



Office of the
Chief Financial Officer

Coleman A. Young Municipal Center
2 Woodward Avenue, suite 1100
Detroit, Michigan 48226

Phone: 313 -628-2535
Fax: 313 -224-2135
www.detroitmi.gov

MEMORANDUM

TO: City Council President Brenda Jones

FROM: David Massaron, Chief Financial Officer, City of Detroit
Arthur Jemison, Group Executive for Planning, Housing and Development

DATE: October 1, 2019

RE: Responses to Additional Questions and Concerns on Blight Removal Bond

Please see responses to your additional questions and concerns about the Blight Removal Bond proposal.

1. When does the administration plan to meet individually with contractor companies individually to understand their staffing needs and timelines, and construct individual or shared recruitment (as appropriate), training and placement strategies to meet the needs of the Demo provider community?

This month, the Detroit at Work team is ready to meet with all existing demolition contractors that have been prequalified. These meetings will be used to inform our training and recruitment strategies and to determine what shared hiring strategies can be effectively deployed.

2. With the investment in blight, what is the DESC's plan for marketing and outreach of contract opportunities to Detroiters?
a. Please provide timelines.

For marketing, we will model our efforts similar to the Detroit at Work/FCA Outreach marketing plan where we saw tremendous engagement from Detroiters for interest in Job Readiness programs and Job Opportunities. We will focus on a multi-media campaign that will include:

- Outdoor signage across the city in major traffic and neighborhood communities.
- Digital and Social media outreach across Detroit at Work and all city channels.
- Outreach to our community partners including City Council, Faith-based, community partners, Department of Neighborhoods.
- Detroit at Work website banners and landing page highlighting details and how to sign up and find our more information (detroitatwork.com averages 50,000 visits a month)
- Detroit at Work newsletter with over 120,000 Detroiters subscribing.
- Press Conference to announce efforts and garner media partners stories.

The marketing plan can begin in October.

3. How many jobs are expected to be created annually as a result of the blight elimination strategy?

It is important to remember that we anticipate the bond will allow us to continue demolishing houses at the same rate that we have over the last 5 years, so there will not be a dramatic increase in new jobs. That said, there is decent turnover in demo contractors, and we are



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bringing in new contractors; with the proactive approach proposed by DESC, we believe we can work to backfill these positions with qualified Detroiters.

4. How many Detroiters today are currently trained and prepared to be hired by demolition contractors?

Since 2017, Detroit at Work/DESC and its contracted training providers have helped 644 Detroiters successfully complete training and earn credentials that would qualify them to be employed by demolition contractors. These programs covered skills such as heavy equipment operation, lead removal, asbestos abatement, blight removal, carpentry, general construction knowledge and/or workplace safety skills. Over 70% of these individuals obtained training-related employment after completing their program but may be interested in other or additional employment opportunities. When we have more information on the talent needs of demolition contractors for this project, we will be better able to project how many Detroiters in our current talent pipeline could be a good fit.

5. With the influx of new skilled trades jobs that will be created as a result of the blight elimination strategy and the massive database of ready to work Detroiters created as a result of the FCA employment initiative, what is the administration's plan to ensure that mass database of ready to work Detroiters are trained, prepared, qualified and hired by demolition contractors?

The jobseeker database started through our work with FCA can be immediately leveraged to connect Detroit residents to employment opportunities with demolition contractors. Beyond the FCA applicants, there are more than 20,000 Detroiters who are in our database because they sought services (unrelated to FCA) at a Career Center within the past several years. This means that there are more than 60,000 Detroiters who have registered with Detroit at Work and shared key information on industry interest and skills. DESC will use this database to conduct direct outreach to Detroiters interested in construction as we market both training and employment opportunities on behalf of Demolition contractors.

Please provide additional details on the pilot procurement program for demolition including, but not limited to, the following:

1. Projected number of demolition contracts per each two (2) year demolition submission cycle.

Twice a year, OCP is planning to release bids for 27 packages of ~90 properties each. Contractors can win between 1- 6 packages per company (90-540 properties). One contract per company will be issued. In addition to the two large releases, there will be smaller packages of emergency and smaller packages.

