

**DEMOLITION MANAGEMENT AGREEMENT BY AND BETWEEN THE
CITY OF DETROIT BUILDING AUTHORITY
AND
THE CITY OF DETROIT**

This Demolition Management Agreement (this "Agreement") is dated August 18, 2019 by and between **THE CITY OF DETROIT** (the "City"), a Michigan municipal corporation acting by and through its Housing and Revitalization Department ("HRD") and its Buildings, Safety, Engineering and Environmental Department ("BSEED"), and the **DETROIT BUILDING AUTHORITY** (the "DBA"), a Michigan public body corporate with an address of 1301 Third Street, Suite 328, Detroit, Michigan 48226. The City and the DBA may also be known herein individually as a "Party" or together as the "Parties".

WITNESSETH:

WHEREAS, the City and the DBA have entered into that certain Demolition Management Agreement approved by Detroit City Council on May 19, 2015 and dated August 11, 2015 for the DBA to coordinate and implement the City's demolition program for the demolition of certain residential and commercial improvements situated on property in the City of Detroit (the "Demolition Program"); and

WHEREAS, the City has determined that the continued implementation of the demolition of blighted residential and commercial structures under the Demolition Program will serve to secure and stabilize areas devastated by property abandonment, prevent further deterioration and decline in property values and enhance the quality of life in the City; and

WHEREAS, the City desires to continue utilizing the professional services of the DBA to coordinate and implement the Demolition Program in accordance with the terms of this Agreement; and

WHEREAS, the DBA agrees to continue such coordination and implementation activities with respect to the Demolition Program in accordance with the terms of this Agreement; and

WHEREAS, the City represents and warrants that through its annual budget process it has secured or will secure funds necessary to pay the cost of the DBA's duties as described herein; and

WHEREAS, the Parties intend to transfer functions and responsibilities under authority of and in compliance with Act 8 of the Michigan Public Acts of 1967, being MCLA 124.531 et seq. ("Act 8"), as amended; and

WHEREAS, in implementation of the Demolition Program, the City desires to provide, to the greatest extent feasible, (1) opportunities for training and employment to residents of the City of Detroit, (2) opportunities to eligible business concerns located in or owned in substantial part by persons residing in the City of Detroit and (3) opportunities to small and minority/women-owned business enterprises as sources for supplies and services; and

WHEREAS, the Agreement sets forth the terms pursuant to which the Parties will cooperate to implement the City's Demolition Program; and

NOW, THEREFORE, in consideration of the mutual undertakings herein set forth, it is agreed between the Parties as follows:

1. Incorporation of Recitals. The foregoing recitals are incorporated herein as terms of this Agreement, as though fully restated in this Paragraph 1.
2. Definitions. The following terms shall have the following meanings:
 - A. "Annual Demolition Report" shall mean the report prepared for each respective year of the Agreement that gives programmatic, statistical and other information on the Demolition Program for the prior year.
 - B. "Contractor(s)" shall mean professionals, including demolition contractors, surveyors and environmental consultants, as shall be necessary to complete demolition activities approved as part of the Demolition Program.
3. The City Duties. The City shall perform the following duties and services in furtherance of the Demolition Program:
 - A. The City shall engage in a timely fashion such Contractors that the City deems necessary to complete demolition activities as part of the Demolition Program.
 - B. The City shall require in its contracts with Contractors that all such Contractors comply with the City's Demolition Policies and Procedures, as may be revised by the City from time to time. Copies of the City's current Demolition Policies and Procedures are attached hereto as Exhibit A.
 - C. All costs and expenses of the Contractors shall be paid by the City as applicable when such costs and expenses become due, and the DBA shall have no obligation to pay such costs.
 - D. All costs and expenses of the Support Services (as defined below) and of City-approved costs of the DBA (including but not limited to administrative fees) in carrying out its Program Manager functions for the Demolition Program shall be paid by the City to the DBA as applicable when such costs and expenses become due (together the "DBA Costs"). The City is hereby authorized under this Agreement to pay such DBA Costs up the amounts that are budgeted by the City in both Appropriation 20253, Non-Departmental Blight Remediation and Appropriation 00277, Non-Departmental Detroit Building Authority, or any other Appropriation established for this purpose (together the "Funds"), for each respective City of Detroit fiscal year of this Agreement.

