

Background

Several statutes governing intergovernmental service sharing in Michigan contained provisions that discouraged local governments from collaborating by restricting the possible cost savings. For example, the Urban Cooperation Act (Public Act 7 of 1967) contained language mandating that "An employee who is transferred to a position...shall not, by reason of the transfer, be placed in any worse position with respect to...benefits that the employee enjoyed as an employee of the acquired system." The process for collective bargaining and coordinating of disparate labor agreements after creating a joint authority was also a barrier to service sharing.

Public Acts

The Urban Cooperation Act was amended by House Bill 4312, now [Public Act 263 of 2011](#). The Act provides for the joint exercise of any power, privilege or authority that each public agency has the power to exercise separately.

Public Act 57 of 1988, which allows municipalities to incorporate emergency services authorities, was amended by House Bill 4309, now [Public Act 261 of 2011](#).

Public Act 8 of 1967 (Extra Session), which allows intergovernmental transfers of functions and responsibilities, was amended by House Bill 4311, now [Public Act 262 of 2011](#).

The Legislature also made related changes to the Public Employment Relations Act (PERA). See the [PERA One Pager Plus](#) for more information.

What is the purpose of the Acts?

Public Acts 261, 262 and 263 of 2011 made changes to the Urban Cooperation Act and corresponding statutes to ensure a more efficient and effective process to share services. Language in the three Acts is now identical, creating a uniform process.

A significant challenge to creation of a joint service authority or agreement was the interim before the new entity formed. The new Acts spell out this procedure in a clearer way to ease the transition and encourage the creation of cost sharing authorities. The Acts allow an authority to be effective 180 days before employees are transferred. The participating municipalities must confirm which employees will be transferred. If those employees are represented by a bargaining unit, the terms and conditions of employment will be transferred to the new authority for six months or until a new bargaining agreement is reached, whichever is earlier. Negotiations must begin no later than 180 days before the employee transfer date. Language protecting employees from any decrease in seniority or benefits has now been stricken from the Acts. Provisions governing collective bargaining and the transfer of employees were also simplified.

If an employee is represented by a bargaining unit, the new Acts prescribe the procedure for continued representation by that same bargaining unit or another after transfer to the new entity. The Acts authorize the [Michigan Employment Relations Commission \(MERC\)](#) to conduct a representation election if there is a dispute over representation between multiple labor organizations.

Absent a mutual agreement the workforce will be joined using a single seniority list. The list will be used for initial assignments, layoffs, recalls and job bidding. A single arbitrator appointed by MERC will resolve disputes related to the seniority list.