

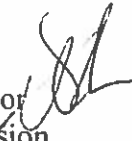
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TO: Detroit City Council

FROM: David Whitaker, Director
Legislative Policy Division 

DATE: May 14, 2019

RE: Legislative Policy Division's Additional Questions/Observations on the Development amongst the City of Detroit (City), City of Detroit Brownfield Redevelopment Authority (DBRA) and FCA US LLC (FCA) and various other related documents

Please see attached for the Legislative Policy Division's additional questions/observations on various documents, including the development agreement amongst the City, DBRA and FCA, for Council's edification.

LPD would appreciate the Administration's prompt response to these questions.

Thank you.

Attachment

May 14, 2019

Additional Questions/Observations made by the Legislative Policy Division (LPD) based on the review of the Development Agreement amongst the City of Detroit, City of Detroit Brownfield Redevelopment Authority (DBRA) and FCA US LLC (FCA) and various other related documents

Development Agreement amongst City of Detroit, DBRA and FCA

1. According to section 2.01 (s), City Council should be reminded that the rezoning requirements for Parcel 1A and 2115 St. Jean will follow in a second petition, which is anticipated to be referred to the Detroit City Council by the City of Detroit Planning Commission by no later than July 18, 2019. Please explain the significance of the pending second petition of a rezoning for Parcel 1A and 2115 St. Jean.
2. Per section 7.02 (b), please provide a copy of the enhanced recruitment agreements with the Carpenters', Electrical Workers', Plumbers', and Mechanical Contractors' unions that reduce payments under the Executive Orders, if available.
3. Per section 7.02 (d), the City will consult with FCA on corporate income tax policy reforms that will encourage manufacturing in the City with the objective of developing legislation to be passed at the state level. Please describe the type of corporate income tax policy reform is envisioned.
4. Exhibit 1.0 (4), Exhibit A, section entitled "Ensure Impact Area Residents Have Increased Access to Training and Job Opportunities through a funding commitment totaling \$18,800,000", 4) indicates "City commits \$500,000 to fund scholarships through the Detroit Promise, The Detroit Promise funds will be administered by the Detroit Regional Chamber, The scholarships will be earmarked specifically for students of the impact area". Please explain the legality of using City funds for a scholarship program.
5. Per Exhibit 1.01 (10), FCA will pay for special protective services involving 3 special protective officers and 3 fully marked DPD vehicles per shift, at three (3) 8-hour shifts per day. How will this impact the service delivery of police officers in the Police Department?
6. Per Exhibit 1.01 (10), please provide Exhibit 1-FCA payments for special protective services, if available.
7. Per Exhibit 1.01 (13), why would the DBRA look to issue bonds in August 2019 when the MSF is providing an investment of \$20 million for site preparation costs?

Funding Agreement with DBRA/Land Transfer Agreement with DBRA

8. City to transfer approximately 208 parcels of land to the DBRA in exchange for the DBRA's payment to the City of up \$965,093. Do Exhibits A-1 through A-8 encompass the 208 parcels? Would a future brownfield plan also include a \$965,093 loan payable to the City at 1% interest from TIF revenues, in addition to the \$7.5 million loan payable to the City at 1% interest from TIF revenues?

9. Page 28 of FCA Project Overview presented to the P&ED Committee on Thursday, May 9, 2019 indicates the City will receive \$768,000 in cash from Deal #2 Huber Yard associated with the Soave real estate acquisition. Where is this codified in the Land Exchanges/Property Sales documents?
10. The \$54 million purchase price for Crown's Budd Plant Property could increase by \$21 million if certain conditions are not met. What type of certain conditions are not met to potentially increase the purchase price by \$21 million?
11. Crown has 6 months to bring to correct non-compliant conditions on the half of the acquired parcels, and 1 year to bring all parcels into the compliance. Please explain what it means to bring the parcels into compliance.
12. Page 40 of FCA Project Overview presentation on May 9th discusses the real estate acquisition with Michael Kelly. Does this description match the amended resolution-land exchange/property sales relative to Kelly that is currently before City Council for approval?

Millennium Garage Sale

13. LPD has not seen a sign off from the Budget Director on the Millennium Garage sale.