

SENATE BILL No. 443

June 14, 2011, Introduced by Senators JOHNSON, CASPERSON and WARREN and referred to the Committee on Transportation.

A bill to create a regional transit authority; to provide regional transportation; to provide for certain pension rights and obligations of transit employees; to prescribe certain powers and duties of the authority and of certain state agencies and officials; to authorize the levy of taxes and to provide for the issuance of bonds and notes; to make appropriations; to provide for the pledge of taxes, revenues, assessments, tax levies, and other funds for bond and note payments; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "regional transit authority act".

3 Sec. 2. As used in this act:

4 (a) "Authority" means a regional transit authority formed

1 under this act.

2 (b) "Board" means the governing body of an authority.

3 (c) "Chief executive officer" means the mayor or city manager
4 of a city or the county executive of a county or, if a county does
5 not have a county executive, the chairperson of the county board of
6 commissioners.

7 (d) "Governor's representative" means either the director of
8 the department of transportation of this state or the chairperson
9 of the state transportation commission, to be appointed to the
10 board by the governor under section 5 of this act.

11 (e) "Public transit" means the movement of people and goods by
12 publicly or privately owned bus, railroad car, rapid transit
13 vehicle, taxicab, or other conveyance which provides general or
14 special service to the public, but not including charter or
15 sightseeing service or transportation which is exclusively used for
16 school purposes. Public transit, as defined by this section, is
17 declared by law to be a transportation purpose within the meaning
18 of section 9 of article IX of the state constitution of 1963.

19 (f) "Public transit region" means an area consisting of any of
20 the following:

21 (i) A county in which a qualified city is located.

22 (ii) All other counties immediately contiguous to a qualified
23 city, in which an authority incorporated under this act operates a
24 public transit system or causes a public transit system to operate.

25 (iii) A county added to an authority under section 4 of this
26 act.

27 (g) "Public transit system" means all plants, equipment, work

1 instrumentalities, and real and personal property and rights, used
2 or useful for public transit.

3 (h) "Transit district" means any of the following:

4 (i) A qualified city, a county in which a qualified city is
5 located, or a county immediately contiguous to a qualified city.

6 (ii) A county added to an authority under section 4.

7 (i) "Qualified city" means a city with a population of more
8 than 700,000 according to the most recent decennial census.

9 Sec. 3. For a public transit region there shall be created an
10 authority, which shall become effective upon the appointment of a
11 majority of all members of the board of the authority, for the
12 purpose of planning acquiring, owning, operating, or causing to be
13 operated, a public transit system and carrying out the rights,
14 duties, and obligations provided in this act.

15 Sec. 4. (1) A county that is not included in the public
16 transit region and not a participant in the authority may petition
17 the authority to become part of the public transit region and
18 participate in the authority, provided that the petition is
19 approved by resolution of the governing body of the petitioning
20 county.

21 (2) A petitioning county shall be added to the public transit
22 region and the authority if all of the following conditions are
23 satisfied:

24 (a) The petitioning county is adjacent to a county that is, at
25 the time of the petition, included in the public transit region.

26 (b) The addition of the petitioning county is approved by the
27 board.

1 (c) If the authority is levying a tax as provided under
2 section 9(2), the petitioning county shall be a provisional member
3 without voting power and without public transit service from the
4 authority until the tax is approved by a majority of electors of
5 the petitioning county at the first primary or general election to
6 occur at least 71 days after the appointment under section 5(6).
7 The approval of the tax by the electors of a county added under
8 this section shall be determined only by calculation of a majority
9 within the petitioning county, and shall be separate and distinct
10 from the calculation of a majority of electors voting on the tax
11 under section 10(2).

12 Sec. 5. (1) An authority created under this act shall be
13 directed and governed by a board of directors consisting of the
14 governor's representative and 1 member representing each transit
15 district. The governor's representative shall only serve on the
16 board if necessary to establish or preserve an odd number of board
17 members.

