

New Business Agenda

2-4-20

Referrals

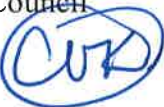
**BUDGET,
FINANCE, AND
AUDIT STANDING
COMMITTEE**



LAW DEPARTMENT

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 500
Detroit, Michigan 48226-3437

Phone 313-224-4550
Fax 313-224-5505
www.detroitmi.gov

Date: January 31, 2020
To: Honorable City Council
From: Law Department 
Re: Potential Liability for Erroneous Tax Foreclosure

The Law Department has submitted a privileged and confidential opinion, dated January 30, 2020, regarding the above-referenced matter.



CITY OF DETROIT
LAW DEPARTMENT

12

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January 30, 2020

Detroit City Council
1340 Coleman A. Young
Municipal Center
Detroit, Michigan 48226

RE: Proposed ordinance to amend Chapter 17 of the 2019 Detroit City Code

Honorable City Council:

Council Member Ayers has requested that the Law Department prepare an ordinance to amend Chapter 17 of the 2019 Detroit City Code, *Finance*, Article V, *Purchases and Supplies*, Division 1, *Goods and Services*, Subdivision A, *Generally*, Section 17-5-1, to amend and clarify the definition of Detroit Based Business.

A copy of the ordinance which has been approved as to form is attached for your consideration.

Respectfully submitted,

Tonja R. Long
Supervising Assistant Corporation Counsel
Municipal Section

Enclosure

cc: Stephanie Washington, Mayor's Liaison

S U M M A R Y

This proposed ordinance amends Chapter 17 of the 2019 Detroit City Code, *Finance*, Article V, *Purchases and Supplies*, Division 1, *Goods and Services*, Subdivision A, *Generally*, Section 17-5-1, to amend and clarify the definition of Detroit Based Business.

1 **BY COUNCIL MEMBER** _____ :

2 **AN ORDINANCE** to amend Chapter 17 of the 2019 Detroit City Code, *Finance*, Article
3 *V, Purchases and Supplies*, Division 1, *Goods and Services*, Subdivision A, *Generally*, Section
4 17-5-1, to amend and clarify the definition of Detroit Based Business.

5 **IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT**
6 **THAT:**

7 **Section 1.** Chapter 17 of the 2019 Detroit City Code, *Finance*, Article V, *Purchases and*
8 *Supplies*, Division 1, *Goods and Services*, Subdivision A. *Generally*, by amending Section 17-5-1
9 to read as follows:

10 **CHAPTER 17. FINANCE**

11 **ARTICLE V. PURCHASES AND SUPPLIES**

12 **DIVISION 1. GOODS AND SERVICES**

13 **Subdivision A. Generally**

14 **Sec. 17-5-1. Definitions.**

15 For the purpose of this article, the following words and phrases shall have the meanings
16 respectively ascribed to them by this section:

17 *Alternative paper* means paper with environmental qualities that meet or exceed United
18 States Environmental Protection Agency standards.

19 *Biodegradable* means capable of being broken down, especially into innocuous products,
20 by the action of living things such as microorganisms.

21 *Certification* means the designation given to a firm using standard review procedures
22 where determined by the Human Rights Department that the firm applying for such designation

1 meets or exceeds certain specified requirements for that category of business as determined by this
2 article.

3 *Certification process* means the standard review process used to confer upon a firm the
4 designation of certification as defined in this section.

5 *City site* means a location within the corporate limits of the City or property owned by the
6 City that is outside the corporate limits of the City.

7 *Cooperative purchases* means purchases made through a cooperative purchases resource.

8 *Cooperative purchases resource* means an arrangement through which purchases may be
9 made of goods or services that are available under open contracts issued to local, state, or federal
10 governmental entities acting on a cooperative basis, including, but not limited to, those designated
11 as Michigan Delivering Extended Agreements Locally (MiDEAL), American communities, and
12 other similar arrangements among governmental entities that are identified by the Purchasing
13 Director and posted on the City's website.

