

May 21, 2019

MY STATEMENT ON THE FCA VOTE



Today, City Council voted to approve the expansion of the Fiat Chrysler Assembly Plant campus on Detroit's eastside. A complex deal of this nature has many moving parts and elements. As your Detroit City Council President, before I take any vote, I make sure to read all documents presented for approval. Extensive research went into analyzing and reviewing the development agreement, Neighborhood Advisory Council (NAC) community benefits process and impact list, various state and local tax abatements, land swaps, zoning decisions and hiring plans. I have attached a FCA Deal Fact Sheet so that you are well informed and knowledgeable on the deal as well. After much reflection, numerous hours reviewing documentation, discussions with various stakeholders, citizens, trade unions, community activists, business people, elected officials, FCA and UAW leadership and many others, I am compelled to make this statement.

I voted “No” in support of the proposed land transfers and sales to Crown Enterprises and Soave Enterprises. There is a \$75M total value to Crown Enterprises, comprised of a \$43.5M cash buyout, a \$10.5M appraised value of land swaps and \$21M in contingency fees to ensure clear title and complete land assemblies. Also, important parcels near City Airport, the I-94 industrial complex and Springwells Park in SW Detroit are part of the package. The \$1.7M cash payment for land from Soave Enterprises will actually be placed in an escrow account for future development that only they can draw from.

In a city where retirees are struggling to afford healthcare in a “post-bankruptcy” Detroit, I could not support the amount of money and land being provided to those entities. Although I was told those parcels were crucial to the deal, in my opinion, the dollars paid and property being provided did not represent the fairest deal for the City of Detroit.

I also could not support the lack of community engagement related to the land sale and swap. It is crucial that City officials and representatives respect and honor the community through efficient and consistent community engagement and outreach. As a result of this deal and previous approvals, I am currently working to draft a community engagement ordinance to address situations like this one where crucial decisions are being made that impact our neighborhoods to ensure that every Detroiter has an opportunity to have a voice in decisions impacting their community and neighborhood.

While completing my due diligence and review of the deal, I noticed there were areas for improvement in the deal as originally proposed:

- No contingency reporting on the possible \$21M in contingency fees related to the Crown Enterprise land sale and swap
- There is a commitment to prioritize Detroiters for an early application window and hiring priority for Detroiters. However, there was no priority commitment to Detroiters for Skilled Trades Jobs.
- DESC is the sole source hiring agent for this deal tasked with the responsibility to notify, engage, prepare, and train a pool of qualified Detroiters with the hiring qualifications. They are also tasked to provide a list of those qualified Detroiters within 48 hours when FCA is accepting applications and hiring residents. There was no stringent reporting requirements to ensure that the City's workforce development strategy was successful and all agreed upon metrics are being met to prepare, train, interview, and hire Detroit residents for this project.

After last-minute negotiations, even down to minutes before the vote, I was able to amend the development deal and funding agreement to include the following oversight:

- 30-day contingency reporting, beginning immediately and ending only when the final deal closes. I have been adamant and firm in my position against the expenditure of \$21M dollars in contingency fees. This action ensures legislative oversight and transparency of the spending of taxpayer dollars to confirm that the administration and the Detroit Brownfield Redevelopment Authority are exerting all necessary efforts to remediate any issues and to prevent the expenditure of the fees.
- Priority application and hiring for Skilled Trades Workers to ensure that Skilled Trades workers have the same priority opportunities as production workers.
- Quarterly hiring reports to the City Council on the number of Detroit residents that apply, are interviewed, are hired, and are not hired for all positions with FCA. The DBRA and DESC will work with FCA to summarize why Detroit residents were not interviewed or hired by FCA. The report shall be provided within one month following the end of each fiscal year quarter, beginning January 1, 2020. Additionally, after the initial hiring period, DESC shall provide a report each time a list of qualified Detroiters is provided to FCA. This report will include whether the list was provided within 2 business days of the request, whether a 90-day provisional period was required, and a summary of the process for maintaining a consistent list of qualified Detroit candidates.

I was also able to confirm the following Detroit Employment Solutions Corporation hiring strategy:

- Creation of a Detroit at Work/DESC FCA Team with 8 employees dedicated specifically to FCA employment preparation. In addition to the Detroit at Work/DESC Employment team, at least a dozen team members will be equipped to handle questions from the community, and the Detroit at Work Call Center will

be prepared to take questions and direct interested Detroiters to the appropriate resources.