18 (2) Except as otherwise provided in this act, board members
19 shall serve for a period of 4 years. If a vacancy on the board
20 occurs, the vacancy shall be filled in the same manner as the
21 initial appointment for the remainder of the term that created the
22 vacancy.

23 (3) Each board member, other than the governor's
24 representative, shall be appointed by the chief executive officer
25 of the transit district that member will represent. The appointment
26 of a board member from a qualified city shall be ratified by
27 majority vote of the city council located in the transit district

1 that the member will represent.

2 (4) A ratified appointment under this section shall become
3 effective upon the filing of the appointment with the secretary of
4 state and the clerk of the county in which the transit district is
5 located. The appointment of the governor's representative shall
6 become effective upon the filing of the appointment with the
7 secretary of state.

8 (5) Initial appointments shall be made within 60 days of the
9 effective date of this act.

10 (6) If a county is added to a public transit region as
11 provided in section 4, the board member representing the transit
12 district consisting of the county shall be appointed as provided
13 under subsection (3) within 30 days of the conditions of section
14 4(2)(a) and (b) having been satisfied, and at least 71 days prior
15 to the election described in section 4(2)(c). If a tax levied under
16 section 10(2) is not approved as provided in section 4(2)(c), the
17 appointment of the board member provided in this subsection shall
18 be void.

19 (7) No board member shall serve on boards related to this
20 authority, including, but not limited to, all of the following:

21 (a) Suburban mobility authority for regional transportation.

22 (b) Detroit department of transportation.

23 (c) Southeast Michigan council of governments.

24 (d) Detroit transportation corporation.

25 (8) Each board member shall be a resident and registered
26 elector of the transit district that board member represents.

27 (9) Upon appointment to the board under this section, and upon

1 taking and filing of the oath of office required under section 1 of
2 article XI of the state constitution of 1963, a board member shall
3 enter office and exercise the duties of the office of board member.

4 (10) Board members shall serve without compensation but may be
5 reimbursed for actual and necessary expenses incurred while
6 attending board meetings or performing other authorized official
7 business of the authority.

8 (11) An individual who is not of good moral character or who
9 has been convicted of, pled guilty or no contest to, or forfeited
10 bail concerning a felony under the laws of this state, any other
11 state, or the United States shall not be appointed or remain as a
12 member of the board.

13 (12) Board members appointed under this section shall possess
14 business, financial, or professional experience relevant to the
15 operation of public transit systems.

16 Sec. 6. (1) Within not more than 30 days following the
17 appointment of the members of the board, the board shall hold its
18 first meeting at a date and time determined by the governor's
19 representative. The board members shall elect from among the board
20 members an individual who is not the governor's representative to
21 serve as chairperson of the board and may elect other officers as
22 the board considers necessary. All officers shall be elected
23 annually by the board.

24 (2) The business of the board shall be conducted at a public
25 meeting of the board held in compliance with the open meetings act,
26 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date,
27 and place of the meeting shall be given in the manner required by

1 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A board
2 shall adopt bylaws consistent with the open meetings act, 1976 PA
3 267, MCL 15.261 to 15.275, governing its procedures and the holding
4 of meetings. After organization, a board shall adopt a schedule of
5 regular meetings and adopt a regular meeting date, place, and time.
6 The board shall meet not less than quarterly. The board shall adopt
7 bylaws within 90 days of the organizational meeting. A special
8 meeting of the board may be called by the chairperson of the board
9 or as provided in bylaws adopted by the board.

10 (3) All actions of the board under this act shall be by simple
11 majority vote of all serving members of the board; provided that
12 the board may in its bylaws provide that certain action shall
13 require the approval of a supermajority not to exceed 4/5 of
14 serving members. For purposes of this subsection, "certain action"
15 includes, but is not limited to, any budgetary, financial,
16 taxation, or membership issues before the board.

