

2007-2008

**KAUA'I COUNTY
SALARY COMMISSION**

PRELIMINARY REPORT

COMMISSION MEMBERS

Allan Smith, Chair
Thomas Cooper
Robert Crowell
Randall Hee
Virginia Kapali
Trinette Kau
Dawn Murata

March 15, 2007

The Salary Commission of the County of Kaua'i herewith submits its findings in the form of a resolution attached to this transmittal.

I. Introduction

A. Installation of members. On February 7, 2007, four members were sworn in as Salary Commissioners for the County of Kaua'i. A fifth member was sworn in on February 14, 2007. A sixth member was sworn in on February 21, 2007, and a seventh member was sworn in on March 7, 2007.

B. Meetings. The Commission has met on the following dates:

February 7, 2007
February 14, 2007
February 21, 2007
February 28, 2007
March 7, 2007
March 13, 2007
March 14, 2007

II. Major Activities

A. Review of applicable County governing documents

The Commission reviewed the following County governing documents (attached as Attachment A):

Article XXIX, Kaua'i County Charter and 2006 amendment
Title II, chapter 2, articles 2, 3, and 4 of the Kaua'i County Code

B. Review of historic council and administrative salary levels

The Commission also benefited from the information available in the final reports of the salary commissions for 2003-2004, 1999-2000, 1995-1996, 1993-1994, and 1990.

The Department of Personnel Services provided the following internal County information and statistics for the Commission's consideration.

Collective bargaining pay increases from 7/1/02-6/30-07
Tables of Organization
Job descriptions for salary ordinance positions
Pay rates for employees paid higher than department heads
County of Kaua'i Executive Order 2005-3
Fiscal year 2007 budget
Evaluation forms for appointees and managers

C. Review of council and administrative salary levels in other counties

The Commission also examined pay rates for appointed positions in the other counties and the State of Hawai'i as follows:

1. State of Hawai'i
 - a. Salary schedule, effective December 16, 2006
2. County of Hawai'i
 - a. Commission's 2003 salary study
 - b. Salary schedule effective January 1, 2007
3. City and County of Honolulu
 - a. April 28, 2006 Commission resolution and findings of fact
4. County of Maui
 - a. Commission's February 1, 2006, January 22, 2007, and January 23, 2007 recommendations
 - b. Commission's Comprehensive Model Proposal dated October 13, 2006
 - c. Approved salaries as of January 12, 2007

D. Briefing by compensation consultant for the County of Kaua'i

The Commission also heard from Dr. Michael M. Nash of Nash and Company, Palos Verdes, California, a compensation consultant engaged to perform a study of the excluded managerial compensation plan for the County Department of Personnel Services. Key components of the study included: (1) position of classification and evaluation; and (2) salary analysis. After extensive research and analysis of various data compiled and provided by the County, Dr. Nash provided his observations of the appropriate rates and methodology for setting the salaries of

executive appointed positions. Dr. Nash explained that he utilized a market pricing approach, which he considers the most prevalent and simplest way to establish job worth. The primary sources of data used in the analysis were job descriptions, interviews with incumbents, salary levels from a survey of jobs with matching titles in other jurisdictions in the State of Hawai'i.

E. Other factors considered

The Commission received and reviewed information and data from several different sources. Through its open meeting process, the Commission received written and oral input from the public.

1. Written testimony was provided by the following individuals:

- Mr. Horace Stoessel, former Salary Commissioner;
- Mr. Tom Ianucci, Police Commissioner; and
- Mr. Russell Grady, Police Commission chair.

The issues addressed included performance-based salary increases, impact of salary inversion, and the lack of competitive salary schedules.

2. Oral testimony was provided by several individuals concerning the following issues:

- On February 28, 2007, Ms. Lynn McCrory and Mr. Steven Kyono, of the Board of Water Supply, testified regarding the Board's difficulty in filling key positions in the Water Department. Despite its recruiting efforts both in and outside the State, the position of Chief Engineer and Water Manager has been vacant since December 31, 2005. Ms. McCrory and Mr. Kyono informed the Commission that the Board has

advertised for the vacancy, but has not received responses from individuals who meet the minimum job requirements. Additionally, no eligible department employee is interested in the department head position because of the low salary. Mr. Kyono also testified as to the competitive job market for engineers.

