



CITY OF ANN ARBOR, MICHIGAN

100 N. Fifth Ave., P.O. Box 8647, Ann Arbor, Michigan 48107
Phone (734) 794-6110 FAX (734) 994-8297

Office of the City Administrator

June 14, 2010

House Labor Committee

Thank you for the opportunity to comment on the proposed amendments to Public Act 312. Certainly, the experiences of Michigan cities with the processes and constraints of this dispute resolution statute are many and varied. Nonetheless, we believe the labor negotiating experiences of the City of Ann Arbor with its police, fire and emergency management personnel are typical and should be concerning to our state legislators.

Our experiences are:

- That the very existence of Act 312 has a chilling effect on collective bargaining with covered groups. Because of the perception of a virtual guarantee of retroactive wage settlements, there is little motivation among employee representatives to work progressively toward timely contract renewals.
- The process of mediation now required under the act is typically time-consuming and ineffective.
- A recent contract renewal effort ultimately went to arbitration after nearly a year of infrequent bargaining. The arbitrator's decision was rendered approximately two and one half years after the contract expired and much longer after negotiation efforts started.
- Under recent practices, it appears arbitrators have carte blanche to determine how much communities must spend for emergency services covered under the act. The choice is to either accept the arbitrator's decision and pay more for existing levels of service, or cut service levels. There is no clear middle ground in the present system.

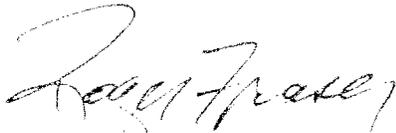
The Senate proposal does not address any of the problems that we have with Act 312 and in fact, adds another layer to the already long process. The bill adds another step with the mediator in which he/she does a prehearing review of the issues and the proposed contract language. Despite adding this additional step, there is still no requirement that the last best offers be final before the hearing (which might actually save some time).

While this Senate Bill appears to be insubstantial in addressing the concerns of local governments with P.A. 312, there have been some legislative efforts that might improve the workings of the Act. An earlier house bill addressed many of our concerns, including defining the "ability to pay" provision. That bill called for a review of the financial impact on the community for five years into the future, and consideration of the financial climate of the region. That bill also required the arbitrator to consider the internal comparables which would be extremely helpful to us, and would help us to justify the changes we make to non-union employees.

We would also encourage some specific language that addresses the "interest of the public" to determine how their tax dollars should be spent. Such language should eliminate the arguments that the unions use to say we have the money; we're just spending it on the wrong things. For example, the public generally supports swimming pools, so the union should not be able to argue that the money could be taken from there to pay for higher contract costs.

We encourage our elected representatives to take seriously the need for changes in Public Act 312. The bills currently before you do little or nothing to improve the functioning of this Act.

Thank you for your attention.



Roger Fraser
City Administrator

c: Pam Byrnes, State House Representative
Rebekah Warren, State House Representative
Ann Arbor Mayor and City Council