria, followed by our analysis.

[17] HRS-§89-11(f)(5).
[18] HRS-§89-11(f)(6).

A. Comparison to "other persons performing similar services"

1. Evidence from the Employer Group

Mr. Patrick Kilbourne, a consultant with the global research firm Berkeley Research Group, provided the results of his comprehensive research and testified extensively on behalf of the Employer Group regarding comparability. No stranger to this issue, Mr. Kilbourne has been a witness since 2005 at numerous interest arbitration hearings in Hawaii regarding many of the various bargaining units. The employee groups on which Mr. Kilbourne primarily relied for his comparability analysis regarding "other persons performing similar services" included:

- The firefighters in Hawaii employed by the federal government;
- Average firefighter wages throughout the United States;
- Firefighter compensation by state;
- The California State Firefighters, IAFF Local 2881.

In his presentation Mr. Kilbourne relied most prominently on a comparison between the firefighters in Bargaining Unit 11 to the civilian firefighters who work for the federal government in Hawaii. In support of this position Mr. Kilbourne testified that the federal firefighters are the only employee group performing similar work that shares geographic proximity, the same cost-of-living, the same taxes and the same demographics with members of Bargaining Unit 11. In addition, the two groups have mutual aid agreements and on occasion work cooperatively together by responding to emergencies, particularly at the airport on Oahu. In further support of his position, Mr. Kilbourne cited observations in which arbitrators in past matters involving other Employer Group bargaining units concluded that federal employees in Hawaii represented valid comparators to the bargaining units in dispute.

According to Mr. Kilbourne's analysis of the wages and other terms and conditions of employment of the Bargaining Unit 11 firefighters with the federal firefighters in Hawaii:

- Bargaining Unit 11 wages exceed those of the firefighters employed by the federal government in Hawaii by 46%.

- Including scheduled overtime, the Bargaining Unit 11 wages exceed the federal firefighters by about 4%. However, federal firefighters work 826 hours of scheduled overtime more than do the Bargaining Unit 11 members.
- The benefits for Bargaining Unit 11 employees, including but not limited to retirement benefits, also substantially exceed those for civilian employees of the federal fire department in Hawaii.[19]

While maintaining that the federal firefighters remained the most appropriate comparator, with regard to the West Coast jurisdictions on which the Union relied, Mr. Kilbourne testified that past arbitration awards reached inconsistent results regarding the value of relying on those departments. Further, to the extent comparisons to the West Coast are considered, the bargaining unit of the California State Fire Fighters, IAFF Local 2881, more closely resembles the firefighters in Bargaining Unit 11. In that regard Local 2881 includes a combination of urban and rural firefighters, much like those in Bargaining Unit 11. Significantly, the average annual salary for a Bargaining Unit 11 firefighter is approximately 37% more than the maximum annual salary of the Local 2881 firefighters, assuming both groups work 53 hours per week at regular pay rates. In addition, with scheduled overtime, Bargaining Unit 11 firefighters receive an average annual salary that is 1% less than the maximum annual salary of California state firefighters. However, Local 2881 members work 822 hours more than the firefighters in Bargaining Unit 11.[20]

Mr. Kilbourne further contended that, to the extent that comparisons to firefighters on the mainland are valid, a national perspective, rather than a focus on a dozen high cost jurisdictions on the West Coast provides a more realistic perspective. His analysis of the nationwide average revealed that the wages of Bargaining Unit 11 firefighters exceed the national average firefighters' wages by at least 13%. Finally, among all the states, Hawaii ranks 10th highest in terms of wages for its firefighters.[21]

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[19] Employer Ex. 4 (A), pp. 50-56.
[20] Id., pp. 69-72.
[21] Id., pp. 62.

Addressing the 2017 Award regarding Bargaining Unit 11, Mr. Kilbourne stressed that neutral arbitrator David Gaba recognized that the placement of greater weight on Hawaii comparisons, rather than Mainland data, was "consistent with arbitral views generally." In questioning the ultimate conclusion of the 2017 panel that nevertheless continued to rely on the "West Coast 12,'" Mr. Kilbourne further noted that since the 1984 amendments, arbitrators have placed much more emphasis on local comparators, rather than the West Coast jurisdictions.