14 ~~*Detroit-based business (D-BB)* means a business which pays City income taxes on the~~
15 ~~business's net profits and pays City property taxes on a plant or office and equipment which are~~
16 ~~ordinarily required for the furnishing of the goods or the performance of the services required by~~
17 ~~the contract and referred to in the application for certification as a Detroit-based business, or other~~
18 ~~real or personal property in the City equivalent in value to such plant or office and equipment for~~
19 ~~not less than one taxable year immediately prior to the date of the application for certification as a~~
20 ~~Detroit-based business, which shall comply with the following requirements:~~

21 (1) ~~Provide verification that the firm has the physical resources, including, but not~~
22 ~~limited to, inventory, equipment, and vehicles, as well as the ability to provide the~~
23 ~~services indicated in its application for certification at the City location;~~

1 ~~(2) — Provide verification of the ability of the business to carry out the service or repair~~
2 ~~the product to be sold to the City at the City site;~~

3 ~~(3) — Provide references, licenses, or other means of verification acceptable to the City~~
4 ~~that the services the firm offers to the City has been provided at the City site for at~~
5 ~~least one year prior to the date of application; and~~

6 ~~(4) — Provide verification that the business has or can procure an adequate number of~~
7 ~~employees based at its City site to perform services indicated in the application.~~

8 a business that furnishes goods, performs services, or both, from a location within the City limits,
9 that pays City of Detroit Income Tax and City of Detroit Property Tax, if applicable, and has paid
10 such taxes for at least one year immediately preceding the date of the application for certification
11 to be a Detroit-Based Business, and which shall comply with the following requirements:

12 ~~(1) — Provide verification that the applicant has the physical resources, and the ability to~~
13 ~~provide the service from, the City location subject to the certification;~~

14 ~~(2) — Provide verification that the business has or can procure an adequate number of~~
15 ~~employees at the City location subject to certification, to provide the services~~
16 ~~identified in the application; and~~

17 ~~(3) — Disclose the number of Detroit Resident Employees located at the City location~~
18 ~~subject to certification.~~

19 *Detroit-based micro business concern (D-BMBC)* means a business which meets the
20 definitions of Detroit-based business and micro business concern as defined within this section.

21 *Detroit-based small business (D-BSB)* means any business which meets the definitions of
22 Detroit-based business and small business concern as defined within this section.

23 *Detroit-headquartered business (D-HB)* means a business which:

- 1 (1) Has received a certification as a Detroit-based business, as defined in this section;
- 2 (2) Has an office within the City that serves as the administrative center where the chief
- 3 executive officer and highest level management staff perform at least 51 percent of
- 4 their management functions; and
- 5 (3) Has received a certification as a Detroit-headquartered business.

6 *Detroit-resident business (D-RB)* means any business which employs a minimum of four

7 employees at least 51 percent of which are City residents.

8 *Energy Star®; compliant products* mean products that meet or exceed the United States

9 Environmental Protection Agency's Energy Star®; criteria for energy efficiency.

10 *Environmentally-preferable* means products or services that have a lesser or reduced effect

11 on human health and the environment when compared with competing products or services that

12 serve the same purpose and such comparison may consider raw materials acquisition, production,

13 manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product

14 or service.

15 *Fiscal year* means the fiscal year of the City being July 1st through June 30th.

16 *Industrial oil* means any compressor, turbine or bearing oil, hydraulic oil, metal-working

17 oil or refrigeration oil.

18 *Invitation for bids* means the complete assembly of related bid documents, including those

19 attached or incorporated by reference, which are furnished to prospective bidders for the purpose

20 of bidding.

21 *Joint venture* means a joint venture of separate firms, one of which is a DBB, DBSB, DRB

22 or DBMBC, which has been created to perform a specific contract, and is evidenced by a written

23 agreement which provides at a minimum that the DBB, DBSB, DRB, or DBMBC:

- 1 (1) Is substantially included in all phases of the contract, including, but not limited to,
2 bidding and staffing;
- 3 (2) Provides at least 51 percent of the total performance, responsibility, and project
4 management of a specific job;
- 5 (3) Receives at least 51 percent of the total remuneration from a specific contract; and
- 6 (4) Shares in profits and losses.

7 *Life-cycle analysis* means the comprehensive examination of a product's environmental
8 and economic aspects and potential impacts throughout its lifetime, including raw material
9 extraction, transportation, manufacturing, use, and disposal.

10 *Lowest responsible bidder* means the bidder who, or which, submits the lowest bid,
11 conforming to specifications, as evaluated under Section 17-5-12(b) of this Code, and who or
12 which, meets the following standards as they relate to the particular contract under consideration.