2. Projected number of properties included in each contract.

The number of properties will range from approximately 90 to 540.

3. Length of time for each contractor to complete the demolition of their assigned package of properties.

Contractors will have approximately 270 calendar days to complete the demolition (including abatement, knock-down, and final grade) of their assigned properties for next year.



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4. Goals and metrics used to measure the success of demolition contractors.

Contractors will be expected to meet 25%, 50%, 75%, and 100% benchmarks (of assigned properties) through the entire term of performance. These benchmarks will focus on various stages of the demolition process (i.e. abatement, knock-down, final grade) to ensure that contractors are pushing all properties to completion.

5. Contractor reporting requirements to the Office of Contracting and Procurement.

Contractors are responsible for a number of metrics from the field, including but not limited to, planned knock down date, actual knock down date (verified by a DBA field liaison), open hole requested date, and final grade requested date.

6. Interdepartmental collaboration strategy between the Detroit Building Authority and the Office of Contracting and Procurement for the demolition of properties annually.

The DBA, HRD, and OCP work closely together on all aspects of the demolition program. While DBA, HRD, and OCP have a standing bi-weekly meetings to discuss various aspects of the program, the teams are now co-located at the Public Safety HQ which allows for consistent interaction and collaboration.

7. The number of demolition field liaisons employed by the Detroit Building Authority.

The DBA currently has 8 members of the field team: 6 field liaisons, 1 field superintendent, and 1 field operations manager. All members of the field team observe demolitions in addition to other assigned duties.

8. The number of properties assigned to each demolition field liaison weekly.

The number of properties assigned to each member of the field team will vary from week to week depending upon the number of scheduled demolitions. While the field team is generally assigned to specific contractors, the leadership of the team makes every effort to ensure that each member of the team is assigned an equitable number of sites so that no one member is over-burdened.

9. The length of time spent at each demolition site by each demolition field liaison.

The field team spends approximately 45 minutes on average per residential site during the course of the knock-down.

10. Proof of the demolition field liaisons' ability to efficiently monitor each of their assigned properties.

Over the past sixteen months, the field team has observed 5,126 of 5,445 (94%) demolitions in the field, completing a checklist at each observed knock-down.

11. How many contractors have received equalization credits that have resulted in successfully winning demolition contract bids?

In FY 2019, 10 contractors received equalization credits which resulted in a total of \$42,735,661.42 in awards.

12. What is the total dollar amount of those contracts?

In FY 2019, 10 contractors received equalization credits which resulted in a total of \$42,735,661.42 in awards.



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The following is in response to the other concerns from your September 28 memo.

The attached memo from Bond Counsel provides analysis for the prohibition against using bond proceeds for foreclosure prevention activities. Although we cannot use bond proceeds to prevent foreclosure for those in poverty, we have been exploring other tools we can use and will have more policy announcements related to foreclosure assistance as we move through the year.

As stated in our last memo, we agree that the City's investment in foreclosure prevention is critical to our future, and we need to continue to push out the City's programs aimed to help residents stay in their homes. Since 2015, occupied foreclosures have decreased by 94% in part due to the work of the City and philanthropies have done to help people stay in their homes. Under the Mayor's leadership, the City ended the Emergency Manager's practice of placing water bills in the property tax foreclosure system. In partnership with UHC, we organized volunteers from neighborhoods to knock on doors to offer help to those facing foreclosure. And we led the effort to pass House Bill 5882 that allowed delinquent taxpayers to enter into payment plans to avoid foreclosures; 15,000 signed up first year alone.

