



Evaluation Report

Risk of Asbestos Exposure, Illegal Dumping, and Contaminated Soil From Demolitions in Flint, Michigan and Other Cities

SIGTARP



OFFICE OF THE SPECIAL
INSPECTOR GENERAL FOR
THE TROUBLED ASSET
RELIEF PROGRAM



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FOR THE TROUBLED ASSET RELIEF PROGRAM
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WASHINGTON, D.C. 20220

MEMORANDUM FOR: Honorable Steven T. Mnuchin – Secretary of the Treasury

FROM: **/signed/**
Honorable Christy Goldsmith Romero – Special Inspector General for the
Troubled Asset Relief Program

SUBJECT: Risk of Asbestos Exposure, Illegal Dumping, and Contaminated Soil From
Demolitions in Flint, Michigan and Other Cities
(SIGTARP 18-002)

We are providing this report for your information and use. The U.S. Army Corps of Engineers conducted a review of the Hardest Hit Fund Blight Elimination Program, on behalf of SIGTARP, and identified environmental and safety risks.

The Office of the Special Inspector General for the Troubled Asset Relief Program conducted this evaluation under the authority of the Emergency Economic Stabilization Act of 2008, which also incorporates certain duties and responsibilities of inspectors general under the Inspector General Act of 1978, as amended.

We considered comments from the Department of the Treasury when preparing the report. Treasury's comments are addressed in the report, where applicable, and a copy of Treasury's response is included in its entirety.

For additional information on this report, please contact me at any time.



Introduction

On behalf of SIGTARP, the U.S. Army Corps of Engineers (the Corps) conducted July 2017 field inspections of multiple properties in various stages of demolition and a document review of one completed demolition in Flint, Michigan, under the Hardest Hit Fund.¹ This TARP subprogram has grown 1,500 percent—to \$806 million—for demolitions in 248 cities and/or counties in 8 states: Michigan, Ohio, Illinois, Indiana, Tennessee, South Carolina, Alabama, and Mississippi.² TARP pays for property acquisition, pre-demolition activities (such as the removal of asbestos or other hazardous material), demolition, and post-demolition activities (debris dumping, filling in open holes, grading, greening, and maintenance). With \$67,542,278 TARP dollars, Flint is the city with the second-highest allocation of TARP dollars under this subprogram.³ While other cities are just starting demolitions, there have been 2,304 HHF demolitions in Flint as of September 30, 2017.

Observations and Findings of the U.S. Army Corps of Engineers in Flint, Michigan

The Corps identified environmental and safety risks and failures to follow industry best practices that could put residents of Flint and other cities at risk of exposure to hazardous materials and other harm. The Corps' significant findings for the Hardest Hit Fund demolitions in Flint, Michigan, are:

¹ See Appendix A for the U.S. Army Corps of Engineers' report, Appendix B for SIGTARP's recommendations, and Appendix C for Treasury's response. SIGTARP conducted its work from March 2017 through November 2017, in accordance with the Quality Standards for Inspection and Evaluation of the Council of the Inspectors General on Integrity and Efficiency. The engineering assessment was conducted by professional engineers in accordance with the National Society of Professional Engineers' Code of Ethics for Engineers.

² Although the Hardest Hit Fund was scheduled to end in 2017, the program was extended 4 years after Congress added an additional \$2 billion in the 2016 appropriations law. As of the drafting of this report, Treasury has allowed the use of TARP dollars to fund demolitions in 248 cities and/or counties, a figure that may increase given the fact that 25 of those cities/counties were added in 2017.

³ For demolitions in Flint, Michigan, Treasury has contracted with the Michigan State Housing Development Authority (the Michigan agency). The Michigan agency has contracted with the Genesee County Land Bank Authority (the Land Bank) as its local partner to procure the properties, which performs all activities itself or through contractors.



“Asbestos removal appears to have been mismanaged by the Land Bank” continuing through all contractors involved with asbestos. – U.S. Army Corps of Engineers

- Improper classification and handling of asbestos-containing material such as drywall joint compound and window caulk.
- No documentation that 72 square feet of drywall joint compound containing asbestos was removed and properly handled.
- Unmarked containers on the street during asbestos abatement not sealed or marked with warning labels, which, if containing asbestos, would be required by Federal regulation to prevent accidental exposure to the public.
- Documents suggesting that asbestos had been stored near a different demolition site for more than a week.
- No proof of inspection by the Land Bank during or after hazardous material removal to ensure that contractors handled these materials in accordance with the contract and Federal and state regulations.
- Missing hazardous material analyses and work plans, chain of custody manifests, and documentation of compliance with Federal air monitoring and disposal requirements, proof of inspector qualifications, and signatures.
- Failure to confirm that materials were disposed of only in appropriate landfills or recycling facilities. Missing were landfill receipts, waste manifests, and truck weight tickets.

