

**Department of Economic
Development and Planning**
Brian McGrain, Director



Andy Schor, Mayor

Development Office
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Lansing, Michigan 48933
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February 28, 2022

Keith E. Hernandez, AICP, PMP
Director
Office of Community Planning and Development
U.S. Dept. of Housing and Urban Development
Patrick V. McNamara Federal Building
477 Michigan Ave., Ste. 1600
Detroit, MI 48826

Dear Keith,

Please find the requested information regarding disposition of the findings contained in the January 31, 2022 Non-Compliance with CDBG Housing Rehabilitation Requirements Community Development Block Grant Program.

Finding #1: Rehabilitation Written Policies and Procedures
Disposition

Lansing Responses:

- a. Contractor Oversight
 - a. a. Please review the Policy, Procedure and Practice for Final Inspections by Rehabilitation Specialists (attachment #1a. a.)
 - a. b. The Contractor Complaint process has been modified to include a procedure for tracking and addressing ongoing complaints, including clear penalties (attachment #1a. b.)
- b. Rehab Staff meetings have been a part of the Development Office routine since the housing rehab program began. The meetings are held weekly, immediately following the Staff Meeting on Monday mornings. They include a review of the Project log, which lists each project that has been referred, including CDBG, HOME and LSL projects. Questions are asked and answered, input is received, and problems are solved. A Policy and Procedure for Staff Rehabilitation Activities Management Meetings has been created and is attached (attachment #1b.) to ensure that this important meeting continues into the future.
- c. There is no formal procedure for checking and verifying data entered into CDM. Through the natural flow of work in the office the data entered into CDM is checked all along the way as work travels from employee to employee. Through this process errors and omissions are corrected. Initial intake information entered by the Development Secretary is verified by the Rehab Agent. Data entered by the Rehab Agent is verified by the Community Development Coordinator prior to set-up in IDIS. Financial data entered by the Rehab Agent is verified by the Administrative Assistant

when payment is made and also by the Community Development Coordinator when the activity is closed in IDIS.

- d. The City has utilized CDM as the software of choice for its CDBG and HOME program activities related to housing since 2008. We subscribe yearly. CDM is a cloud-based software. It is not custom software. The City utilizes every module in the CDM system, and the program fits our needs. Lansing was able to extract data that HUD requested with the assistance of the company and can certainly do so again if data is needed outside of the large range of reports the program offers. If Lansing finds the CDM software does not meet our needs in the future, we will request custom modifications, and if they can be completed, we will receive training regarding their use.
- e. Lansing completed and provided the Policy and Procedure for Staff Training to HUD on December 15, 2021. The procedure for requesting training in paragraph 1. Training opportunities and training needs are not predictable, and I am unable to provide the requested schedule, but I can assure you that as training opportunities arise, staff will have the opportunity to participate. In-house training and re-training regarding changes to policies and procedures are provided to staff by the Development Manager or the Community Development Coordinator as needed.

Finding #2: Failure to monitor rental projects. This finding is closed, subject to future verification, per the January 31, 2022 letter.

Finding #3: Failure to follow Dispute Resolution Procedures
Disposition

Lansing's Responses:

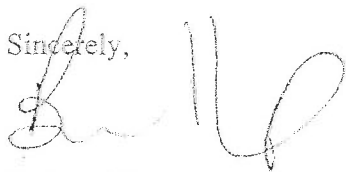
- a. I verify that the Development Office sought input from contractors regarding the Contractor Complaint Policy, Procedure and Practice during a Contractor Meeting that was held on Friday, February 18, 2022. No comments were received from contractors regarding the Contractor Complaint Policy. A statement regarding the request for input was added to the end of paragraph 1 of the Policy per your request (see attachment # 1a. b.)
- b. I verify that the City re-trained all contractors at a meeting held on December 17, 2021 and again, due to updates to the Contractor Complaint Policy and the Contractor Handbook, on Friday February 18, 2022. Note that active contractors who did not attend those meetings did receive the updated Contractor Handbook via e-mail. An additional update to the Contractor Complaint Policy was added on 2.23.22 and a copy of the updated policy was emailed to contractors on 2.24.22 with changes highlighted. The newly updated policy was added to the Contractor Handbook as well.
- c. I verify that the City's rehabilitation staff received training regarding all of the new policies and procedures developed in response to the Non-Monitoring findings at our December 13, 2021 Staff Meeting. Regarding updated policies and procedures referred herein, staff received updated copies of these documents, and training related to those documents at a special Staff meeting on February 24 and at the Staff Meeting on February 28, 2022.
- d. I verify that the most recently updated Contractor Complaint Policy, Procedure and Practice now appears in the Contractor Handbook. All existing contractors have received an updated copy of the manual and have received training regarding the policy. New contractors, upon approval of their application, shall have an orientation meeting where they will receive the Contractor Handbook and have all information including this policy