17 (4) A board shall keep a written or printed record of each
18 meeting, which record and any other document or record prepared,
19 owned, used, in the possession of, or retained by the authority in
20 the performance of an official function shall be made available to
21 the public in compliance with the freedom of information act, 1976
22 PA 442, MCL 15.231 to 15.246.

23 (5) A board shall provide for a system of accounts for the
24 authority to conform to a uniform system required by law and for
25 the auditing of the accounts of an authority. The board shall
26 obtain an annual audit of the authority by an independent certified
27 public accountant and report on the audit and auditing procedures

1 in the manner provided by sections 6 to 13 of the uniform budgeting
2 and accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit
3 also shall be in accordance with generally accepted government
4 auditing standards and shall satisfy federal regulations relating
5 to federal grant compliance audit requirements.

6 (6) Within 90 days of the first meeting of the board, the
7 board shall develop and approve an administrative budget and
8 identify funding for the administrative budget. The board shall
9 adopt a budget for the fiscal year in accordance with the uniform
10 budget and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

11 (7) A board shall provide for the purchase of, the contracting
12 for, and the providing of supplies, materials, services, insurance,
13 utilities, third-party financing, equipment, printing, and all
14 other items as needed by the authority to efficiently and
15 effectively meet the needs of the authority using competitive
16 procurement methods to secure the best value for the authority. The
17 board shall make all discretionary decisions concerning the
18 solicitation, award, amendment, cancellation, and appeal of
19 authority contracts. The board shall adopt a procurement policy
20 consistent with the requirements of this act and federal and state
21 laws relating to procurement.

22 (8) An authority shall establish contracting policies and
23 procedures providing for all of the following:

24 (a) Except for the negotiated construction contracts permitted
25 under this subdivision, a contract shall not be awarded by an
26 authority or an authorized officer of the authority for the
27 construction, repair, remodeling, or demolition of any part of a

1 public transit system unless the contract is let pursuant to a
2 procedure that requires competitive bidding. A negotiated
3 construction contract shall not be required to be let by
4 competitive bidding if the board or an authorized officer of the
5 authority with delegated authority to enter into contracts
6 determines that any of the following apply:

7 (i) The negotiated contract amount is less than \$50,000.00.
8 However, if the contract amount, including change orders,
9 subsequently exceeds \$50,000.00, the authority shall detail, in
10 writing, the reasons why the contract amount exceeded \$50,000.00.

11 (ii) As determined in writing by the board or an authorized
12 officer with delegated authority to enter into contracts, the
13 contract is for emergency repair or construction necessitated by a
14 sudden, unforeseen occurrence or situation of a serious and urgent
15 nature and is not for convenience or expediency.

16 (iii) As determined in writing by the board or an authorized
17 officer with delegated authority to enter into contracts, the
18 repair or construction is necessary to ensure rider safety or
19 otherwise protect life or property.

20 (iv) The construction, repair, remodeling, or demolition is to
21 be conducted by employees.

22 (b) The authority shall establish policies and procedures for
23 hiring professional service contractors.

24 (c) The authority shall utilize competitive bidding for all
25 purchases and all other contracts unless the board, or, if
26 authorized by the board to approve procurements, an authorized
27 officer of the authority, determines and details in writing the

1 reason that competitive solicitation of bids or proposals is not
2 appropriate, that procurement by competitive bids is not
3 practicable to efficiently and effectively meet the authority's
4 needs, or that another procurement method is in the public's best
5 interests.

6 (d) The authority shall assure that the policies and
7 procedures follow applicable federal requirements.

8 (9) A board may employ personnel that the board considers
9 necessary to assist the board in performing the power, duties, and
10 jurisdictions of the authority, including, but not limited to,
11 employment of a chief executive officer and other senior executive
12 and administrative staff. Individual board members shall not hire
13 or be assigned personal staff.

