INTEREST ARBITRATION FOR BARGAINING UNIT 15

AMENDED AWARD

BEFORE ARBITRATORS RICHARD D. FINCHER, J.D.,

STACY MONIZ AND FLORENCIO BUGS BAGUIO, JR.

STATE OF HAWAI'I

HGEA, AFSCME, LOCAL 152 AND HAWAI'I EMPLOYERS GROUP

HLRB CASE NO. 21-I-15-193

IN THE MATTER OF

HGEA UNIT 15
AFSCME, LOCAL 152, AFL-CIO
EXCLUSIVE REPRESENTATIVE,

AND

DAVID Y. IGE, GOVERNOR
STATE OF HAWAI'I

RICK BLANGIARDI, MAYOR
CITY AND COUNTY OF HONOLULU

MITCH ROTH, MAYOR
COUNTY OF HAWAI'I

MICHAEL VICTORINO, MAYOR
COUNTY OF MAUI

DEREK KAWAKAMI, MAYOR
COUNTY OF KAUAI

THE EMPLOYER GROUP

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HEARING: March 14-18, 2022 (five days)

COURT REPORTER: Donna Baba

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UNION EXPERT WITNESS ON ABILITY TO PAY: Timothy Reilly

EMPLOYER EXPERT WITNESSES ON ABILITY TO PAY: County Representatives

UNION EXPERT WITNESS ON COMPARABILITY AND COL: Mark Murphy, AFSCME

EMPLOYER EXPERT WITNESS ON COMPARABILITY AND COL: Patrick Kilbourne

JOINT EXPERT ON COSTING: Ralph Schultz, State Program Budget and Analysis Manager

A. INTRODUCTION

This interest arbitration is between multiple public jurisdictions and the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO. Bargaining Unit 15 (BU 15) consists of county water safety officers (WSOs) and ocean safety officers (OSOs). The Hawaii Labor Relations Board (HLRB) declared an impasse in negotiations. The Board appointed FMCS Mediator Gonzalez to explore mediation. The parties declined her assistance. The American Arbitration Association provided names of qualified neutral arbitrators. This arbitration is not a final offer-model.

In accordance with Hawaii Revised Statutes (HRS) §89-11, the parties requested, and the Hawaii Labor Relations Board certified, the appointment of Richard D. Fincher as Neutral Chair, Stacy Moniz as Union Representative, and Florencio Baguio Jr. as Employer Representative, for the three-person interest arbitration panel. A hearing was held at HGEA offices in Honolulu over the course of five days. The parties had a full opportunity to make opening statements, examine and cross-examine witnesses, introduce documents, and make arguments. Closing briefs were submitted by May 27, 2022.

B. HISTORY OF THE BARGAINING UNIT

Each of Hawaii's four counties employ water safety officers (WSOs) or ocean safety officers (OSOs): essentially the same job, but under different supervision. Starting in the 1970's, WSOs/OSOs (hereinafter referred to as WSOs) were placed into BU 3, consisting of white-collar non-supervisors. Testimony from Union witnesses revealed that WSO job duties were reinvented as first responders. In 2013, WSO's were placed into a separate unit (BU 14) with state law enforcement officers.

One advocate of creating a totally separate bargaining unit for WSOs stated, in part:

> "A separate bargaining unit will at least allow them to present their case for getting compensated in a manner which reflects the huge increase in the duties that have been imposed upon them and that they have so willingly and expertly accepted since being assigned to Unit 3 in the 1970s. They are (currently) in a class that does not recognize the dangers in their daily work and therefore cannot get their rate compensated as public safety officers."

In September 2020, the legislature amended state labor law to remove WSOs from BU 14 and become BU 15, by themselves. The bargaining unit has around 400 members.

Hawaii has multiple bargaining units that are so-called first responders: providing services that are essential for the preservation of public health and safety. Testimony indicated that in addition to BU 15, BU 09 (registered professional nurses), BU 10 (institutional, health, and correctional workers), BU 11 (firefighters), and BU 12 (police officers) are generally considered first responders.

C. ISSUES FOR RESOLUTION

1. Contract Duration (Article 55)
2. Compensation (Article 50)
3. Non-cost issues (multiple)
4. Union security (Article 6)-stipulated to remove certain language
5. Hawaiʻi Employer-Union Health Benefits Trust Fund (Article 51) is not subject to arbitration by statute
6. Alternative work schedule (Article 47) was withdrawn by the Union
7. Temporary Hazard Pay (Article 30)–not submitted as a final unresolved issue

D. OVERVIEW OF JOB DUTIES (a composite of the four counties)

Testimony indicated that WSOs were previously referred to as ocean lifeguards, but they are not similar to pool or lake lifeguards. They are specialists trained as first responders who are called upon to work in uniquely hazardous conditions. WSO I's may be part-time or contract employees, as an entry level, trainee position. There is a one-hundred sixty (160) hour training for the recruit class concerning medical conditions, CPR, and first aid. Over four weeks, recruits must pass agility tests such as a dead lift, a run/ swim. Probation is six months. They are subject to drug and alcohol testing. WSO II's are full-time staff and the bulk of the WSO workforce (268 employees). WSO III's are lieutenants and have a patrol vehicle to respond to calls. WSO IVs are captains. Employees follow a chain of command system and report up that command. Employees are paid from a salary schedule. For the WSO Is, WSO IIs and WSO IIIs, there are twelve (12) steps. Each step provides a four percent (4%) salary increase.

On Oahu, WSOs work in the Ocean Safety and Lifeguard Services Department. Oahu has 239 full-time equivalent positions (FTEs). On Hawaii County, WSOs worked in the Fire Department. Hawaii has 50 FTEs. On Maui, OSOs work under the Department of Fire and Public Safety. Maui has 52 FTEs. On Kauai, Ocean Safety Officers work within the Fire Department. Kauai has 52 FTEs. WSOs work as a team with the fire department.

WSOs have radio communication in every tower and mobile response unit. On Oahu, they communicate from lifeguard tower to tower within their district or to their main dispatch center. They can change channels and communicate with other agencies. On Oahu, OSO's patrol 180 miles of coastline out to a mile at sea. There are 42 lifeguard towers and eight jet ski teams.

WSOs must have certifications from the American Red Cross and United States Lifesaving Association (USLA) for first responders, and first aid and CPR training that involve advanced lifesaving measures. As a recruit, WSOs receive 160 hours of training for all types of rescue situations. They also have personal protective equipment, such as gloves, masks, binoculars, sunglasses, sunscreen, and hats. In

Kauai, equipment used by the Fire Department and Ocean Safety is the same: medical bags, same equipment, same radios, and similar training.