- explained to them. They will sign that they received it and understand its contents. It will be kept on file with the contractor application. (see attachment 3d. Contractor application Intake and Approval Process).
- e. I verify that the Contractor Meetings on December 17th, 2021 and February 18, 2022 occurred. Please find the attached documentation of those meetings (see Teams Meeting Rosters in attachment 3e. 1. and 3e. 2).

Finding #4: Bids not solicited from an adequate number of qualified sources. This finding is closed per HUD's January 31, 2022 letter.

I appreciate your directives regarding improvement of our policies and procedures. Your input has helped us identify and address weaknesses. I am confident the information within will allow Findings #1 and #3 to be closed.

Please let me know if you have questions or comments.

Sincerely,


Barbara Kimmel
Interim Development Manager

Cc: Brian McGrain
Portia McGoy
Ellen Chung

- Enclosures:
- 1a. a. Policy, Procedure and Practice for Final Inspections by Rehabilitation Specialists
 - 1a. b. Updated Contractor Complaint Policy 2.23.22
 - 1b. Policy and Procedure for Staff Rehabilitation Activities Management Meetings
 - 3d. Copy of Contractor Application Intake and Approval Process
 - 3e. 1. Copy of meeting roster from 12.17.2021
 - 3e. 2. Copy of meeting roster from 2.18.2022

Policy, Procedure and Practice for
Final Inspection and Approval of Work
CDBG HOME and LSL Housing Programs

- The Rehabilitation Specialist shall schedule the final inspection. The property owner and the Contractor are required to be present at the final inspection.
- The Rehabilitation Specialist shall have in his possession the Specifications for that address, including any and all addendums, alternates and change orders.
- The Rehabilitation Specialist shall have in his possession the Residential Performance Guidelines. This publication shall be consulted regarding most concerns about acceptable workmanship.
- Upon approval of the work, the Rehab Specialist shall sign and date each line-item specification.
- If any line-item specification is incomplete, requires touch-up, or workmanship is not acceptable, the Rehabilitation Specialist shall not sign and date that specification, and shall instead note the deficiency.
- All deficiencies shall be compiled into a Punch List, which will be provided in writing to the contractor and the property owner.
- A copy of the punch list shall be attached to the specifications utilized during the inspection.
- When all punch list items have been completed, the Rehab Specialist, contractor and homeowner shall inspect the punch list items for approval. Once approved, the Rehab Specialist can sign off on the line-item specs and note on the attached punch list that work is completed.
- The Rehabilitation Specialist shall sign the Development Office Inspection Report in the appropriate place for a final inspection and shall date the document as well.
- The Rehabilitation can move forward with ensuring the work has been inspected by the Building Safety Office and proceed with payment per the procedure for processing final payments.

Contractor Complaint Policy, Procedure and Practice

Development Office contracts are between the Property Owner and the Contractor. The role of the City is to provide a loan for the cost of the work, provide a scope of work and facilitate a contract between the property owner and the contractor, to monitor construction progress and quality, and ensure that completed work meets the written scope of work, the quality and performance standards of the program, and building code. Both the Contractor and the Property Owner are subject to the Instructions to Bidders that appear in the bid package and in the executed contract. Contractors are further obligated by the General Requirements of the contract as well. Contractors were provided the opportunity to provide input regarding this document.

The contract obligates the contractor to a host of requirements (see the Instructions to Bidders included in every contract).