2. Evidence from the Union

Testifying on behalf of the Union was Ken Akins, who is with University Research & Associates, a consulting firm that performs compensation work for both employers and employee organizations. A witness regarding these matters during the 2013 and 2017 hearings, Mr. Akins prepared for this hearing by focusing on the jurisdictions that had been relied upon in the 2013 and 2017 awards for purposes of comparison and updated his information to reflect the total compensation for the firefighters in those locales. The departments included Seattle, Portland, San Francisco, Oakland, San Jose, Long Beach, Los Angeles County, Los Angeles City, Sacramento, Phoenix, Las Vegas and Clark County. Although agreeing that geographic proximity and population are two criteria that are relevant and material to selecting comparable jurisdictions, Mr. Akins contended that the historical 12 West Coast jurisdictions represented the largest departments on the West Coast, and that he was unaware of any superior criteria.

Mr. Akins further testified that in examining classifications for consistency, he relied upon skills, knowledges and abilities as well as minimum qualifications for the respective positions, in addition to duties. As not all jurisdictions have the same classifications as Bargaining Unit 11, Akins' analysis primarily focused on the classification of firefighter 1 or its equivalent, the same methodology as in the two immediately prior arbitrations.

The results of Mr. Akins' analysis reflect that the average hourly rate of the 12 West Coast jurisdictions is $32.06 per hour, a 14.53% greater hourly rate than that enjoyed by the members of Bargaining Unit 11.[22] In addition, a comparison of total compensation, including benefits such as

[22] Union Ex. No. 39.

education, holidays, and insurance reveal that Bargaining Unit 11 members lag behind their West Coast 12 counterparts by about 25%.[23]

Mr. Akins' testimony also included data from the federal firefighters in Hawaii, only because the Employer group raised them as a comparator during the most recent arbitration proceeding.[24] With respect to the federal firefighters, Akin concluded that, as they receive overtime after 53 hours per week, and with COLA and locality pay included, their average hourly rate is $29.05. Further, as the federal firefighters work a 72- hour work-week, in contrast to the more customary 56 -hour work week, they receive time and ½ for 19 hours per week as part of their pay.

Mr. Akins also contended that the Local 2881 firefighters are not comparable to Bargaining Unit 11, because Local 2881 members work with different configurations and schedules, and frequently respond to forest fires or wildland fires, a very different task from the customary activities of Bargaining Unit 11 members. Further, Local 2881 members work with different equipment, and lack the variety and challenges that exist in an urban area such as Honolulu. In addition, information about Local 2881 compensation is outdated, as their new overtime agreement will reduce their regular work week to 56 hours. Accordingly, Local 2881 members will receive an increased amount of overtime pay, raising their salary by about $6,000.[25]

Analysis

In analyzing the Parties' competing arguments and evidence regarding the most appropriate comparators, the Panel appreciates the Employer Group's principal reliance on the federal firefighters, as they are most physically proximate to the Bargaining Unit 11 members. Indeed, placing great weight on individuals in the same occupation who share the same geography is

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[23] Union Ex. No. 47.

[24] Mr. Akins testified that inclusion of the federal firefighters in Hawaii in his analysis was not intended to endorse them as an appropriate comparable. Rather they were included only because he expected the Employer group to do so.

[25] As the Panel does not accept the federal firefighters or Local 2881 as the appropriate comparators, in order to avoid burdening the length of the Award, we do not set forth the Parties' detailed disagreements about their respective compensation.

consistent with the views expressed by many arbitrators, including in prior arbitrations involving these parties.

On the other hand, precedent is another well -established principle that often serves a decisive role in directing outcomes of arbitral awards. For instance, many years ago an arbitrator observed, "it is obvious that in arbitration as in other fields, respect must be paid to accumulated wisdom and experience."[26] Here an examination of the two most recent arbitration awards for Bargaining Unit 11 reveals that the arbitrators relied upon the same 12 West Coast jurisdictions which Mr. Akins emphasized in his testimony in this hearing. For instance, in the 2013 Award, Arbitrator Collins concluded:

> Ken Akins of University Research Associates, an expert witness called by the Union, testified persuasively regarding internal and external wage comparability. Akins compared employees in Bargaining Unit 11 to similar employees in the 12 jurisdictions on the West Coast of the United States that have been cited in prior interest arbitration proceedings involving these parties. A majority of the Panel found that analysis to be cogent and persuasive, and we conclude that firefighters are significantly behind their historic counterparts.[27]

In reliance on the above reasoning, in 2017 Arbitrator David Gaba reached the same conclusion, observing that the 12 mainland West Coast jurisdictions "represent well-established precedent in previous interest arbitrations with these parties."[28] After citing the above language from Arbitrator Collins and recognizing that both parties made good arguments, Arbitrator Gaba concluded: "The Panel sees no reason to deviate from Arbitrator Collins' analysis and finds that his reliance on the "West Coast 12" is still valid."[29]

