

City of Detroit



Downtown Development Authority

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**DOWNTOWN DEVELOPMENT AUTHORITY
4.1(C) CONTRACTS OVER \$500,000
COMMITTEE MEETING
MONDAY, OCTOBER 23, 2017 – 3:00 P.M.**

COMMITTEE MEMBERS PRESENT: Austin Black
Ehrlich Crain
Melvin Hollowell, Chair
James Jenkins

COMMITTEE MEMBERS ABSENT: David Blaszkievicz

OTHERS PRESENT: Gary Brown (DEGC/DDA)
Mike Healy (Detroit Tigers)
Gay Hilger (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
Rebecca Navin (DEGC/DDA)
Joe Tate (D2D)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
4.1(c) CONTRACTS OVER \$500,000 COMMITTEE
MONDAY, OCTOBER 23, 2017
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD STREET, SUITE 2200 – 3:00 P.M.**

GENERAL

Call to Order

Noting that a quorum was present, Chairperson Hollowell called the meeting of the Downtown Development Authority 4.1(c) Contracts over \$500,000 Committee to order at 3:10 p.m.

Approval of Minutes of October 4, 2017 Committee Meeting

Mr. Hollowell asked if there were any additions, deletions, or corrections to the minutes of the October 4, 2017 4.1(c) Committee meeting. Hearing none, the Committee took the following action:

On a motion by Mr. Crain, seconded by Mr. Black, the October 4, 2017 minutes were unanimously approved.

PROJECTS

Discussion Regarding Comerica Ballpark Local Procurement Strategy

Mr. Hollowell thanked the Tigers for sending a representative to the DDA 4.1(c) Committee meeting and welcomed Mike Healy, Vice President, Park Operations.

Mr. Brown stated there were several questions posed at the last meeting which really comes down to the CMA and requirements for the maintenance, major repair and replacement fund and the elements of it. In particular, how can the DDA work with the Tigers to increase representation of Detroit based businesses? Joe Tate, Program Manager of the D2D Local Procurement Program, met with Mike and his crew, to discuss the Tigers current procurement policies. The question really is, what can be done to encourage and enhance Detroit participation? Currently the Wayne county participation is over 50 percent, while Detroit participation is at 14.1 percent. Mr. Brown suggested that the Committee members take this opportunity to ask questions of Mr. Healy.

Mr. Hollowell expressed that the numbers are just not acceptable and the goal here is to figure out ways to increase those numbers.

Mr. Crain asked Mr. Healy to walk the Committee through the Tigers procurement process and how it has been handled in the past.

Mr. Healy responded that he wants to be clear here. This is the repair funds from the DDA, which is less than 10% of his budget. Overall, the Detroit Tigers have a minority business alliance and they work with MLB. Upward of \$5 million is spent annually on repairs and maintenance of the ballpark. Mr. Healy offered to provide that information so the Committee can have it. For DDA's repair and maintenance fund, solicitation is based on its smaller-type items. So they get three bids, take a look at the bids, and the first priority will be lowest price. Overall, it is done internally on the operations side. Three employees bid out the projects, and as a company, they have a purchasing manager that bids out the larger projects. A lot of those larger projects are not seen in here because the dollar amount of the DDA fund is low compared to the entire annual budget. Through the CMA, there has been a target of 30 percent and they are always at 60 or 70 percent. The CMA is written that the 30 percent is "Wayne County and Detroit based" businesses.

Mr. Healy expressed that part of why he wanted to come today is to ask for the Committee's help. Where else can the Tigers look? Over the last couple of years it has gotten worse because they are looking at smaller projects (\$5,000, \$10,000, \$15,000) and with all of the work going on in the city, it is harder to find Detroit businesses with which to work without having a list. They are at the point where the first thing they look at is price, and a lot of companies don't bid because they know they are not the lowest price. Mr. Healy stated that he is here today to say he is open for help with those resources.

Mr. Hollowell suggested that Mr. Jenkins, because he knows all the players here, get a list of contractors to Mr. Healy to work with, and then he can report back to the Committee.

Mr. Jenkins suggested to Mr. Healy that a lot of small contractors may not bid because they don't know him. The Tigers is a big giant corporation and they feel they wouldn't have a chance getting a contract. You need to make them feel that will be treated fairly. Mr. Jenkins suggested that if Mr. Healy reaches out to him, he can provide a list of the trades and smaller contractors. It would mean a lot to some of these smaller companies to say they worked on Comerica. It would also be helpful if the Tigers management would suggest to some of the bigger contractors that they use local suppliers and vendors.