14 (10) A board shall establish policies to assure that the board
15 and the authority shall not do either of the following:

16 (a) Fail or refuse to hire, recruit, or promote; demote;
17 discharge; or otherwise discriminate against a person with respect
18 to employment, compensation, or a term, condition, or privilege of
19 employment, or a contract with the authority because of religion,
20 race, color, national origin, age, sex, sexual orientation, height,
21 weight, marital status, partisan considerations, or a disability or
22 genetic information that is unrelated to the person's ability to
23 perform the duties of a particular job, position, or contract.

24 (b) Limit, segregate, or classify an employee, a contractor,
25 or applicant for employment or a contract in a way that deprives or
26 tends to deprive the employee, contractor, or applicant of an
27 employment opportunity or otherwise adversely affects the status of

1 an employee, contractor, or applicant because of religion, race,
2 color, national origin, age, sex, sexual orientation, height,
3 weight, marital status, partisan considerations, or a disability or
4 genetic information that is unrelated to the person's ability to
5 perform the duties of a particular job or position.

6 (11) No later than 180 days after the first meeting of the
7 board, the board shall report to the legislature in writing its
8 final recommendations including, but not limited to, funding
9 recommendations. The board shall make its final recommendations
10 from among the recommendations for funding, development, and
11 operation of a regional transit system contained in the
12 comprehensive regional transit service plan adopted by the regional
13 transportation coordinating council in 2008.

14 Sec. 7. (1) Except as otherwise provided in this act, an
15 authority may do all things necessary or convenient to implement
16 the purposes, objectives, and provisions of this act and the
17 purposes, objectives, and jurisdictions vested in the authority or
18 the board by this act or other law, including, but not limited to,
19 all of the following:

20 (a) Adopt and use a corporate seal.

21 (b) Adopt, amend, and repeal bylaws for the regulation of its
22 affairs and the conduct of its business.

23 (c) Sue and be sued in its own name and plead and be
24 impleaded.

25 (d) Borrow money and issue bonds and notes according to the
26 provisions of this act.

27 (e) Make and enter into contracts, agreements, or instruments

1 necessary, incidental, or convenient to the performance of its
2 duties and execution of its powers, duties, and jurisdictions under
3 this act with any federal, state, local, or intergovernmental
4 governmental agency or with any other person or entity, public or
5 private, upon terms and conditions acceptable to the authority.

6 (f) Engage in collective negotiation or collective bargaining
7 and enter into agreements with a bargaining representative as
8 provided by 1947 PA 336, MCL 423.201 to 423.217.

9 (g) Solicit, receive, and accept gifts, grants, labor, loans,
10 contributions of money, property, or other things of value, and
11 other aid or payment from any federal, state, local, or
12 intergovernmental agency or from any other person or entity, public
13 or private, upon terms and conditions acceptable to the authority,
14 or participate in any other way in a federal, state, local, or
15 intergovernmental program.

16 (h) Make application for and receive loans, grants,
17 guarantees, or other financial assistance in aid of a public
18 transit system from any state, federal, local, or intergovernmental
19 or agency or from any other source, public or private, including,
20 but not limited to, financial assistance for purposes of
21 developing, planning, constructing, improving, and operating a
22 public transit system.

23 (i) Procure insurance or become a self-funded insurer against
24 loss in connection with the property, assets, or activities of the
25 authority.

26 (j) Indemnify and procure insurance indemnifying board members
27 from personal loss or accountability for liability asserted by a

1 person with regard to bonds or other obligations of the authority,
2 or from any personal liability or accountability by reason of the
3 issuance of the bonds or other obligations or by reason of any
4 other action taken or the failure to act by the authority.

5 (k) Invest money of the authority, at the discretion of the
6 board, in instruments, obligations, securities, or property
7 determined proper by the board and name and use depositories for
8 authority money. Investments shall be made consistent with an
9 investment policy adopted by the board that complies with this act
10 and 1943 PA 20, MCL 129.91 to 129.97a.