In addition to the above equipment, some WSOs are trained to perform patrol, search, and rescue on personal watercraft (PWC), commonly referred to as jet skis. The watercraft is safer than a boat because the impeller is built into the hull. Jet ski training involves an additional 200 hours of training. To qualify, a WSO must have served as a full-time WSO for two years. The deployment of jet skis and sleds started in Honolulu. The jet ski operators know the coastline. Hazards include sharp rocks, big waves, and unpredictable swells.

Surf and ocean conditions can be extreme. On Oahu, during winter months, the north and west coastlines have some of the biggest surf in the world. During summer months, weather patterns from the south produce bigger wave and coastal events on the southern shores.

Each year, WSOs have to recertify. Recertification includes a thousand meter run by a thousand-meter swim under twenty-five (25) minutes; a run-swim-run hundred meters each length under three minutes; a paddle board relay down a hundred meters; and then, turning the board around and paddle back in the other direction three lengths, a total of four hundred (400) meters under four minutes. There is no physical recertification in the Police Department or the Fire Department.

WSOs may interact with the Fire Department, the Police Department, and emergency medical teams. They may co-respond with the Fire Department. In Oahu, the Fire Department has two boats, but those boats do not operate in strong surf. WSOs are now responsible for all rescue work during daylight hours. WSOs work either 8 am to 6 pm, or 9 am to 5 pm.

Military ocean lifeguards

Oahu has beaches within military bases and employs civilian lifeguards. These federal lifeguards work in a more controlled environment and have the authority to close military beaches based on conditions. With one exception, federal lifeguards do not have the same accreditation. They do not have jet skis. The Marine Corps Base has stopped providing lifeguard services seven days a week. The title for the federal lifeguard job advertisement is Recreation Assistant (Lifeguard). Some military lifeguards have resigned and obtained employment as a county WSO. WSOs may respond to military beaches.

Ocean lifeguards on mainland

Many of the west coast states have ocean lifeguards with some similarity of duties. Historically, the ocean lifeguards (OLS) in Los Angeles County are considered most similar in duties, with higher surf conditions, towers, and jet skis. OLS have significant accreditation and work year-around. OLS work from towers, have jet skis, and boats. They become EMTs and scuba certified, which provides bonus payments. There are 900 ocean lifeguards in LA County patrolling 72 miles of coast: 600 lifeguards are seasonal. OLS are considered first-responders.

E. STATUTORY CRITERIA

HRS §89-11(f) provides:

An 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:

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;

2. Stipulations of the parties;

3. The interests and welfare of the public;

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;

5. The present and future general economic condition of the counties and the State;

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;

7. The average consumer prices for goods or services, commonly known as the cost of living;

8. The overall compensation presently received by the employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

9. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings; and

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

F. FINAL IMPASSE OFFERS BY EACH PARTY

1. Contract Duration (Article 55)
   - The Union offered a two-year contract duration but advised the Panel that it is agreeable to a duration of four years.
   - The Employers offered a four-year contract duration.

2. Salaries (Article 50).
   - Over two years, the Union offered Option One, which includes, in part, a 4.5% ATB increase, step movements, etc. The cost of this option is estimated at 23.93%.
   - Over two years, the Union offered Option Two, which includes, in part, to delete salary ranges 11-14, new steps E and F, a 4.5% ATB increase, and direction to compress the schedule. The cost of this option is estimated at 19.86%.
   - The Employers offered no ATB wage increases and no changes to the schedule structure or to granting step movement.
3. Non-cost issues
   - The Union offered a proposal regarding paying overtime to attend non-mandatory meetings (Article 22).
   - The Union offered an Alternative Work Schedules which was withdrawn during hearing (Article 47).
   - The Employer offered a proposal regarding absences due to sickness lasting less than one hour, to modify subsection D 3 (Article 35).
   - The Employer offered a proposal regarding the issue of unauthorized leaves of absence, to add a new subsection J1 (Article 45).
   - The Employer offered a proposal regarding Family leave, to modify subsection C (Article 36).

STIPULATIONS BETWEEN THE PARTIES

The Parties have agreed to certain issues, including Article 6 (Union Security).

G. FINANCIAL CONDITION AND ABILITY TO PAY

Each County separately funds wages and benefits for its public employees from its general fund (GF). The GF has reserved fund balances and unreserved general fund balances. Real property tax revenue is the primary source of revenue. The Counties formerly relied upon the Transient Accommodation Tax (TAT), which the State revised in 2020. The legislature has given each County the right to establish its own TAT: a tax levied by hotels and residences. Each County has implemented its own TAT, although it is too soon to know if the revenue will not make up TAT revenue previously distributed by the State. TAT revenue can fluctuate due to tourism.

The statutory criteria do not allow the Panel to consider that a jurisdiction should raise taxes or impose fees. In addition, grant funding from the federal government cannot be used to pay for proposed wage increases. The Panel recognizes the difference between inability to pay (a factual dispute) and unwillingness to pay (a policy decision). Resource allocation and utilization remains a prerogative of the Employer.

As noted by Arbitrator Angelo in 2000, the *inability to pay* requires sufficient evidentiary support to demonstrate that the diversion of revenue to wages would so seriously hamper other government obligations that the public's interest would be substantively and adversely affected. Inability to pay is not the same as the preference to spend revenue on non-wage items.

The Counties adhere to the accounting rules of the Generally Accepted Accounting Principles (GAAP), as governed by the Governmental Accounting and Standards Board (GASB). Under GAAP, each County is required to build an annual budget, which is an operational plan and detailed statement of revenue and expenses. The budget includes a general fund, a special revenue funds, capital project funds, and debt service funds.

Hawaii has created a Council of Revenues (COR) to prepare state revenue estimates to be used for preparing and executing budgets, appropriating funds, and enacting revenue measures. COR's revenue estimates are prepared quarterly. Bond ratings are a measure of the creditworthiness of a bond**,** generally to evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are used to compare the counties. Ratings are given by outside and independent firms.

Government Finance Officers Association (GFOA) standards recommend that jurisdictions maintain a minimum unrestricted fund balance in the GF of no less than two months of regular GF operating revenues or expenditures. The University of Hawaii Economic Research Organization (UHERO) applies data to generate economic and unbiased insights that are important to Hawaii.

