


## MEMORANDUM

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**TO:** Lawrence Garcia, Corporation Counsel  
City of Detroit

**CC:** Honorable Colleagues  
Janice Winfrey, City Clerk  
Avery Peeples, City Council Liaison

**FROM:** Council President Brenda Jones 

**DATE:** November 25, 2020

**RE:** Target Business and Employment Strategy Report

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The Office of Council President Brenda Jones is currently working with the Law Department and other various departments to draft Target Business and Employment legislation. Please see the attached Target Business and Employment Strategy Report.

# Target Business and Employment Strategy

City of Detroit

## Data Collection

### Target Business:

1. Utilization of **an annual supplier survey** to guide target business outreach annually. The survey will help identify where there are gaps in Detroit businesses in City contracting and determine how outreach will be conducted to **market contract opportunities and attract Detroit companies to fill gaps in contracting** where there is a low percentage of Detroit companies performing services on City of Detroit contracting.
2. Currently, the **Detroit Supply Schedule Ordinance** requires 14 outreaches. Evaluation of service gaps will assist with content development for the outreaches and create a consistent mechanism for conducting and implementing required outreaches to ensure that requirements are being met and implemented efficiently.
3. Currently, there is **no process dedicated towards evaluating the data to determine contract gaps and guide outreach**. The Office of Council President Brenda Jones (OCPBJ) currently works to guide outreach content through the **Small Business Empowerment Fairs** based on data retrieved during OFCPBJ target business and employment weekly contract review. This mechanism does not support a consistent and long lasting process. The Office of Procurement currently drives Supply Schedule Outreach based on upcoming bids needs. The outreaches have yielded tangible results for Detroit businesses.

### Target Employment

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1. Utilization of **an annual supplier survey** to guide target employment outreach annually. The survey will help identify where there are gaps in employment on City of Detroit contracts and determine how outreach will be conducted to **market contract employment opportunities to attract Detroit resident to fill gaps in employment** on City of Detroit contracts where there is a low percentage of Detroit companies performing services on City of Detroit contracts.
2. Utilization of a **Target Employment Survey** with each contract to identify bidding contractors that **do not meet** the 51% Detroit resident threshold.
3. Contract Awardees with **less than 51% Detroit residents** to be employed on the contract will be required to follow a target employment procedure including:
  - **Referral to the Detroit Employment Solutions Corporation for employee recruitment.**
  - **Submission of a hiring plan.**
  - **Required recruitment action to be completed within 3 months of the contract approval by the Detroit City Council.**
  - **Report submitted detailing recruitment efforts.**

## Outreach

### Target Business & Employment

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1. Once service and employment gaps have been determined, OCP in collaboration with CRIO, DESC & DEGC will conduct target business and employment outreach to attract businesses and perspective businesses to **increase Detroit business representation** in areas as well as to **recruit Detroit residents for placement on City of Detroit contracts**. Outreach is already mandated within the Supply Schedule, therefore this only works to **enhance the requirements, improve Detroit resident equity and access and create a more consistent process**.

# Development

## Target Business Development

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1. Not all businesses that attend outreaches are **structured and prepared to bid** on City of Detroit contracts. They need the following:
  - **Business plans**
  - **Funding**
  - **Equipment**
  - **Employees**
2. Creation of a process and system for **referral of interested business owners to the DEGC** for the utilization of the current Motor City Match structure to assist with funding and business plans.
3. **Restructuring** Motor City Match to include set asides for businesses that have been approved City of Detroit contracts. This **ensures funding is available for businesses for equipment and business startup costs if contacts are won.**
4. Additionally, **partnering** with City of Detroit financial institutions to **provide funding for businesses with proof of an approved contract.**
5. Utilization of a **Contractor Mentorship Program** to assist new businesses with bidding on City of Detroit contracts.

# Legislative Amendments

## Data Collection

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1. The **Office of Contracting and Procurement** is required to collect the following annual data from all contractors that have received a City of Detroit contract within the last fiscal year:
  - **Year**
  - **Date**
  - **Contractor Name**
  - **Business Location**
  - **Business Certifications**

## TARGET BUSINESS AND EMPLOYMENT STRATEGY

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- Number of Employees
- Job Title of Employees
- Residency of all Employees
- Proof of residency for Detroit Employees
- If contractor's Detroit resident workforce falls below 51%, contractor is required to submit a hiring plan detailing the following how the contract plans to increase Detroit resident

<https://app.smartsheet.com/b/form/eb5f42153fb2406586766dbb28c0b3f4>

- a. The **Office of Contracting and Procurement** is required to post the data on the City of Detroit website and provide to the Detroit City Council by April 1 of each year.
- b. The Office of Contracting and Procurement is required to notify all bidders that have been awarded a contract the previous fiscal year via digital notification (*GovDelivery text/email*).

**2. The Office of Contracting and Procurement is required to collect the following data from each contractor when the contractor bids on a City of Detroit contract:**

- Year
- Date
- Contractor Name
- Contract Number
- Contract Description
- Department
- Bid Amount
- If the contract is a joint venture
- Number of Employees on the Contract
- Employee Job Titles
- Number of Detroiters on the Contract
- Detroit Employee Job Titles
- If the contractor has a Department of Labor approved apprenticeship program
- Residency of all Employees
- Proof of residency for Detroit Employees
- If contractor's Detroit resident workforce falls below 51%, contractor is required to submit a hiring plan detailing the following how the contract plans to increase Detroit resident

<https://app.smartsheet.com/sheets/CMqqrnrGWWRG54Fr4mQccrvqgMW7pv3R3GWwHXM1?view=grid>

# TARGET BUSINESS AND EMPLOYMENT STRATEGY

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- a. The **Office of Contracting and Procurement** is required to submit the results of the data to the Detroit City Council with each contract.
- b. The **Office of Contracting and Procurement** is required to post the results of the data on the City of Detroit website for all contracts that are approved on a monthly basis.