Mr. Black asked Mr. Healy if there is a timeline in terms of when they bid out some of these projects. Mr. Healy responded that it is ongoing throughout the year. Pretty much for the two months leading up to the season, there is a limited amount of time to do repairs and, then, when the team is on a road trip for like 10 days. Post season is October and November and then it is shut down again. Repairs are done as things happen. Most of the money coming from this fund is for repairs.

Mr. Jenkins asked if they ever use unit pricing. Mr. Healy replied that they do use unit pricing for their large jobs, i.e., expansion joints. He explained that they have ten full time maintenance staff for smaller jobs like plumbing and electrical issues.

Mr. Crain questioned if the contractors must pre-qualify for jobs. Mr. Healy stated that there are only insurance requirements. The Committee thought that possibly some of the smaller firms did not know that and needs to be communicated to the smaller companies.

Mr. Healy advised that the 2017 repairs and maintenance money has already been spent and they are looking at the 2018 budget right now. When the 2017 expenditures go to Committee, there will be the same issue as for 2016. The Committee agreed that they can only look forward at this point.

Ms. Navin reminded the Committee that, as a resource, Joe Tate is manager of the local procurement program in the DEGC's Small Business Department and can offer his expertise and resources to the Tigers and work with them.

Mr. Black asked if there were a way to communicate to these small businesses that these opportunities exist, such as a fair or website. Mr. Healy responded that he thought that is what the Tigers will get with the D2D Program where the Tigers would be able to post on the DEGC website where vendors can go ahead and register and we would be able to put those jobs on there. That would throw it out to the public more than it is now.

Mr. Healy advised that the MEDC does a purchasing fair every year that the Tigers are a part of. They solicit a lot of suppliers, vendors and contractors from there. The fair just happened last month. The D2D Program should be able to give us that as well.

Mr. Brown stated that where we are at right now is asking for reimbursement of what was spent in 2016 of \$695,000, that actually came out to 14.1% utilization of Detroit businesses. We have a budget for 2017 of \$690,000.

Mr. Hollowell said that the 14.1% isn't satisfactory and people would feel a whole lot better supporting it if there were some actual expression from the Tigers saying that they agree and the numbers are going to improve. Mr. Brown added that this Board has a right to expect that there is going to be a focus on representing the City of Detroit on this and ask for a support letter from the Tigers saying they are going to do better.

Mr. Brown suggested that approval of payment of 2016 Repairs and Maintenance and approval of proposed 2017 repairs and maintenance be placed on the next DDA Board meeting agenda. Mr. Hollowell advised that the Committee is willing to recommend for approval the payment of the 2016 funds, but would like to see in advance the 2017 budget and wants a letter from the Tigers stating they will improve their utilization of Detroit businesses. Mr. Healy advised that the 2017 repairs have already been made and the money has been spent.

Moving forward, the Committee requested that the Tigers provide the proposed Budget before expenditures are made. Mr. Healy said that he can provide a budget for 2018 in November 2017.

Mr. Hollowell, as Chair of the 4.1(c) Committee stated that this is where he and he believes the Committee is at: They are looking for a Resolution to approve payment of calendar year 2016 work performed in the amount of \$695,000, along with a statement from the Tigers indicating that they recognize that the 4.1(c) Committee has very substantial concerns about the 14.1% number that has been presented to them and are looking for a plan from the Tigers going forward.

Ms. Navin added that we are still looking for approval of the 2017 proposed repairs and maintenance, even though the work has already been done and the money has been spent. Actually, in the past, this has been approved in May each year but was pushed back this year. The Committee discussed this process and agreed that they need to see the budget for the following year before the Tigers spend the money. Mr. Healy stated that he will not have the final figures for the work performed in 2017 until probably May of next year. He can, however, provide the 2018 proposed budget sometime in November.

Mr. Hollowell asked for a motion to approve payment of calendar year 2016 for work performed by the Tigers in the amount of \$695,000, conditioned on a statement and/or letter from the Tigers organization on their plans for doing better.

On a motion by Mr. Crain, seconded by Mr. Jenkins, the Committee approved recommending to the Board payment of 2016 work conditioned on a commitment letter from the Tigers to do better.

ADMINISTRATION

OTHER MATTERS

PUBLIC COMMENT

ADJOURNMENT

With there being no other business to be brought before the Committee, Mr. Hollowell adjourned the meeting at 3:50 p.m.