“It’s unclear whether the material placed in the hole was clean and provided in accordance with the State and contract requirements.” – U.S. Army Corps of Engineers

- The Michigan agency did not verify that the hole was filled with clean material.
- Missing documentation showing that contractors used only backfill and topsoil that complied with contract requirements and regulations and was purchased and delivered from approved sources.
- There were no truck tickets and receipts for fill material and topsoil deliveries.



- The Land Bank did not inspect the open hole to confirm all debris was removed from holes (or crushed, where appropriate) or to see that fill placed in the holes met contractual requirements, city permit requirements, and regulations, and instead only inspects after the holes are filled.
- There was no proof of soil testing.

“On properties with significant quantities of hazardous materials, Partners and Contractors may have allowed undue risks in order to keep total project costs under the \$25,000 cap.” – U.S. Army Corps of Engineers

“All of the agreements and execution documentation were lacking in quality assurance.” – U.S. Army Corps of Engineers

- Treasury’s contract with the Michigan agency is lacking in technical requirements, and does not even require the state agency to perform technical oversight to assure waste materials are handled properly and holes are clear of debris and filled with only clean dirt.
- The Michigan agency contract with the Land Bank and the Michigan agency’s Blight Manual do not adequately focus on the highest-risk areas of asbestos, waste management, and fill.⁴

“The State, City, and Land Bank performed redundant inspections of winter grade and final grade, and no other physical inspections were documented.” – U.S. Army Corps of Engineers

- It was impossible from documentation to judge the quality or completeness of the inspections or whether they are actually being performed.
- It is unclear what level of technical review of documentation was performed by the Michigan agency, including (1) confirming that all material removed from the site was removed according to requirements of the U.S. Occupational Safety and Health Administration, the Michigan Occupational Safety and Health

⁴ SIGTARP provided the U.S. Army Corps of Engineers all versions of the Michigan agency’s Blight Manual.



Administration, and the National Emissions Standard for Hazardous Air Pollutants, and was received at an appropriate waste and recycling facility; (2) confirming the open-hole was inspected; and (3) confirming that fill material brought on site came from an approved source.

* * *

The risks identified by the Corps in Flint could extend to other cities and counties in TARP's Blight Elimination Program. To address these risks and improve the program at the Federal, state, and local level, SIGTARP is issuing the recommendations contained in Appendix B.



Conclusion

The Hardest Hit Fund's blight elimination subprogram has the potential to fulfill its mission to stabilize neighborhoods suffering from "eyesore" abandoned houses, but only if the demolitions do no harm to Americans living in these towns. The U.S. Army Corps of Engineers conducted July 2017 field inspections of multiple properties in various stages of demolition and a document review of one completed demolition in Flint, Michigan. The Corps identified for SIGTARP three high-risk areas for demolitions: 1) proper removal and storage of asbestos and other hazardous material; 2) proper dumping of all debris and waste in appropriate landfills or recycling facilities; and 3) filling in the demolition hole with only clean soil. These high-risk areas not only threaten the goal of neighborhood stabilization, but also carry a high risk of fraud, waste, and abuse.

The people of Flint, Michigan, require more than trust that these demolitions will not harm them—particularly after their contaminated water. The Corps identified that Treasury does not require the Michigan state agency to have any oversight to ensure these high-risk areas are handled properly through safeguards and quality assurance. This would likely be the same with all eight state agencies in the program, including agencies in Ohio, Illinois, Indiana, Tennessee, South Carolina, Alabama, and Mississippi. In the absence of Federal requirements, the Corps identified that the Michigan state housing agency's requirements do not adequately cover these high-risk areas. Absent state agency requirements, the Corps found that the local partner in Flint, Michigan—the Genesee County Land Bank Authority—is not doing enough to mitigate these high-risk areas, and failing to ensure that contractors meet all safety and environmental laws and standards.

The Corps found that the Land Bank and its contractors may have allowed undue risks to keep the total project costs under the \$25,000 cap, and that all agreements and documentation in the program were lacking in quality assurance. In the one completed demolition the Corps reviewed, asbestos was mismanaged, there was no proof of inspection to determine if debris was removed from the hole, and there was no proof of inspection to determine that the material placed in the hole was clean and from an approved source. There was no confirmation that the debris removed from the site went to an appropriate waste facility.