13 The prospective contractor must demonstrate:

- 14 (1) Adequate financial resources for the performance of the contract, or the ability to
15 obtain such resources as required during performance;
- 16 (2) The necessary experience, organizational structure and resources, technical
17 qualifications skills and facilities, or the ability to obtain them, including the ability
18 to retain subcontractors as required;
- 19 (3) The ability to comply with the proposed or required time of delivery or performance
20 schedule;
- 21 (4) A satisfactory record of integrity, judgment and performance. Contractors who, or
22 which, are delinquent in current contract performance, considering the number of
23 contracts and the extent of delinquencies of each, shall be presumed to be unable to

1 fulfill this requirement in the absence of evidence to the contrary or compelling
2 circumstances;

3 (5) The ability to conform to the requirements of the fair employment practices
4 ordinances;

5 (6) Qualification and eligibility to receive an award under applicable laws ordinances
6 and regulations; and

7 (7) The ability to produce, upon request acceptable evidence of ability to obtain
8 financial resources and the experience, organizational structure and resources,
9 technical qualifications, skills and facilities needed for the proper performance of
10 the contract sought.

11 *Lubricating oil* means any oil intended for use in an internal combustion crankcase,
12 transmission, gearbox or differential, or in an automobile, bus, truck, vessel, plane, train, heavy
13 equipment or machinery powered by an internal combustion engine.

14 *Major* means not less than the specified dollar valuation of a contract in relation to the
15 corresponding contract classification as follows:

16 Major Contracts

Type of Contract	Dollar Valuation
Purchase contracts:	
Equipment and supplies	\$270,000.00
Public works contracts:	

Demolition	\$678,000.00
Street paving	\$1,350,000.00
Construction	\$2,700,000.00
Nonprofessional services:	
Including but not limited to, tree removal, catering, janitorial, maintenance	\$678,000.00
Disposition of equipment and supplies unsuitable for public use	\$25,000.00

1
2 *Mentor venture* means a joint venture of separate firms, one of which is a D-BB, D-BSB,
3 D-RB or D-BMBC, which has been created to perform a specific contract, and is evidenced by a
4 written agreement which provides at a minimum that the D-BB, D-BSB, D-RB or D-BMBC:

- 5 (1) Is substantially included in all phases of the contract, including, but not limited to
6 bidding and staffing;
- 7 (2) Provides at least 30 percent of the total performance, responsibility and project
8 management of a specific job;
- 9 (3) Receives at least 30 percent of the total remuneration from a specific contract; and
10 (4) Shares in profits and losses.

11 *Micro business concern (MBC)* means a business which has average annual gross receipts
12 of \$1,000,000.00 or less and no more than 15 employees. A business which is an affiliate or

1 subsidiary of an entity that is not eligible for registration as a micro business concern shall not be
2 registered as a micro business concern.

3 *Post-consumer waste* means a finished material that would normally be disposed of as solid
4 waste, having completed its life cycle as a consumer item, but does not mean manufacturing waste.

5 *Price-premium payback period* means the number of years that it takes for the savings in
6 operating costs to offset any additional up-front price of the product versus a lower price, less
7 energy efficient model, which is calculated by dividing the price premium by the annual savings
8 in operating costs.

9 *Readily biodegradable* means the measurement guidelines according to the Organization
10 for Economic Cooperation and Development.

11 *Reblended latex paint* means paint, which is also known as consolidated latex paint, that
12 contains 100 percent post-consumer content from good-quality surplus with no virgin materials
13 such as resins and colorants added.

14 *Recycled latex paint, or reprocessed latex paint*, means latex paint with a post-consumer
15 recycled content level that a minimum meets the requirements specified by the United States
16 Environmental Protection Agency's Recovered Materials Advisory Notice for reprocessed latex
17 paint.

18 *Recycled materials* means materials that would otherwise be a useless, unwanted, or
19 discarded material, except for the fact that the materials retain useful physical or chemical
20 properties after serving a specific purpose and, therefore, can be reused or recycled.

21 *Recycled oil* means used oil that has been prepared for reuse as a petroleum product by
22 refining, reclaiming, reprocessing or other means, provided, that the preparation or use is

1 operationally safe, environmentally sound, and complies with federal, state, and local laws and
2 regulations.

3 *Recycled content paper* means a paper product with no less than:

- 4 (1) Fifty percent of its fiber weight consisting of secondary waste materials; or
- 5 (2) Thirty percent of its fiber weight consisting of post-consumer waste.

6 *Retreaded tires* means tires that use an existing casing for the purpose of vulcanizing new
7 tread to such casing and that meet all performance and quality standards in the Federal Motor
8 Vehicle Safety Standards determined by the United States Department of Transportation.

