



**Office of the
Chief Financial Officer**

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MEMORANDUM

TO: Council Member Raquel Castañeda-López

FROM: David Massaron, Chief Financial Officer, City of Detroit
Arthur Jemison, Group Executive for Planning, Housing and Development

DATE: October 21, 2019

RE: Responses Questions about Blight Removal Bond Ballot Question Timing

This memo is in response to questions you provided at the Budget, Finance and Administration hearing about the timing of the Blight Removal Bond Ballot Question. At the table, you suggested that we move the ballot question to the November election because you project there will be greater voter turnout. After speaking with the demo team, we are concerned about the impact on small contractors if we do not conduct a summer procurement.

In the plan laid out by the Mayor, the City will let contracts for 2,400 residential demolitions this winter, 1,900 residential demolition this summer (July, 2020), and 2,400 next winter (January 2021). See the proposal in the table below and in the attached Gantt chart. Delaying the Ballot Bond Question to next November would cancel the summer 2020 procurement and greatly hurt small companies that staffed up for our program, potentially putting them out of business. These crews would be busy for 270 days, but then work would cease for over 100 days before the next procurement.

As you can see in the chart below and in the attached Gantt chart, if we miss the summer procurement, we would procure 1,800 fewer demolitions over this period of time than in the proposal. The demo team projects that currently there isn't enough contractor capacity to perform more than 2,500 demolitions efficiently.

	FY2020	FY2020	FY2021	FY2021	FY2021	FY2021
	Jan-Mar	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Proposal	2,400		1,900		2,400	
Delayed	2,400					2,500

You also suggested that we set aside all of the 2,400 residential demolitions from the winter procurement for small companies. After conducting analysis with our demo team, we found that there are not enough small companies to complete all 2,400 demolitions. Based on the new procurement methodology, 27 crews are required for 2,400 demolitions (1 crew for each 90 house package). Even with the new small businesses OCP prequalified this summer, we believe small businesses can contribute at most 18 crews. Again, even if all these crews received work in the first procurement, their work would cease for over 100 days prior to the next procurement. What we have heard from many contractor meetings is that small businesses need consistent work with longer times to complete that work. We have heard from contractors



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that this semiannual approach will help them plan and provide consistent employment for their workers.

Thus we believe bringing the blight removal bond question to voters in the March election is critical to maintaining and growing Detroit's small demolition contractors.