The Corps' findings identify risks that could extend to any demolition site in the 248 participating cities and/or counties.



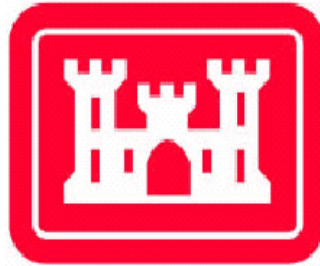
Given the seriousness of these risks, SIGTARP is making recommendations for Treasury and state agencies to mitigate them, and to prevent harm, fraud, waste, and abuse. Now is the time for Treasury and state agencies to mitigate the risks of asbestos exposure, illegal dumping, or demolition debris or other unclear material buried in the ground. Failure to implement SIGTARP's recommendations—which are industry standards—could result in violations of environmental and safety laws and regulations; lead to fraud, waste, and abuse; and inflict long-lasting harm on these already hard-hit neighborhoods.

Treasury's desire for state flexibility in the Hardest Hit Fund cannot eliminate the need for appropriate constraints. Treasury should place on state agencies the responsibility to ensure that asbestos removal, dumping, removal of debris, and filling in the holes is conducted properly, without harm to neighborhood stabilization—the goal of the program. Treasury must require state agencies to: 1) set technical requirements for all involved; and 2) confirm that all technical requirements have been met before any payment of TARP dollars.⁵ Treasury should require state agencies to hold local partners and contractors accountable to ensuring that all parts of the demolition process proceed safely, appropriately, and in compliance with all applicable environmental and safety requirements and standards, and without fraud, waste and abuse. Taxpayers and people living in hard-hit neighborhoods deserve nothing less.

⁵ If a local partner and/or contractor does not follow the state agency requirements that the Corps and SIGTARP recommend, they should not be paid, and they should remediate the problem at their own cost. If the state agency suspects that a contractor is not in compliance with laws and regulations, it should refer the matter to SIGTARP for investigation.



Appendix A—U.S. Army Corps of Engineers Report



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Blight Elimination Program (BEP) Demolition Review

September 2017

FOR

**U.S. Department of the Treasury -
Special Inspector General for the Troubled Asset Relief
Program (SIGTARP)**



Executive Summary

This review encompassed the Blight Elimination Program agreements from the Department of Treasury (Treasury) with the State of Michigan (State), from the State to the Genesee County Land Bank Authority (Land Bank), and from the Land Bank to various contractors involved with the demolition process. Documents reviewed were for demolition of one home at 2725 Kellar Avenue in Flint, Michigan which was awarded in 2014. A USACE led field inspection of multiple properties in various stages of demolition by the Land Bank in Flint, Michigan was also conducted.

Significant findings include:

- Asbestos removal appears to have been mismanaged by the Land Bank, Global Environmental Engineering, DMC Consultants, and LA Construction.
- It's unclear whether the material placed in the hole was clean and provided in accordance with the State and contract requirements.
- On properties with significant quantities of hazardous materials, Partners and Contractors may have allowed undue risks in order to keep total project costs under the \$25,000 cap.
- All of the agreements and execution documentation were lacking in quality assurance.
- The State, City, and Land Bank performed redundant inspections of winter grade and final grade, and no other physical inspections were documented.

Recommendations include:

- Inspections should be coordinated between agencies to limit redundancy.
 - Ensure properties that contain hazardous waste include inspections during hazardous material removal and post hazardous material removal.
 - Require documentation of an inspection when an open hole exists after demolition. (Basement or Cellar Demolition)
- Require contractors to provide all submittals listed in the contract.
- Ensure Partners' inspectors and contract administration staff are trained and qualified to perform the duties they are assigned (especially in the handling of hazardous materials).
- Require contractors to provide truck tickets for all fill material and topsoil deliveries in order to assure that the material is being purchased and delivered as expected.
- Perform risk-based quality assurance testing of fill materials at a limited number of sites.
 - Testing should include soil classification and testing for contamination to confirm the fill material is clean and appropriate for the intended use.
- Create a process for allowing additional contingency funding (\$5,000-\$10,000) for properties with unusually high amounts of hazardous material removal.



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1. List of Omitted Documentation (Required by an Agreement or Contract)
2. Field Report



1 Report Premise

The U.S. Army Corps of Engineers (USACE) and SIGTARP entered into an agreement on 15 March 2017 for USACE to provide engineering consulting services for SIGTARP's review of the Blight Elimination Program (BEP).