This Panel recognizes that in general prior arbitration awards that interpret similar issues between the same parties are not binding to the same extent as authoritative legal decisions. Thus, arbitrators do not follow the well -developed "stare decisis" principles applied by the courts. On the other hand, as a leading treatise observes, prior arbitration awards: ... " may have a force that can be fairly characterized as authoritative."[30] Among the factors that commonly determine whether a prior opinion should be considered authoritative is whether the same provisions, the

[26] *Cochran Foil Co.*, 26 LA 155, 157 (Warns, Jr., 1956).
[27] Union Exhibit No. 21, pp. 6.
[28] Union Exhibit No. 3 (B), pp. 29.
[29] Id.
[30] Elkouri & Elkouri, *How Arbitration Works*, 11-8, 8th Ed., 2016).

same parties and the same evidence were at issue in both proceedings. Thus, in the absence of materially changed circumstances, the prior award or awards may often be persuasive.

Significantly, in the hearing that culminated in the 2017 Award, Mr. Kilbourne submitted a strikingly similar argument to that present here, comparing Bargaining Unit 11 employees to: (1) civilian firefighters employed by the federal government in Hawaii; (2) other public safety employees employed by the Employer group; (3) national average firefighter wages; and (4) firefighter compensation by state.[31] With the exception that Mr. Kilbourne introduced Local 2881 into this proceeding as an additional secondary comparator, the Panel is persuaded that the 2017 Panel faced the nearly identical external comparator issues as were presented here.[32] Further, although recognizing that Mr. Kilbourne made a vigorous argument that Local 2881 should be considered a comparator, the Panel also appreciated that Mr. Akins described many characteristics that were both unique to Local 2881 and distinct from Bargaining Unit 11. In evaluating these competing contentions, the Panel is persuaded that established precedent and the uncommon features of Local 2881 preclude reliance on that organization.

Based on the above, in balancing the Parties' respective contentions, the Panel is persuaded that the Employer Group's additional arguments do not constitute a material change from its positions in 2013 and 2017 that the federal firefighters represent the most appropriate comparator. In light of the foregoing, particularly the similarity of facts and the Parties' positions in the 2013, 2017 and the present hearing, the Panel determined that the two most recent and well- reasoned awards are entitled to controlling deference. In that regard, the Panel did not attach much weight to the awards prior to 2013, as material differences in important circumstances are more likely as the distance in time from the present increases, and as those decisions were not uniform in their assessment of the appropriate comparators. Accordingly, in consideration of all the foregoing, the Panel relies on the well-accepted principle of precedent to determine that the historic 12 West Coast jurisdictions remain appropriate for purposes of comparison with Bargaining Unit 11.

[31] Union Ex. No. 3 (B), pp. 26.

[32] Local 2881 was presented by the Employer Group not as a primary comparator, but as an arguably more realistic comparator or if one were to look to the mainland.

B. To Other State and County Employees in Hawaii (Internal Comparability)

1. Employer Group

With respect to other public safety employees in Hawaii, Mr. Kilbourne testified that the firefighters earn more than paramedics, EMTs, water safety officers and sheriffs. Specifically, the average hourly rate for the Bargaining Unit 11 firefighters is 13% more than the paramedics, 47% more than the EMTs, 24% more than the sheriff's and 40% more than the water safety officers. Only the police officers, with a 6% differential, earn a higher rate than Bargaining Unit 11members.[33]

In addition, in comparison to the other bargaining units in the Employer group, the members of Bargaining Unit 11 and the police benefit from retirement fund contributions of 31%, that will be increased to 41% over the next two years. By contrast, for the other bargaining units, the current 19% contribution rate will increase to 24%. Thus, even assuming the same salary, Bargaining Unit 11 members will receive a higher annual pension than individuals employed in the other bargaining units.

Further, the Hawaii Employers' Council conducts an annual survey of the labor market in Hawaii, including hundreds of companies with over 200,000 employees. For union employees with the largest companies, the median increase in 2018 was 2% and for all employees in Hawaii, the median was 3%. In fiscal year 2018 and fiscal year 2019 the weighted average increase for all the bargaining units in Hawaii, including Bargaining Unit 11, was 2% and 3%. In the entire Hawaii labor market for union employees, the increase in 2018 was just over 2%.

