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City of Buffalo Contracting Process: Demolition Contracts

Abstract

At one time, bidding was centralized in the City of Buffalo (Buffalo). The centralized bidding was organized under the Department of Urban Renewal. Interview with James Comerford and Paul Mielcarek of the City of Buffalo Department of Economic Development Permit and Inspection Services (April 17, 2008). In the late 60s and early 70s the city moved to the current model which was based on the Chicago style of municipal bidding. The Chicago model broke out the bidding process and had each department run bidding on its own. The rationale behind this separation of the bidding process was that many of the projects being bid out were very particular and required the individuals who were deciding the bid awards to have a discrete knowledge of what it was that was being bid on. Also, the centralized bidding was seen by Chicago, and later by Buffalo, as disorganized and difficult to manage from one office. The decentralized model was seen as simplifying the process by separating out the bidding processes throughout the various departments.

Keywords

Buffalo, Housing/Neighborhoods, Housing Conditions and Repairs, Report, Other, PDF

City of Buffalo Contracting Process: Demolition Contracts

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I. City of Buffalo Bidding Process

At one time, bidding was centralized in the City of Buffalo (Buffalo). The centralized bidding was organized under the Department of Urban Renewal. Interview with James Comerford and Paul Mielcarek of the City of Buffalo Department of Economic Development Permit and Inspection Services (April 17, 2008). In the late 60s and early 70s the city moved to the current model which was based on the Chicago style of municipal bidding. Id. The Chicago model broke out the bidding process and had each department run bidding on its own. The rationale behind this separation of the bidding process was that many of the projects being bid out were very particular and required the individuals who were deciding the bid awards to have a discrete knowledge of what it was that was being bid on. Id. Also, the centralized bidding was seen by Chicago, and later by Buffalo, as disorganized and difficult to manage from one office. The decentralized model was seen as simplifying the process by separating out the bidding processes throughout the various departments. Id.

Each Buffalo Department handles its own bidding. New York General Municipal Law, New York State Industrial Code Rule 56, and City Ordinance §103.38 govern the bidding process, and each department has their own slightly different process. When bids are being solicited, the Department soliciting the bid typically runs a one (1) day advertisement in the Buffalo News. Interview conducted by Kimberly Sweet with Michael Zera, Head Engineer of the City of Buffalo Department of Public Works (March 4, 2008). Additionally, the City subscribes to two publication services, Construction Exchange and the Dodge Reports, to further publicize open bids. Id. The bid opens two weeks following the publishing of the advertisement. There is a \$58 fee for the bid proposal packets. Id. These packets are to be filled out and submitted with a bid. It is Buffalo's policy to always accept the "lowest responsible bid." Id. There is a turnaround time of six to eight weeks from the time that an open bid is announced until an accepted bid becomes a contract. Id.

During those six to eight weeks, the bids pass through an initial check for completeness. Id. After the initial check, the lowest bid is singled out. The lowest bid is then either passed on to the City Account Department for a review of the financing component and/or the City Law Department for a legal accuracy check. Id. Once the City Account Department and Law Department approve of the bid, it is then passed on to the Comptroller's Office; the Buffalo Fiscal Stability Authority and the Preservation Board must also review demolition bids. Id.; Interview with James Comerford of the City of Buffalo Department of Economic Development Permit and Inspection Services (April 29, 2008). The Comptroller checks to verify the licensing and insurance of the

contractor placing the bid. Interview with Zera (March 4, 2008). If the bid is over \$50,000, the City Control Board must approve it. Id. If under \$50,000 and or approved by the City Control Board, the bid is handed off to the head of the Department that solicited the bid for final signature. Id. Finally, the completed paperwork is sent to the City Council and ultimately filed in the City Clerk's Office. Id.

When a bid proposal touches upon the sphere of control of more than one office, the various offices must communicate with one another. Id. For example, a bid coming out of the public works department may require communication and agreement between the forestry, construction, sewer, water, and traffic engineering offices. All of this communication occurs during the pre-bidding stage.

II. Comparative Bidding Processes in Other Cities

Albany

In the City of Albany, bidding is organized under the Board of Contract and Supply (the Contract Board). The Contract Board handles bids on public works in excess of \$20,000 and all purchases in excess of \$10,000. City of Albany Board of Contract and Supply, <http://albanyny.gov/Government/CityOfficials/BoardsAndCommissions/BoardOfContractAndSupply.aspx>. The Contract Board meets twice monthly to approve advertisements for bids, outline bid speculations and notifications, and open and award bids. The Contract Board is responsible for holding public auctions.

The Community Development Board handles demolitions, amongst other duties which assist in combating troubled urban areas. City of Albany Community Development Board, <http://albanyny.gov/Government/CityOfficials/BoardsAndCommissions/CommunityDevelopmentBoard.aspx>. The Community Development Board is one of twenty Boards and Commissions run by the Albany; the Community Development Board works with the Contract Board when it bids out for contractors.