9 *Secondary waste materials* means fragments of products or finished products of a
10 manufacturing process that has converted a virgin resource into a commodity of real economic
11 value, including post-consumer waste, but does not mean excess virgin resources of the
12 manufacturing process, including fibrous waste generated during the manufacturing process such
13 as fibers recovered from waste water or trimmings of paper-machine rolls, mill broke, wood slabs,
14 chips, sawdust, or other wood residue from a manufacturing process.

15 *Small business concern (SBC)* means a business which:

- 16 (1) Has been in existence and operating for at least one year prior to the date of
17 application for certification as a small business concern;
- 18 (2) Does not meet the definition of a micro business concern as defined in this division;
19 and
- 20 (3) Is one of the following:
 - 21 a. A manufacturing business which, for the three fiscal years preceding the
22 date of application for certification, has provided full-time employment to
23 not more than 500 persons; or

- 1 b. A general construction business which, for the three fiscal years preceding
2 the date of application for certification, has average annual gross receipts of
3 not more than \$28,000,000.00; or
- 4 c. A specialty construction business whose average annual gross receipts have
5 not exceeded \$12,000,000.00 in the three fiscal years preceding the date of
6 application for certification; or
- 7 d. A wholesale business which, for the three fiscal year preceding the date of
8 application for certification, has provided full-time employment to not more
9 than 100 persons; or
- 10 e. A retail business which, for the three fiscal years preceding the date of
11 application for certification, has average annual gross receipts of not more
12 than \$6,000,000.00; or
- 13 f. A service business, other than professional, which for the three fiscal years
14 preceding the date of application for certification, has average annual gross
15 receipts of not more than \$6,000,000.00; or
- 16 g. A professional services business, which for the three fiscal years preceding
17 the date of application for certification, has had average annual gross
18 receipts of not more than \$6,000,000.00.

19 A business which is an affiliate or subsidiary of an entity that is not eligible for certification as a
20 small business concern shall not be certified as a small business concern.

21 *Used oil* means a petroleum-based or synthetic oil, which through use, storage or handling
22 has become unsuitable for its original purpose due to the presence of physical or chemical
23 impurities or loss of original properties.

1 *Virgin oil* means oil that has been refined and formulated from crude oil, synthetic oil, or
2 any blend of synthetic oil, and that has not been used or contaminated with physical or chemical
3 impurities.


4 *Volatile organic compounds* means organic compounds characterized by a tendency to
5 readily evaporate into the air, contributing to both indoor and outdoor air pollution and the creation
6 of photochemical smog.

Section 2. This ordinance is hereby declared necessary to preserve the public peace, health, safety, and welfare of the People of the City of Detroit.

Section 3. All ordinances, or parts of ordinances, that conflict with this ordinance are repealed.

Section 4. In the event this ordinance is passed by two-thirds (2/3) majority of City Council Members serving, it shall be given immediate effect and become effective upon publication in accordance with Section 4-118 of the 2012 Detroit City Charter. Where this ordinance is passed by less than a two-thirds (2/3) majority of City Council Members serving, it shall become effective on the thirtieth (30) day after enactment, or on the first business day thereafter, in accordance with Section 4-118 of the 2012 Detroit City Charter.

Approved as to form:



Lawrence Garcia
Corporation Counsel



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR

13

COLEMAN A. YOUNG MUNICIPAL CENTER
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January 30, 2020

Honorable City Council

RE: Mack Alter Homes Limited Dividend Housing Association Limited Partnership – Payment in Lieu of Taxes (PILOT)

Nova Development Group of Detroit, L.L.C. has formed Mack Alter Homes Limited Dividend Housing Association Limited Partnership in order to develop the Project known as Mack Alter Homes. The Project is a newly-constructed 3-story building containing fourteen (14) family units located in an area bounded by Mack on the north, Alter on the east, Charlevoix on the south and Ashland on the west.

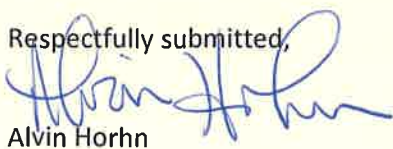
The fully subsidized Project will serve people with disabilities and will include twelve (12) 2 bedroom/1 bath and two (2) 1 bedroom/1 bath apartments. This development also includes a community space and a garden plot area available for each tenant at the rear of the property. Each tenant will receive eight (8) hours per month of off-site case management services.

