

## MEMORANDUM

---


**TO:** Tanya Stoudemire, Deputy Chief Financial Officer  
City of Detroit

Boysie Jackson, Director  
Office of Contracting and Procurement

Charity Dean, Director  
Civil Rights, Inclusion and Opportunity Department

LaJuan Counts, Director  
Demolition Department

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

**FROM:** Council President Brenda Jones 

**DATE:** January 15, 2021

**RE:** Proposal N Contracts– Round 1

---

The Mayor recently announced the first \$30M in new residential demolition since the approval of Proposal N. Please see the following questions and concerns pertaining to the first package of Proposal N contracts:

### **Fiscal Impact Questions and Concerns:**

1. Have the \$250M Proposal N bond proceeds been received?
  - a. If bond proceeds have not been received:
    - i. When does the Office of the Chief Financial Officer expect the receipt of bond proceeds?
    - ii. Please explain why bond proceeds were not received immediately following the passage of the November 4, 2020 Proposal N Bond Proposal as informed by former Chief Financial Officer, David Massaron.
    - iii. Please explain how the Administration plans to fund the first round of Proposal N demolitions without the receipt of the Proposal N bond proceeds.
    - iv. If unassigned surplus general fund dollars are being utilized, please explain the rationale for investing \$35M-\$50M of unassigned surplus general fund

dollars given the current financial climate within the City of Detroit, State of Michigan, and the United States as a result of the COVID-19 pandemic in conjunction with the forthcoming City of Detroit pension payments.

- v. Detroit Casinos have been open at 20% capacity for approximately one month. Prior to the expenditures of unassigned surplus general fund dollars:
  - 1. Please explain why it is not consistent with the City's current standard of fiscal responsibility to see the Detroit casinos open and operating at full capacity for at least six months to ensure the City's revenue shortfall is limited and the current financial climate has made a positive financial pivot?
  - 2. Please explain the probability of the City of Detroit not receiving the \$250M bond proceeds as a result of the current financial climate within the City of Detroit, State of Michigan, and the United States as a result of the COVID-19 pandemic.
    - a. What is the fiscal impact if this City of Detroit is not able to replace the \$30M expenditure?
    - b. How much money has the City of Detroit received in income and property taxes as a result of demolition efforts?
    - c. What is the projected return on the investment if the City of Detroit does not receive the \$250M bond proceeds and thus is not able to replace the \$30M expenditure?
  - 3. Please explain why the Office of Contracting and Procurement and the Demolition Department solicited bids for work when funds have not been allocated or received.
    - a. Were Demolition contractors aware that they were bidding on contracts that had not been funded with bond proceeds or a budget amendment?

### **Procurement Questions and Concerns:**

*Please provide the following responses for the first round of Proposal N Demolition contractors:*

- 1. How many employees does each contractor employ?
  - a. Of those employees, how many are Detroit residents?
  - b. Please provide proof that the employees are bonafide Detroit residents.
  - c. The Detroit City Council approved the Proposal N Bond Proposal to be added to the ballot in July 2020. Two-thirds of demolition crews do not require skilled labor, if a contractor does not have a 51% Detroit Resident workforce:
    - i. Please explain what outreach has been conducted to recruit, train and hire Detroit residents.
    - 1. How many Detroiters applied to be hired by each contractor?
      - a. Of those applicants, how many were offered an interview?
        - i. How many were hired?
        - ii. If they were not hired, please explain why.
      - b. If they were not offered an interview, please explain why.

- ii. What plans are in place to obtain a 51% Detroit Resident workforce?
2. Please provide all documentation that guarantees that each contractor is collecting City of Detroit incoming taxes from all employees and remitting those taxes to the City of Detroit Treasury Division.
3. Please provide all documentation that guarantees that contractors are utilizing a certified payroll.
4. Please provide all documentation that was utilized to award Detroit Based Business and Detroit Headquartered Business Certifications.
5. What is the average cost to demolish the 1400 homes in the first round of Proposal N demolitions?
  - a. What processes are in place to prevent change orders to guarantee the cost of demolition does not increase?
  - b. What is the proven success rate of those processes?

#### **Demolition Department Operations**

1. How many employees are staffed to monitor Demolition activities for the demolition of the 1400 homes represented in the first round of Proposal N contracts?
  - a. Please provide position titles, roles and responsibilities and employee status (full-time, furlough, workshare).
2. How many homes does the Demolition Department expect contractors to demolish weekly?
  - a. Of those homes, how many employees are assigned to monitor those demolitions?
  - b. Please detail steps that will be taken by the employees to manage the completion of the weekly demolitions.
    - i. What is the proven success rate of those measures?