Recent services include an economic forecast based on tourism, and a forecast of economic recovery. UHERO also examines inflation.

ACFRs (Annual Comprehensive Financial Reports) are statements defining the financial health of public bodies. ACFRs look at the County as a whole on an accrual basis. ACFRs do not forecast revenue and expenses. The ACFR shows the pension liability and Other Post-Employment Benefit (OPEB) liability. Counties also receive revenue from surcharges. The State has authorized each County to impose a surcharge on the General Excise and Use tax (GET). The State has authorized each County to receive revenue from a Public Service Company Tax. Certain counties will receive additional revenue from the increase in residential electric bills from the Hawaiian Electric Company.

The Coronavirus Aid, Relief and Economic Security Act (CARES) of 2020 allocated one billion forty-five million dollars to the State. In March 2021, the American Rescue Plan Act (ARPA) allocated one billion six hundred forty-five million dollars to the state. Nearly two hundred seven million was allocated to the City and County of Honolulu. These are temporary sources of revenue.

Concerning large non-wage expenses, each Employer contributes to the pension fund at 41% for police and fire employees and a 24% for all other employees. In 2013, the State passed Act 268 requiring each County to pay its portion of the annual required contribution for other post-retirement benefits (OPEB), such as post-retirement medical. Changes to compensation are linked to pension liability**.** Any increases to base compensation will also increase the pension liability, since the pension benefit calculation is based on average final compensation (generally 3 highest 12-month periods), years of service, and a benefit multiplier.

The City and County of Honolulu (hereinafter referred to as the City*)* contend they *do not have* the current ability to pay any wage increase. A pay raise would impact the level of services currently provided and would not be a prudent decision. Any increase would ignore long deferred maintenance and equipment needs, fail to maintain an adequate fiscal reserve for capital needs, and fail to maintain an adequate fiscal reserve should another economic slowdown occur.

Approximately 90% of GF revenues comes from real property taxes. The City is concerned about rising interest rates, inflation, and the uncertainty caused by the war in Ukraine negatively impacting the City’s primary source of revenue. The next largest sources of funding in FY 2021 came from: 1) licensing and permitting; 2) State-funded ambulatory services; 3) Public Service Company Tax (PSCT); and 4) other sources. While real property tax revenues are estimated to increase at an average annual rate of 6.5%, there is uncertainty over how rising interest rates and inflation will negatively impact these estimates.

The City received no State TAT revenue in 2021 because the State ended distributions. In the future, there is uncertainty as to the amount of TAT it will collect. Nearly half of all TAT collections must go to supporting the City's rail system, and therefore, are not available to fund wages for City employees. Other major general fund revenue sources are projected to decline. For FY 22 and FY 23, GF expenditures are projected to increase much faster than GF revenues. The following are major fiscal constraints: City's rail project, Other Post-Employment Benefits (OPEB), employee pension costs, and debt service. The wage proposal of no increases would still result in negative GF balances. The Union's unreasonable wage proposals would make the City's economic situation markedly worse. Bond ratings are not a valid assessment of the present ability to pay.

The Employers reject the conclusion of Union Expert Reilly. He assumed that BU 15 employees are the only public employees who would receive wage increases. He ignored that GFOA standards recommend that jurisdictions maintain a minimum unrestricted fund balance. Reilly relies solely on past years ACFRs and makes no effort to project revenues and expenditures. He ignores that GF expenditures are projected to increase much faster than GF revenues.

Union argument

The Union contends the City *does have* the financial ability to pay. The evidence from audited financial report (ACFRs) should be given more probative value than budget figures. Budgets are merely a spending plan, based on assumptions, not on facts. They don't give you information other than a spending plan. ACFR's are an indicator of future operations.

Bond ratings are a standard used to measure performance and to compare an organization with similar organizations. Benchmarks are used by rating agencies historically to compare the General Fund's fund balance to either its annual revenues or expenditures. In 2021, the City and County refinanced bonds to obtain a lower interest rate. In 2021, Moody's gave the General Obligation Bonds an Aa1 rating, just below an Aaa rating. Moody's and Fitch bond rating agencies have rated the City General Obligation bonds Aa1 and AA+ respectively, both just under the AAA rating, the highest rating possible.

The economy of the City and County of Honolulu is healthy. Oahu's economy is on the rebound from the initial impacts of the pandemic; tourism continues to evolve following record high influx of visitors. Single family home median resale prices jumped 20.3%, retail sales have increased 34.1% for the month ending August 31, 2021 from the previous year; and unemployment rates had decreased. Real Property Tax revenues leapt from a budgeted $1,324.8 billion to $1,431.3 billion, an eight percent (8%) variance. County TAT of 3% will deliver $86 million initially, of which there is no legislative cap on the revenue. Unrestricted assets more than doubled over five years.

The Panel finds the City and County have the ability to pay some increase.

The County of Kauai contends they *do not* have the current ability to pay. A pay raise would impact the level of services currently provided and would not be a prudent managerial or fiscal decision. The wage proposals would place the County in a budget deficit.

Real Property taxes make up over 94.4% of the GF revenue. The County's second largest revenue stream is public service utility taxes. Previously, approximately 9% of the County's General Fund of $15 million came from TAT. The revenue shortfall of TAT has required the County to utilize its reserve fund to balance the budget. For fiscal year 2022, the County did not budget any TAT revenue and instead budgeted the use of the reserve to fund operations. Even if the County were to receive additional revenue from its own TAT, this would not be new revenue, but rather to replace the $15 million. TAT revenue will fluctuate.

The County is facing necessary deferred maintenance projects, including a new landfill and addressing wastewater treatment concerns. The County is facing expenses to combat climate change through resiliency efforts. Approximately 83% of the County's General Fund expenses are for payroll expenses which cannot be cut. Counties cannot use general obligation bonds to fund proposed salary increases. ACFR is merely a snapshot and has limitations such as no forward-looking schedules. CARES and ARPA funds should not be considered as additional long-term guaranteed revenue sources.

Union argument

The Union contends the jurisdiction *does have* the financial ability to pay. The County has a healthy reserve and liquidity because of sound and conservative decisions made by a strong management team. The governmental activities in the financial statement reveals that the current assets to current liabilities ratio remained strong. The initial 3% of County TAT revenues of $18.7 million is $3.8 million more than the $14.9 million the County received under the previous law. Kauai County has adopted the GET surcharge and should free up General Fund revenues for other purposes.