Boston

The City of Boston's (Boston) contracting and bidding is centralized under their Purchasing Department. City of Boston Purchasing Department, <http://www.cityofboston.gov/purchasing/default.asp>. The City Website lists all open bids. City of Boston Purchasing Department Bid List, <http://www.cityofboston.gov/purchasing/bids.asp?ID=5756>. The website also maintains an archived history going back at least several years is available online.

It has been proposed that Boston establish a model for bidding known as "Competitive Service Delivery" (CSD). The Boston Municipal Research Bureau, Inc., Competitive Service Delivery: A Proven Strategy That Should Be Boston's Next Initiative, <http://www.bmrb.org/content/upload/csdfinal2004-e.pdf> (November 2004). CSD was implemented based upon the findings and recommendation offered to the City of Boston for consideration following a study by the Boston Municipal Research Bureau.

CSD examines all services offered and then selects the services that are the best candidates for this process. All of the city services are bid out to both the municipality and to private contractor; both city employees as well as private firms are able to bid for jobs. Phoenix, Baltimore, Indianapolis, and Charlotte have each implemented CSD and have saved millions of dollars annually since switching to CSD.

Boston demolition is broken out between various Commissions and Programs. For example the Boston Landmark Commission handles historic preservation buildings, the Boston Redevelopment Authority assumes the development powers previously held by the Boston Housing Authority and the City Planning Board, and the Building Management Program reviews damaged buildings and emergency demolitions. City of Boston Landmark Commission, http://www.cityofboston.gov/bra/HomePageUtils/about_us.asp; City of Boston Housing Authority and City Planning Board, http://www.cityofboston.gov/dnd/N_Building_Management.asp; City of Boston Building Management Program, <http://www.cityofboston.gov/environment/landmarks.asp>.

Memphis

Memphis' bidding process is facilitated through the Purchasing Service Center of the Finance Department (Purchasing Department). The procurement of materials, products, and services is handled through the Purchasing Department.

To become an eligible bidding, the vendor must register online as a vendor. City of Memphis Purchasing Service Center and Finance Department, <http://www.cityofmemphis.org/framework.aspx?page=35>. Once registered, the vendor is placed on a mailing list of prospective vendor/bidders. The registered vendors are provided with access to eProcurement, a web-based platform. eProcurement provides vendors with information regarding contract specification, product and service information, and the ability to view specific information regarding bid requests. Vendors must remain active and return bid requests in order to retain bidding eligibility. Failing to return bid requests three consecutive times may result in the vendor's removal from the list.

In Memphis, the Department of Housing/Code Enforcement handles the demolition process. City of Memphis Department of Housing/Code Enforcement, <http://www.cityofmemphis.org/framework.aspx?page=318>. The Department of Housing would seek out the Purchasing Department to seek out bids for the demolition process.

Portland

Bidding in the City of Portland is centralized under the Purchasing Department. The City of Portland's website links to all of the City Codes and Ordinances that dictate contracts and purchases of different type (public works, etc.). City of Portland Purchasing Department, <http://www.ci.portland.me.us/purchasing/purch.asp>. The website also maintains a history of bid solicitation and contract awards available. However, contractors must be registered as a city vendor to download the solicitation documents and forms.

The Bureau of Development Services for the City of Portland runs the demolition process. City of Portland Bureau of Development Services,

<http://www.portlandonline.com/BDS/index.cfm?c=dibfa>.

III. City of Buffalo Bidding Demolition Process

Buffalo's Demolition bidding process is conducted out of the Department of Economic Development, Permit, and Inspection Services (the Department). As was previously discussed, in the late 60s and early 70s the bidding process in Buffalo moved away from a centralized bidding process. As a result, the Department of Licensing and Inspection took control of the demolition bidding process. Since much of demolition is focused on code enforcement and the particulars of demolition influence the bidding process, it was decided that the demolition bidding would be run exclusively from the Department of Economic Development Permit and Inspection Services. Interview with Comerford and Mielcarek (April 17, 2008). Since demolition is such a specialized process and completely different from the Public Work division, at the time decentralizing the bidding process was seen as simplifying and streamlining the process. Id.

The Department includes eighteen (18) Building Inspectors, four (4) Slum & Blight Inspectors, and two (2) Demolition Inspectors. The Building Inspector will begin code enforcement procedures in non-emergency issues. Interview with Comerford (April 29, 2008). Code enforcement procedures begin when the Building Inspector writes a letter of violation to the owner of the property; if there is no action taken after the letter, the Building Inspector then brings the matter before Housing Court begins this process. Id. The judge may then order the demolition of the house if it is near a heavily populated area or it poses a health or safety risk.

The Slum & Blight Inspector performs asbestos surveys on the structures interior and exterior. Id. The findings of the surveys are then sent to a lab for testing. Slum & Blight Inspectors also perform demolition inspections. Id.

The Demolition Inspector is at the sight the entire time of the demolition, ensuring that the demolition is being carried out in accordance with city and state regulations. Interview with Comerford and Mielcarek (April 17, 2008). The Demolition Inspector is responsible for processing all the paperwork involved in any demolition. Interview with Comerford (April 29, 2008). A contractor is not paid until the Demolition Inspector attests to the fact that the demolition work has been completed in a timely and satisfactory manner. Id. Besides the Demolition Inspector, the Assistant Director of Inspections and the Commissioner of Inspections must also approve the payment; once approved, the payment is then sent to the Budget Office for final approval and payment. Id.