- E. The City shall enter into one or more written contracts for the demolition components of the Demolition Program. Any contract or subcontract executed by City or its Contractors in connection with the Demolition Program shall contain, at a minimum, the following:
- a. Indemnification, waiver, hold harmless and release provisions in favor of the DBA and the City; and
 - b. Insurance requirements of the Contractors, and their respective subcontractors substantially similar to the requirements set forth in Subparagraph F below, which requirements shall include a requirement that the City and the DBA be named as an additional insured on all required policies; and
 - c. An acknowledgement by the Parties to the contract that the DBA is a third-party beneficiary of the indemnification and insurance obligations described in such contract.
 - d. Bonding requirements per the City's Demolition Policies and Procedures.
- F. The City's Contractors and subcontractors shall procure and maintain at their sole expense for the entire term of their respective agreements the following insurances:
- a. Workers' Compensation insurance, which meets the Michigan statutory requirements, and Employers' Liability insurance with minimum limits of \$500,000 for each accident, each disease, and each person. DBA agrees that it will obtain a similar covenant with respect to Workers' Compensation insurance from any consultant or subcontractor retained by DBA to render any of the Support Services in connection with the Demolition Program.
 - b. Comprehensive General Liability insurance which conforms to the following requirements: the minimum policy limits shall be \$2,000,000 each occurrence for bodily injury and \$2,000,000 in the aggregate, with a \$5,000,000 umbrella including XCU and Products Completed Operations.
 - c. Automobile Liability insurance covering all owned, non-owned, or hired automobiles with a combined single limit of \$1,000,000 for bodily injury and property damage and including residual liability insurance in accordance with the provisions of the Michigan No Fault Insurance Law.

- d. For commercial demolitions, Pollution Liability Insurance which conforms to the following requirements: the minimum policy limits shall be \$5,000,000 each occurrence and in the aggregate.

If, during the term of this Agreement, changed conditions or other pertinent factors should, in the reasonable judgment of the DBA or the City, render inadequate the insurance limits above, or types of coverages required herein, the City shall cause its Contractors and subcontractors to furnish on demand such additional coverage as may reasonably be required under the circumstances. All such insurance shall be under valid and enforceable policies, issued by insurers of recognized responsibility, registered to do business in the State of Michigan and which are well-rated by national rating organizations and are acceptable to the DBA.

If commercially reasonable, the policies shall contain an agreement by the insurer that such policies shall not be canceled or materially changed without at least thirty (30) days prior notice to the DBA. Certificates of insurance and endorsements evidencing such coverage shall be submitted to the DBA prior to the commencement of any work by the Contractor or subcontractor and prior to the expiration dates of expiring policies.

The City's Contractors and subcontractors, as applicable, shall be responsible for payments of all deductibles contained in any insurance required hereunder.

Except for Workers' Compensation Insurance, insurance policies shall name the "City of Detroit" and the "Detroit Building Authority" as an additional insured and shall state that the City's Contractors' and subcontractors' insurance is primary, with respect to the City and the DBA as an additional insured and is not in excess over any insurance already carried by the DBA and the City.

- G. Prepare and record all liens related to the Demolition Program as determined necessary by the City for cost recovery.
- H. HRD shall be responsible for the following with respect to the Demolition Program:
 - a. On behalf of the City, enter into demolition contracts with Contractors for the Demolition Program as procured by the City's O-CFO, Office of Contracting and Procurement ("OCP"). Process payments to Contractors pursuant to the terms of such demolition contracts. Such contracts and payments shall be reviewed and executed by HRD's designated Demolition Program director/manager.