- Drug-Free strategy and preparation to ensure residents are able to pass a drug test.
- Interview Preparation to prepare residents for the interview and hiring process.
- Online access to the Detroit at Work FCA team and information.
- A FCA Employment Point-of-Contact at all Detroit at Work Career Centers.
- Utilization of pop-ups, information sessions and other community-focused events for better outreach.
- Complete upgrade of the operation of the Detroit at Work Mobile Unit to include FCA Information Sessions, pre-application preparation, and FCA application assistance.
- Implementation of a Detroit at Work data tracking system.

No deal is perfect. In this deal, there is no hiring percentage requirement, no firm commitment for FCA to remain in the City of Detroit for the 30 year time frame, and land swaps and sales that commit other areas in the city to future negotiations, such as City Airport, the I-94 Industrial Park and Springwells Park area in SW Detroit, which is miles away from the impact area.

Collectively, this entire project will create 4,950 jobs: 3850 full time jobs in the Mack plant and 1100 jobs in the Jefferson North plant. Jobs by category are as follows: 4,218 Non Skilled Labor (Production); 345 Skilled Labor (Skilled Trades); and 387 Professional positions.

However, there are approximately 2,000 employees on layoff. They will have the first opportunity to return to employment. Next in line are approximately 500 temporary employees. Returnees from medical time off and workmen's comp, UAW referrals and potential seniority "bumps" must be considered, as well. So, "net jobs" available to residents of the impact area and Detroiters-at-large will be less than projections indicate which brings into question "gross jobs" vs. "net jobs."

Although no one can be certain of the future of the auto industry, this agreement ensures that the \$57.8M investment is recouped despite the plant's future. This deal also creates for the first time an investment committee tasked with annual reporting on the city's investment return on this deal. Another monitoring requirement that I was adamant to request.

I voted "Yes" on the development deal and all other accompany resolutions as a result of the employment opportunities for Detroiters, the additional hiring and reporting amendments mentioned above, a \$3.3M investment into affordable housing, \$342M in revenue the City of Detroit stands to receive from this deal over the course of 30 years, and

an opportunity to invest in and revitalize a neighborhood that has not seen equitable attention or development in decades.

There is also a Community Benefits Agreement (CBA) negotiated by a Neighborhood Advisory Council (NAC) which features a \$1.8M investment in housing assistance, a \$9.8M investment in workforce development, \$800,000 towards the Impact Neighborhood Fund and \$1.4M for the construction, security, and maintenance of a stormwater retention pond, as well as landscaping improvements around the plant.

Although we were not able to get a firm commitment in writing from FCA on a hiring percentage, for the first time ever we will be able to join together and collaborate to create a database of qualified Detroiters ready to work on any project or in any industry. I urge my colleagues, the Mayor, the Detroit Economic Growth Corporation, the Jobs and Economy Team, and the Detroit Employment Solutions Corporation to be proactive in our approach to educate, train, and prepare our workforce. It is crucial that we as a city are ready for the opportunities that are right around the corner. This deal alone could bring Tier-1 suppliers interested in hiring or investing in the surrounding area.

I have taken the initiative to work with the Detroit Employment Solutions Corporation to restructure and enhance the Skilled Trades Task Force to support outreach and preparation efforts. I will be hosting the first FCA employment outreach for interested Detroiters through my Skilled Trades Task Force. I commit to hosting more and I and my staff will be working to prepare Detroiters for employment opportunities within this deal and other demand-based efforts.

This deal, previous deals, and the deals to follow have shown us what I have always known, Detroit is a precious commodity with prime real estate and economic opportunities. Our goals should be to anticipate many more investments to come. Therefore, I look forward to a time in the near future where we are able to present a large pool of qualified applicants to a prospective company and demand a hiring percentage in development agreements because we have all done the work to prepare that workforce. I am confident that as we move forward as a team, that day is near.

I would like to thank my colleagues and members of the Planning and Economic Development standing committee, council staff, LPD, the administration, the Jobs and Economy team, the NAC, PDD and all community stakeholders who have participated in this entire process.

We remain committed to supporting actions to reduce Detroit's poverty and unemployment rates. It is my hope this deal will reinforce the quality of life and needs of all who live, work, play and visit the City of Detroit.

