

CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET 10<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
TELEPHONE: (808) 768-8500 • FAX: (808) 527-5563 • INTERNET: www.honolulu.gov/hr



MUFI HANNEMANN  
MAYOR

KENNETH Y. NAKAMATSU  
DIRECTOR

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April 8, 2008

CITY COUNCIL  
HONOLULU, HAWAII

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The Honorable Todd Apo, Chair  
and Members of the Budget Committee  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

Dear Chair Apo and Councilmembers:

We understand that the City Council is considering cutting vacant funded positions, possibly by an across-the-board percentage, because of concerns that agencies are lapsing large amounts of money.

On behalf of the Administration, we request that those vacant funded positions not be cut, for these reasons:

- We anticipate vacancies will be filled in Fiscal Years 2008 and 2009 because of changes in Department of Human Resources' recruitment methods (e.g., job fairs, websites, news media, campus visits, Pookela Fellows, and so forth).
- Departments are aggressively and successfully recruiting on their own.
- DHR is collaborating with agencies on revising the minimum qualifications to create a larger applicant pool.
- The City is initiating succession planning techniques such as the use of vacancies to promote employees and then training and developing them as they work side-by-side with prospective retirees to ensure a smooth transition. We expect this will help to minimize the number of lower-ranking employees who are promoted from within, but who lack the experience of their supervisors.

- DHR is reviewing and approving Recruitment above the Minimum, Recruitment and Retention Incentives, shortage differentials and other actions to increase recruitment and retention.
- A slowing island economy may lead more private sector employees to seriously consider City careers.

Funds budgeted for vacant positions pay for unplanned, unbudgeted situations, such as:

- Personal services contracts to provide services until vacant positions can be filled.
- Unplanned, unbudgeted overtime to perform work while positions remain vacant.
- Personal services contracts or limited term appointments to perform the work of employees on paid workers' compensation leave.
- In-house promotions where the salary is higher than budgeted for that position.
- Priority placement (when an injured worker is placed in another job) resulting in a department absorbing a higher rate of pay.
- Temporary assignments and temporary reallocations.
- Unbudgeted settlements for grievance and arbitration awards.
- Paid sabbaticals.
- Vacation payouts due to retirements or resignations.
- Unforeseen salary changes resulting from employee movements (personnel actions), emergencies, or other situations.

There will be adverse effects should the Council adopt the proposed cuts:

- Employee morale and health will suffer, particularly in those departments that are already understaffed. Workers' compensation stress and injury claims and sick leave will increase if there is a perception that there is no hope to fill

vacancies and, therefore, the burden will continue to be borne by the current workforce.

- Departments already have made administrative vacancy cutbacks as high as 9 percent. Should the Council-imposed cutbacks result in more unfilled positions or lay-offs of warm bodies (hard-felt in the smaller departments), a highly stressful bumping process may ensue.

For these reasons, we respectfully request that the City Council not use unfunded vacancy positions as the target for budget cuts.

Sincerely,



Ken Y. Nakamatsu  
Director of Human Resources

Sincerely,



Mary Patricia Waterhouse  
Director of Budget and Fiscal Services

APPROVED:



Wayne M. Hashiro, P.E.  
Managing Director

cc: The Honorable Barbara Marshall  
The Honorable Donovan Dela Cruz  
The Honorable Charles Djou  
The Honorable Romy Cachola  
Department Heads