- b. Ensure that federal funding sources used for the Demolition Program, including Community Development Block Grant and/or blight elimination funds, are used for an eligible use, meet applicable regulations, and serve a national objective under the applicable regulations governing such federal funding sources. Where it pertains to the use of federal funding towards the Demolition Program, HRD shall provide eligibility checklists and document all eligibility determinations.
- c. Prepare and perform all environmental requirements under 24 CFR Part 58, as amended, and environmental standards at 24 CFR Part 570.604, as amended; convey all necessary documentation for the release and certification of federal funds to the Detroit Field Office of the U.S. Department of Housing and Urban Development (“HUD”); and monitor the City’s compliance with environmental review and HUD requirements.
- d. As applicable, coordinate the City’s compliance with the Section 3 clause of the Housing and Community Development Act of 1968, as amended.
- e. If blighted properties are occupied, determine whether federal relocation requirements are applicable.
- f. Provide DBA and BSEED with reporting formats, checklists and other forms for federal compliance and reporting obligations.
- g. Advise and update DBA and BSEED on any HUD requirements associated with the use of federal funds for the Demolition Program that may arise in the course of conducting demolition activities.
- h. Monitor the progress of Demolition Program implementation and expenditure of funds.
- i. Carry out periodic monitoring and evaluation activities, as determined necessary by HRD or HUD. Such evaluations will be based on the terms of this Agreement, comparisons of planned versus actual progress relating to Demolition Program scheduling, budgets, audit reports and output measures.
- j. Following approved procedures, submit payment documentation to BSEED requesting the use of fire escrow funds.
- k. HRD is hereby authorized to and shall pay BSEED from the Funds all initial permit costs associated with residential demolitions.

However, Contractors shall be responsible for paying any subsequent costs to BSEED related to inspections on such residential demolition permits.

1. As needed by the City, HRD is hereby authorized to and shall pay the City's Water and Sewerage Department from the Funds for all hydrant permit fees related to the Demolition Program.
- I. BSEED shall be responsible for the following with respect to the Demolition Program:
- a. Pursuant to Detroit City Code §9-1-31 through §9-1-50, as amended, identify properties for emergency demolition, conduct inspections, verify property conditions and ownership, coordinate dangerous building designations and demolition orders, and maintain required documentation.
 - b. Upon proper application, issue demolition permits and conduct inspections related to demolitions.
 - c. Verify clearance and conditions after demolition and issue final approvals.
 - d. Release any available fire escrow funding available for any property to be demolished to offset the cost of abatement and demolition in accordance with Public Act 218, The Insurance Code of 1956, as amended.
 - e. Review and approve all environmental due diligence efforts as requested.
4. The DBA Duties. The DBA shall perform the following duties and services in furtherance of the Demolition Program:
- A. The DBA shall serve as the "Program Manager" to manage and coordinate the performance of the Contractors who are engaged by the City to implement the Demolition Program.
 - B. Develop a demolition strategy, including the estimation of funds needed for demolition-related activities.
 - C. Schedule and coordinate all necessary environmental testing and abatement work in accordance with applicable laws, rules and regulations.

- D. Schedule and coordinate demolitions, monitor the work of Contractors, conduct inspections, maintain documentation and provide reports.
 - E. For any change orders to Contractors recommended by the DBA, the DBA shall provide the City with advance written notice prior to any costs being incurred by Contractors or the start of any change order work by Contractors. All change order work by Contractors must receive prior written approval by the City before the start of any such change order work. The City shall not be responsible for any costs related to change order work by Contractors that did not receive prior written approval by the City.
 - F. The DBA shall utilize the fee schedule provided in the City's Demolition Policies and Procedures when providing cost estimates to the City for any demolition-related activity and/or change order requests under the Demolition Program.
 - G. The DBA shall maintain full and complete books, accounts, documents, and records in auditable form, wherein are kept all entries reflecting all actions taken pursuant to this Agreement, and DBA shall make available all such books, accounts, documents, and records for audits, inspections and examinations by the City during normal business hours. All such records shall be maintained by DBA during the term of this Agreement and for a period of four (4) years following the termination of this Agreement or for such longer period as may be required. The provisions of this Paragraph 4 shall survive the termination of this Agreement.
 - H. Enter into and manage contracts for support services that are requested in writing by the City and accepted in writing by the DBA ("Support Services").
 - I. Provide office and administrative space for certain City staff that work cooperatively with the DBA on the Demolition Program.
 - H. Prepare the Annual Demolition Report.
 - J. In accordance with Section 7.5-310 of the City Charter, the DBA shall cooperate with the City's Inspector General in any investigation regarding this Agreement and/or the Demolition Program.
5. Compliance with Act 8. The Parties intend to comply with Act 8, as amended, which requires the following contractual provisions:
- A. The City hereby transfers to the DBA such functions and responsibilities for demolition management and for real property stabilization as are