- On March 7, 2007, Mr. Charles Fulks and Ms. Carol Furtado, members of the Police Commission, testified in their personal capacities. They recommended an increase in compensation for the Chief of Police in order to assist them in recruiting a new chief. Mr. Fulks testified that senior staff in the Police Department are not interested in the chief's job, partially because they make more than the Chief of Police in their present positions.
- On March 13, 2007, the Commission heard testimony from Fire Chief Robert Westerman. The Fire Chief testified that succession planning in the department is affected by the low salary. Since the department head salary is low, fire fighters are not motivated to seek the position and have no incentive to progress to the highest rank.
- Former County Attorney Lani Nakazawa also testified on March 13, 2007. Ms. Nakazawa asked the Commission to consider authorizing department heads who hire for positions with multiple incumbents, such as Deputy County Attorney, to set salaries within a range that is low enough to accommodate various levels of experience and expertise.

III. Recommendations

- A. Performance-based pay. Similar to the 2003-2004 Salary Commission, this Commission recommends changes to the Salary Ordinance. This Commission believes that salary increases should be contingent on job performance. Therefore, increases for all non-elected positions in the salary ordinance will depend on regular performance evaluations. Our resolution requires the appointing authority to certify that an appointee has been evaluated, and has met or exceeded job requirements before a pay increase can occur.
- B. Pay increases. This Commission will continue to meet to formulate a recommendation for an increase prior to the supplemental budget submission in May 2007.
- C. Other issues. The Commission recognizes that it is working in a transitional period, and needs to address historical shortfalls. The Commission will continue to meet weekly to revisit the salary schedules, and to refine and update its recommendations. The Commission welcomes input from the general public and all personnel affected by the Salary Ordinance.

IV. Acknowledgements

The Commission thanks the Department of Personnel Services, especially Director Malcolm Fernandez and Tom Takatsuki and Karen Matsumoto of his staff, for their prompt and detailed responses to the Commission's requests for information.

We would also like to thank Kris Nakamura, Commission Secretary, for providing the necessary support for the Commission. Deputy County Attorney Mark Vicknair and the Mayor's Executive Assistant, Lani Nakazawa, also contributed in assisting the Commission.

Thanks are also due to the Mayor and the County Council, for the opportunity to serve the community.

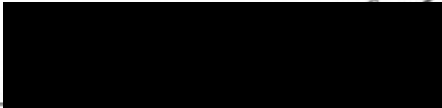
RESOLUTION RELATING TO EXECUTIVE SALARIES

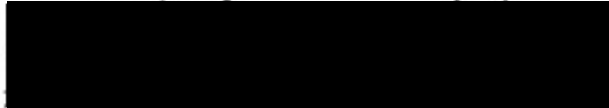
BE IT RESOLVED BY THE SALARY COMMISSION OF THE COUNTY OF KAUA'I,
STATE OF HAWAII:

This Salary Commission, having reviewed documents and considered testimony and other input as set forth in the report filed with this resolution, makes the following findings:

1. The increases in salaries of County appointees should be based on performance. The Commission recommends use of a standardized performance review process, utilizing the evaluation factors for appointees and managers established by the County Department of Personnel Services. Salary increases should be reserved for appointees who reach or exceed performance expectations.
2. Appropriate salary levels are needed to ensure that appointee positions can be filled. Salaries of County appointees have been increased only once in the past ten years, resulting in salaries that are significantly lower than salaries for comparable positions in the public and private sector. With the low salaries, the County cannot attract qualified individuals to fill critical positions, especially in a tight job market. Currently, salary considerations have negatively affected recruitment for the positions of Chief of Police and Manager and Chief Engineer, Department of Water.
3. Effective succession planning is difficult because of low salaries. Nearly all appointed department heads earn less than their immediate subordinates, thus, employees have little incentive to seek a department head position as part of their career track.
4. Salary increases are necessary to provide fair compensation to competent appointees, and to prevent significant pay inversion.

