

To the FNSB Assembly:

I've just had a look at the proposed contracts for the FNSBEA and the Laborers, and am pretty distressed that the largest problem we had with those contracts wasn't fixed.

The Assembly had been shown that the other municipalities in the state that subcontract out Van Tran services are paying a price in the mid-to-high 20s per ride, while the Fairbanks North Star Borough with no subcontracting pays out \$76/ride. There was discussion on this, and it was revealed that there is an onerous clause in the current union contracts that forbids subcontracting these services. The Assembly discussed it, and while they knew they weren't bound by the prior Assembly's action, they chose not to open themselves up to a lawsuit and change things in the contract this year.

There was also testimony about the savings from contracting out the Vehicle Maintenance and the Animal Shelter.

The FNSBEA contract (p.105) has the following language:

### **Section 2 - Subcontracting**

**The employer reserves the right to subcontract operations, in accordance with the following:**

**Should the subcontracting result in the layoff of existing bargaining unit members, the following will be required prior to such subcontracting:**

- 1) The Borough will be required to conduct (either internally or externally) an assessment or review of the desired subcontracting and present those findings to the union.**
- 2) If the assessment or review shows that there is a cost savings to subcontracting, the Borough must first give the union the ability to address these costs in order to retain the service.**

In the Laborer's contract (p. 65) it says:

### **Article 49. SUBCONTRACTING**

**A. The Employer agrees that as of the date of this agreement no existing fixed bus routes, Van Tran service or parts thereof shall be subcontracted to private companies.**

**C. It is agreed that all vehicle maintenance work which can be properly performed by members of the bargaining unit covered by this agreement will be assigned to and performed by those workers, provided that such work can be performed in a timely manner using existing facilities and equipment. Warranty work and subcontracted janitorial services are excluded from these provisions.**

Note, this was no change (excepting the article #) from the previous contract. It then adds the following paragraph:

**The parties agree to establish a Labor Management Committee to study ways to increase efficiency in the Van Tran service, primarily through maximizing its utilization by increasing ridership to the fullest extent possible while maintaining current staffing and hours of operation.**

In the end, the Borough and its residents end up losing with these contracts. The Assembly should be able to determine on a case-by-case basis whether there is a need for contracting out any services to the private sector without constraints. These contracts don't allow the flexibility the Borough needs to keep costs controlled. Please do not approve these contracts until all restrictions are removed for subcontracting.