necessary to permit the DBA to perform its obligations under this Agreement.

- B. This Agreement shall become effective upon the date following the date on which it is filed with the Michigan Secretary of State. Filing this Agreement with the Michigan Secretary of State is the responsibility of the DBA, and the DBA shall notify the Director of HRD when the Agreement has been filed.
- C. The term of this Agreement shall be as stated in Section 7 hereof.
- D. The employees of the Parties will not be transferred, reassigned or otherwise affected as a result of the performance of the Agreement. The DBA will manage the demolition of improvements by the Contractors, but no real property, facilities, equipment or other personal property will be transferred, sold or otherwise disposed of between the Parties.
- E. All of the costs of the DBA's performance of its obligations under this Agreement shall be paid by the City in accordance with Paragraph 4 hereof.

6. Equal Opportunity and Fair Employment Practices.

- A. The Parties agree that in connection with this Agreement they shall comply with the all federal, state, and local laws, rules, and regulations, including those governing fair employment practices and equal employment opportunity. The Parties shall promptly furnish any information requested by the City or its Civil, Rights, Inclusion and Opportunity Department ("CRIO") with respect to this subsection A.
- B. Where required by law, the City shall comply with, and shall cause all of its Contractors to comply with, the goals established by the City's Executive Orders No. 2016-1 and 2014-5, as may be amended or replaced; Ordinance No. 31-99, as amended, concerning the purchase of goods and supplies and currently codified as Detroit City Code §18-5-1 through 18-5-22 and §18-5-31 through 18-5-36.
- C. To the greatest extent feasible, lower-income residents of the City shall be given opportunities for training and employment; and to the greatest extent feasible, eligible business concerns located in or owned in substantial part by persons residing in the City shall be awarded contracts in connection with the Demolition Program.
- D. In the procurement of supplies, equipment, construction, or services to implement this Agreement, the City and DBA shall make positive efforts to utilize Detroit certified businesses and small/minority/women-owned business enterprises as sources of supplies and services and provide these

enterprises the maximum feasible opportunity to compete for contracts that are needed for the Demolition Program.

7. Term. Unless otherwise terminated in accordance with the terms hereof, this Agreement shall remain in effect for three (3) years from the date this Agreement is filed with the Michigan Secretary of State's office. Notwithstanding anything to the contrary in this Agreement, (i) the Parties by joint action may terminate this Agreement with or without cause, in whole or in part, after mutually agreeing in writing to terminate with such termination being at least thirty (30) days before the effective date of the termination, or (ii) in the alternative, either Party may terminate this Agreement without joint action and with or without cause, in whole or in part, after giving a written notice of termination to the other Party at least one (1) year before the termination date. The effective date of termination in either instance outlined above shall be referred to herein as the "Termination Date". The written instrument whereby the Parties either mutually agreeing in writing to terminate or give written notice of termination to the other Party shall both be referred to herein as a "Notice of Termination".
 - A. In the event the City and/or the DBA terminates this Agreement, in whole or in part, in accordance herewith, the City shall be obligated to pay the DBA as follows:
 - i. All costs, expenses and obligations incurred by the DBA and committed under this Agreement to the Termination Date.
 - ii. All non-disputed amounts, if any, due on account of any requests of the City that have not been paid to the DBA at the time of the Termination Date.
 - B. Upon receipt or issuance of a Notice of Termination, the Parties shall:
 - i. Stop work under this Agreement on the date of the Notice of Termination and to the extent specified in the Notice of Termination;
 - ii. Not obligate any funds for costs beyond the Termination Date in the Notice of Termination and place no further orders or contracts for materials, services or facilities, except as may be necessary for completion of such portion of the work under this Agreement as is not terminated;
 - iii. Terminate any orders and contracts to the extent that they relate to the portion of the work so terminated;