1.2 Approach

This review encompassed the BEP agreements from the Department of Treasury (Treasury) with the State of Michigan (State), from the State to the Genesee County Land Bank Authority (Land Bank), and from the Land Bank to various contractors involved with the demolition process. Documents reviewed were for demolition of one home at 2725 Kellar Avenue in Flint, Michigan in 2014. A field inspection of ongoing work was also conducted. At the field inspection, multiple properties in various stages of demolition by the Land Bank in Flint, Michigan were inspected. The trip report and georeferenced photographs are attached (Attachment 2). Both the inspection and document review were evaluated with an eye towards whether the demolition was planned and executed according to the agreements in place and following industry best practices.

1.3 Findings

Opportunities for improvement were noted throughout the program. Recommendations are divided into the following three levels: Treasury, State, and Land Bank.

2 Treasury Agreement with State

Overall, the agreement is lacking in technical requirements. Specific recommendations follow.

2.1 Oversight Requirements

There are no requirements for the State to perform oversight inspections or institute any type of quality assurance program. Quality assurance is a process by which one assures the quality of the end product. Oversight via periodic on-site presence and inspections, training of oversight employees, and testing are all paramount to quality assurance and in executing a construction program of this size and complexity. At a minimum, the State should be required to perform technical oversight to assure waste materials are handled properly and holes are being filled with clean material.



2.2 Funding Limitations

The \$25k total limit for each house severely restricts performance at some properties. The limit does not seem to recognize or account for the different levels of abatement or hazardous materials that may be found at any given property versus another. USACE recommends providing a process for allowing exceptions for properties with unusually high levels of hazardous materials needing to be removed or abated. Most properties contaminated with unusually high amounts of hazardous material would likely only require an additional \$5,000-\$10,000 to ensure all appropriate measures are being employed.

3 State Agreement with the Land Bank

The agreement and State Blight Manual do have some technical requirements; however, they do not adequately focus on the highest-risk areas of waste management and fill. Specific recommendations follow.

3.1 Blight Manual

The State Blight Manual calls for inspection of 5% of properties. Based on the documentation provided, it is impossible to judge the quality or completeness of the inspections, or whether they are actually being performed. It's also unclear as to who performs the inspections, and whether the inspectors have any minimum required qualifications or training. USACE recommends that the State Blight Manual clarify these details.

3.2 Site Inspections

USACE recommends that the State divide up the inspections to perform an equal number during abatement, demolition and after all the work has been completed.

3.3 Soil Characterization

The State is not verifying that the holes were filled with clean material. It is recommended that the State implement risk-based quality assurance testing of soil at a limited number of sites after the contractor has filled the hole and prior to making payment. USACE recommends performing at least one test for each partner annually. Each test is estimated to cost around \$6,000-\$11,000, depending on how many samples are to be collected at the same time. In order to keep the total cost under the \$25,000 cap, testing should be strategically planned to be performed on properties with low demolition costs.

3.4 Technical Review

It's unclear what level of technical review of documentation was performed by the State. None of the documents provided showed State review for technical proficiency. USACE



recommends sporadic and risk-based reviews of documents. One focus for these technical reviews should be towards confirming that all material removed from the site was removed according to OSHA and NESHAP, and confirmed as received at an appropriate waste or recycling facility. Another focus should be towards confirming that the open-hole was inspected. Finally, the reviews should confirm that fill material brought on to the site came from an approved source.

4 Land Bank Execution and Oversight

Comments on the Land Bank's execution of its agreement with the State follow. Many comments are generalized since they would apply to any blight elimination Partner executing a program such as the Land Bank.

4.1 Inspection Authority

The Land Bank's 8/1/13 proposal states that a compliance demolition inspection will be completed prior to demolition. It's not clear who will perform the inspection, but no evidence of any such inspection is provided. The Land Bank should have been more clear about who would perform the inspection and then documented it's completion in the file.

4.2 Inspection Documentation

Documentation of two physical inspections by the Land Bank of the Kellar property was provided. Both inspections were performed after the home had already been demolished and the hole filled. While these inspections were necessary, they did not assure that environmental regulations, safety regulations, or many contract performance requirements were being met. Additional inspections that would do so are recommended.

4.2.1 In-process Hazardous Material Inspections

USACE recommends that Partners be required to perform inspections during hazardous material removal. This inspection should confirm that materials are removed according to the contract, and federal and state regulations (including NESHAP, OSHA and MIOSHA). It should be performed by a person trained in hazardous waste identification, handling, transportation, and disposal.