## Outreach

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1. Elimination of outreach requirements from supply schedule and implementation of **City-Wide Target Business and Employment Outreach Requirements.**
  - The Office of Contracting and Procurement in collaboration with CRIO, DESC and DEGC is **required to conduct two (2) in-person or digital outreaches throughout each of the seven (7) City Council Districts** annually in order to attract and recruit Detroit businesses to provide services on City of Detroit contracts and Detroit residents to be employed on City of Detroit contracts.
  - All contractors that **fall below the 51% Detroit resident workforce** are required to **attend at least 6 outreaches prior to bidding** on a City of Detroit contract.
  - Any contractor that is awarded a City of Detroit contract that **falls below the 51% Detroit resident workforce** is required to **attend at least 4 outreaches within 3 months of approval of the contract.** Failure to meet the requirement will result in financial penalty.
    - Contractor also is required to submit a recruitment report to the Office of Contracting and Procurement within 3 months of approval of the contract. The recruitment report should include the following:
      - Date and Location of Meetings that were attended.
      - Number of Detroiters interviewed
      - Number of Detroiters hired
      - Reason why Detroiters were not interviewed or hired
        - **Failure to submit the recruitment report within 3 months will result in financial penalty.**
  - A complete schedule of all outreaches is required to be developed by February 1 of each calendar year. The outreach schedule is required to be noticed and compliant with the below notification requirement. Each outreach schedule is also required to be noticed and compliant with the below notification requirements.
  - All contractors falling below the 51% threshold are required to be noticed of the outreaches.
  - All registered users are required to be notified of the outreaches.

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- Meetings are required to be **noticed in the following methods**:
  - Notice must include Topic, Date, Time and all meeting and/or participation information.
  - Outreach announcement must be provided at least ten (10) days prior to the outreach commencement.
  - The Notice must be distributed via GovDelivery (email/text)
  - The Notice must be provided to the City Council Member and established Community Advisory Council representing the impacted neighborhood.
  - Notice must also be posted on:
    - City of Detroit Social Media Sites (Instagram, Facebook Twitter)
    - Office of Procurement Website
    - Channel 10

## Business Development

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1. At the mandated outreaches, **The Office of Contracting and Procurement** is required to have a method for interested businesses to request business development assistance.
2. The **Office of Contracting and Procurement** is required to refer businesses to the proper authority for business development assistance.
3. The **Office of Contracting and Procurement** is required to implement a Contractor Mentor program.
- a. All City of Detroit contractors that received **2 million dollars or more** in City of Detroit contracts in the previous fiscal year are required to mentor a new contractor providing the same service either through a joint venture or other mentorship means.

## Reporting

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1. The **Office of Contracting and Procurement** is required to submit an annual report by December 31 of each year including the following:
  - Number of outreaches Held
  - How outreaches were noticed
  - How many Detroit businesses attended each outreach
  - How many Detroit businesses requested business development assistance
  - Types of business development assistance received
  - How many new businesses bid on City of Detroit contracts detailing the services
  - How many new businesses won City of Detroit contracts detailing the

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services

- How many Detroit residents were interviewed by contractors detailing the contractors
- How many Detroit residents were hired by contractors detailing the contractors

## Bid Notification

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1. The **Office of Contracting and Procurement** is required to notify all registered users with the City of Detroit and procurement bidding software (oracle) in the following methods:
  - Notice **must include** all bid information or instructions on how to acquire the information.
  - The Notice must be distributed via GovDelivery (email/text)
  - The Notice must be provided to the City Council Member and established Community Advisory Council representing the impacted neighborhood.
  - Notice must also be posted on:
    - City of Detroit Social Media Sites (Instagram, Facebook Twitter)
    - Office of Procurement Website
    - Channel 10

## Business Opportunity and Access

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1. **Increasing** equalization credits for Detroit Resident Business and **decreasing** equalization credits for Detroit Based Business
2. Amending the definition of Detroit Based Business by adding the following definitions:
  - **adequate employees:** 30% of Employees are Detroit-Residents
  - **adequate equipment:** 30% of Equipment is stored at a Detroit location
3. Allow Detroit residents that have outstanding taxes or fees to receive City contracts with the cost of the fees to be **deducted from the contract**
4. **Yearly** renewal of business certifications
5. Mandatory **bi-annual** site visits to verify business certifications



### Target Business and Employment Fund

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1. Creation of the **Target Business and Employment Fund** for the collection of fees for contractors that do not meet the requirements of the ordinance. Funds will be invested into assisting businesses with startup costs and to fund target business and employment initiatives.

### Multi-Contracting

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1. All contracts that qualify as recurring services that are **\$2M or more** are required to have a joint venture with a Detroit-Based or Detroit-Headquartered micro business.
2. The Office of Contracting and Procurement is **not allowed** to award more than **\$2M** for recurring services to the same contractor.
3. For **construction projects**, contracts **over \$2M** are required to have a joint venture with a Detroit-Based or Detroit-Headquartered micro business.
4. The Office of Contracting and Procurement is required to **maintain a list** of Detroit-Based and Detroit-Headquartered construction and recurring service businesses

### Department of Labor Approved Apprenticeship Program

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1. Creation of the Responsible Bidder equalization credit to prioritize construction contractors that have a **Department of Labor Approved Apprentice Program**.