- iv. Preserve all records and submit to the requesting Party any records and reports maintained by the other Party in connection with the performance of the Agreement; and
 - v. Within thirty (30) days of the Termination Date, submit to each other a final report of receipts and expenditures of funds relating to this Agreement, and a list of all creditors, subcontractors, and/or other parties with which the Parties have incurred financial obligations pursuant to this Agreement (if any).
- 8. Annual Milestones and Performance Goals. The City will set annual milestones and performance goals for its Demolition Program that the Parties will work cooperatively to achieve.
- 9. Contact Persons. Each Party agrees to designate a contact person who will be responsible for facilitating and implementing the terms and conditions of this Agreement. The Parties agree to operate in good faith to resolve, clarify and accommodate each other with respect to any and all issues arising under this Agreement.
- 10. Staffing. Each Party shall assign certain of its staff to the oversight, direction, and implementation of activities, roles and responsibilities under this Agreement.
- 11. Records. Each Party shall maintain written records of work performed by its staff, and expenditures incurred in connection with this Agreement, which records shall be maintained for four (4) years after termination of this Agreement or for such longer period as may be required.
- 12. Uniform Administrative Requirements. The Parties agree to comply with the applicable uniform administrative requirements as described in Federal Community Development Block Grant Regulations 24 CFR 570.502, as amended, and 24 CFR Part 200, as amended.
- 13. Environmental Responsibilities. The Parties shall carry out the activities in this Agreement in compliance with all federal laws and regulations at Subpart K of 24 CFR Part 570, as amended, except that: (i) BSEED and DBA do not assume HRD's environmental responsibilities described at §570.604, as amended, or any other environmental responsibilities; and BSEED and the DBA do not assume HRD's responsibility for initiating the review process under 24 CFR part 52, as amended.
- 14. Notices. All notices, consents, approvals, requests, reports, and other communications (herein collectively called "Notices") required or permitted under

this Agreement shall be in writing and sent by registered or certified mail or nationally recognized overnight courier service, postage prepaid and addressed as follows:

If to the City:

Buildings, Safety Engineering and Environmental Department
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 401
Detroit, Michigan 48226
Attention: Director

Housing and Revitalization Department
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 908
Detroit, Michigan 48226
Attention: Director

With copies to:

Law Department
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 500
Detroit, Michigan 48226
Attention: Corporation Counsel

Office of Contracting & Procurement
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1008
Detroit, Michigan 48226
Attention: Chief Procurement Officer

If to the DBA:

City of Detroit Building Authority
1301 Third Street, Suite 328
Detroit, Michigan 48226
Attention: Tyrone Clifton, Director

With a copy to:

The Allen Law Group, PC
3011 W. Grand Blvd, Suite 2500
Detroit, Michigan 48202
Attention: Floyd E. Allen

Notices shall be deemed received three (3) days after the day of mailing if delivered by registered or certified mail, or one (1) business day after deposit with a nationally recognized overnight courier service. Either Party to this Agreement may change its address for the receipt of Notices at any time by giving Notice thereof to the other as herein provided. Any Notice given by a Party hereunder must be signed by an authorized representative of such Party.