Your Friend and Servant,



Brenda Jones, Council President
City of Detroit

FCA Hot Points

Fiat-Chrysler Automobiles is opening a brand new automobile plant on the east side of Detroit on Mack Avenue. Here are the things you need to know:

- The Mack 1 and Mack 2 plants are newly constructed plants covering portions of St. Jean Street, the Vernor Highway, Charlevoix, Goethe, Connor Lane, and East Canfield. A portion of St. Jean Street will be permanently closed to make room for the campus.
- The plant is expected to open for operation on December 1st, 2022. The opening date can be extended to December 1st, 2023 if construction is not fully completed.
- There are two parts to the construction: the Mack plant and the revamping of the previous Jefferson North Plant. Collectively, this entire project will create 4,950 new jobs for the city: 3850 full time jobs in the Mack plant, and 1,100 jobs in the Jefferson plant.
 - Jobs by category are as follows:
 - § Non Skilled Labor (Production) - 4,218
 - § Skilled Labor (Skilled Trades) - 345
 - § Professional - 387
- **Total 4,950**
- The Mack plant will be responsible for building the new Jeep Grand Cherokees, and 3 new full-sized 3-row SUVs and plug in hybrid vehicles. The Jefferson plant is a retooling location and will be responsible for the painting of the vehicles.
- FCA is planning to create a special employment window for resident Detroiters to show how much investing in the city means to them. All Detroiters living in the 48213, 48214, and 48215 area codes (those within the immediate area of the facility) will get 1-2 weeks preference in applying. After that, those living within the city as a whole will get 1-2 weeks preference when applying.

- The Detroit Employment Solutions Corporation (DESC) will provide recruiting opportunities, pre-screening assistance and work readiness training for Detroit citizens interested in applying. It is unstated whether this training is specifically for those expecting to join FCA or if this training can be made use of elsewhere.

- Post-application, DESC intends to provide trainings and work-readiness for hired applicants.

- There will also be 500 additional jobs created by the redevelopment of the Millennium Garage. This is a third party parking structure which is currently being sold to accommodate the influx of personnel for the FCA plant. The Joe Louis Arena parking garage will be procured as well for overflow parking.

- 18.7M for the sale of Millennium Garage

§ 3.3 Invested into the Affordable Housing Trust Fund

- Successful applicants must meet the following criteria:

- 18 years of age or older

- High school diploma or GED

- Eligible to work in the US (as verified through the federal I-9 process)

- Pass any drug screen and physical administered before starting work

- Pass FCA's standards for the background check. Please note that FCA has agreed via the Development Agreement to give special hiring consideration to returning citizens.

- Successfully complete the pre-application process and work readiness training, if required, FCA's application, and the interview process.

- A driver's license is not required as a condition of the Production Operator jobs. A photo ID is, however, required to comply with proof of eligibility to work in the US. Other forms of photo ID, including a State of MI Identification or Passport are acceptable. A City of Detroit Municipal ID is not an acceptable form of photo ID for the federal I-9 employment verification form.

- Additionally, candidates must agree to the following

- Working conditions as part of the pre-application process:

- Willingness to work any shift

- Able to stand, walk, lift, stoop, bend, and reach for long periods of time

- Willing to work in manufacturing conditions that may be hot or cold

- Willing to work in other conditions commonly found in a manufacturing environment

- Willing to adhere to FCA's smoke-free and drug-free workplace policies. Recreational or prescription use of marijuana, among other illicit drugs, will cause applicants to fail the drug test. Applicants who fail their drug test may be eligible to reapply after six months.

- FCA has an internal training program (FCA Work Hardening) for all new production workers.

- The felony question is on the FCA application, and will be on the pre-application through DESC, as well. This question is necessary in order to identify returning citizens, to whom FCA has agreed to give special consideration as part of the hiring process, and in accordance with the Development Agreement.
- A driver's license is not required as a condition of the Production Operator jobs. A photo ID is, however, required to comply with proof of eligibility to work in the US. Other forms of photo ID, including a State of MI Identification or Passport are acceptable. A City of Detroit Municipal ID is not an acceptable form of photo ID for the federal I-9 employment verification form.
- Recreational or prescription use of marijuana, among other illicit drugs, will cause applicants to fail the drug test. Applicants who fail their drug test may be eligible to reapply after six months.

CBO Overview

- \$1.8M will towards housing.
- \$9.8 M Workforce Development Investment
- \$800,000 towards the Impact Neighborhood Fund
- \$1.4M for the construction, security, and maintenance of a stormwater retention pond, as well as landscaping improvements around the plant. (FCA INVESTED FUNDS)
- No 30 year guarantee
- If FCA closes prior to the City recouping its 57.8M investment, FCA will repay the City of Detroit