The county bond ratings are strong. Moody's gave Kauai County an Aa1 stable rating. Under the heading Detailed Credit considerations, Moody's analysts wrote:

> "Economy and tax base: large tax base shows growth even as tourism has been weak. The county's large and growing tax base is a credit strength and a mitigant to the significantly negative credit impact the coronavirus pandemic has had on the tourism-driven economy. For 2021, the county's assessed value is a substantial $22.5 billion, up 5.9% from 2020 values and up 34.4% over the last decade. The local economy has generally outperformed our expectations largely due to a diversity of employment activities not correlated with tourism, including state and federal government and agriculture."

The Panel finds the County has the ability to pay to pay some increase.

The County of Hawaii contends employees should receive *a fair and reasonable adjustment*. However, the County's revenue projections are not keeping pace with mandated fringe benefit and salary increases. The bulk of the County's FY 22 GF are derived from tax revenue sources that amounts to 78.1 percent of the GF. 36.7% of the GF will go towards salaries and wages, 25.9% will go towards benefits, and 9.95% will go towards debt service. Departments have already cut nonessential cost items and deferred replacement of equipment. Significant revenue generation is unlikely. An area of concern is the amount of local TAT revenue. In previous years, the County received $19.158 million from the State. Given the impact COVID-19 on tourism, it's uncertain how much revenue the local surcharge would generate.

The County hopes to collect about $6.5 million in TAT revenue during the current FY, and $13 million during the subsequent year. As to large expenses, the Counties are now required to pay an Employees Retirement System (ERS) rate of 24% for general employees, and 41% for firefighters and police officers annually. The Counties are required to resume actual OPEB payments in FY 23.

CARES ACT money has already been spent on COVID-19 related expenditures. ARPA funds can only be used for COVID-19 related expenditures. Federal Emergency Management Agency (FEMA) money received is just a reimbursement for costs. Bond ratings are not indicative of the County's ability to pay wages. Favorable bond ratings carry no weight when determining whether the County can afford the proposals. The County's bond ratings simply indicate the County's ability to repay debt and should not be otherwise considered.

Union argument

The Union concurs that the County of Hawaii *does have* the financial ability to pay a fair adjustment. A combination of rate increases and increased assessed property values that began in 2014 resulted in property tax revenues growing substantially and continuing into the fiscal year. The new TAT tax would be $20.6 million, not the $19.2 million that the State had previously allocated: amounts that will increase annually. Positive budget variances, with the underestimation of revenues and overestimation of expenditures, have been the norm.

The County bond ratings are strong. Moody's analysts wrote:

> "Credit Overview Hawaii County's credit position is high quality. Its Aa3 rating is equal to the US counties median of Aa2. The notable credit factors include an extensive tax base, a healthy wealth and income profile and a robust financial position.

> It also reflects a light debt burden and an elevated pension liability. Overall, the county has a strong economy and tax base, based on the County of Hawaii's strong financial health, new transient accommodation tax revenue, healthy property tax base and Federal COVID aid."

The Panel finds the County has the ability to pay to pay some increase.

The County of Maui (COM) offered no evidence their current ability to pay. COM has approximately 58 employees who are members of BU 15. The pandemic continues to remain an unpredictable global health emergency, especially concerning waves of variants. Federal grants are threatened by policy shifts at the federal level. The County's obligation to address the problem of increasing obligations under the Hawaii Employee Retirement System (ERS) and the Employer-Union Health Benefits Trust Fund (EUTF) places tremendous pressure on salaries and benefits.

Union argument

The Union contends the jurisdiction *does have* the financial ability to pay. The County did not present any evidence on the issue of ability to pay. Revenues have grown every year from 2013 through 2021. Unrestricted cash and investments grew substantially from $216.9 million in 2016 to $466.7 million in 2021. The General Fund's liquidity and health has remained very strong and grew stronger during the last three years.

County bond ratings are strong. Moody's assigned a Aa1 rating. Moody's analysts wrote,

> "The Aa1 rating reflects the continued economic recovery of Maui driven by the rebound of tourism-related activity on the island. While visitations have not returned to 2019 levels, the county has improved considerably from summer 2020 and Moody's expects tourism to continue its recovery as local and national public health and travel protocols are relaxed. The rating also reflects Maui's large tax base and strong resident wealth and incomes and the county's reliance on generally stable and predictable property taxes that are paid primarily by out-of-state owners of time shares, vacation rentals and second homes."

Standard & Poor's provides an AA+ rating. Fitch analysts provided Maui County with an AA+ rating, commenting, A swift rebound in the leisure and hospitality sector is currently underway.

The Panel finds Maui County (COM) has the ability to pay some increase.

DISCUSSION ON ABILITY TO PAY OF EACH COUNTY

The Panel acknowledges that the pandemic stunned the islands and created havoc with county finances. The revenue changes with TAT creates some uncertainty. Although tourism is now booming with pent-up demand, the longer-term economic future is not assured with covid variants. Some counties will have lesser economic ability to give wage increases than others.

The Panel finds that the respective Employers *have not met their burden* for establishing an inability to pay some increase. The County of Hawaii testified they have the ability to pay something that is fair and reasonable. The recent settlements or awards achieved by other bargaining units negate the employer's position that they do not have the ability to pay. The Employer's case is based on conservative budgeting and future spending priorities, as opposed to the audited financial condition. ACFRs are supportive of the financial condition of each County. Bond ratings are relevant and supportive. This conclusion will not compromise statutory mandates.

As noted above, there is a significant difference between inability to pay (a factual dispute) and unwillingness to pay (a policy decision). Here, the Employers have ably articulated where they would prefer to spend the revenue, often on deferred maintenance and mandated employee benefits outside of the purview of CBA. No County disclosed implementation of an austerity plan with staff or service reductions. No County has sought concession bargaining. Where relevant, no employer has rejected the interest arbitration awards recently rendered by other Panels.

However, finding an ability to pay by each County does not suggest automatic agreement with either of the Union's two financial proposals. This arbitration has occurred late in the current bargaining cycle, after other units (except police) have settled or been awarded some increase in arbitration.

CHANGED CIRCUMSTANCES DURING THE PENDENCY OF THE ARBITRATION

- Firefighters were awarded a four-year agreement. For 2021 (year one), BU 11 received no ATB increase. On July 1, 2022, BU 11 fire fighters received a 3% salary increase. Effective July 1, 2023, a 4% salary increase. Effective July 1, 2024, a 4% salary increase. Step increases every year including a step increase retroactive to July 1, 2021.
- The State has recently settled with nurses for a four-year agreement with, in part, a 1% lump sum payment in year one, and step movements and ATB increases.