In addition to knocking on doors and pushing for legislation to help homeowners, the City has made significant investments in helping people stay in their homes. You have asked for a five year spending plan to reduce foreclosures, but I suggest that is not the best way to think about our work. We need to get qualified homeowners in poverty enrolled in the property tax exemption, which is not an expenditure but tax relief. Today, we are investing \$1.8 million a year in providing homeowners who qualify a 100% property tax exemption, 50% exemption and the disabled vet exemption; if we can continue signing up all homeowners we believe qualify, the City could provide almost \$12 million a year in tax relief. We will continue to work with City Council through the yearly budget process to support single family home repair programs through General Fund, federal lead home repair and CDBG funds, and private philanthropic and loan contributions. We will also work with philanthropies, City Council, and other stakeholders on the Make it Home program and other opportunities to offer foreclosure assistance in the future.

As part of our ongoing effort to run the nation's largest and safest demolition program, the City of Detroit has several ways to communicate with neighbors about demolitions in their area. First, the contractors install three signs at the target property: one posted on the house two weeks prior to the demolition, and two lawn signs on either side of the front yard. In addition, the contractor places door hangers with public health and safety information about an upcoming demolition on all houses within 400 feet of the targeted house. Finally, the City of Detroit launched a text-based program to let residents know when a building near them is going to be demolished. By texting an address they care about to 313-254-DEMO (3366), residents will receive a text message listing the addresses of structures within 500 feet that are scheduled for demolition and the approximate date of demolition. The text also includes health tips reminding them to keep windows and doors closed during active demolition and to keep children and pets inside.

The City will be continuing its use of the neighborhood planning process to drive positive change in neighborhoods. In primarily residential areas, we will use neighborhood plans. We will use framework plans for areas of more mixed commercial industrial. Our current neighborhood planning process is how we attracted resources for SNF. We plan to use the same formula in



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the neighborhoods that are affected by demolition. With the Russell Woods and the new Gratiot 7 Mile plans, the City is expanding the planning areas to include areas that will be affected by the removal of vacant and abandoned houses. This way the neighbors will be able to identify interim and long-term plans for land in their neighborhood.

Thank you for your advocacy on proactive workforce development, and we believe DESC's proposal to actively work with demolition employers to match them with interested, qualified Detroiters fits this goal. Through the DESC's experience on the FCA hiring, they are building out their new position as an employment agency that works with employers to understand their needs and uses their newly built vast database to identify possible employees. DESC will also work with the demo team, OCP, and CRIO on employment fairs, as you proposed in your memo. As contractors are linked with job candidates through DESC, we hope that more will be eligible for the Detroit Resident Business Certification, an equalization credit that will benefit them in the procurement process. Through the semiannual procurements, OCP will report to City Council on the contractors that have received the 51% Detroit employee certification. We believe this proactive approach will be the best tactic for getting Detroiters into these jobs without raising the cost of demolition with new requirements.

As stated in the last memo, through the use of the City's equalization ordinance, the City's contracting process has been much more successful in providing opportunities for Detroit Based Businesses and Minority-Owned Business Enterprises than the federal rules allowed under HHF. Detroit Based Businesses have completed 54% of the demos since January 2018, and Minority-Owned Business Enterprises (MBEs) have completed 50%. Our procurement team and demo team will work this year to explore better use the joint venture and mentoring components of the ordinance. We believe that there are improvements that can be made to our procurement ordinance to ensure that Detroiters are benefiting from these equalization credits, and I pledge to work with Committee Chair Ayers and her committee on proposed improvements over the next nine months. These changes should be made through the procurement ordinance rather than through a bond authorization.

As we stated in our last memo, we agree that the City Council should have visibility into the ongoing blight removal program. The City Council and the public currently have access to real-time data about all demolitions, planned, contracted, and completed; included in this data, is the contractor, amount paid to contractor, and planned and actual demolition date. In addition, when OCP submits demo procurements, it will include the certifications that each awardee has obtained, including the Detroit Resident Business certification for businesses with at least 51% of their employees are Detroit residents. The protocols for ensuring efficient environmental mitigation for each demolition is on the detroitmi.gov/demolition website. Finally, to meet your request, the DBA will provide a quarterly report of the number of houses demolished and the percent of those demolitions that had site visits by field liaisons.