11 (l) Contract for goods and services as necessary and as
12 provided under this act.

13 (m) Employ legal and technical experts, other officers,
14 agents, employees, or other personnel, permanent or temporary, as
15 considered necessary by the board as provided under this act.

16 (n) Contract for the services of persons or entities for
17 rendering professional or technical assistance, including, but not
18 limited to, consultants, managers, legal counsel, engineers,
19 accountants, and auditors, as provided under this act.

20 (o) Establish and maintain an office.

21 (p) Acquire by gift, devise, transfer, exchange, purchase,
22 lease, or otherwise on terms and conditions and in a manner the
23 authority considers proper property or rights or interests in
24 property. Property or rights or interests in property acquired by
25 an authority may be by purchase contract, lease purchase,
26 agreement, installment sales contract, land contract, or otherwise.
27 The acquisition of any property by an authority for a public

1 transit system in furtherance of the purposes of the authority is
2 for a public use, and the exercise of any other powers granted to
3 the authority is declared to be a public, governmental, and
4 municipal function, purpose, and use exercised for a public purpose
5 and matters of public necessity.

6 (q) Hold, clear, remediate, improve, maintain, manage,
7 protect, control, sell, exchange, lease, or grant easements and
8 licenses on property or rights or interests in property that the
9 authority acquires, holds, or controls.

10 (r) Convey, sell, transfer, exchange, lease, or otherwise
11 dispose of property or rights or interest in property to any person
12 or entity on terms and conditions, and in a manner and for
13 consideration the authority considers proper, fair, and valuable.

14 (s) Adopt reasonable rules and regulations for the orderly,
15 safe, efficient, and sanitary operation and use of a public transit
16 system owned by the authority.

17 (t) Do all other acts and things necessary or convenient to
18 exercise the powers, duties, and jurisdictions of the authority
19 under this act or other laws that related to the purposes, powers,
20 duties, and jurisdictions of the authority.

21 (2) An authority shall adopt public transit plans for its
22 public transit region, and shall adopt any regional transit plan
23 approved by an entity that, before September 15, 2010, was
24 authorized to engage in transit planning in the public transit
25 region under the metropolitan transportation authorities act of
26 1967, 1967 PA 204, MCL 124.401 to 124.426. The authority shall
27 review the adopted plan annually and update the adopted plan as

1 necessary. The authority shall coordinate service overlap, rates,
2 routing, scheduling, and like functions between operators of public
3 transit. The authority may employ operating personnel, negotiate
4 collective bargaining agreements with operating personnel, or own
5 operating assets of a public transit service within the public
6 transit region. The authority shall coordinate the operating and
7 capital transit plans of transit agencies within the public transit
8 region.

9 (3) The authority may charge fares and enter into contracts
10 for the service provided by the public transit system as necessary
11 to provide funds to meet the obligations of the authority.

12 Sec. 8. Immediately upon creation under section 3, an
13 authority shall become the "designated recipient" for its public
14 transit region for purposes of the former federal urban mass
15 transportation act of 1964, Public Law 88-365, and the regulations
16 promulgated under that act, to apply for federal and state
17 transportation operating and capital assistance grants.

18 Sec. 9. (1) The authority may acquire property for a public
19 transit system by purchase, construction, lease, gift, or devise,
20 either within or without the area served by the public transit
21 system and may hold, manage, control, sell, exchange, or lease the
22 property. The authority may utilize any appropriate statute for the
23 purpose of condemnation. Such condemnation proceedings shall only
24 be applicable to property located within the public transit region.