Mr. Kilbourne also asserted that various indicia demonstrate that the total compensation for members of Bargaining Unit 11 is obviously extremely attractive and even exceeds the market. In support of that proposition he relied on the "extraordinarily low" turnover among the firefighters, their unusually long tenure and the exceptionally strong competition for any new vacancies.[34] Mr. Kilbourne concluded that these factors demonstrate that the Bargaining Unit 11 members are very satisfied with their terms and conditions of employment.

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[33] Employer Ex. 4(A), pp. 58.
[34]Employer Ex 4(A), pp. 24.

2. Union

Mr. Akins testified that special consideration may be given to units which are comprised of employees who provide essential services that are critical in ensuring public health and safety, and that there is generally a relationship in most jurisdictions between the safety employees and first responders within each jurisdiction. In particular there is commonly a relationship between the compensation for the firefighters and the police. In that regard, among the West Coast jurisdictions that have been used as comparators, the police enjoy on average an 8% greater pay than the firefighters in those jurisdictions. By contrast, in Hawaii the police receive an approximately 16% higher salary then do the firefighters.[35]

Mr. Akins also emphasized that under the recently awarded State of Hawaii Organization of Police Officers (SHOPO) collective bargaining agreement, in addition to wage increases, the police received an extra $500 in 2019 and 2020 for firearms maintenance, as well as a lump sum bonus of nearly $2,000 in both 2019 and 2020.[36]

With respect to the Employer Groups' reliance on low turnover and high retention among Bargaining Unit 11 members, Mr. Akins testified without contradiction that both characteristics are common among firefighters generally and in particular in the West Coast jurisdictions, as firefighting is a career and a calling, rather than simply a job.

Analysis

The Panel is not persuaded that comparisons to public safety employees such as water safety officers, EMTs and paramedics provide appropriate bases for evaluating the compensation to firefighters. In that regard, although each of those groups provide invaluable public service, the Panel is unaware of any precedent to support the Employer Group's proposition and is satisfied that the nature of the work, the level of training required and the inherent dangers present in firefighting are sufficiently distinct to make any such comparisons inapposite.

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[35]Union Ex. 49.
[36] Union Ex. 33.

On the other hand, the Panel recognizes that the police officers in Hawaii and Bargaining Unit 11 members have a similar level of responsibility, require similar levels of training and are exposed to similar occupational risks. In light of the foregoing, and although the nature of the work and the work schedules and hours are very different, the Panel took notice of the compensation adjustments in the most recent SHOPO collective bargaining agreement in deciding the terms of this Award. In addition, the Panel in particular recognized that the members of Bargaining Unit 11 are treated less favorably relative to the Hawaii police officers than are the West Coast firefighters relative to the police in their respective jurisdictions. Under all these circumstances the Panel is persuaded that the wage and compensation adjustments set forth herein are warranted.

(7) ***The average consumer prices for goods or services, commonly known as the cost of living;***[37]
Cost of Living measures the weighted average of prices of a predetermined basket of consumer goods and services, food items, medical care and transportation. relying on the price changes for each item in the basket, resulting in the Consumer Price Index (CPI).

Employer Group

Mr. Kilbourne testified that the CPI measures the average change over time in the prices of consumer items, goods and services that people buy for day-to-day living. According to Mr. Kilbourne, the Bureau of Labor Statistics has concluded that the CPI must be confined to the location in question, as "In general, the composition of the Market Basket and the relative prices of goods and services in the market basket during the expenditure base period vary substantially across areas." In other words, as the basket for one location is not the same as the basket in another, it is not appropriate to use cost-of-living in one area for purposes of the absolute cost of living in another area. In Hawaii, the CPI for the prior several years has been close to 2% annually and for 2018 was 1.8%.[38]

Further, Mr. Kilbourne testified that over the last five years, Bargaining Unit 11 wage increases have been more than double the increases in the cost of living. He also disputed the value of the Union's reliance on the economic forecasts from the University of Hawaii Economic Research

[37] HRS § 89-11 (f)(8).
[38] Employer Ex. 4(A), pp. 12-16.

Organization (UHERO), as they have been historically erred on the side of projecting a higher CPI than the eventual result.

Union

The Union's evidence included the reports of UHERO, that addressed the anticipated CPI. Their forecast is for CPI in 2019 to be 1.9%, in 2020 to be 2.5% and in 2021, 2.4%.[39] The Union further contended that the cost-of-living in 12 West Coast jurisdictions demonstrates that Hawaii experiences an exceptionally high cost of living and that, despite recent salary increases, Bargaining Unit 11 members continue to receive substantially less compensation than their counterparts among the West Coast comparators.