BY:


Allan Smith, Chair


Thomas Cooner


Robert Crowell


Randall Hee


Virginia Kanali


Trinette Kau


Dawn Murata

Dated: March 15, 2007

latest audit report. The commission is empowered to secure from any department, agency, official or employee, any report or information the commission requests that is appropriate to its function. All such requests shall be made through the office of the mayor or the chairman of the council for information within their respective jurisdictions. (Amended 1988)

**ARTICLE XXIX
SALARY COMMISSION**

Section 29.01. Organization. The salaries of all councilmembers shall be established by an independent salary commission which shall consist of seven members. The mayor shall appoint three members, the council shall appoint three members, and the seventh member shall be appointed by the appointed six. If there is no agreement on the selection of the seventh member within forty-five days of the appointment of the sixth member, the seventh member shall be appointed by the mayor and confirmed by the council. (Amended 1988)

Section 29.02. Purpose and Duties.

A. The commission shall set salaries of councilmembers in accordance with the principles of adequate compensation for work performed, the preservation of a sensible relationship with the salaries of other county employees.

B. The commission shall review and recommend the salaries and minimum qualifications of all officers and employees included in Section 3-2.1 of the Kauai County Code 1987, as amended. (Amended 1988)

Section 29.03. Term. The term of the commission shall be conterminous with the term of the council. The mayor and council shall make their selection within forty-five days of their inauguration. (Amended 1988)

Section 29.04 Initial Commission. The initial commission shall be appointed for the term commencing December 1, 1988. (Amended 1988)

Section 29.05 Meetings; Rules. The commission shall meet at least once a year to set the salaries for councilmembers and recommend the salaries for all other elected officials and employees as specified in Section 29.02 of this charter. The commission shall establish its rules of procedures and adopt rules and regulations pursuant to law. (Amended 1988)

Section 29.06 Changes in Salary. No change in salary of councilmembers shall be effective during the term in which a change is enacted or for twenty-four months after a change is enacted, whichever is less. (Amended 1988)

Section 29.07 Administration and Operation. The mayor and council shall provide an annual appropriation sufficient to enable the commission to secure clerical assistance and pay other operational costs in the performance of its duties. (Amended 1988)

ARTICLE XXX
ELECTRIC POWER AUTHORITY

Section 30.01 Electric Power Authority. The Council may establish by ordinance an electric power authority corporation for the county, which shall be a body corporate and shall be responsible for the planning, development, production, purchase, transmission, and distribution of all electricity-related services by the county.

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If established by ordinance, all provisions of this Article XXX shall be included in the ordinance and no ordinances shall be enacted and no administrative rules shall be adopted which either expressly or by implication conflict with the provisions of this Article.

Sections 30.02 through 30.06 of this Article XXX shall be effective thirty (30) calendar days from and after the enactment of an ordinance establishing an electric power authority for the County of Kauai.

If established by ordinance, the authority shall operate as a separate unit of county government, except as otherwise provided in this charter. The authority shall be free from the jurisdiction, direction, and control of other county officers and of the council.

Notwithstanding any provision in the Charter to the contrary, the council may by ordinance enact any further provisions it deems necessary to implement this Article XXX including, but not limited to, provisions concerning the power authority's powers, duties, and liabilities, its organization and governing structure, the manner in which officers and employees are elected, appointed, or employed, and the manner in which rates are set and the authority's revenues are utilized.

Section 30.02. Board of Directors of the Electric Power Authority.

Section 29.01:

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Section 29.01:

"Section 29.01. Organization. There shall be a Salary Commission composed of seven members to establish the salaries of all councilmembers and all officers and employees included in Section 3-2.1 of the Kaua'i County Code 1987, as amended."

Section 29.02:

"Section 29.02. Policies. The commission shall adopt and, when it deems necessary, may change the policies governing its salary-setting decisions."

Section 29.03:

"Section 29.03. Resolution. The commission's salary findings shall be adopted by resolution of the commission and forwarded to the mayor and the council on or before March 15. Subject to Section 29.05, the resolution shall take effect without the mayor's and council's concurrence sixty days after its adoption unless rejected by a vote of not less than five members of the council. The council may reject either the entire resolution or any portion of it. The respective appointing authority may set the salary of an appointee at a figure lower than the figure established by ordinance for the position."

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**"ARTICLE XXIX
SALARY COMMISSION"**

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third parties who may be damaged thereby shall be taken into account, and the action to void the transaction is initiated within sixty (60) days after the determination of a violation under this Article. The County Attorney shall have the authority to enforce this provision.

