

City of Detroit
CITY COUNCIL
COUNCIL PRESIDENT BRENDA JONES

MEMORANDUM

TO: Jay Rising, CFO
City of Detroit

Kimberly Rustem, Director
Office of Civil Rights, Inclusion and Opportunity

FROM: Council President Brenda Jones

DATE: October 15, 2021

RE: **Invest in Detroit Procurement Amendments**

The *#InvestinDetroit* Procurement amendments will be referred to the Budget, Finance and Audit Standing Committee on **October 20, 2021 at 1pm** and a discussion will occur during the committee.

The impacted departments are:

- The Office of Contracting and Procurement (OCP)
- The Office of Civil Rights, Inclusion and Opportunity (CRIO)
- Office of the Chief Financial Officer

I am requesting that all impacted departments are present to answer any questions relative to the amendments and a fiscal impact report be provided prior to the discussion. Please submit any outstanding questions or concerns relative to the amendments prior to the discussion.

Please see the following relative to the policy development and impact of the legislation:

1. CRIO is being removed from outreach to allow for more focus on compliance. Both OCP and CRIO were given additional funding during the development of the FY 2021-2022 budget.
2. The workforce verification and hiring plan requirements only apply to services performed within the city and funded with city dollars with Michigan residents. Additionally, there is a 1year/100K threshold which significantly eliminates which contracts apply. I requested data on the impact, however given OCP's method of data collection, this could not be provided. It is suggested that new data collection tools are utilized to address this inefficiency. However, my office pulled data from September 2019-March 2020 and only 14% (*55/384 contracts*) of the contracts may

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- have been subject to the workforce threshold and hiring plan requirements. Employment numbers were not available for all contracts.
3. Per the request of OCP, workforce verification is conducted after the bid has been awarded, eliminating a burdensome verification process.
 4. Per the request of OCP and as a consideration to small businesses and the impact on contract costs, outreach requirements for contractors are now optional and not mandatory allowing contractors to decide which methods they would like to implement to meet their workforce targets. This allows for businesses to implement practices that are within their budget and capacity.
 5. Per the request of various contractors, there are various reasonable exemptions. However, there are no fines and thus no cost to the city nor the contractor.
 6. Employee Income Clearances were developed as a result of the city's failure to collect income taxes from those employed on city contracts. This clearance guarantees that the contractor is providing employee information to the Treasury Division. The actual information provided is not shared with OCP nor available to the public due to income tax collection laws.
 7. Bids can be noticed collaboratively. They do not have to be noticed individually.
 8. Per the request of OCP, target reporting data has been reduced significantly. This data can be collected digitally and the reporting form inserted within the bids. There is no cost for the creation of the link. The State of Michigan is currently implementing an enhanced version of target reporting.
 9. Per the request of CRIO, hiring plan requirements have been streamlined to prevent the submission of multiple hiring plans with measurables that can be easily evaluated. Hiring plan compliance verification consists of verification through IDs and may include the submission of documents. Additional verification methods will be left up to CRIO to develop as best practices. This provides the department flexibility.
 10. Target outreach requirements can be met with the procurement outreach requirements. Therefore, the creation and development of a streamlined organized outreach process, outreach schedule and outreach content development process will address those requirements. This is a suggestion that has been made since 2018 when I began partnering with OCP, CRIO, the Detroit Economic Growth Corporation and my colleague Council Member Janee' Ayers on Small Business Empowerment Fairs.
 11. Small businesses were a driving factor to many of the amendments. Small businesses will benefit greatly from the increase in various equalization credits and the target outreach requirements which require referral to various small business resources. These changes will allow the City of Detroit to attract new small businesses and support expansion for new and existing small businesses.
 12. Taking in consideration the need to be fiscally responsible, there is a 12% cap on the dollar amount the City will pay for city services. This cap is a 6% decrease from the original proposal. The 12% cap is substantiated given the enhanced definitions and

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the stringent requirements of the available equalization credits that guarantee investment into Detroit businesses, Detroit jobs and sustainable workforces.

13. The new construction clearances, consistent with state law, work to protect our City of Detroit dollars by guaranteeing that contractors performing construction projects in our city are licensed and trained responsible contractors. This prevents having to rebid work and environmental hazards that may plague our neighborhoods and waste our Detroit dollars.
14. While I recognize the change will be a shift for the departments, the changes are necessary to create equity, inclusion, opportunity, transparency and accountability within our procurement process as our Detroit residents deserve. Understanding this shift, several of the requirements do not take effect if approved until July 1, 2022. This effective date provides the departments 6 months to prepare their operations and notify contractors.
15. My staff notified via email all contractors, provided on a list by the Office of Contracting and Procurement, of the proposed changes. My office received only positive feedback and willingness to collaborate. No contractor expressed that they would no longer wish to contract with the city. Many of the responses came from small businesses that wanted to know more about hiring Detroiters and were matched with the DESC.
16. Extensive outreach and engagement was conducted with city council staff, contractors and Detroit residents on the changes. Please see pages 17-44 off the original policy management plan detailing the engagement. <https://detroitmi.gov/sites/detroitmi.localhost/files/2021-07/OFCPBI%20Invest%20in%20Detroit%20Procurement%20Amendments%20FINAL.pdf>
17. OCP and CRIO staffing investments were made in the spring, departmental vacancies exist in both department's budgets and diversity inclusion training is available to enhance the current procurement workforce's purchasing methods when procuring city dollars. **Therefore, any requests for additional staff to perform the actions within the legislation should be documented in writing with an explanation of current departmental vacancies, employee roles and responsibilities and procurement inefficiencies explained.** However, if additional investment is proved to be needed for the department to support the improvements in equity, inclusion, transparency, accountability and opportunity related to city contracts, the investment support's the City's "Opportunity Rising " mission. As we know, the city will always need to procure, and enhanced awareness and processes only benefits the City of Detroit financially. The increase in Detroit jobs and opportunities ultimately results in property and income taxes for investment into our neighborhoods.

Please see a copy of the PowerPoint developed explaining the procurement amendments:

<https://detroitmi.gov/sites/detroitmi.localhost/files/2021-10/%23INVESTINDETROIT.pdf>