A tax-exempt bond construction loan in the amount of \$2,275,583, a permanent mortgage loan in the amount of \$850,595, a Mortgage Resource Fund Loan in the amount of \$85,060 and a HOME loan in the amount of \$85,060 will be provided by the Michigan State Housing Development Authority ("MSHDA"). Cinnaire will make Capital Contributions of \$1,478,270 which includes the purchase of Low Income Housing Tax Credits. The City of Detroit will provide a HOME loan in the amount of \$1,585,366. Additionally, the Sponsor has agreed to defer \$316,340 of the developer fee.

Rents for all units have been set at or below sixty percent (60%) of the area median income, adjusted for family size. All residents will contribute only thirty percent (30%) of their adjusted gross income towards the rent amount. All fourteen (14) units will be subject to the PILOT based on Section 15a of the State Housing Development Authority Act of 1966, as amended.

In order to make this development economically feasible, it is necessary for it to receive the benefits of tax exemption under Section 15a of the State Housing Development Authority Act of 1966 (P.A. 346 as amended, MCL 125.1415A). Adoption of the resolution by your Honorable Body will therefore satisfy the requirements of Public Act 346 and City Ordinance 9-90, as amended, by establishing a service charge of four percent (4%) of the annual net shelter rent obtained from this housing project.

Respectfully submitted,


Alvin Horhn
Deputy CFO/Assessor

Attachment
JB/jb

CITY CLERK 2020 JAN 30 PM 2:17



BY COUNCIL MEMBER _____

WHEREAS, pursuant to the provisions of the Michigan State Housing Development Act, Act 346 of the Public Acts of 1966, as amended, being MCL 125.1401 se seq. (the "Act"), a request for exemption from property taxes has been received on behalf of Nova Development Group of Detroit, L.L.C. (the "Sponsor"); and

WHEREAS, a housing project as defined in the Act is eligible for exemption from property taxes under Section 15a of the Act (MCL 125.1415a) if the Michigan State Housing Development Authority ("MSHDA") provides funding for the housing project, or if the housing project is funded with a federally-aided mortgage as determined by MSHDA; and

WHEREAS, Section 15a of the Act (MCL 125.1415a) provides that the local legislative body may establish by ordinance the service charge to be paid in lieu of taxes, commonly known as a PILOT; and

WHEREAS, the City of Detroit has adopted Ordinance 9-90, as amended, being Sections 18-9-10 through 18-9-16 of the Detroit City Code to provide for the exemption from property taxes of eligible housing projects and to provide for the amount of the PILOT for said housing projects to be established by resolutions of the Detroit City Council after review and report by the Board of Assessors; and

WHEREAS, the Sponsor is proposing to undertake the construction of a 3-story building to be known as Mack Alter Homes consisting of fourteen (14) units and tenant garden plots located on nine (9) parcels of property owned or to be acquired by the Sponsor as described by street address and tax parcel in Exhibit A to this resolution, with fourteen (14) units for low and moderate income housing (the "Project"); and

WHEREAS, the purpose of the Project is to serve low to moderate income persons as defined by Section 15a(7) of the Act, being MCL 125.1415a(7); and

WHEREAS, MSHDA has provided notice to the Sponsor that it intends to approve federal-aided financing for the Project, provided that the Detroit City Council adopts a resolution establishing the PILOT for the Project; and

WHEREAS, pursuant to Section 15a of the Act, being MCL 125.1415a(1), the tax exemption is not effective until the Sponsors first obtain MSHDA certification that the housing project is eligible for exemption, and files an affidavit, as so certified by MSHDA, with the Board of Assessors; and

WHEREAS, pursuant to Section 18-9-13(G) of the Detroit City Code, the tax exemption shall be effective on adoption, with the tax exemption and PILOT payment to occur only upon bona fide use and physical occupancy by persons and families eligible to move into the project, in accordance with the Act, which must occur as of December 31 of the year preceding the tax year in which the exemption is to begin;

NOW, THEREFORE, BE IT

RESOLVED, that in accordance with City Code Section 18-9-13, the Project known as Mack Alter Homes as described above is entitled to be exempt from taxation but subject to the provisions of a service



charge of four percent (4%) for payment in lieu of taxes as set forth in Act No. 346 of the Public Acts of 1966, as amended, being MCL 125.1401, et seq.; and be it further

RESOLVED, that arrangements to have collections of a payment in lieu of taxes from the Sponsor be established upon occupancy for future years with respect to the same be prepared by the Office of the Chief Financial Officer; and be it further

RESOLVED, that specific legal description for the Project shall be as set forth in the certification from MSHDA; and be it further

RESOLVED, that in accordance with Section 15a(3) of the Act, MCL 125.1415a(3), the exemption from taxation shall remain in effect for as long as the MSHDA-aided or Federally-aided financing is in effect, but not longer than fifty (50) years, and shall terminate upon the determination by the Board of Assessors that the Project is no longer eligible for the exemptions; and be it further

RESOLVED, that the City Clerk furnish the Office of the Chief Financial Officer – Office of the Assessor two certified copies of this resolution; and be it further

RESOLVED, that this resolution is adopted with a waiver of reconsideration.



