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VIA EMAIL

PRIVILEGED ATTORNEY-CLIENT COMMUNICATION

June 20, 2023

Honorable Mayor Bob Gatt and City Council
City of Novi
45175 West Ten Mile Road
Novi, MI 48375

Re: City of Novi/NPFFU Local 3232/312 Arbitration: 22-F-1278-CB
STATUS UPDATE

Dear Honorable Mayor and Council:

Please consider this a status update concerning the Fire Act 312 Arbitration.

As you will recall from our earlier meeting, we anticipated that was going to be a long and arduous process. Unfortunately, that prediction was correct.

In this communication, I will give you an overview of where are in the arbitration process.

The parties have hearings scheduled for July 18, 19, 26, 27 and 28. More dates are likely needed. Previously, the Arbitrator remanded us to mediation. Settlement attempts failed there.

Once mediation failed, on June 5, 2023, the parties submitted what are called Last and Best Offers on the outstanding issues between the parties. In an Act 312 arbitration, on economic issues, the Arbitrator is required to accept the last and best offer of one of the parties. The Arbitrator cannot rewrite or modify the position of either of the parties. In essence, he picks one or the other of the offers. No compromising.

In the Last and Best Offers, the Union has 13 issues they alone are bringing forward. The City has two of its own issues and the remainder of the City issues are responses to the Union's proposal. Wages are a joint issue.

We approached this process by demonstrating to the Arbitrator that we were reasonable, not seeking changes and the reason that we are in arbitration, is the Union is seeking dramatic changes.

The Arbitrator when he saw the number of issues in the Last and Best Offers made it very clear that he wanted the parties to attempt to resolve these issues and felt that this matter should settle.

This was not unanticipated in the City's approach to these issues. Our goal was to portray us as the reasonable straightforward party in the proceedings which, we agree, should have been resolved by the parties. This approach reflects a change from prior strategy employed in the great recession or before. The labor market and economics are completely different. Arbitrators know that.

At a pre-hearing conference last week, after receiving the Last and Best Offers, the Arbitrator strongly urged both parties to submit to a 2-day mediation process directly with the Arbitrator. In that process, we will be getting strong suggestions as to how the matter should be resolved between the parties.

That is scheduled for June 27 and 28. Unlike normal mediation, we will have the Arbitrator in front of us who will have the ability to ultimately award on each of the respective issues. A traditional mediator only has the power of persuasion. Here, the Arbitrator is serving as the mediator and like a judge, not only does he have the power of persuasion, but he also has the power of decision.

Going into the process, again, the Union has 13 singular issues which are their own, there are two issues that both parties have (wages and retroactivity), and the City's other issues are only a response to issues raised by the Union.

The overwhelming majority of Union issues are monetary in nature, but there are some which go to our ability as a City to manage our workforce. If the Union wins all its issues, Finance indicates our costs could go up over 50% during the contract term.

I am treating next week as a mini arbitration case where we do not have the rules of evidence to advance our positions. I must note to you that recent trends regarding wages having been going upward in many of our neighbors. For example, Oakland County gave everyone a 5%/4%/4% raise over a 3-year period.

This Arbitrator in Act 312 proceedings, gave the Oakland Sheriff's Department Command 7%/4%/4% which was 2% more than what was being offered by the County.

These are numbers we have not seen in many, many years.

We will be aggressively arguing regarding the correctness of our position but this process, just like arbitration, lends itself to where there will be some compromises that the Arbitrator will push on the parties and will suggest need to be adopted.

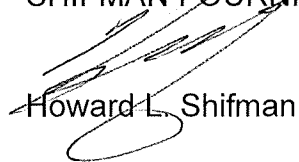
We will keep you posted but believe overall that this is a better approach than going through a hearing which will tie up most of July and August and with five days presently scheduled could easily mushroom into nine or ten because of the difficulty of many of these issues.

Importantly, despite all of the issues in the 312, a number of issues were omitted from the proceeding. As I indicated in the closed session with you previously, it was important for us to maintain the model, and the issues raised by the Union do not undercut our ability to continue with the existing model. Also, our legacy structure remains intact.

Thank you for your attention in these matters. If you have any further questions or comments, please do not hesitate to contact me at your convenience.

Very truly yours,

SHIFMAN FOURNIER



Howard L. Shifman

Cc: City Manager Victor Cardenas
Human Resources Director Tia Gronlund-Fox
Public Safety Director Erick Zinser