25 (2) Except as otherwise provided in this subsection, the
26 property of the authority created under this act and its income,
27 activities, and operations are exempt from all taxes and special

1 assessments of this state or a political subdivision of this state.
2 Property of an authority and its income, activities, and operations
3 that are leased to private persons are not exempt from any tax or
4 special assessment of this state or a political subdivision of this
5 state. Property of an authority is exempt from any ad valorem
6 property taxes levied under the general property tax act, 1893 PA
7 206, MCL 211.1 to 211.155, or other law of this state authorizing
8 the taxation of real or personal property. An authority is an
9 entity of government for purposes of section 4a(1)(a) of the
10 general sales tax act, 1933 PA 167, MCL 205.54a, and section
11 4(1)(h) of the use tax act, 1937 PA 94, MCL 205.94.

12 (3) The property of an authority created under this act is
13 public property devoted to an essential public and governmental
14 purpose. Income of the authority is for a public and governmental
15 purpose.

16 (4) If an authority seeks to enter into an agreement or
17 arrangement for the whole or partial transfer of operational
18 jurisdiction, management, control, ownership, or other interest in
19 or relating to a public transit system owned or operated by a
20 qualified city, the chief executive officer of the qualified city
21 may enter into and execute the agreement or arrangement and any
22 necessary instruments or documents relating to the transfer
23 notwithstanding any provisions to the contrary or any limitations,
24 requirements, or processes set forth by law, ordinance, or charter,
25 including, but not limited to, any requirement in law, ordinance,
26 or charter that a vote of the electors of the qualified city is
27 required.

1 Sec. 10. (1) An authority may raise revenues to fund all of
2 its activities, operations, and investments consistent with its
3 purposes. The sources of revenue available to the authority may
4 include, but are not limited to, any of the following:

5 (a) Fees, fares, rents, or other charges for use of a public
6 transit system which the authority may fix, regulate, and collect.

7 (b) Federal, state, or local government grants, loans,
8 appropriations, payments, or contributions.

9 (c) The proceeds from the sale, exchange, mortgage, lease, or
10 other disposition of property that the authority has acquired.

11 (d) Grants, loans, appropriations, payments, proceeds from
12 repayments of loans made by the authority, or contributions from
13 public or private sources.

14 (e) The proceeds of a tax levied pursuant to subsection (2).

15 (f) Investment earnings on the revenues described in
16 subdivisions (a) to (e).

17 (2) An authority may levy taxes within the public transit
18 region only as approved by the board and by an aggregate majority
19 of electors of the entire public transit region voting on the
20 authorization of taxes, subject to both of the following:

21 (a) In any tax year, an amount equal to not less than 100% of
22 the revenues generated in a county by any tax levied pursuant to
23 this subsection shall be applied to the cost of services rendered
24 by the public transit system in that county.

25 (b) No tax levied pursuant to this subsection shall be subject
26 to capture by any entity with the power to capture tax increment
27 revenues, including, but not limited to, local development finance

1 authorities, downtown development authorities, tax increment
2 finance authorities, and brownfield redevelopment authorities.

3 (3) Any funding appropriated to the authority from local units
4 of government shall be returned to the local units of government if
5 the authority ceases to operate before the funding is used.

6 Sec. 11. (1) For the purpose of acquiring, improving,
7 enlarging, or extending a public transit system, the authority may
8 issue self-liquidating revenue bonds under the revenue bond act of
9 1933, 1933 PA 94, MCL 141.101 to 141.140, or any other act
10 providing for the issuance of self-liquidating revenue bonds. The
11 bonds shall not be a general obligation of the authority, but shall
12 be payable solely from the revenue of the public transit system.
13 However, if the authority issues self-liquidating revenue bonds
14 with a pledge of the full faith and credit of the authority, those
15 revenue bonds are subject to the revised municipal finance act,
16 2001 PA 34, MCL 141.2101 to 141.2821.

17 (2) The authority may borrow money and issue municipal
18 securities in accordance with and exercise all of the powers
19 conferred upon municipalities by the revised municipal finance act,
20 2001 PA 34, MCL 141.2101 to 141.2821.

21 (3) The authority may issue a bond or municipal security that
22 bears no interest and appreciates as to principal amount. The bonds
23 or municipal securities authorized by this subsection shall be
24 exempt from section 305(2) and (3) of the revised municipal finance
25 act, 2001 PA 34, MCL 141.2305.