- Bargaining Unit 14, consisting of state law enforcement officers, received a one thousand dollar ($1,000) lump sum payment based on who were on Step L as of June 30 and July 1, 2021; step movements for those eligible from July 1, 2021 to June 30, 2022, and continuation of the step movement plan; a 3.2% increase effective July 1, 2022; employees on step A move to step B and step A removed from the salary schedule on July 1, 2023; continuation of the step movement plan for those eligible and a 3.44% increase on July 1, 2023; continuation of the step movement plan for those eligible and a 2.775% increase on July 1, 2024; and EUTF reopeners for 2023- 2024 and 2024-2025.

H. WAGE COMPARISON AND OVERALL COMPENSATION AND BENEFITS

HRS § 89-11(f) requires the Arbitration Panel to give weight to the following factors when evaluating the parties' wage proposals:

> (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 Hawai‘i; ****
>
> (8) The overall compensation presently received by the employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

HRS § 89-11(f)(6) requires separate comparability consideration of BU 15 employees with other persons performing similar services and other state and county employees in Hawai‘i.

In interest arbitration, the traditional comparison of similar jobs and competition comprises either internal comparability (within the employer) or external comparability (outside of the employer). The Panel recognizes that prior arbitration awards that interpret similar issues are not binding. However, in the absence of materially different circumstances, prior awards may be persuasive.

Overall compensation and working conditions received by WSOs

Pursuant to HRS 89-11(f)(8), the Panel must consider the overall total compensation, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received. This factor includes rates of turnover, tenure, unemployment, and recruitment statistics.

The average employee in BU 15 has almost 11 years of tenure. For the WSO I's, WSO II's and WSO III's, there are twelve (12) salary steps. Each step provides for a four percent (4%) salary increase. Salary step increases may occur on an employee's anniversary date every three years. According to testimony, the average annual wage of all the employees in BU 15 is $60,168, which reflects the minimum compensation of the newest WSO of $46,788 and the maximum compensation of $102,468. Currently there are few WSO IIs at the top steps of the salary schedule. An ATB percentage award is a wage increase.

Benefits

Annual health insurance benefits for BU 15 members amounts to 8.59% of their total compensation. Annual pension or retirement benefits for BU 15 members amounts to 24% of their total compensation. Regarding overall benefits as a percentage of wages, if BU 15 members' personal time off is analyzed, which includes vacation time (21 days annually), sick time (21 days annually), and holiday time (13.5 days in a non-election year), this amounts to 21.35% of their total compensation. If all these figures are compounded, these benefits amount to 74.1% of each BU 15 member's annual compensation package. BU 15 members have no limit to the amount of sick leave they can accumulate and at retirement, unused sick leave increases their retirement benefit.

Turnover, tenure, unemployment, and recruitment statistics

Testimony was uncontested that BU 15 employees appear to find the job attractive. Turnover is minimal. Tenure is higher than other public and private employers. Recruiting a pool of candidates is easy: but only 16% of total applications are accepted. The desirability of a job is one factor to be considered in wage negotiations. One historical witness opined that WSOs have a passion for public safety in this very physical occupation that drives retention.

The Panel agrees that when there is low turnover, high tenure, and strong demand to be hired in the ocean safety field, this indicates that the entire package of compensation and benefits is attractive compared to other fields. There are also intangible aspects of this position driving job satisfaction.

Historical compensation of WSOs in more recent interest arbitrations

The Panel is required to consider the historical compensation of BU 15 employees, notably the:

- Sinicropi Panel Award from 2000, awarded a four-year contract with no increases in year one and two to avoid roll-up costs, and ATB increases of 4% in year three and 5% in year four, plus step movements, etc.
- Harris Panel Award from 2004, awarded a two-year contract with different awards for each BU. BU 3 was awarded 5% ATB and step movement in the second year, plus longevity pay.
- Yamasaki Panel Award from 2016 concerning BU 14 (WSOs/OSOs/law enforcement/others) awarded 4% ATB, a 4% onetime payment of basic wage for employees on the last step and restructuring of the schedule, etc.

- Higa Panel Award from 2018 concerning BU 14 awarded a 2% ATB the first year, with a 2.25% ATB in 2018 with step movements, with two lump sum bonuses, etc.
- Whalen Panel Award from 2020, awarded a two-year contract with two ATB increases totaling 9%, with step increases, and rejecting a lump sum award. The Panel also ordered negotiations to consider restructuring the schedule to achieve compression.

Comparability of similar duties and training

Historically, the Employers contend the most appropriate and comparable employers are confined to Hawaii, mainly military lifeguards, but not firefighters. When determining external comparators, Employers insist that fringe benefits be taken into account. In contrast, the Union contends that the most appropriate comparable employers are Hawaii firefighters and OLS on the mainland. The Panel notes that the prior Whalen Panel faced almost identical issues of comparability that are presented here.

*Employer argument on comparability of similar duties and training (Expert Kilbourne***)**

- A local labor market comparison is more relevant than a mainland market comparison. Local data carries greater inherent weight. Geographic proximity is more important. Looking outside the state is not justified given an absence of turnover. The best comparators are the employer's competitors. Hawaii does not compete with mainland ocean lifeguards.
- Federal (military) Ocean Safety Officers (OSOs) are more comparable than OLS. Federal OSOs have similar duties, equipment, and experience. They have similar training, similar hours, and serve similar beaches. Mere job titles are not conclusive.
- BU 15 is less comparable to OLS regarding to wages, hours, and conditions of employment. Los Angeles OLS and BU 15 members do not work comparable hours.
- BU 15 members are not comparable to EMT's or Paramedics (BU 10). EMTs require 1250 hours of training to prepare for the licensure exam. EMTs are required to attend at least 72 hours of training every two years. WSOs receive less training than EMTs, even though their salary is above EMTs. WSO training requirements (at 200 hours) are far less than with EMTs (400), paramedics (1750), and firefighters (1200).
- BU 15 members are not comparable to BU 11 firefighters. WSOs receive less training than firefighters and have far less risk and job complexity. Because firefighters work a 56-hour workweek versus, BU 15 employees who work a 40-hour workweek, WSO 2s earn more than firefighter.

Union argument on comparability of similar duties and training (Expert Murphy)

- BU 15 members are more comparable to Los Angeles OLS regarding wages, hours, and conditions of employment. OLS must be an EMT and have scuba certification, so the match is not perfect.