4.2.2 Post Hazardous Material Removal Inspections

USACE recommends that Partners be required to perform inspections after hazardous material removal. This inspection should confirm that all contract performance requirements have been achieved. It should be performed by a professional trained in hazardous material identification.



4.2.3 NESHAP, OSHA, MIOSHA Requirements

USACE recommends that Partners be required to perform inspections during asbestos removal work, regardless of the level of asbestos contamination. This inspection should confirm that all contract requirements and NESHAP, OSHA, and MIOSHA regulations are being followed. It should be performed by a person trained in these regulations.

4.2.4 Open Hole Inspections

USACE recommends that Partners be required to ensure an open-hole inspection is performed at every site. The inspection should confirm that all demolition debris has been removed from the site and all foundation material has either been adequately crushed or removed according to contract requirements. In this case, the inspection could have been performed by the Land Bank or the City. See the comments under the LA Construction contract for further discussion on the Land Bank and City demolition inspections.

4.2.5 Documentation

USACE recommends that all inspections be documented.

4.3 Inspection Coordination

Then Land Bank should coordinate inspections between the State, City and Land Bank. Coordinating inspections would prevent redundant inspections by different agencies while providing additional inspection coverage during different phases of work at no additional cost to the project.

4.4 Inspectors Qualifications

The Land Bank inspector's required qualifications and training are unclear. Antonio D. Dunn signed off as the inspector on both forms. No documentation is provided to assess Dunn's qualifications. It is recommend that Partners be required to provide minimum qualifications and training for inspectors.

4.5 Contract Administrators Qualifications

The Land Bank contract administrators' qualifications and training are unclear. Several payment checklists and internal review checklists were prepared and signed off by Land Bank staff. However, no documentation is provided to assess those employees' qualifications to do so. It is recommend that Partners be required to provide minimum qualifications and training for employees performing any contract administration duties such as reviewing contract submittals or payments.



4.6 Quality Assurance and Testing

The Land Bank is not adequately verifying that the holes were filled with clean material. It is USACE policy to perform quality assurance testing on a minimum of 5% of the frequency of contractor testing. It is recommended that Partners be required to implement quality assurance testing of soil at a limited number of sites after the contractor has filled the hole and prior to making payment. Ideally, at least one test would be performed for each contract. Each test is estimated to cost around \$6,000-\$11,000, depending on how many samples are to be collected at the same time. In order to keep the total cost under the \$25,000 cap, testing should be strategically planned to be performed on properties with low demolition costs. It is recommended to perform soil testing early in the contract so that any noted deficiencies can be corrected more easily.

4.7 Contract Efficiency

The Land Bank awarded separate contracts for hazardous material removal and demolition. It also awarded multiple contracts for demolition, but a small group of contractors seem to have bid on and received the contracts. Partners may be able to save administrative costs by having fewer contracts with expanded work scopes for each contract. Examples include combining contracts for hazardous material removal and demolition, and soliciting fewer contracts with more properties on each contract.

5 Land Bank Contracts

The Land Bank issued contracts with and oversaw four contractors to execute the terms of its agreement with the State. Comments and recommendations for each contract follow:

5.1 2725 Kellar Ave - ADR Consultants for Demolition Inspection Services

5.1.1 Missing Contract Information

Only part of the contract was provided so it was not evaluated.

5.1.2 Inspectors Qualifications

The inspector's qualifications were not provided.

5.1.3 Inspection Paperwork

No demolition inspections performed by this contractor were provided.



5.2 2725 Kellar Ave - Agreement and Oversight of Global Environmental Engineering Inc. (Global) for Inspection of Environmentally Hazardous Material

5.2.1 Contract Deficiencies Regarding Asbestos Containing Material

The contract fails to require Global to adequately address materials contaminated with asbestos. The contract focuses on asbestos containing material (ACM), which is specifically defined under NESHAP as materials containing asbestos content greater than 1%. The writer may not have known that OSHA and MIOSHA require special handling of all materials contaminated with any amount of asbestos. Materials contaminated with less than 1% asbestos should have also been required to be highlighted in the report so they could be handled appropriately under OSHA and MIOSHA regulations. The failure to do so may have given the abatement and demolition contractors the false impression that those contaminated materials did not exist on site. The Land Bank should ensure its specification writers and inspectors are well versed in *all* asbestos and hazardous material handling regulations.