(b) Any favorable county action obtained in violation of any of the standards for councilmen or employees is voidable in the same manner as voidable contracts as provided for under Section 3-1.11(a); and the County by the County Attorney may pursue all legal and equitable remedies available to it.

(c) The County Attorney may recover any fee, compensation, gift or profit received by any person as a result of a violation of these standards by a councilman or employee or former councilman or employee. Action to recover under this Subsection (c) shall be brought within two (2) years of the violation under this Article.

(d) Any violation of any of the provisions of this Article shall constitute cause for fine, suspension or removal from office or employment. (Ord. No. 142, May 7, 1969; Sec. 25, C.O. 1971; Sec. 3-1.11, R.C.O. 1976)

ARTICLE 2. SALARIES OF CERTAIN OFFICERS

Sec. 3-2.1 Salaries of Certain Officers.

(a) Effective July 1, 2004, the annual salaries, payable semi-monthly, of certain county officers and employees shall be as follows:

POSITION	
Mayor	\$80,000
Administrative Assistant	\$77,000
County Engineer	\$75,000
Deputy County Engineer	\$63,480-\$69,000
Director of Finance	\$75,000
Deputy Director of Finance	\$63,480-\$69,000
County Attorney	\$75,000
First Deputy County Attorney	\$63,480-\$69,000
Deputy County Attorney	\$60,720-\$66,000
Prosecuting Attorney	\$75,000
First Deputy Prosecuting Attorney	\$63,480-\$69,000
Deputy Prosecuting Attorney	\$60,720-\$66,000
Chief of Police	\$75,000
Deputy Chief of Police	\$63,480-\$69,000
Planning Director	\$75,000
Deputy Planning Director	\$63,480-\$69,000
Director of Personnel	\$72,000
Manager and Chief Engineer, Department of Water	\$75,000
Deputy Manager-Engineer, Department of Water	\$63,480-\$69,000
Fire Chief	\$75,000
County Clerk	\$75,000
Deputy County Clerk	\$63,480-\$69,000

3-3.1

Director of Economic Development	\$72,000
Director of Liquor Control	\$72,000
Director of Community Assistance	\$72,000

(b) The respective appointing authority may set the starting salary and increases in salary of an appointee at any figure below the established salary, provided, however, the starting salary of any deputy appointee shall not be less than the minimum established salary set forth in Sec. 3-2.1(a).

(c) The starting salary for newly-hired deputy appointees as specified in Sec. 3-2.1(b) shall take into consideration education, years of experience, and qualifications coming into the position.

(d) Officers listed in Section 3-2.1 may receive a portion of their salary through the County's payment of health fund premium benefits over and above the amount the County normally contributes toward those officers' benefits. Amounts paid by the County which are over and above the County's normal health fund premium contributions shall be deducted from the affected officer's salary. (Ord. No. 124, August 18, 1965; Ord. No. 138, August 7, 1968; Ord. No. 140, February 3, 1969; Ord. No. 141, March 5, 1969; Ord. No. 179, July 3, 1973; Ord. No. 190, August 22, 1973; Ord. No. 228, October 18, 1974; Ord. No. 258, July 3, 1975; Ord. No. 279, April 14, 1976; Sec. 3-2.1, R.C.O. 1976; Ord. No. 327, September 26, 1977; Ord. No. 343, March 8, 1978; Ord. No. 352, October 24, 1978; Sec. 3-2.1, 1978 Cumulative Supplement; Ord. No. 367, July 1, 1979; Ord. No. 380, April 2, 1980; Ord. No. 411, July 1, 1981; Ord. No. 458, April 25, 1984; Ord. No. 468, September 26, 1984; Ord. No. 470, January 21, 1985; Ord. No. 479, September 12, 1985; Ord. No. 545, August 3, 1988; Ord. No. 587, July 25, 1991; Ord. No. 669, January 11, 1995; Ord. No. 678, March 20, 1995; Ord. No. 681, March 28, 1995; Ord. No. 703, May 31, 1996; Ord. No. 740, July 6, 1999; Ord. No. 757, January 29, 2001; Ord. No. 818, June 29, 2004)

ARTICLE 3. SALARIES OF THE COUNTY COUNCIL

Sec. 3-3.1 Salaries Of The County Council.