EXHIBIT A

Mack Alter Homes Limited Dividend Housing Association Limited Partnership

The following real property situated in Detroit, Wayne County, Michigan:

PARCEL 1:

East Ashland, Lot 448 C B Sherrard Subdivision as recorded in Liber 32, Page 58 of Plats, Wayne County Records

Tax Parcel No. Ward 21, item 062110-20

Property Address: 3028 Ashland

PARCEL 2:

East Ashland, Lot 447 C B Sherrard Subdivision as recorded in Liber 32, Page 58 of Plats, Wayne County Records

Tax Parcel No. Ward 21, item 062109

Property Address: 3022 Ashland

PARCEL 3:

West Alter, Lot 475 C B Sherrard Subdivision as recorded in Liber 32, Page 58 of Plats, Wayne County Records

Tax Parcel No. Ward 21, item 063115-21

Property Address: 3151 Alter

PARCEL 4:

West Alter, Lot 476 C B Sherrard Subdivision as recorded in Liber 32, Page 58 of Plats, Wayne County Records

Tax Parcel No. Ward 21, item 063122

Property Address: 3145 Alter

PARCEL 5:

West Alter, Lot 477 C B Sherrard Subdivision as recorded in Liber 32, Page 58 of Plats, Wayne County Records

Tax Parcel No. Ward 21, item 063123

Property Address: 3141 Alter



EXHIBIT A (CONT'D)

Mack Alter Homes Limited Dividend Housing Association Limited Partnership

PARCEL 6:

West Alter, Lot 478 C B Sherrard Subdivision as recorded in Liber 32, Page 58 of Plats, Wayne County Records

Tax Parcel No. Ward 21, item 063124

Property Address: 3133 Alter

PARCEL 7:

West Alter, Lot 479 C B Sherrard Subdivision as recorded in Liber 32, Page 58 of Plats, Wayne County Records

Tax Parcel No. Ward 21, item 063125

Property Address: 3127 Alter

PARCEL 8:

West Alter, Lot 480 C B Sherrard Subdivision as recorded in Liber 32, Page 58 of Plats, Wayne County Records

Tax Parcel No. Ward 21, item 063126

Property Address: 3121 Alter

PARCEL 9:

West Alter, Lot 481 C B Sherrard Subdivision as recorded in Liber 32, Page 58 of Plats, Wayne County Records

Tax Parcel No. Ward 21, item 063127

Property Address: 3115 Alter

MEMORANDUM

TO: Lawrence Garcia, Corporation Counsel
City of Detroit

CC: Honorable Colleagues
Janice Winfrey, City Clerk
Stephanie Washington, Legislative Liaison

FROM: Council President Brenda Jones *BJ*

DATE: February 3, 2020

RE: **Chapter 17 of the 2019 Detroit City Code, Finance, Article V, Purchases and Supplies, Division 1, Goods and Services, Subdivision A, Generally, Section 17-5-1, to amend and clarify the definition of Detroit Based Business.**

The Law Department has recently submitted an ordinance to Amend Chapter 17 of the 2019 Detroit City Code, Finance, Article V, Purchases and Supplies, Division 1, Goods and Services, Subdivision A, Generally, Section 17-5-1, to amend and clarify the definition of Detroit Based Business.

Oftentimes, businesses that receive Detroit Based Business (D-BB) certifications have few to no employees and equipment at Detroit locations allowing businesses to abuse the intent of the certification and prevent Detroit Based Businesses (D-BB) and Detroit Headquartered Business (D-HB) that bear the burden of high insurance costs and other operational costs from having the maximum opportunities to successfully bid on city contracts. In order to ensure that businesses that receive Detroit-based certifications and equalizations credits are providing maximum benefits to the City of Detroit, please amend the submitted ordinance to include a definition for "adequate employees" to consist of at least 30% of employees employed by the business to be Detroit-residents and "adequate physical resources" to consist of at least 30% of equipment utilized by the contractor to be stationed at a Detroit location.