5.2.2 Improper Classification of Asbestos Containing Material

Global's report is inconsistent in how it classifies the asbestos containing drywall joint compound. At one location on "Table 2, Suspect Asbestos Containing Materials" of the Pre-Demolition Environmental Inspection Summary Report the asbestos containing drywall joint compound recorded in the hallway and bedroom 2 is highlighted as a sample that contains asbestos greater than 1% that must be removed prior to demolition on. However, a note on the same table states that the composite of the drywall and joint compound was less than 1% ACM. These statements are inconsistent and misleading. It is incorrect to present the joint material as a composite with the drywall. OSHA interprets sheet rock is separate from joint compound and they should not be treated as a composite sample. The joint compound should have been treated as separate from the drywall and as Class II asbestos work (see OSHA interpretation at:

https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=INTERPRETATIONS&p_id=22395). This misinterpretation of regulations seems to have resulted in the mismanagement of the joint compound throughout demolition by giving the abatement and demolition contractors the false impression that the joint compound was not ACM.

5.2.3 NESHAP Requirements

Per NESHAP for a demolition project, the RACM is not required to be removed or stripped if it is Category II non-friable ACM with low probability of becoming crumbled, pulverized, or reduced to powder during demolition. The inspection report should have clearly stated whether it believed that the joint compound qualified as such and did not need to be removed or stripped prior to demolition.



5.2.4 Improper Handling of Asbestos Containing Material

Global's report fails to highlight that the tan caulk around the living room window was contaminated with asbestos. "Table 2, Suspect Asbestos Containing Materials" of the Pre-Demolition Environmental Inspection Summary Report lists the tan caulk around the living room window as non ACM. The designation is correct because the amount was less than 1%. However, there should have been another designation to highlight that the material was contaminated with asbestos less than 1%. Material contaminated with asbestos, even less than 1%, requires special handling under OSHA and MIOSHA regulations (see OSHA interpretation at:

https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=INTERPRETATIONS&p_id=24747). This failure seems to have resulted in the mismanagement of the window caulk throughout the demolition by giving the abatement and demolition contractors the false impression that the window caulk was not contaminated.

5.3 2725 Kellar Ave - Agreement and Oversight of DMC Consultants, Inc. (DMC) for Removal of Environmentally Hazardous Material

5.3.1 Asbestos Abatement Work Plan

An asbestos abatement Work Plan is a required submittal by Section 2, paragraph 1.07 of the Statement of Work (SOW) but not provided in the files.

5.3.2 Asbestos Health and Safety Plan

An asbestos Health and Safety Plan is a required submittal by Section 2, paragraph 1.07 of SOW but is not provided in the files.

5.3.3 Asbestos Abatement Qualifications

Qualifications for asbestos abatement is a required submittal by Section 2, paragraph 1.07 of the SOW but not provided in the files.

5.3.4 Disconnect of Asbestos Material identified for removal vice actual removal

Table 1 below shows the materials slated for removal in Global's inspection versus the materials recorded as removed by DMC.



Table 1

Material	Survey Inspection Quantity	"Inventory Sheet" Quantity
Mercury Bulb	1	1 (receipt is for multiple houses)
Fluorescent Bulb	9	9 (receipt is for multiple houses)
Fluorescent Ballast	3	3 (receipt is for multiple houses)
Smoke Detector	1	1 (receipt is for multiple houses)
Tires	4	4 (receipt is for multiple houses)
ACM Duct Wrap	20 sf	21 sf
ACM duct wrap	1 lf	-
ACM 9" floor tile	112 sf	112 sf
ACM Plaster	3,624 sf	3624 sf
ACM Drywall joint compound	72 sf	-
ACM Debris	-	cy
ACM Vermiculite Insulation	906 sf	17 cy
High Pressure Light Fixture/Ballast	-	1 (recycled w scrap metal)

5.3.5 Notification of Intent to Renovate or Demolish

The asbestos containing joint drywall compound recorded in the hallway and bedroom 2 was not listed on the "Notification of Intent to Renovate/Demolish" form. Per NESHAP, notification should include the estimated amount of regulated asbestos-containing material (RACM) to be removed as well as the amount of non-friable asbestos-containing material (ACM) that will not be removed before demolition

(https://www.michigan.gov/documents/deq/deq-agd-field-tpu-asbestos_NESHAP_fact_sheet_449332_7.pdf). The drywall joint compound should have been listed on the notification as either RACM to be removed or non-friable Category II ACM that will not be removed prior to demolition. It appears that DMC treated the joint compound as if it were not ACM.