In order to be a contractor in Buffalo, the contractor must be licensed. There are three "classes" of licenses. A Class 1 License enables a contractor to demolish one-story

buildings and small garages. Id. Class 1 Licenses are obtained when the contractor has worker's compensation and liability insurance in addition to experience as an operator, or has a crew that has five (5) years experience operating heavy equipment. Interview with Comerford (April 29, 2008). A Class 2 License allows a contractor to demolish two to two-and-a-half story buildings; this Class enables the contractor to demolish the majority of homes in the city. Interview with Comerford and Mielcarek (April 17, 2008). It usually takes at least a year to move up from Class to Class, but it depends upon the amount of work done and the quality of that work. Interview with Comerford (April 29, 2008). A Class 3 License allows the contractor to be licensed to demolish everything else. Interview with Comerford and Mielcarek (April 17, 2008). Licensing is not limited to contractors with the Western New York region. Buffalo recognizes the licensing of other cities; there is reciprocity. Id. If a contractor is licensed in Trenton, New Jersey to demolish high rise buildings, then Buffalo will recognize Trenton's license as sufficing Buffalo's licensing requirement.

Just as the licensing process is hierarchical, so is Buffalo's actual demolition process. Emergency demolitions are addressed first and then other demolitions throughout the city are handled. Id. Emergencies are considered fire damaged properties, as well as open, vacant, and dilapidated properties. Id. Fire damaged properties receive first priority within the category of emergency demolitions. Other indicia that affect when a building will be demolished include vacant homes between two occupied properties and buildings that receive continual complaints from the neighborhood. Id.

Once a building has been designated as an emergency or as a building that must be demolished, an asbestos survey is done by one of Buffalo's building inspectors. Id. If asbestos is found to exist in the building, then removal must take place in accordance with New York State regulation. Id. Asbestos is often removed from tiles, roofing, and plaster. Buffalo has a list of contractors that specialize in the area of asbestos removal. Id. Asbestos removal is bid out separately from the general demolition of the property. Id.

If asbestos is not found in the building, then bids are put out. For jobs assessed at less than \$50,000, the Department individually calls each licensed contractor to place bids on demolitions. Id. If a demolition job is assessed at more than \$50,000, the Department will advertise bid solicitations in local papers and various constructions papers. Interview with Comerford (April 29, 2008). The Department stated that a lot of the same contractors are awarded bids because of their strong familiarity with the process. Interview with Comerford and Mielcarek (April 17, 2008). These contractors know how to price the bids and are acutely aware of the timing of the jobs; this knowledge is due to their experience in city demolition. Id.

The timing of a demolition from the point of bidding to the point of having a shovel ready site is influenced by the ownership of the property and the payment structure of the demolition. If Buffalo owns the property, then the demolition is done quickly. Id. If the building is privately owned and payment for the demolition is not

made immediately then payment negotiations must be entered into. Id. Typically, a payment plan is instituted enabling the property owner to finance the demolition over time.

To demolish a single house, the estimated cost is approximately \$14,700. Id. As of April 2008, there are six thousand (6,000) demolitions pending. Id. There are around fifteen thousand (15,000) vacancies in the city. Id. Generally, demolitions can be done in one (1) day. Grading, including stoning and gravel, is usually done the next day; smaller contractors can take two to four days on a standard demolition. The purpose of a demolition is to remove everything, including the foundation. The sight is made shovel ready. Id.

In 2007, Buffalo Mayor Byron Brown announced the 5 In 5 Demolition plan (the Plan) to address the pending six thousand demolitions and fifteen thousand vacant properties in Buffalo. The Plan calls for nine hundred (900) demolitions in the present fiscal year (July 1, 2008 – June 30, 2007). Id. The demolition investment priorities are properties that pose an immediate threat to the public, neighborhood development, and economic development, low priority neighborhood demolitions, and land banking for future development. Five Year Demolition Plan: City of Buffalo, Department of Economic Development, Permit, and Inspection Services, 2-3 (2007). The Plan will require \$100m over the next five (5) years. Janet Penksa, Mayor Brown's "5 in 5" Demolition Plan – Moving Forward: Policy Briefs from the Brown Administration, Department of Administration, Finance, Policy, and Urban Affairs, 4 (Vol.1 No. 1 August 2007) This \$100m is to be shared amongst various levels of government. \$60m will come from the state through the State of New York Dormitory Authority amongst other State grants. Id. at 3. \$15m will come from the Federal government, and \$20m will come from Buffalo. Id. Some of that \$20m will be provided by the Restore New York Communities Initiatives, which is a three year competitive program providing grants to municipalities across the state to demolish and rehabilitate vacant and blighted structures. Id. The remaining \$5m will come from matching contributions from the business and philanthropic community in a dollar for dollar match commitment made by Buffalo. Id. at 4.