Analysis

In the Panel's assessment the wage increases and lump sum payments provided herein are appropriate, given the anticipated CPI under either formula. In reaching this conclusion, the Panel also recognized the testimony of Mr. Williams, who characterized the high cost of living in Hawaii as a detriment to attracting and retaining talented individuals.

(8) The overall compensation presently received by the employees, including direct wage compensation, vacation, holidays and excuse time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received;[40]

The Panel's consideration of the overall compensation of Bargaining Unit 11 employees persuaded us that the increases provided herein are appropriate.

(9) ***Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings; and***[41]

During the arbitration proceedings the record contained no changes in any of the foregoing circumstances. Accordingly, this factor played no role in the Panel's deliberations.

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[39] Union Ex. No. 15.

[40] HRS §89-11(f)(8)

[41] HRS §89-11(f)(9)

(10) ***Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment through voluntary collective bargaining, mediation, arbitration, or otherwise between the parties, in the public service or in private employment."***[42]

Although the Panel understands that a potential "ripple effect" among other bargaining units in the Employer Group resulting from this Award is a frequently discussed factor, the Panel is persuaded that its focus must remain exclusively on Bargaining Unit 11 and the terms that are established for its successor CBA. Thus, the Panel did not and could not take into account any speculation about potential impacts on other bargaining units. Rather the Panel's analysis and considerations relied on the numerous factors set forth in HRS §89-11.

VIII. CONCLUSION

Based on the record evidence and pursuant to the rationale expressed above in reliance on the statutory criteria set forth in HRS §89-11, the Panel makes the following awards with respect to each open Section.

Section 27- A. Rank-for-Rank Recall

Based on the evidence presented, this Panel believes the Employer Group has the ability to pay Rank- for- Rank overtime and rejects the Employer Group's proposal.

Section 32. Wages and Section 32-A. Compensation Adjustments

Recognizing that it must balance all the statutory factors, the Panel has determined to incorporate neither of the Parties' positions in full. Rather, in order to effectively and equitably serve the interests of both the Parties and the public, and in particular to address the proposition that the real wages of the firefighters should not be reduced by factors beyond their control such as cost of living increases, the Panel awards across- the -board salary raises of 2% for the year beginning July 1, 2019 and an additional 2% for the year beginning July 1, 2020. In addition, the Panel determined that the placement of employees on the salary schedule shall be amended as set forth in Section 32.A.4 and Section 32.B.3 as set forth verbatim below. Further, as reflected in Section

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[42] HRS §89-11(f)(10)

32- C and Section 32-A.O.2, a new Step L6 will be added to the salary schedule effective June 30, 2021, at 11:59:59 p.m., for employees with 28 or more years of service on June 30, 2021, and whose salaries are below that step.

The Panel has further determined that a second component to the wage award is justified during the next 2 years. Accordingly, members of Bargaining Unit 11 will be entitled to two (2) one-time lump sum payments reasonably equivalent to the one-time lump sum payments awarded to police officers in Bargaining Unit 12.[43] The Panel is persuaded that these one-time lump sum payments, to be effective July 1, 2019 and July 1, 2020, are in the interest and welfare of the public[44] and are within the financial ability of the employers to meet these costs.[45] As set forth below, these one-time lump sum payments are structured in accordance with the bargaining unit members' longevity.

Employees on salary ranges SR 17 to SR 27 on June 30, 2019 shall receive a one -time lump sum payment based on their step within the salary range on July 1, 2019, as follows:

Step E	$1,800
Step F	$1,825
Step G	$1,850
Step H	$1,875
Step L1	$1,900
Step L2	$1,925
Step L3	$1,950
Step L4	$1,975
Step L5	$2,000

Further, employees on salary ranges SR17 to SR27 on June 30, 2020, shall receive a one-time lump sum payment based on their step within the pay range on July 1, 2020, as follows:

Step E	$1,800
Step F	$1,825
Step G	$1,850
Step H	$1,875
Step L1	$1,900
Step L2	$1,925
Step L3	$1,950

[43] Union Ex. 33, pp. 21 – 22.
[44] Union Ex. 1; HRS 89-11 (f)(3)
[45] Id., HRS 89-11(f)(4).

Step L4	$1,975
Step L5	$2,000
Step L5	with 28 or more years of service as of June 30, 2020, an additional $500

Section 55. Duration

In addition, recognizing in particular that economic forecasts become more uncertain as the timeframe becomes more extended, and particularly in order to be able to adjust to changing economic circumstances and the uncertainties of the direction of the real estate market, the Panel has rejected the Union's proposal for a 4-year agreement. Rather the Panel adopts the Employer Group's position that the CBA should expire by its terms on June 30, 2021. As a consequence, the Panel rejects the Union's position for wage increases of 3% in both 2020 and 2021.