5.3.6 Unsigned NESHAP Documentation

The NESHAP notification appears to be missing two required signatures. Box 17 on the "Notification of Intent to Renovate/Demolish" form requires the property owner's signature as well as the contractor's signature for projects using negative pressure enclosures. In box 11, DMC states that it will use negative pressure containment. The Land Bank and DMC should have signed the form for the file prior to starting abatement.

5.3.7 Research Documentation

It is possible that it was proper to leave the joint compound for removal during demolition. Per NESHAP for a demolition project, the RACM is not required to be removed or stripped if it is Category II non-friable ACM with low probability of becoming crumbled, pulverized, or reduced to powder during demolition. However, DMC should have researched whether the



joint compound was likely to crumble during demolition and documented its findings. No such documentation was provided in the file.

5.3.8 Qualified Signatories

Rich Keller signed off as supervisor on DMC's "Daily Project Log" for asbestos abatement, but isn't listed in DMC's proposal as certified or trained. Based on the documentation provided, it's impossible to determine if Keller is a competent person to supervise asbestos abatement. DMC's proposal says Lloyd Whittaker will be supervisor for all abatement activities. Either Whittaker should have signed off as supervisor on the Daily Project Log or DMC should have provided documentation showing that Keller was qualified to do so.

5.3.9 Storage of Asbestos Materials

The Log and Manifest show that the asbestos abatement activities occurred on 9/16/14. The RACM was transported to the disposal facility over a week later, on 9/24/14. It's unclear whether the RACM was stored safely while awaiting transport. Per NESHAP and OSHA (1926.1101) requirements, all ACM containers or wrapped material must be leak-tight and labeled using warning labels specified by OSHA and the US DOT. If the abatement contractor staged containers of ACM in front of homes to await pickup, the containers should have been sealed and labeled properly to prevent accidental exposure by the public.

5.3.10 PCB Analysis/Profile Sheets Missing

Copies of all waste analyses or waste profile sheets for PCB containing equipment removal are a required submittal by SOW Section 3, paragraph 1.05. No documentation of analysis is in the file. Therefore, it's impossible to determine whether the fluorescent light ballasts removed from the Kellar home contained PCB.

5.3.11 PCB Work Plan

A PCB containing equipment removal Work Plan is a required submittal by SOW Section 3, paragraph 1.05. The plan is not in the file. Based on the documentation provided it's impossible to determine whether the plan should have been provided, or whether there was no PCB containing equipment at the Kellar site.

5.3.12 PCB Health and Safety Plan

A PCB containing equipment removal Health and Safety Plan is a required submittal by SOW Section 3, paragraph 1.05. The plan is not in the file. Based on the documentation provided it's impossible to determine whether the plan should have been provided, or whether there was no PCB containing equipment at the Kellar site.

5.3.13 PCB Testing

Information on who sampled, analyzed, and transported all wastes for PCB containing equipment removal is a required submittal by SOW Section 3, paragraph 1.05. This



documentation is not in the file. Based on the information provided it's impossible to determine whether the information should have been provided, or whether there was no PCB containing equipment at the Kellar site.

5.3.14 PCB Manifests

Copies of all licenses, certificates, permits, agreements, manifests, and chain of custody records for PCB containing equipment removal are a required submittal by SOW Section 3, paragraph 1.05. The documentation is not in the file. Based on the information provided it's impossible to determine whether the information should have been provided, or whether there was no PCB containing equipment at the Kellar site.

5.3.15 Final Payment Checklist

Review of the Land Bank's Request for Final Payment Checklist for the Pay Request received 10/3/14 revealed the following issues that should have been identified for corrective action but were not.

5.3.15.1 Missing Subcontractor Information

The review fails to check that the contractor provided all the information required by the list at the very top of the form. Specifically, the subcontractors' proofs of compliance with Michigan Workers' Disability Compensation Act, insurance accord, and licensure should have been provided but were not included in the file.

5.3.16 Photo Documentation

Before and after pictures are not in the file. The Land Bank's Request for Final Payment Checklist for the Pay Request received 10/3/14 notes that the pictures were located at box.com. The pictures were not provided with the file.

5.4 Physical Inspection of Removal of Environmentally Hazardous Material

5.4.1 Improper Asbestos Waste Containers

During the physical onsite inspection on 12 July 2017, it was noted that unmarked containers were sitting in front of several homes. One neighbor stated that the container arrived during asbestos abatement. Per NESHAP and OSHA (1926.1101) requirements, all ACM containers or wrapped material must be leak-tight and labeled using warning labels specified by OSHA and the US DOT. If the abatement contractor is staging containers of ACM in front of homes to await pickup, the containers should be sealed and labeled properly. This would help prevent accidental exposure by the public.



