

City of Detroit

Office of the Inspector General

Demolition Backfill Issues
OIG Case No. 19-0012-INV

March 8, 2021



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Inspector General

I. Complaint

On February 23, 2021, the Office of Inspector General (OIG) received a referral from the Special Inspector General for the Troubled Asset Relief Program (SIGTARP). It specifically identified contractors who used I-94 dirt as backfill materials in both the Detroit Hardest Hit Fund (HHF) and non-HHF Demolition Programs. This issue was originally identified by the OIG on August 2, 2018 while investigating another complaint. It was referred to SIGTARP who found additional information and then referred it back to the OIG for further review and action, if any.

II. *Scope of Service Requirements*

a. HHF Requirements

The HHF Demolition *Scope of Services* details the requirements contractors must adhere to when they are awarded a *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreement* contract. Additionally, the *Scope of Services* outlines backfill requirements. Specifically, the *Scope of Services* states

Documentation must be provided to the Owner or its authorized representative as to the origin and environmental condition of backfill materials. Appropriate documentation described in the DBA Guidance for Backfill Material Evaluation and Testing, dated December 18, 2014, must consist of certification letters; material transportation logs, load tickets, manifests, etc. that track quantity, date and origin; and/or a written report detailing the known history and/or current environmental condition of a soil stockpile being proposed for use by the Owner. As described in the DBA Guidance for Backfill Material Evaluation and Testing, there will be three acceptable types of backfill material origination:

1. Category 1 - Residential Construction Sites; Residential Landscape Yard Sites
2. Category 2 - Virgin (Native) Commercial Borrow and Sand/Gravel Pit Sites
3. Category 3 - Non-residential: Commercial, Utility, Road, and Construction Sites; Commercial Landscape Sites, and Agricultural Sites.¹

It also states that proposed backfill material from road projects “must be evaluated by a qualified Environmental Professional (EP) at the Contractor’s expense.²” Further, contractors

¹ Exhibit A *Scope of Services* (Revised 9/07/2017), Section VI: Site Finishing, Part 1: Earthwork and Backfill Management (C), pg. 36.

² Id. at 37.

must “assume responsibility for all costs associated with testing and removal of the unacceptable material and the replacement with acceptable material.”³”

b. Non-HHF Requirements

The non-HHF Demolition Program has similar backfill requirements. It also outlines the same three (3) acceptable types of backfill material origination to be Category 1, Category 2, and Category 3.⁴ Category 3 also requires testing by a qualified Environmental Professional at the contractor’s expense.⁵ It further specifies that a contractor seeking review and approval to use Category 3 backfill materials must provide the following prior to using that backfill at an excavation site:

1. Address of the proposed source material.
2. Volume of proposed source material.
3. Source and composition of backfill material (e.g., sand, gravel, etc.).
4. A scaled site map or Google Earth type aerial photograph depicting key property features, including, adjacent roads, and sample locations in relation to the area of soil proposed for relocation.
5. Photographs representative of soil backfill piles proposed for relocation, or soil boring logs of proposed soil backfill excavation area.
6. Description of Sampling Methodology
7. Required analytical data, including laboratory QA/QC, from a National Environmental Laboratory Accreditation Program (NELAP) accredited laboratory with proper chain of custody documentation.
8. Provide tabulated data as compared to MDEQ Part 201 Residential Cleanup Criteria.⁶

III. Use of Unapproved I-94 Dirt

On August 2, 2018, the OIG interviewed a Dani’s (Dani’s) representative. Dani’s is an aggregate hauling company that contracts with outside entities to remove dirt.⁷ Dani’s contracted with CA Hull Co., Inc. (CA Hull) to haul away dirt from the I-94 Project. During his interview, Mr. O’Brien stated that his company delivered dirt from the I-94 Project to demolition sites within the City of Detroit that was used as backfill. It should be noted that Dani’s did not have a contract with the City of Detroit or Detroit Land Bank Authority (DLBA) and is therefore unfamiliar with Detroit Demolition Program requirements.

³ Id. at 39.

⁴ *Scope of Services*, 11/15/2016, Demolition of Residential Structures, pg. 19.

⁵ Id. at 20.

⁶ Id. at 29.

⁷ <https://www.linkedin.com/company/dani-s-transport/about/> and OIG Interview of Dani’s representative, August 2, 2018.

Mr. O'Brien provided three (3) invoices from CA Hull that listed properties within the City of Detroit where I-94 dirt had been unloaded.⁸ He stated that contractors have previously asked for blank load tickets which Dani's refused to provide. However, he believes other trucking companies have given contractors blank load tickets though he did not provide specific information on this matter.⁹ However, this may be the reason contractors were able to submit load tickets that did not identify I-94 as the source of backfill.