Finally, the texts of the Panel's Award that include changes to the current CBA are attached below.

Respectfully submitted,

Richard L. Ahearn
Impartial Chair
Arbitration Panel
Seattle, Washington
April 3, 2019

William J. Puette
Union's Member
Arbitration Panel
Kapolei, Hawaii

Dated: April , 2019

__ I concur.
__ I dissent.
__ Opinion attached.

William Brilhante, Jr.
Employer Group's Member
Arbitration Panel
Hilo, Hawaii

Dated: April ,2019

__ I concur.
__ I dissent.
__ Opinion attached.

Attachments

Section 32. Wages

Section 32-A. Compensation Adjustments (Section O only)

Section 55. Duration

Collective Bargaining Costs - State
Collective Bargaining Costs - Unit 11 Wages ARB Award 2-2, SMP, New L6 June 30, 2021 with Lump Sums

4/8/2019

	FY 20			FY 21			Biennium Total			FY 22 (Carry-Over)		
BU	General	Other Funds	Total	General	Other Funds	Total	General	Other Funds	Total	General	Other Funds	Total
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
5, 45 (5)	-	-	-	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-	-	-	-	-	-
9, 29 (9)	-	-	-	-	-	-	-	-	-	-	-	-
10, 20 (10)	-	-	-	-	-	-	-	-	-	-	-	-
11, 21 (11)	212,910	971,154	1,184,065	429,024	1,793,201	2,222,226	641,935	2,764,356	3,406,290	379,349	1,589,730	1,969,078
13, 23, (13)	-	-	-	-	-	-	-	-	-	-	-	-
14, 24, (14)	-	-	-	-	-	-	-	-	-	-	-	-
Total Included	212,910	971,154	1,184,065	429,024	1,793,201	2,222,226	641,935	2,764,356	3,406,290	379,349	1,589,730	1,969,078
31 (4)	-	-	-	-	-	-	-	-	-	-	-	-
32 (9)	-	-	-	-	-	-	-	-	-	-	-	-
34 (11)	3,667	13,888	17,555	7,853	27,367	35,221	11,520	41,256	52,775	6,736	23,795	30,531
35 (13)	-	-	-	-	-	-	-	-	-	-	-	-
37 (14)	-	-	-	-	-	-	-	-	-	-	-	-
87, 88 (7)	-	-	-	-	-	-	-	-	-	-	-	-
55 (5)	-	-	-	-	-	-	-	-	-	-	-	-
56, 96 (6)	-	-	-	-	-	-	-	-	-	-	-	-
61 (1)	-	-	-	-	-	-	-	-	-	-	-	-
63 (3)	-	-	-	-	-	-	-	-	-	-	-	-
67 (7)	-	-	-	-	-	-	-	-	-	-	-	-
68, 78 (8)	-	-	-	-	-	-	-	-	-	-	-	-
70, 90 (10)	-	-	-	-	-	-	-	-	-	-	-	-
79, 99 (9)	-	-	-	-	-	-	-	-	-	-	-	-
82 (2)	-	-	-	-	-	-	-	-	-	-	-	-
84 (4)	-	-	-	-	-	-	-	-	-	-	-	-
91 (11)	9,341	34,721	44,063	18,424	62,860	81,284	27,766	97,581	125,347	17,407	59,800	77,208
73, 93 (13)	-	-	-	-	-	-	-	-	-	-	-	-
74, 94 (14)	-	-	-	-	-	-	-	-	-	-	-	-
Total Excluded	13,008	48,610	61,618	26,277	90,227	116,504	39,285	138,837	178,122	24,143	83,595	107,738
Total 1	-	-	-	-	-	-	-	-	-	-	-	-
Total 2	-	-	-	-	-	-	-	-	-	-	-	-
Total 3	-	-	-	-	-	-	-	-	-	-	-	-
Total 4	-	-	-	-	-	-	-	-	-	-	-	-
Total 5	-	-	-	-	-	-	-	-	-	-	-	-
Total 6	-	-	-	-	-	-	-	-	-	-	-	-
Total 7	-	-	-	-	-	-	-	-	-	-	-	-
Total 8	-	-	-	-	-	-	-	-	-	-	-	-
Total 9	-	-	-	-	-	-	-	-	-	-	-	-
Total 10	-	-	-	-	-	-	-	-	-	-	-	-
Total 11	225,918	1,019,764	1,245,682	455,302	1,883,428	2,338,730	681,220	2,903,192	3,584,412	403,492	1,673,325	2,076,817
Total 13	-	-	-	-	-	-	-	-	-	-	-	-
Total 14	-	-	-	-	-	-	-	-	-	-	-	-
Total State	225,918	1,019,764	1,245,682	455,302	1,883,428	2,338,730 #	681,220	2,903,192	3,584,412	403,492	1,673,325	2,076,817