26 (4) All bonds, notes, or other evidences of indebtedness
27 issued by an authority under this act, and the interest on the

1 bonds or other evidences of indebtedness, are free and exempt from
2 all taxation within this state, except for transfer and franchise
3 taxes.

4 (5) The issuance of bonds, notes, or other evidences of
5 indebtedness by an authority shall require approval of the board.

6 (6) For the purpose of more effectively managing its debt
7 service, an authority may enter into an interest rate exchange or
8 swap, hedge, or similar agreement or agreements in connection with
9 the issuance or proposed issuance of bonds, notes, or other
10 evidences of indebtedness or in connection with its then
11 outstanding bonds, notes, or other evidences of indebtedness.

12 (7) In connection with entering into an interest rate exchange
13 or swap, hedge, or similar agreement, the authority may create a
14 reserve fund for the payment thereof.

15 (8) An agreement entered into under this section shall be
16 payable from general funds of the authority or, subject to any
17 existing contracts, from any available money or revenue sources,
18 including revenues specified by the agreement, securing the bonds,
19 notes, or evidences of indebtedness in connection with which the
20 agreement is entered into.

21 Sec. 12. (1) If an authority enters into an agreement or
22 arrangement for the whole or partial transfer of operational
23 jurisdiction, management, control, ownership, or other interest in
24 or relating to a public transit system owned or operated by a local
25 government or a transit authority, the employees that are necessary
26 for the operation of the transit system shall be transferred to and
27 appointed as employees of the authority subject to all rights and

1 benefits. These employees shall be given seniority credits and sick
2 leave, vacation, insurance, and pension credits in accordance with
3 the records or labor agreements from the acquired system. Members
4 and beneficiaries of any pension or retirement system or other
5 benefits established by the acquired system shall continue to have
6 rights, privileges, benefits, obligations, and status with respect
7 to the established system. The authority shall assume the
8 obligations of any system acquired by it with regard to wages,
9 salaries, hours, working conditions, sick leave, health and
10 welfare, and pension or retirement provisions for employees. If the
11 employees of an acquired system were not guaranteed sick leave,
12 health and welfare, and pension or retirement pay based on
13 seniority by the acquired system, the political subdivision is not
14 required to provide these benefits retroactively.

15 (2) No employee who is transferred to a position with the
16 authority by reason of that transfer shall be placed in any worse
17 position with respect to worker's compensation, pension, seniority,
18 wages, sick leave, vacation, health and welfare insurance, or any
19 other benefits that he or she enjoyed as an employee of the
20 acquired system.

21 (3) The authority, as of the transfer date, immediately shall
22 assume and be bound by any existing collective bargaining
23 agreements applicable to employees of local governments or transit
24 authorities whose employment is transferred to the authority either
25 as a result of the authority's express assumption of the employees
26 or as a result of a consolidation, merger, or assumption as
27 provided by this act until a new collective bargaining agreement is

1 effective. Local government and transit authority employees whose
2 employment is not transferred to the authority shall be reassigned
3 within the local government or transit authority pursuant to the
4 terms of any applicable collective bargaining agreements. A
5 representative of the employees or a group of employees in the
6 local government or transit authority who represents or is entitled
7 to represent the employees or a group of employees of the local
8 government or transit authority pursuant to 1947 PA 336, MCL
9 423.201 to 423.217, shall continue to represent the employee or
10 group of employees after the employees transfer to the authority.
11 This subsection does not limit the rights of employees, under
12 applicable law, to assert that a bargaining representative
13 protected by this subsection is no longer their representative. The
14 rights and benefits protected by this subsection may be altered by
15 a future collective bargaining agreement or, for employees not
16 covered by collective bargaining agreements, by benefit plans as
17 established and adopted by the authority.