15. Miscellaneous.

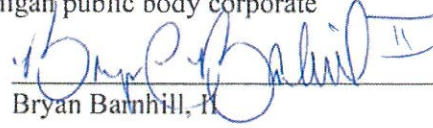
- A. The relationship of the DBA and the City shall be that of a professional contractor and, except as provided herein, no liability or benefits, such as retirement benefits or liabilities, pension rights or liabilities, holiday pay, sick pay, vacation pay, personal injury or property insurance rights or liabilities, or such other rights, provisions or liabilities arising out of a contract of hire or employer/employee relationship either express or implied shall arise or accrue to either Party as a result of this Agreement and undertaking.
- B. This Agreement, and the performance by the Parties hereto of their respective obligations hereunder, is subject to all applicable state and federal laws. This Agreement is governed by the laws of the state of Michigan.
- C. This Agreement may be amended from time to time by the execution by both Parties of a written amendment.
- D. Each Party to this Agreement hereby represents and warrants to the other Party that it has full right, power and authority to enter into and perform this Agreement; that its execution and delivery of this Agreement have been duly authorized by all necessary action; and that this Agreement constitutes its valid, binding and enforceable obligations.
- E. If any provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of the Agreement, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- F. Subject to the provisions stated in paragraph 3.1J, this instrument, including all Exhibits hereto, contains the entire agreement between the Parties, and all prior negotiations and agreements are merged herein. Neither Party nor any agents of either Party have made any representations except as expressly set forth herein, and no rights or remedies are or shall be acquired by either Party by implication or otherwise unless expressly set forth herein.

- G. This Agreement may be executed in any number of counterparts, and all of the counterparts taken together shall be deemed to constitute one and the same instrument.
- H. Authority of City. Notwithstanding anything in this Agreement, in law, in equity, or otherwise to the contrary, this Agreement shall be of no force or effect and may not in any way be enforced against the City, unless and until this Agreement has been fully executed by the duly authorized representatives of the City pursuant to the resolution of the Detroit City Council as approved by the Mayor of the City of Detroit, and approved by the City of Detroit Law Department and OCP as to form. Any amendments or modifications must likewise be duly authorized by resolution of the City Council as approved by the Mayor, and be approved by the Law Department and OCP as to form.


[Signatures Follow]

IN WITNESS WHEREOF, the City and the DBA, by and through their duly authorized officers and representatives, have executed this Agreement as follows:

CITY OF DETROIT BUILDING AUTHORITY,
a Michigan public body corporate

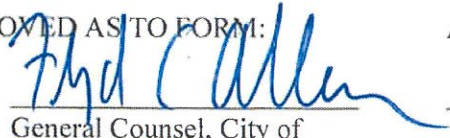
By: 
Bryan Barnhill, II

Its: Chairman

By: 
Christopher T. Jackson

Its: Treasurer

APPROVED AS TO FORM:

By: 
General Counsel, City of
Detroit Building Authority

APPROVED BY DBA BOARD OF COMMISSIONERS:

07/02/2019

Date

CITY OF DETROIT,
a Michigan municipal corporation

HOUSING & REVITALIZATION

By: 
Donald Rencher, Director

**BUILDINGS, SAFETY ENGINEERING &
ENVIRONMENTAL DEPARTMENT**

By: 
Dave Bell, Director

APPROVED AS TO FORM:

8/13/19

Supervising Assistant Corporation Counsel
City of Detroit

OFFICE OF CONTRACTING AND
PROCUREMENT

DocuSigned by:

Boysie Jackson

8/13/2019

Chief Procurement Officer
City of Detroit

APPROVED BY DETROIT CITY COUNCIL:

7/16/19

Date



STATE OF MICHIGAN
JOCELYN BENSON, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

October 10, 2019

L. Nichole Hunter
2500 Fisher Building
3011 West Grand Blvd.
Detroit, MI 48202

RE: Demolition Management Agreement between City of Detroit and Detroit Building Authority

Dear L. Nichole Hunter:

This letter acknowledges receipt and filing on August 28, 2019, of a Demolition Management Agreement between The City of Detroit and Detroit Building Authority in accordance with the provisions of Act 8, Public Acts of 1967.

Sincerely,

Michigan Department of State
Office of the Great Seal
1.888.767.6424