Collective Bargaining Costs - Unit 11 Wages ARB Award 2-2, SMP, New L6 June 30, 2021 with Lump Sums

4/8/2019

	FY 20			FY 21			Biennium Total			FY 20 (Carry-Over)		
BU	County	BWS	Total	County	BWS	Total	County	BWS	Total	County	BWS	Total
Honolulu Included												
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	-
11	5,390,243	-	5,390,243	9,816,303	-	9,816,303	15,206,546	-	15,206,546	8,705,497	-	8,705,497
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
Total Incl	5,390,243	-	5,390,243	9,816,303	-	9,816,303	15,206,546	-	15,206,546	8,705,497	-	8,705,497
Excluded												
61 (1)	-	-	-	-	-	-	-	-	-	-	-	-
82 (2)	-	-	-	-	-	-	-	-	-	-	-	-
63 (3)	-	-	-	-	-	-	-	-	-	-	-	-
31, 84 (4)	-	-	-	-	-	-	-	-	-	-	-	-
70 (10)	-	-	-	-	-	-	-	-	-	-	-	-
34 (11)	227,990	-	227,990	431,854	-	431,854	659,844	-	659,844	413,822	-	413,822
36, 72 (12)	-	-	-	-	-	-	-	-	-	-	-	-
35, 73 (13)	-	-	-	-	-	-	-	-	-	-	-	-
Total Excl	227,990	-	227,990	431,854	-	431,854	659,844	-	659,844	413,822	-	413,822
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	-
11	5,618,233	-	5,618,233	10,248,156	-	10,248,156	15,866,390	-	15,866,390	9,119,320	-	9,119,320
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
Total Hon	5,618,233	-	5,618,233	10,248,156	-	10,248,156	15,866,390	-	15,866,390	9,119,320	-	9,119,320
Hawaii Included												
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
11	1,972,882	-	1,972,882	3,421,330	-	3,421,330	5,394,212	-	5,394,212	3,019,572	-	3,019,572
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
Total Incl	1,972,882	-	1,972,882	3,421,330	-	3,421,330	5,394,212	-	5,394,212	3,019,572	-	3,019,572
Excluded												
61 (1)	-	-	-	-	-	-	-	-	-	-	-	-
63 (3)	-	-	-	-	-	-	-	-	-	-	-	-
31, 84 (4)	-	-	-	-	-	-	-	-	-	-	-	-
34 (11)	75,119	-	75,119	138,501	-	138,501	213,620	-	213,620	126,173	-	126,173
36, 92 (12)	-	-	-	-	-	-	-	-	-	-	-	-
35, 73 (13)	-	-	-	-	-	-	-	-	-	-	-	-
74 (14)	-	-	-	-	-	-	-	-	-	-	-	-
Total Excl	75,119	-	75,119	138,501	-	138,501	213,620	-	213,620	126,173	-	126,173
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
Total Hawaii	2,048,000	-	2,048,000	3,559,831	-	3,559,831	5,607,831	-	5,607,831	3,145,745	-	3,145,745

Collective Bargaining Costs - Unit 11 Wages ARB Award 2-2, SMP, New L6 June 30, 2021 with Lump Sums