  Federal (military) ocean lifeguards are not comparable. With one base exception, they do not have annual physical exams, do not have drug tests, and patrol beaches with less intense surf conditions. It is not a career job. They are recreation assistants.
- Since 1996, HGEA has argued that mainland employers are the best comparators. Prior arbitration awards have determined that OLS and firefighters are more comparable.

Employer Argument on comparability of compensation within Hawaii (Expert Kilbourne)

- Compared with EMTs, WSO wages are 2% higher than EMT's despite EMT's receiving twice the level of training hours. Normally, EMTs make less than ocean lifeguards.
- Compared with federal lifeguards, WSO salaries are 12% to 49% higher than federal ocean lifeguards, Federal lifeguards received a 4.96% increase in 2020 and .83 increase in 2021. The minimum salary and maximum salary for WSOs is less than OLS.
- According to the Employer expert, the five-year average annual wage growth for BU 15 employees is 5.9%. The five-year average annual wage growth for federal employees is 1.59%
- BU 15 employees have exceptional retirement benefits when compared to those other sectors. The Hawaii fringe benefit rate ending June 2020 is 63.28%. Salaries and benefits (including pensions) are clearly above the local labor market.
- The overall benefit package of BU 15 employees exceeds federal civilian and other workers in Hawaii.

Employer Argument on comparability of compensation with Los Angeles OLS (Expert Kilbourne)

- Compared with OLS jobs, WSO total compensation exceeds OLS jobs, much due to better benefits for WSOs (equal to 74% of wages).
- Comparisons of retirement plans are more difficult. Plan benefits are different in both Los Angeles County and Hawaii based on the employees' hiring dates and whether they are in Social Security. But employer contribution for retiree healthcare for BU 15 employees exceeds federal employees.
- WSO benefits exceed the benefits of OLS.

Union argument on comparability of compensation within Hawaii (Expert Murphy)

- WSOs should be compared with firefighters and are underpaid compared to BU 11. From 2009 until the current contract period, BU 11 firefighters received increases totaling 41.5%, while BU 15 WSO's received increases totaling 23.2%. WSOs have a twelve-step schedule that ends at 33 years, while firefighters have a nine-step schedule that ends at 25 years. This is a substantial gap. It takes the firefighters twenty-eight (28) years to reach their maximums, but thirty-three (33) years for BU 15 reach their maximums.

- Firefighters (BU 11) are paid $953 per month more than the BU 15 at the beginning of their careers, a twenty-three (23%) difference. At their maximum levels, the differences between SR-17 firefighters and SR-17 OSOs is $867, or thirteen (13%) percent.
- BU 11 recruits and BU 15 recruits should be as close to each other in pay as possible at the beginning of their careers, and yet the Unit 11 firefighter recruit is still paid more than the journey level WSO II. So the SR-15 firefighter recruit is paid $4,777 a month, while the SR-17 Water Safety Officer II is paid just $4,213 a month, a difference of $564, or 13 percent.
- Federal (military) ocean lifeguards receive a substantial cost of living allowance that elevates their salaries above WSOs.
- WSOs deserve to be paid more than EMTs.
- Prior arbitration panels have rejected the opinion of Employer Expert Kilbourne and considered all first responders as relevant for purposes of comparison, with emphasis on retention of WSOs.

Union argument on comparability of compensation with Los Angeles OLS (Expert Murphy)

- The base pay differential between WSO II and OLS is substantial at the minimum and maximum salary. OLS receive a 15% premium for EMT certification, plus longevity pay. Maximum pay is at 5 years. OLSs have a similar training academy but less rigorous annual recertification. WSO compensation needs to catch-up to OLS compensation. The Whalen Panel agreed.
- The Los Angeles County health plan is comparable to or superior to the Hawaii health plan covering these Bargaining Unit 15 employees. There's not a whole lot of difference. Los Angeles OLS retirement benefits either equal or exceed retirement benefits of WSO's. The time to reach the maximum step with OLS is far less than the 33 years for WSOs.
- Prior arbitration panels have rejected the opinion of Employer Expert Kilbourne and determined the current wage difference with firefighters is too great, including the minimum salary.

Discussion on Comparability of Duties

Given its geographic isolation, determining comparable employers in Hawaii is challenging. Given credible testimony, the Panel finds that WSOs are less closely matched with federal lifeguards due to accreditation, training, recertification, surf intensity, and duties. Federal lifeguards are relevant but not the better comparator. BU 15 employees share similar duties and services with OLSs of Los Angeles County. The Panel finds that although the WSO's and OLS's are not a perfect match, they are closer for comparison of duties.

Given credible testimony, the Panel finds that WSOs are more closely aligned with other local first responders such as firefighters. WSOs have a direct relationship to fire fighters in their daily activities, despite differences in their jobs, training and skills, Some County WSOs are integrated into Fire Department structure. WSOs and fire fighters correspond to emergencies and may work side-by-side on occasion. However, WSOs and firefighters are not identical jobs and do not justify parity in compensation and benefits.

Discussion on Comparability of Compensation

Concerning a comparison with OLS, the Panel finds that an objective analysis between the compensation and benefits of WSO and OLS jobs is difficult. Concerning a comparison with other first responders in Hawaii, the Panel finds that any potential gap in overall compensation between WSOs with other HGEA units has been reduced over time. BU 15 employee benefits are substantively better than the private sector and federal lifeguards.

The Union's proposed wage increases in either option one or option two are excessive. Likewise, the Employers proposal of zero wage increases is not supported by the evidence. Given low job turnover and internal comparability, the Panel finds that WSOs deserve a moderate wage increase similar to those for which they are most closely aligned and others who perform similar duties.

I. COST OF LIVING (COL)

The consumer price index (CPI) is a measure of the average change over time in the prices of consumer goods and services. There is no dispute that, partly due to its geographic isolation, the historical cost of living in Hawaii is higher than the mainland. Hawaii has the highest cost of living of any state, but not the highest city cost.

The Bureau of Labor Statistics (BLS) advises that the national CPI had increased by 6% over the prior year. The Federal Reserve has started to increase interest rates to diminish continued inflation. National inflation is expected to moderate. UHERO forecasts less inflation by 2023. As explained in the Higa

Panel Award, adjusting wages for the cost of living (COL) is rare in interest arbitration. The Panel notes that the Federal Reserve historically aims for an inflation rate of 2% per year.

