



Coleman A. Young Municipal Center  
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**TO:** Hon. President Brenda Jones  
 Detroit City Council – Council President

**FROM:** Raymond Diggs, Senior Advisor – Jobs and Economy, Mayor’s Office

**DATE:** October 6, 2020

**RE: Sale of the Michigan State Fairgrounds to Hillwood Investment Properties, L.P. and The Sterling Group**

Question	Answer
Will there be employees transferred from other locations or with the 1200 jobs be new jobs?	While we anticipate that some Detroiters working at other Amazon facilities in the Metro region will seek reassignment to this facility when it opens, there is no reliable way to project those numbers this far in advance. The number of positions that might be relocated is not known. We do not anticipate that potential reassignments will materially impact the number of new full-time positions at this facility open for first-time hires.
Will there be an employee referral program implemented?	As is customary with most mid-size and large companies, hiring incentives and referral programs are driven by real-time demand for labor. We expect clarity on the answer to this question closer to the time of the facility’s opening, if approved.
What steps have been taken to engage the community outside of District 2?	Provided summary of community engagement.
What steps have been taken to engage the Skilled Trades Unions?	As noted above, at the request of City Council President, the Administration and the development team attended a meeting hosted by representatives of the IBEW Local 58 union. Union members asked a number of questions about the contracting and procurement process. The meeting was attended by more than 25 local union members. Following this meeting, the Administration contacted local union members to understand their concerns about the proposed development. The Administration is engaged in ongoing conversations with local unions and will update your office with any significant developments.
Please explain the transit strategy and the location selection of the transit terminal.	DDoT provided a response.
What guarantees are in place to ensure Detroit residents make up at least 51% of the workforce and Detroit	The Amazon project developer, State Fair Partners, has voluntarily agreed to comply with Executive Order 2016-1, which requires 51% of the project’s construction work hours



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<p>companies make up at least 30% of construction contractors?</p>	<p>to be worked by Detroit residents. If that requirement is not met, serious financial penalties apply. Because the Amazon project is not receiving public subsidy, neither Executive Order 2016-1 nor Executive Order 2014-5 are triggered and apply by law. The agreement selling the former Fairgrounds property instead obligates the developer by enforceable contract. The local developer, Sterling Group, has a long history of employing Detroit residents and using local Detroit construction companies.</p> <p>The Detroit Building Authority will comply with both Executive Order 2014-5 and Executive Order 2016-1 in connection with the transit center project also slated for the Fairgrounds.</p>
<p>What guarantees are in place to ensure that Detroit based micro and small businesses have access to construction and post construction contracts?</p>	<p>There are no specific guarantees in place to ensure Detroit-based micro and small businesses in the construction project. The local developer, Sterling Group, also has a strong track record for using small business construction companies in its projects.</p> <p>For post-construction, if this distribution center is located in the City of Detroit, it will create a large number of local entrepreneurial opportunities via the Amazon Delivery Service Partners Program. To make sure Detroiters have the opportunity to be prepared for those opportunities, Detroit At Work is launching a first-of-its-kind Entrepreneurship Training Academy. The Academy will provide Detroiters with the skills and knowledge they need to start and operate a successful business, and accordingly give them access to those opportunities.</p>
<p>What plans are in place by the Administration to enter into an agreement with Amazon to ensure that city income taxes are collected from all employees and remitted to the City of Detroit to ensure that the City of Detroit is receive its full financial benefits?</p>	<p>This distribution center will overwhelmingly rely on in-person work. The Administration has no reason to suspect that employees at the facility will not be properly registered as working at this site, in Detroit, and that the State of Michigan will have no challenges collecting the full amount of City income taxes from employees working at this facility.</p>
<p>What guarantees are in place to ensure that Detroiters make up at least 51% of the workforce post construction?</p>	<p>Unlike construction jobs, there are no specific guarantees in place to ensure Detroiters represent 51% of the employees at the Amazon facility once it is operational. Amazon has agreed to collaborate with Detroit At Work on employment opportunities for Detroiters at the facility, including by working with Detroit At Work with regard to job fairs and announcements.</p>



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How will employees remit income taxes? Are the collected by the employer or does the employee self-file?	For full-time employees of Amazon, it is anticipated that local income taxes will be withheld and collected by the employer.
In your responses, you stated that “it is anticipated.” However, that does not provide assurance or a direct response. Please verify how Amazon will collect taxes from ALL employees	It is customary for an employer to withhold and collect all local incomes taxes for all full-time employees. There is no reason to expect Amazon to operate any different from this practice.
What is the appraised value of the land?	An appraisal memo detailing the valuation methodology used to determine the purchase price was provided your office. It is also available on the project webpage and can be found here: <a href="https://detroitmi.gov/government/mayors-office/michigan-state-fairgrounds-development#documents-block">https://detroitmi.gov/government/mayors-office/michigan-state-fairgrounds-development#documents-block</a> .

If you have any questions, please contact me at diggsr@detroitmi.gov.

Thank you for your cooperation.

Cc: Detroit City Council  
Hon. Janice Winfrey, City Clerk's Office  
Arthur Jemison, Group Executive – Planning, Housing and Department, Mayor's Office  
Nick Khouri, Group Executive – Jobs and Economy, Mayor's Office  
Avery Peoples, Mayor's Office  
Luke Polcyn, Deputy Group Executive – Jobs and Economy, Mayor's Office