4/8/2019

BU	FY 20 County	FY 20 BWS	FY 20 Total	FY 21 County	FY 21 BWS	FY 21 Total	Biennium Total County	Biennium Total BWS	Biennium Total Total	FY ~~20~~ 22 (Carry-Over) County	FY ~~20~~ 22 (Carry-Over) BWS	FY ~~20~~ 22 (Carry-Over) Total
Kauai Included												
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
11	784,974	-	784,974	1,339,416	-	1,339,416	2,124,390	-	2,124,390	1,156,885	-	1,156,885
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14 (14, 24)	-	-	-	-	-	-	-	-	-	-	-	-
Total Incl	784,974	-	784,974	1,339,416	-	1,339,416	2,124,390	-	2,124,390	1,156,885	-	1,156,885
Excluded												
61	-	-	-	-	-	-	-	-	-	-	-	-
63 (3)	-	-	-	-	-	-	-	-	-	-	-	-
31, 84 (4)	-	-	-	-	-	-	-	-	-	-	-	-
34 (11)	32,420	-	32,420	61,557	-	61,557	93,977	-	93,977	58,707	-	58,707
36, 72 (12)	-	-	-	-	-	-	-	-	-	-	-	-
35, 73 (13)	-	-	-	-	-	-	-	-	-	-	-	-
Total Excl	32,420	-	32,420	61,557	-	61,557	93,977	-	93,977	58,707	-	58,707
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
11	817,395	-	817,395	1,400,972	-	1,400,972	2,218,367	-	2,218,367	1,215,592	-	1,215,592
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
Total Kauai	817,395	-	817,395	1,400,972	-	1,400,972	2,218,367	-	2,218,367	1,215,592	-	1,215,592
Maui Included												
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
11	1,491,030	-	1,491,030	2,605,030	-	2,605,030	4,096,060	-	4,096,060	2,324,262	-	2,324,262
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14 (14, 24)	-	-	-	-	-	-	-	-	-	-	-	-
Total Incl	1,491,030	-	1,491,030	2,605,030	-	2,605,030	4,096,060	-	4,096,060	2,324,262	-	2,324,262
Excluded												
61 (1)	-	-	-	-	-	-	-	-	-	-	-	-
63 (3)	-	-	-	-	-	-	-	-	-	-	-	-
31, 84 (4)	-	-	-	-	-	-	-	-	-	-	-	-
34 (11)	71,206	-	71,206	134,818	-	134,818	206,024	-	206,024	127,324	-	127,324
36, 72 (12)	-	-	-	-	-	-	-	-	-	-	-	-
35, 73 (13)	-	-	-	-	-	-	-	-	-	-	-	-
Total Excl	71,206	-	71,206	134,818	-	134,818	206,024	-	206,024	127,324	-	127,324
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
Total Maui	1,562,236	-	1,562,236	2,739,848	-	2,739,848	4,302,084	-	4,302,084	2,451,586	-	2,451,586

Collective Bargaining Costs - Unit 11 Wages ARB Award 2-2, SMP, New L6 June 30, 2021 with Lump Sums

4/8/2019

	FY 20			FY 21			Biennium Total			FY 20 (Carry-Over)		
BU	County	BWS	Total	County	BWS	Total	County	BWS	Total	County	BWS	Total
Counties Included												
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	-
11	9,639,129	-	9,639,129	17,182,078	-	17,182,078	26,821,207	-	26,821,207	15,206,216	-	15,206,216
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
Total Cntys	9,639,129	-	9,639,129	17,182,078	-	17,182,078	26,821,207	-	26,821,207	15,206,216	-	15,206,216
Excluded												
61 (1)	-	-	-	-	-	-	-	-	-	-	-	-
82 (2)	-	-	-	-	-	0	-	-	-	-	-	-
63 (3)	-	-	-	-	-	-	-	-	-	-	-	-
84 (4)	-	-	-	-	-	-	-	-	-	-	-	-
70 (10)	-	-	-	-	-	-	-	-	-	-	-	-
34 (11)	406,736	-	406,736	766,729	-	766,729	1,173,465	-	1,173,465	726,027	-	726,027
36, 72 (12)	-	-	-	-	-	-	-	-	-	-	-	-
35, 73 (13)	-	-	-	-	-	-	-	-	-	-	-	-
74 (14)	-	-	-	-	-	-	-	-	-	-	-	-
Total Excl	406,736	-	406,736	766,729	-	766,729	1,173,465	-	1,173,465	726,027	-	726,027
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	-
11	10,045,865	-	10,045,865	17,948,807	-	17,948,807	27,994,672	-	27,994,672	15,932,243	-	15,932,243
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
Total Cntys	10,045,865	-	10,045,865	17,948,807	-	17,948,807	27,994,672	-	27,994,672	15,932,243	-	15,932,243

Collective Bargaining Costs - Unit 11 Wages ARB Award 2-2, SMP, New L6 June 30, 2021 with Lump Sums

4/8/2019

	OOP FY 20	ITB FY 20	OOP FY 21	ITB FY 21	OOP BI	ITB BI
<u>Unit 11</u>						
Included	4.69%	3.06%	4.76%	3.51%	9.60%	6.67%
Excluded	3.96%	3.02%	4.09%	3.50%	8.18%	6.62%
Total	4.66%	3.06%	4.73%	3.51%	9.53%	6.67%