The Employers contend the consumer price index can't be compared from one location to another in that each location has its own basket of goods, and so the basket of goods in Honolulu is different from the basket of goods in Los Angeles. The COL on the mainland is not relevant to the COL in Hawaii. CPI is not a relevant measure. The Employers contend that wage increases for BU 15 employees have outpaced the Hawaii CPI over a five-year period ending 2021.

The Union denies that wage increases have outpaced COL. Expert Murphy testified that with adjustments for metro differences in the cost of living in Honolulu and Los Angeles, a twenty-year regional price parity comparison would show that OLSs have a fifty-three (53%) percent advantage. He testified that the health care benefit and pension costs are not offset by the regional advantage.

On this record, the Panel finds that inflation has been nominal for many years but has now spiked and is expected to stay elevated for the foreseeable future. Interestingly, consumers have not yet reduced their purchasing pattern or engaged in substituting lower cost products. The Panel has exercised its discretion to give appropriate weight to the COL in the context of the other statutory factors.

J. DURATION OF CONTRACT (Article 55)

The Employer Group proposes a four-year duration because a longer contract is more efficient for the parties when budgeting to have things known for a longer period. If CBAs continue to be re-negotiated every two years, it becomes more difficult to ascertain what figures to use to properly budget. Having more information regarding expenditures over a longer set period of time would assist a County in preparing and estimating what that County would have to collect in revenues to be able to pay all of its expenses.

The Union proposed a two-year duration, but verbally indicated it would accept a longer contract. All of the recently resolved negotiations have resulted in four-year contracts. As both parties were amenable to a longer contract, the Panel finds this award will be for four-years.

K. NON-COST PROPOSALS

1. Sick leave (Article 35(D)(3)): Employer proposal to clarify the Procedure to apply for Absences due to Sickness Lasting Less than One Hour:

The Employers contend their proposal came about after an Employer learned that some employees were scheduling doctor's appointments around the last hour of their shift and claiming that the one (1) hour of time off should not be counted as sick time. This will remedy confusion. Sick leave for a doctor's appointment would be charged to the employee's sick leave balance and is specifically addressed in Article 35(I). The Union provided no witnesses to testify against the Employer Group's proposal. In contrast, the Union contends that on cross-examination, the Employers' witness admitted that the Employers had no evidence and no information of an abuse of the current language and never raised this issue with the Union. The Employers had not been successful in obtaining an agreement on this proposed language with any other bargaining unit. The current language clearly requires that a supervisor must release an employee from work.

The Panel declines to award the proposal.

2. **Other Leaves of Absence (Article 45):** Employer's proposal regarding unauthorized leaves of absences so that disruptions to overall business operations can be avoided.

The Employers contend that authorized leaves of absence are disruptive and often lead to staffing shortages and delayed completion of critical work. Therefore, a set of disciplinary schedules are needed so that BU 15 members are aware of what the consequences will be if a BU 15 member uses unauthorized leave and do not inform their supervisors when they will be out. The Union provided no witnesses to testify against this proposal. In contrast, the Union contends the Employers have never discussed the problem or the proposed solution with the Union. There is no evidence as to when the proposal was accepted by the UPW or what may have been discussed and agreed to by that Union in exchange. This proposal had been made to other HGEA bargaining units and had been rejected. In those cases, the Employers withdrew the demand.

The Panel declines to award the proposal.

3. **Union recognition**: The parties have stipulated to delete subsection B, renumber B, C and D and delete subsection F due to the Janus federal court decision.

4. **Family leave (Article 36)**

The Employers propose to modify subsection C to read as follows:

C. Administration and enforcement of the state and federal family leave provisions shall be in accordance with applicable laws and regulations. Appeals with regard to state and federal family leave shall be filed with the appropriate state and/or federal agencies who are responsible for administering and enforcing the respective provisions mentioned herein, i.e., State of Hawai`i Department of Labor and Industrial Relations or the United States Department of Labor, Wage and Hour Division. Appeals shall not be filed through the grievance procedure found in the CBA (delete in part: unless a representative of the agency first determines that the agency does not have jurisdiction over the appeal because the appeal concerns interpretation of this Article). The Union contends this proposal should be rejected.

The Panel declines to award the proposal.

5. **Overtime (Article 22:** Union's proposal to provide overtime for non-mandatory quarterly staff meetings regarding operational information.

The Union contends this proposal is to assist with communication by facilitating face-to-face interactions and/or getting everyone (WSOs and supervision) together in the same room. Current communications do not consistently work. In contrast, the Employer contends the jurisdictions already have multiple layers of adequate communication of operational information available between management and WSO/OSO's. Captains drive to towers and convey updates. Stewards could do more communication. In the past, the Employers have agreed to hold such meetings on a non-mandatory basis.

The Panel declines to award the proposal.

6. **Temporary Hazard Pay (Article 30):** for employees who are temporarily exposed to hazardous working conditions and certain conditions are met with differentials not to exceed six months. This does not refer to current hazard pay for beaches. This issue is apparently linked to an ongoing grievance. Neither the Employer Group nor the Union in their respective Final Position Statements requested that Temporary Hazard Pay be opened as an unresolved issue.

The Panel declines to consider the proposal**.**

L. PRESENT AND FUTURE ECONOMIC CONDITION OF THE COUNTIES AND STATE

The statute requires the Arbitration Panel to consider the general economic condition of the counties and State. The State of Hawaii has no WSOs/OSOs in its employment. Although the State of Hawaii did not assign an advocate to the hearing, there was significant evidence entered into evidence concerning state-wide economic conditions. Testimony confirmed that tourism (the primary driver of TAT revenue) has returned in a robust manner for the foreseeable future. The Council on Revenue

(COR) has forecast revenue growth increasing from 6.3% to 15% for fiscal year 2022. The stabilization of the visitor industry continues, and its recovery is an important part of the economy. The State expects a strong summer and looks forward to welcoming international visitors. TAT revenues were up 177.8% from the previous year. The assessment of the (third-party) bond rating firms is relevant. Their opinion (highly paraphrased) is that the state economy is strong. The stabilization of the visitor industry continues, and its recovery is an important part of the economy. Global travel is reopening with pent up demand. Hawaii expects a strong summer of 2022 for international visitors. In addition to tourism, residential building permits are increasing, the State's general fund revenue has increased from the previous year; and the excise and use tax revenues has increased. TAT revenues are up from the previous year.