AKT Peerless confirmed that dirt from the I-94 Project was never approved for use in the Detroit Demolition Program.¹⁰ Therefore, the OIG compared the addresses identified in the invoices provided by Dani's to the information available in SalesForce. Evidence shows that Adamo Group (Adamo), Rickman Enterprise Group (Rickman), Dore & Associates, Inc. (Dore), and Blue Star, Inc. (Blue Star) all used dirt from the I-94 Project at several locations throughout the City of Detroit as detailed below.

a. Adamo

Based on the OIG's review of the attached evidence, Adamo used dirt from the I-94 Project as backfill at two (2) HHF properties that were part of HHF Contract 5.5.17F. The details are as follows:

- 9910 Rutherford
- 9916 Rutherford

DATE	LOAD TICKET #	INVOICED	DESTINATION	SOURCE	QUANTITY YDS
4/10/2018	TYL-234130		9910 Rutherford	I-94	40
4/11/2018	216910		9910 Rutherford	I-94	40
4/11/2018	246089	\$1,203.00	9910 Rutherford	I-94	40
4/11/2018	246090		9910 Rutherford	I-94	40
4/11/2018	248743		9910 Rutherford	I-94	40
4/11/2018	248744		9910 Rutherford	I-94	40
4/10/2018	SBT-23155	\$1,738.00	9916 Rutherford	I-94	40
4/10/2018	SBT-23156		9916 Rutherford	I-94	40
4/10/2018	SBT-23789		9916 Rutherford	I-94	40
4/10/2018	SBT-24697		9916 Rutherford	I-94	40
4/10/2018	SBT-24698		9916 Rutherford	I-94	40
4/10/2018	SBT-25418		9916 Rutherford	I-94	40
4/10/2018	SBT-25590		9916 Rutherford	I-94	40
		\$2,941.00			520

⁸ CA Hull Invoices #18144, #18243, and #18356.

⁹ OIG Interview of Andy O'Brien, August 2, 2018.

¹⁰ Email from AKT Peerless VP of National Quality Control Megan Napier to OIG Attorney Jennifer Bentley regarding I-94 Dirt Source, dated March 3, 2021.

b. Rickman

Based on the OIG’s review of the attached evidence, Rickman used dirt from the I-94 Project as backfill at one (1) HHF property that was part of HHF Contract 12.22.16N. The details are as follows:

- 11712 Findlay

DATE	LOAD TICKET #	INVOICED	DESTINATION	SOURCE	QUANTITY YDS
4/20/2018	248095	\$2,922.00	11712 Findlay	I-94	40
4/20/2018	248096		11712 Findlay	I-94	40
4/20/2018	249340		11712 Findlay	I-94	40
4/20/2018	249495		11712 Findlay	I-94	40
4/20/2018	250040		11712 Findlay	I-94	40
4/20/2018	251302		11712 Findlay	I-94	40
4/20/2018	251303		11712 Findlay	I-94	40
		\$2,922.00			280

c. Dore & Associates

Based on the OIG’s review of the attached evidence, Dore used dirt from the I-94 Project as backfill at one (1) Non-HHF property that was part of Non-HHF Contract 18AC1815. The details are as follows:

- 17251 Omira

DATE	LOAD TICKET #	RFP #	INVOICED	DESTINATION	SOURCE	QUANTITY YDS
4/20/2018	249341	Emergency 18AC1815	\$1,000.00	17251 Omira	I-94	40
4/20/2018	249496	Emergency 18AC1815		Dakota and (17251) Omira	I-94	40
			\$1,000.00			80

d. Blue Star

Based on the OIG’s review of the attached evidence, Blue Star used dirt from the I-94 Project as backfill at one (1) Non-HHF property that was part of Non-HHF Contract 17AC1028. The details are as follows:

- 2623 Ferry

DATE	LOAD TICKET #	INVOICED	DESTINATION	SOURCE	QUANTITY YDS
4/26/2018	221546	\$12,000.00	2623 Ferry	I-94	40
4/26/2018	273514		2623 Ferry	I-94	40
4/26/2018	273814		2623 Ferry	I-94	40
		\$12,000.00			120

Recommendation

The DLBA and Demolition Department (Demo Department) have consistently stated that they will hold contractors accountable to program requirements. Based on the evidence, it is likely that Adamo, Rickman, Dore, and Blue Star used Category 3 backfill that was never approved for use either in the HHF or the Non-HHF Demolition Programs. Therefore, the OIG is forwarding this matter to the DLBA and Demo Department to review all relevant information and take appropriate action in accordance with the *Scope of Services* and the relevant DLBA and Demo Department policies and procedures. The OIG requests that we be kept informed of any actions taken to remediate these properties or to resolve this issue.