The annual salaries, payable semi-monthly, of the Kauai County Council shall be as follows:

<u>Position</u>	<u>1/1/97</u>	<u>1/1/98</u>
Council Chair	\$30,563	\$31,938
Councilmember	\$27,506	\$28,744

(Ord. No. 124, August 18, 1965; Ord. No. 259, July 3, 1975; Sec. 3-3.1, R.C.O. 1976; Ord. No. 545, August 3, 1988; Salary Commission Resolution, October 16, 1990; Salary Commission Resolution, November 9, 1994; Salary Commission Resolution, November 26, 1996)

ARTICLE 4. SALARIES OF COUNCIL SERVICES EMPLOYEES

Sec. 3-4.1 Salaries Of Council Services Employees.

(a) Pay Plan; Pay Schedule. The following pay plan and pay schedule for the Council Services staff are hereby established:

PAY PLAN

<u>Positions</u>	<u>Pay Ranges</u>
Council Services Clerk	CR-2
Committee Secretary	CR-3
*Administrative Secretary.	CR-4
Legislative Analyst	CR-6
Legal Analyst	CR-7
*Administrative Assistant.	CR-8
*Executive Assistant	CR-9

PAY SCHEDULE

<u>Pay Ranges</u>	<u>Step I</u>	<u>Step II</u>	<u>Step III</u>
CR-2	\$ 9,924	\$10,860	\$11,820
CR-3	\$10,824	\$11,820	\$12,876
*CR-4	\$11,808	\$12,876	\$13,452
CR-5	\$13,488	\$14,676	\$15,336
CR-6	\$16,140	\$17,299	\$18,458
CR-7	\$19,164	\$20,368	\$21,572
*CR-8	\$21,936	\$22,980	\$24,060
*CR-9	\$24,432	\$25,188	\$26,388

<u>Pay Ranges</u>	<u>Step IV</u>	<u>Step V</u>	<u>Step VI</u>
CR-2	\$12,336	\$13,452	\$14,052
CR-3	\$13,452	\$14,676	\$15,336
*CR-4	\$14,676	\$16,032	\$17,508
CR-5	\$16,752	\$18,324	\$20,776
CR-6	\$19,617	\$21,935	\$23,980
CR-7	\$22,776	\$25,184	\$26,788
*CR-8	\$25,188	\$27,624	\$28,868
*CR-9	\$27,624	\$28,686	\$30,300

CR - Council Rating

*Established for the future when present incumbents are not classified. Incumbents currently subject to civil service and classification requirements are not affected by this Article.

(b) The Council may authorize the appointment of a Deputy Clerk for which appropriation has been made by the Council and whose salary shall not exceed ninety five percent (95%) of the County Clerk's.

(c) The Council Chairman may, with the approval of the Council:

(1) Appoint Council employees at any step in the appropriate pay range for the position; and

(2) Change the pay step of any employee to any step in the appropriate pay range for the position.

(d) The Council may adjust the salaries of the staff whenever County employees are granted increases under Chapter 89C, H.R.S. If such adjustments are granted by the Council, the adjustments shall be not less than the adjustments granted under the said chapter to employees with equivalent or identical positions. (Ord. No. 384, May 21, 1980; Ord. No. 479, September 12, 1985)

Sec. 3-4.2 Retroactive Application.

This pay scale shall be retroactive as of July 1, 1979. (Ord. No. 384, May 21, 1980)

ARTICLE 5. TRAVEL ALLOWANCE

Sec. 3-5.1 Per Diem Allowance for Travel.

The per diem allowance for both inter-island travel and out-of-state travel for County officers and employees not affected by a collective bargaining agreement shall be identical to the allowance established in the Unit 13 Collective Bargaining Agreement. (Ord. No. 148, February 16, 1971; Sec. 3-4.1, R.C.O. 1976; Ord. No. 395, August 7, 1980; Ord. No. 749, September 22, 2000)

Sec. 3-5.2 Administration.

The Director of Finance is authorized to administer the payment of per diem allowances as set out in the travel policy and to establish the necessary administrative practices relating thereto. (Ord. No. 148, February 16, 1971; Sec. 3-4.3, R.C.O. 1976; Ord. No. 749, September 22, 2000)