Performance Standard for work performed through Development Office Programs: Contractors performing work for property owners under all Development Office programs will adhere to the standards set forth in the General Requirements, the Instructions to Bidders, and the Residential Construction Performance Guidelines for Professional Builders & Remodelers (Fourth Edition). The Development Office maintains multiple copies of this publication in our office. The publication can be viewed and downloaded at [nahbresconstperformanceguidelines.pdf \(builder-resources.com\)](http://nahbresconstperformanceguidelines.pdf(builder-resources.com))

Procedure for addressing individual complaints

When a Contractor is the subject of complaint by owners or occupants that is not resolvable between the parties, the Development office will respond as outlined below as well as within the contract:

Complaints about workmanship, methods or materials used:

The contract obligates the contractor to install the specified materials utilizing the methods described in the work specifications included in the contract, and providing quality workmanship meeting the performance standards described within the Instructions to Bidders and the Residential Construction Performance Guidelines for Professional Builders & Remodelers (Fourth Edition).

Informal Complaint Process: When a complaint is received regarding workmanship, methods or materials that has not resolved between the owner and the contractor, the Rehabilitation Specialist will visit the jobsite and view the work, and also will review any information submitted by the homeowner and contractor including photos, emails or letters.

If the Rehab Specialist finds the workmanship and quality does not meet the Performance Standards set forth above, or the methods or materials are found to be improper or of lower quality than the materials specified or approved equals prior to the contract work being completed and accepted by the Owner, the Rehab Specialist will direct the contractor in writing to correct the deficiencies as soon as possible. The contract obligates the contractor to undertake these actions.

The contractor may request a formal appeal to the decision of the Rehabilitation Specialist to the Community Development Coordinator. This must be requested in writing, and the contractor must provide evidence

Contractor Complaint Policy, Procedure and Practice

Formal Complaint Process: If the contractor refuses to remedy the workmanship, methods or materials the contractor will be considered to be in breach of the contract, and will be removed per the General Requirements, Page 2, under General Instructions, item #3, Termination.

NOTE If a contract is terminated for breach of contract, the contractor is no longer eligible to work for the program.

Complaints about communication and Time of Performance:

The contract obligates the contractor to complete the work within the Time of Performance in the Contract, and to communicate with the homeowner and occupants regarding the work schedule and property access.

If the schedule changes the contractor must inform the owner/occupants as soon as he is informed of any changes, including but not limited to weather delays, material delays and subcontractor delays.

If the project will be delayed, the contractor is obligated to request an Extension of Time of Performance in writing from the Rehabilitation Specialist. It must include a reason for the delay. The Rehab Specialist, in consultation with the Owner, may choose to grant the extension IF the request is reasonable and the delay is not caused by neglect, delay or default.

Informal Complaint Process: If the contractor fails to request an Extension of Time of Performance within the time of performance, the Rehab Specialist may still grant the extension for a reasonable cause, but payment will not be disbursed until the job is 100% complete, inspected and approved.

Formal Complaint Process: The contractor may request a formal appeal to the decision of the Rehab Specialist to the Community Development Coordinator. This request must be in writing, and the contractor must provide evidence.

If the contractor becomes habitually delinquent in completing the contracted work, the contractor will be considered to be in breach of contract, and will be removed per the General Requirements, Page 2, under General Instructions, Item 3, Termination.

NOTE If a contract is terminated for breach of contract, the contractor is no longer eligible to work for the program.

Complaints about jobsite behavior:

The contract obligates the contractor to enforce good order among his/her employees and shall not employ at the work site any disorderly, intemperate, or unfit person or anyone not skilled in the work assigned to him/her. The contractor, or a competent person having authority to act for him/her shall be on the construction site whenever work is underway. The contractor shall have drawings and specification on the site at all times.

When a complaint is received regarding behavior of contractors, their workers or subcontractors, the Rehabilitation Specialist will gather information from the complainant (homeowner, neighbor, tenant). Information will be reviewed with the contractor, who will be directed to correct the behavior immediately.

Contractor Complaint Policy, Procedure and Practice

- A written request to correct complaints to the Contractor shall be considered a warning
- If the contractor fails to correct workmanship, methods, materials, communication, Time of Performance and jobsite behavior timely they will be in Breach of Contract and will receive written notice of this status.

First Offense: The contractor will receive a written and verbal warning for the first offense and must address the problem behavior immediately

Second Offense: The contractor must remove the offending employee and/or subcontractor from the jobsite permanently.

Third Offense: Contractor will be removed from the bidders list for a period of 3 years, after which they can reapply for reinstatement.

The Contractor may request a formal appeal to the decision by the Rehabilitation Specialist to the Community Development Coordinator. This must be requested in writing, and the contractor must provide evidence.

