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To: City Council President Mary Sheffield

From: LaJuan Counts, Director, Construction & Demolition Department

Date: April 5, 2023

Re: Responses to Construction & Demolition Department Budget Questions FY23-24

Please find below responses to your questions sent on March 27, 2023, regarding the proposed Fiscal Year 2024 Proposed Budget for the Construction & Demolition Department.

- 1. Part of your mission statement is to recover costs associated with demolition of structures of privately-owned property. How often is the city reimbursed for these demolitions? What is the process for seeking reimbursement? Where do reimbursements fall in your itemized budget?**

Currently, the Construction & Demolition Department is in the process of recovering costs on previously demolished privately owned commercial properties. First, the Construction & Demolition Department shares a list of commercial properties with the Law Department to confirm ownership at the time of demolition to determine if it is eligible for cost recovery. Once ownership and eligibility are confirmed, an invoice for the cost of the demolition can be generated by ODFS and mailed to the property owner. If the owner does not provide payment within 30 days, the Law Department will begin to take further action against the property.

The revenues for these collections are included in the revenues budgeted in Appropriation 21200, Cost Center 160020.

- 2. Under the Michigan Insurance Code, there is the Fire Escrow Fund which can provide financial relief when demolishing structures that have been damaged by fire. Has the Demolition Department received assistance from this fund? How often do our fire damage demolitions fit the requirements to receive financial assistance under the Michigan Insurance Code?**

The department receives reimbursement from the Fire Insurance Escrow Fund (FIE) after BSEED determines that a property that was demolished is eligible for a release of FIE funds. In the current fiscal year, approximately \$164,000 has been transferred by BSEED from the FIE Fund to the Blight Remediation Fund. Each month, the Demolition Department submits a list of properties that have been demolished to solicit reimbursement for any eligible properties.



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- 3. In a recent community meeting that I held; rodent infestations were a main complain among our residents. They shared that many demolition properties become homes for rat infestation. What does your department do to prevent this? What more can be done in FY2024 to eradicate these infestations?**

The Construction & Demolition Department works with the Buildings, Safety, Engineering and Environment Department to address any occurrences of rat infestations when we encounter them at demolition locations.

- 4. My office has received complaints about demolition contractors causing damages to nearby lots, curbs, mailboxes, etc. How are these contractors being held accountable for damages that they cause outside of the properties they are contracted to work on**

The Construction & Demolition Department tracks all property damage complaints in Salesforce. For each complaint, a field liaison is sent out to determine if the damage was caused by the demolition of an adjacent property. If this was determined to be the case, the Department holds the Contractor responsible for replacing or repairing any damaged item.

- 5. In FY2024, the management of city facilities will begin to fall under the Demolition Department. Please share the purpose of his change and why it is necessary to improve the health, safety, and quality of life of the people of Detroit.**

Director Counts previously oversaw the Facilities Maintenance Division within the General Services Department for over 7 years. She retains a great deal of institutional knowledge and experience managing facilities maintenance across the City of Detroit. Transferring the Facilities Management Division will allow Director Counts to continue to apply her experience and expertise supervising maintenance activities across the City.

- 6. Please provide a report of all demolitions either completed or in progress to date, listed by both year and district.**

See attachment.

- 7. There are measures taken before and during the demolition process to ensure environmental safety. Over the past year, there have been additional inspections and tests needed (such as soil testing) for properties that were previously “ok’d” for demolition. Are there any new environmental standards expected in the foreseeable future that will increase the services needed to perform environmental due diligence?**

The previous contracts that have been brought before City Council for additional inspection and testing were for properties completed under the previous demolition program. Under the current program, the Construction and Demolition Department diligently manages and monitors the soil being used as backfill to ensure that it is from a safe and approved source. In addition, the Detroit Construction and Demolition Department has built out an Environmental Due Diligence team who is dedicated to monitoring environmental remediation activities across our program and staying informed of new environmental standards that may arise from the state or federal governments.



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- 8. As shown on the metrics report, the Demolitions Department has completed 43 commercial demolitions since FY2022. Are there any new major commercial demolitions planned?**

Yes, the Construction & Demolition Department is actively working on a number of major commercial demolitions. The Department has successfully demolished 100 Lenox, 5260 W. Chicago, 1539 E. Grand Blvd, & 3430 Third Ave. The Department is currently in the process of completing commercial demolitions at 6199 Concord and 8100 Schoolcraft. In addition, the Department has over 20 commercial properties out for bid for demolition with several more to be posted soon.

- 9. This department has 98 non-general fund employees proposed for FY2024 and only 88 in the category each year after. Please explain why these ten positions will not be needed after FY2024?**

The 10 positions are on our securing team. These positions are funded by the blight remediation fund, which is allocated from the City's General Fund balance on a one-time basis each year. We anticipate including these positions in future budget requests.

- 10. Please share what might fall under "other expenses" in your expenditures summary.**

These are the funds for the various permits and licenses required for the department's operations, including wrecking and hydrant permits. The account used for these funds is assigned to the Other Expenses rollup category in the City's general ledger by the Controller.

- 11. Please share the following budget changes from FY2023 to FY2024:**

a. Blight Remediation Fund increase from \$10.7M to \$13.3M.

- a. Changes include increased funding required for soil testing and fix of 200 properties from the HHF program, additional funding needed to cover the cost of 400 residential emergency demolitions, funding needed to cover the cost of emergency commercial demolitions, increased costs for BSEED-ordered demolitions, and anticipated cost increase for permits.

b. Other Expenses increased from \$362K to \$637K.

- a. These are the costs for licenses and permits for the department's operations such as wrecking, and hydrant permits. Due to the expected increase in emergency demolition volume, these costs are expected to increase as well.

- 12. Another mission of the demolition department was to provide employment opportunities to citizens returning from incarceration. Please provide employee demographics, including your number of previously incarcerated employees and which positions they hold.**

The Construction & Demolition Department currently employs 12 returning citizens. All 12 are currently members of our Securing Team. The Department works closely with Detroit At Work, Human Resources, and the Department of Corrections to identify candidates to fill open positions.