The UHERO report of December 2021 found that a broader economic recovery has resumed, along with employment gains and surging home prices. UHERO forecasts that tourism and visitor spending will not be affected by inflation. The Panel takes note that since issuance of this report, the variant has not suppressed tourism and the underlying economic fundamentals remain strong. The Panel agrees with the conclusions of UHERO that the economic outlook is promising.

The Council on Revenue (COR) forecasts strong revenue growth for fiscal year 2022 due to robust collections from the general excise and use tax, plus TAT. COR sees renewed customer spending and recovery of tourism. COR forecasts tax revenue to increase from 15% to 21% for the 2022 fiscal year.

The Counties contend that although the disruption caused by covid is in retreat, the pandemic continues as an unpredictable global health emergency which should deny any wage increase. While the Counties strongly argued that their expenses exceed their GFs, no County argued the future is foreseeably bleak for tourism and property taxes.

On this record, the Panel finds the terms of this Award are consistent with the present and future general economic condition of the counties and the State.

M. INTEREST AND WELFARE OF THE PUBLIC

Although not a direct party to the arbitration, the public has an interest in the outcome. The statute requires the Arbitration Panel to give weight to the interests and welfare of the public in making its award.

The Employers urge the Union's proposals *are not* in the interest and welfare of the public. The Employers urge the Arbitration Panel to not make an award in a vacuum by merely considering the interests of BU 15 employees. If more money is awarded, the Counties will face negative ending general fund balances. Instead, the Panel must consider the limited financial resources and county public policy goals of maintaining strong bond ratings, which lessens the cost of borrowing money, maintaining adequate fiscal reserves for economically challenging times, and addressing deferred maintenance projects.

The Union contends that their proposals *are in fact* in the interest and welfare of the public. Prior arbitration panels have consistently ruled that special consideration should be given to bargaining units which consist of employees ensuring public health and safety. BU 15 employees are first responders. It is in the public interest to provide special recognition (compensation) to these employees.

On this record, the Panel finds this Award is in the public interest and welfare of the jurisdictions. This Award echoes other settlements or arbitration awards recently achieved by other bargaining units.

N. URGE THE PARTIES TO MEET AND NEGOTIATE MODIFICATIONS TO THE SALARY SCHEDULE

Proceeding this arbitration, the parties held only one negotiation meeting. This lack of process inhibits the purpose of the public policy encompassed in the labor statute The Panel believes in collective bargaining to resolve complex subjects. A salary schedule is a legitimate subject of bargaining between the parties. The Whalen Award in 2020 directed the parties to negotiate the schedule, but they apparently did not do so.

Within 120 days of transmittal of this Award, the Panel strongly urges the Parties to meet and initiate negotiations on the salary schedule. The parties may seek the support of FMCS or another local resource to facilitate the discussion. The Panel recommends interest-based negotiations, whereby the parties negotiate from the underlying interests behind their positions and negotiate from respective options.

O. CONCLUSION

State law offers ten factors for consideration. The statute leaves to the discretion of the Panel the weight to be given these criteria as well as how they are to be balanced. Traditionally, the threshold factor is ability to pay. The second factor is comparability of employers. The third factor compares total compensation and benefits. The statute requires consideration of all factors.

The Panel has determined that each jurisdiction has the current ability to pay a wage increase. The County of Hawaii acknowledged an interest in a fair and reasonable adjustment. While acknowledging the recent collapse of TAT revenue and economic downturn caused by covid, the record demonstrated that the worse is over and tourist and property tax revenue is dramatically rising. Future economic prospects are positive. The County TAT should restore lost revenue.

The Panel has determined that BU 15 is more reasonably comparable to OLS. The Panel has determined that WSOs/OSOs are closer to but not directly comparable to firefighters.

The Panel acknowledges that the jurisdictions employing WSOs/OSOs are already incurring significant expense in employee benefits and pensions. This is a valid factor in moderating any compensation increase.

The Neutral Chair of the Panel has voiced concern with the apparent lack of bargaining prior to the arbitration. The parties may have met only once, so could not have shared their interests and considered options in amending the CBA. As noted in prior Awards, interest arbitration *is not* the natural continuation of bargaining, but a last resort option in lieu of bargaining.

Prior to the interest arbitration process, the parties were able to reach tentative agreements on other issues. Therefore, incorporated in this Award are:

- Bargaining unit (BU) 15 Tentative Agreements (TAs) Reached, submitted to the Panel on June 20, 2020. The parties mutually requested that the attached TAs be incorporated into the panel's interest arbitration award for BU 15.
- The second exhibit in the submission was the actual signatures to each Article.

The terms of the Award, with signatures, are noted below.

AMENDED

INTEREST ARBITRATION AWARD FOR BARGAINING UNIT 15

Pursuant to HRS 89-11, and for the reasons set forth above, the Award is as follows:

- Contract duration (Article 55) shall be amended for four years, from July 1, 2021 to June 30, 2025.
- Starting July 1, 2021, employees shall receive full credit for service toward step movements.
- Effective July 1, 2021, employees who become eligible for step movements from July 1, 2021 through June 30, 2022, in accordance with Article 14, paragraph O (Compensation Adjustment) shall receive their step movements on their step movement dates.
- Effective July 1, 2021, a one-time lump sum payment of one percent (1%) based on June 30, 2021 annual base salary, and continuation of steps for eligible employees.
- Effective July 1, 2022, an increase of three percent (3%), and continuation of steps for eligible employees.
- Effective July 1, 2023, an increase of four percent (4%), and continuation of steps for eligible employees.
- Effective July 1, 2024, an increase of four percent (4%), and continuation of steps for eligible employees.
- Employees not administratively assigned to the schedule shall receive the same one-time lump sum payment and across the board increases.
- The Employer's non-cost proposals are denied.
- The Union's non-cost proposals are denied.
- The parties shall effectuate this Award by making it a part of their Agreement, either directly or incorporating its findings in the appropriate provisions of the CBA, including the formatting and numbering of articles in the CBA. The parties shall also incorporate the unchanged articles from the existing Agreement.
- This Award and the subsequent Agreement shall incorporate the tentative agreements reached by the parties and transmitted to the Panel by the Joint Letter dated June 20, 2022.

Respectfully submitted,

RICHARD FINCHER
Neutral Chair
July 22, 2022

STACY MONIZ
Union Panel Representative
Dated July 22, 2022

☑ Concur

☐ Dissent

FLORENCIO BUGS BAGUIO, JR.
Employer Panel Representative
Dated July 22, 2022

☐ Concur

☑ Dissent