18 (4) Transferred employees shall not by reason of the transfer
19 have their accrued local government pension benefits or credits
20 diminished. If a transferring employee is not vested in his or her
21 local government or transit authority pension rights at the time of
22 transfer, his or her posttransfer service with the authority shall
23 be credited toward vesting in any local government retirement
24 system in which the transferring employee participated prior to the
25 transfer, but posttransfer service with the authority shall not be
26 credited for any other purpose under the local government's
27 retirement system, except as provided in subsection (5).

1 (5) Notwithstanding any ordinance or charter provision to the
2 contrary, a transferred local government employee or a transferred
3 transit system employee described in this section or a person hired
4 by the authority as a new employee after the transfer date may
5 remain or become a member in the local government retirement
6 system. During the period the employee remains or is a member in
7 the local government system, the employee's posttransfer service
8 with the authority and his or her posttransfer compensation from
9 the authority shall be counted in determining both eligibility for
10 and the amount of pension benefits that the employee will be
11 eligible to receive from the local government system or plan.
12 Employees eligible to make the election described in this
13 subsection shall agree to make any employee contributions required
14 for continuing participation in the local government system and
15 also agree to meet all requirements and be subject to all
16 conditions that, from time to time, apply to employees of the local
17 government who participate in the local government system.

18 (6) For each employee transferred from a transit system, the
19 transit system retirement plan shall contribute, as applicable, to
20 the trustees of the local government retirement system an amount
21 determined by the local government system's actuary sufficient to
22 fund the accrued liability for all of that employee's retirement
23 and other postemployment benefits under the system on a current
24 basis, as those liabilities are accrued up to the date of transfer.

25 (7) For each employee meeting the requirements of subsection
26 (5) who elects to remain a member in the local government
27 retirement system or transit system retirement system, the

1 authority shall, on a timely basis, contribute, as applicable, to
2 the trustees of the appropriate retirement system an amount
3 determined by the retirement system's actuary to be sufficient to
4 fund the liability for all of that employee's retirement and other
5 postemployment benefits under the system on a current basis, as
6 those liabilities are accrued from and after the transfer date.

7 (8) Nothing in this section shall prohibit an authority from
8 establishing a retirement system for employees hired after the
9 creation of the authority, and nothing in this section shall
10 prohibit those employees who elect to transfer to a retirement
11 system established for employees of the authority after creation of
12 the authority from transferring to the retirement system created by
13 the authority at their option.

14 (9) The authority shall comply with all federal requirements
15 to protect transit employees in 49 USC 5333(b). The authority shall
16 honor all existing employee protection agreements.

17 Sec. 13. (1) The revenues raised by an authority may be
18 pledged, in whole or in part, for the repayment of bonded
19 indebtedness and other expenditures issued or incurred by the
20 authority.

21 (2) A financial obligation of an authority is a financial
22 obligation of the authority only and not a financial obligation of
23 and shall not be transferred to this state or any city or county
24 within a public transit region.

25 Sec. 14. (1) In the event of the authority proposing
26 privatization, there shall be a cost analysis. The cost analysis of
27 privatizing the services shall include both of the following:

1 (a) All necessary monitoring and oversight of the private
2 entity by this state.

3 (b) Up-to-date cost estimates for using reputable companies
4 that have a previous history or reputation for providing quality
5 services and that will provide services covered by performance
6 bonds.

7 (2) The authority shall not proceed with privatization of
8 services under this section unless it establishes a cost savings of
9 at least 10% of the cost of using employees of the authority to
10 provide the services.

11 Enacting section 1. Sections 4a and 4b of the metropolitan
12 transportation authority act of 1967, 1967 PA 204, MCL 124.404a and
13 124.404b, are repealed.

14 Enacting section 2. This act does not take effect unless all
15 of the following bills of the 96th Legislature are enacted into
16 law:

17 (a) Senate Bill No. 444.

18
19 (b) Senate Bill No. 445.

20