Procedure for addressing and tracking ongoing complaints:

Two Complaints: If a Contractor or his employees or subcontractors receive two or more complaints regarding Workmanship, Methods or Materials Used, Time of Performance or Jobsite Behavior within a 6-month period, he/she shall be suspended from bidding on new jobs for a period of 1 month.

Three Complaints: If a Contractor or his employees or subcontractors receive three or more complaints regarding Workmanship, Methods or Materials Used, Time of Performance or Jobsite Behavior within a 1-year period, he/she is found to have habitual disregard for these standards and will be terminated from the program. They may reapply in 3 years.

Complaint Tracking: Each time a complaint is received by a Rehab Agent or a Rehab Specialist or the Community Development Coordinator, they must check the Access Project Database Complaint Tracker. If that Contractor has received complaints over the last year, whether resolved or not, the Community Development Coordinator shall be notified in writing, and the penalties below shall be initiated immediately.

All informal and formal complaints about contractor workmanship, methods, materials, communication and Time of Performance, and jobsite behavior will be logged in the Access Project Database, in the Complaint Tracker spreadsheet and will require the following information:

Parcel Number

Street Address

Last and first name of property owner

Contractor

Name of Complainant

Date Complaint was first brought to staff attention

Date of Informal Complaint resolution with detailed notes

Date of Formal Complaint resolution with notes.

Contractor Complaint Policy, Procedure and Practice

Notes, photos, emails and other documentation will be retained and placed in part 6 of the Finance File AND a copy will be placed in the Contractor file as well.

Policy and Procedure for Staff Rehabilitation Activities
Management Meetings

Rehabilitation Staff Meetings shall take place each Monday morning, immediately following the regular Staff Meeting. Attendees shall include:

- Development Manager (when possible)
- Community Development Coordinator
- Rehabilitation Construction Specialists
- Rehab Agent

The following items will be discussed:

Project Log Review: Each project on the log will be reviewed regarding progress and problems by the responsible Rehabilitation Specialist. Input from the other Rehabilitation Construction Specialist, Rehab Agent, Community Development Coordinator or Development Manager may be sought or provided. Directives for resolution of problems may be verbally provided by the Development Manager or the Community Development Coordinator but must be followed up in writing to the Rehab Specialists or Rehab Agent.

Other Business: Open discussion may include includes requests to update policies and procedures, requests for resources, discussion regarding consideration of new materials for installation, and any other item pertaining to rehabilitation

Adjournment follows.

 Dryer, Bryan has temporarily joined the chat. ██████████ [City of Lansing Development Office]

 Community **Building Services** (Guest) has temporarily joined the chat.

Family First Builders (Guest) has temporarily joined the chat.

Kurtis (Guest) has temporarily joined the chat. ██████████ [Streamline Enterprises]

Aaron **Vanden Berg** (Guest) has temporarily joined the chat. ██████████ [Advantage Mechanical - Refrigeration]

GA Hunt Excavating (Guest) has temporarily joined the chat.

Mika (Guest) has temporarily joined the chat. ██████████ [Streamline Enterprises]

CS
Community **Building Services** (Guest) 2/18 1:00 PM
Chelsea Ellena - Community Building Services


AB
Aaron **Vanden Berg** (Guest) 2/18 1:00 PM
Aaron, Advantage Mechanical-Refrigeration

 Will Badra (Guest) has temporarily joined the chat. ██████████ [Community Construction Michigan]

 Family First Builders (Guest) no longer has access to the chat.

 Family **First Builders** (Guest) has temporarily joined the chat.

 Brian **Miller** (Guest) has temporarily joined the chat. ██████████ [Streamline Enterprises]

 Aaron Vanden Berg (Guest) no longer has access to the chat.

 Community **Building Services** (Guest) no longer has access to the chat.

 **Kurtis** (Guest) no longer has access to the chat.

 Brian **Miller** (Guest) no longer has access to the chat.

 Family First **Builders** (Guest) no longer has access to the chat.

 Will Badra (Guest) no longer has access to the chat.

 **GA Hunt Excavating** (Guest) no longer has access to the chat.

 Meeting ended 53m 21s 2/18 1:36 PM

 **Mika** (Guest) no longer has access to the chat.

 Dryer, Bryan no longer has access to the chat.

