

## DETROIT CHARTER REVISION COMMISSION

### PROPOSAL/ISSUE REVIEW SUMMARY

**ISSUE NUMBER:** BF 10

**ISSUE CATEGORY:** Budget & Finance

**SOURCE:** Mayor, January 2010 *“Report on the Impact of the Detroit City Charter on City Service Administration”*

**RELATED CHARTER SECTIONS:** §6-307 (*Privatization of City Services*)

**RELEVANT ORDINANCE SECTION:**

**RELEVANT LAW(S):**

18-5-100 to 18-5-109

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**ISSUE/PROPOSAL STATEMENT:** Eliminate limitations and procedures on privatization.

**RATIONALE:** “This section specifies steps that must be taken prior to contracting for services similar to those provided by regular city employees, including gaining Council approval before soliciting bids and extensive study requirements.

Several components of this section constrain information gathering and analysis that is inherent to good management. These include: ambiguity about what constitutes “privatization”; creation of a requirement for City Council approval in order to even gather bid information; bloated requirement for reports. These unattainable requirements assure the preeminence of the interests of the status quo over process improvement – and the preeminence of the interests of current workers over those of citizens of the City.

Appendix V provides a history of inefficiencies that have resulted from appeals (often liberally construed) to this Ordinance.

A number of major cities have reflected a spirit of partnership with their workforces by creating procedures for managed competition in the employment process. This trend appears to have taken root outside of city charters (as municipal ordinances or management directives, rather than codified in Charters). The experiences of Philadelphia, Indianapolis and Phoenix are much celebrated for savings of tens [sic] of millions in annual costs with modernization of services.”- *Mayor’s Report on the Impact of the Detroit City Charter on City Service Administration, p. 6.*

#### **“Impact of the Privatization Ordinance on City Services**

The Privatization Ordinance was passed in 2005 to enable City Charter section 6-307 dealing with Privatization of City Services. This Ordinance has had a substantial impact on the city’s ability to seek efficiencies and creatively approach city management. This outline provides a history of cases in which the city has been prevented from implementing management initiatives due to interpretations of the Privatization Ordinance.

General Services Department: (GSD)

- In Summer 2009, GSD was asked to hire 300 youth under federal stimulus package money through the Detroit Workforce Development Department. The city met with AFSCME local union representatives, as the trainees would be stationed in the most used parks to pick up litter and help with weeding, supplementing GSD staff. AFSCME threatened an injunction; versus losing this multi-million dollar grant, the city settled with AFSCME to bring seven laid off workers back during the eight week period the kids were working.

- A lawsuit was filed by AFSCME against GSD and Recreation for the 2007 Belle Isle Grand Prix in which the Race Committee contracted extra clean up. No City funds were used, but the judge ruled that the City cut back on overtime in favor of the contractors doing the work, and a \$30,000 fine was paid to AFSCME.
- AFSCME filed a lawsuit against GSD for utilizing the non-profit Greening of Detroit to plant trees. AFSCME states city workers should be planting the trees versus the City paying to plant; the City was focused on removals/trimming and hadn't done any significant planting in nearly 20 years. The city won and the Greening is allowed to plant, however, it was recommended by Labor Relations that City workers be on the clock on those Saturdays when the Greening is planting.
- AFSCME filed a lawsuit over the implementation of the NAPA program for managing inventory for the GSD Fleet Maintenance operation. Eventually through a Labor Relations settlement, the city kept its storekeepers even though they had never performed the kind of inventory management activities now offered, and this resulted in GSD having to keep an extra 8 positions.
- Currently AFSCME is requesting information through the Courts for grounds maintenance activities going back up to 10-15 years: under an agreement, the Detroit Downtown Partnership has handled selected areas, the Ford UAW group contracted areas, and the 300 Group contracted other downtown areas. The city is waiting for a ruling.
- The GSD has attempted to use monies from the Street Fund for the removal of dead and dangerous trees caused by the emerald ash borer. However, the court has upheld an injunction AFSCME filed against the City and City Council won't renew contracts for the city. The GSD has had to neglect other assignments in order to address this short-term pest problem.
- The GSD has had interest in outsourcing security and janitorial services to gain as much as \$1 million in salary savings due to laxer work rules, flexibility in using part-time workers, and lower employee benefit costs. However, this can't be explored at the present time with the privatization ordinance.

Police Department:

- When the Police Department introduced the idea of retired officers staffing neighborhood mini-stations, they were challenged by the union.

Recreation Department:

- Recreation in conjunction with the Women's Committee of Belle Isle had a planned daffodil planting on Belle Isle. AFSCME threatened to file an injunction to stop the planting with the use of volunteers. In order to plant (since 10,000 bulbs had already been purchased), the city agreed to allow GSD and Recreation personnel to work overtime with the volunteers.
- Recreation has had issues with AFSCME filing suit and or grievances when a vendor cuts grass in parks that are being developed and/or are under construction. It is the responsibility of the vendor to care for the grounds maintenance when they are upgrading the property." -Mayor's Report on the Impact of the Detroit City Charter on City Service Administration, Appendix IV, p. 8-9.

**ANALYSIS:**

**DISPOSITION/COMMISSION ACTION:**

**NOTES:** See "Historical Charter Analysis of Privatization", dated August 5, 2010.