December 17, 2021

Meeting ended 0s 12/17/21 7:48 AM

Meeting ended 36s 12/17/21 7:49 AM

Meeting started 12/17/21 8:32 AM

CBS (Clayton/ Chelsea) (Guest) has temporarily joined the chat. [Community Building Services]

Jason mayhew (Guest) has temporarily joined the chat. [Holt Plumbing]

David Baldwin (Guest) has temporarily joined the chat. [Trust Thermal]

Kurtis kaspar (Guest) has temporarily joined the chat. [Streamline Enterprises]

Matt Phillips (Guest) has temporarily joined the chat. [Eco-efficient Heating & Cooling]

Greg (Guest) has temporarily joined the chat. [GA Hunt Excavating]

Kandace Newton (Guest) has temporarily joined the chat. [VMG Construction]

Cayla Weeks (Guest) has temporarily joined the chat. [JR Mechanical]

12/17/21 8:57 AM

Good morning! Please add your name and company to the chat when you have time- thank you.

Kandace Newton (Guest) no longer has access to the chat.

ernesto cuellar (Guest) has temporarily joined the chat. [Absolute Building & Cuellar Inc.]

Brian Miller (Guest) has temporarily joined the chat. [Streamline Enterprises]

Kandace Newton (Guest) has temporarily joined the chat.

KN Kandace Newton 12/17/21 8:59 AM

Raymundo Garcia, VMG Construction,LLC

Alicia Stapish (Guest) has temporarily joined the chat. [SC Environmental Services]

Eric Ruznicki (AAI) (Guest) has temporarily joined the chat. [Asbestos Abatement Inc.]

Kim DeStigter (Guest) has temporarily joined the chat. [DeStigter Architecture]

MP Matt Phillips (Guest) 12/17/21 9:02 AM

Matt Phillips

Ecoefficient

AS
Alicia Stapish 12/17/21 9:02 AM
Alicia Stapish and Nick Koster with SC Environmental

DB
David Baldwin (Guest) 12/17/21 9:02 AM
David Baldwin - Trust Thermal Abatement, Inc.

EK
Eric Kuznicki (AAI) (Guest) 12/17/21 9:02 AM
Eric Kuznick (Asbestos Abatement Inc)

BM
Brian Miller (Guest) 12/17/21 9:02 AM
Brian Miller Streamline Enterprises

KK
Kurtis Kaspar (Guest) 12/17/21 9:02 AM
Kurtis Kaspar Streamline Enterprises

KD
Kim DeStigter 12/17/21 9:02 AM
DeStigter Architecture is in the meeting

C
CBS (Clayton/ Chelsea) (Guest) 12/17/21 9:02 AM
Community Building Services Clayton Shafer


G
Greg (Guest) 12/17/21 9:03 AM
Gregory Hunt
G. A. Hunt Excavating

EC
ernesto cuellar (Guest) 12/17/21 9:03 AM
ernesto cuellar

JM
Jason mayhew (Guest) 12/17/21 9:03 AM
Jason mayhew.holt plumbing

EC
ernesto cuellar (Guest) 12/17/21 9:03 AM
Absolute Cuellar inc


CW
Cayla Weeks (Guest) 12/17/21 9:04 AM
Cayla JR Mechanical

 family first builders llc (Guest) has temporarily joined the chat.

[Family First Builders]


 Nick Koster (Guest) has temporarily joined the chat.

[SC Environmental Services]

 NK Nick Koster (Guest) 12/17/21 9:10 AM
Nick Koster, SC Environmental Services


 Jarred Frick (Guest) has temporarily joined the chat.

[Frontier Building & Remodeling]


 troy stanley Mint city excavating (Guest) has temporarily joined the chat.


[Mint City Excavating]

 Nick Koster (Guest) no longer has access to the chat.


 Scott Fredrickson (Guest) has temporarily joined the chat.


[Fredrickson Construction Inc.]

 Scott Fredrickson (Guest) no longer has access to the chat.

 Scott Fredrickson (Guest) has temporarily joined the chat.


 Alicia Stapish (Guest) no longer has access to the chat.


 Kandace Newton (Guest) no longer has access to the chat.


 Cayla Weeks (Guest) no longer has access to the chat.

 David Baldwin (Guest) no longer has access to the chat.

12/17/21 9:53 AM
bryan.dryer@lansingmi.com

 Eric Kuznicki (AAL) (Guest) no longer has access to the chat.

 Kim DeStigter (Guest) no longer has access to the chat.

 Jason mayhew (Guest) no longer has access to the chat.