5.5 2725 Kellar Ave - Agreement and Oversight of LA Construction Corporation (LA) for Demolition and Disposal

5.5.1 Contract Solicitation

It is unclear whether the selection process stated in the Request for Proposal (RFP) was followed. The RFP #LB 14-019, dated 9/2/14, page 4 states that the Land Bank intends to award to the lowest responsive and responsible contractor. Page 12 states that the offeror with the highest score would win the contract. In the case of bid list #3, two contractors achieved the same score. The contract was not awarded to the contractor with the lowest price of those two, as would be expected. A memo to the file explained that the lowest price contractor was not awarded bid list #3 because it had also won bid list #2 and did not have the capacity to perform both bid lists simultaneously in addition to its ongoing work with the Land Bank. On the surface this reasoning is logical. However, some aspects of the decision are confusing and deserve further clarification.

5.5.1.1 Bid Line Items

The Land Bank should have confirmed with the low bidder that it did not have the capacity to perform both bid lists and documented this in the memo. Specifically, the Land Bank interprets the bidder's response to mean that the bidder could only dedicate 8-10 employees to all Land Bank projects and complete 20 demolitions per week *in total*. However, the bidder may have meant to provide 8-10 employees to each bid list in order to complete 20 demolitions per week *for each bid list*.

5.5.1.2 Selection Criteria

The RFP should have stated how the Land Bank would determine which bid list to award in the case where a contractor only qualified for award of one bid list due to its capacity and it would have been awarded both otherwise. Even without the clarification in the RFP, the memo for the file should have documented how the Land Bank determined which bid list to award to the contractor who tied in scoring but lost bid list #3 due to capacity constraints.

5.5.2 Contract Pricing

The proposal price was revised prior to award without any construction cost basis. LA's original bid price for the Kellar property was \$10,800. The correspondence file indicates that LA was asked to reduce its bid by \$3,610 based solely on the amount of Treasury funding the property was eligible to receive. This reduction in price may have caused LA to take unacceptable shortcuts on quality and safety in order to cut costs. It may have contributed to some of the failures noted in this report. This is a prime example of why USACE is recommending there be a process for obtaining an exception to the maximum demolition cost per property.



5.5.3 Contract Requirements

The contract for the Kellar house should have clearly stated that the joint compound identified by the Global inspection was Category II ACM (see OSHA interpretation at: https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=INTERPRETATIONS&p_id=22395). It was inaccurate and misleading to list the joint material as a composite with the wall. Per NESHAP for a demolition project, the RACM is not required to be removed or stripped if it is Category II non-friable ACM with low probability of becoming crumbled, pulverized, or reduced to powder during demolition. The contract should have clearly stated whether the joint compound qualified as such.

5.5.4 Joint Compound Documentation

In removing the joint compound, LA should have either produced a negative exposure assessment or used appropriate methods to ensure that airborne asbestos did not migrate from the regulated area in accordance with OSHA 1926.1101(g)(7). Furthermore, DMC should have followed the controls of OSHA 1926.1101(g)(8)(v) or 1926.1101(g)(vi) when removing the joint compound. From the documentation provided, it's unclear whether any of the required procedures were followed.

5.5.5 Window Caulk Documentation

The contract for the Kellar house should have stated that the tan window caulk in the living room was contaminated with asbestos. If this caulk was in place during demolition, then it should have been handled according to OSHA requirements.

5.5.6 Contract Deficiency Regarding Asbestos Removal

Regardless of the quantity of asbestos or other NESHAP requirements, removal of materials contaminated with asbestos requires special handling under OSHA (including products containing amounts less than 1%, see OSHA interpretation at: https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=INTERPRETATIONS&p_id=24747). The contract should have included more detailed asbestos removal specifications in order to ensure proper handling. Specifically, the specifications should have required the contractor to provide a removal plan, as well as qualifications and certifications of the employees who would physically be performing and supervising the work on site.

5.5.7 Air Monitoring Requirements

Based on the contract requirements and documentation provided, it's seems unlikely that OSHA 1926.1101 requirements for containing, removing, handling, and air monitoring were followed when removing the joint compound and window caulk. There is no documentation of providing a regulated area, air monitoring, leak-tight container storage, or proper disposal.



5.5.8 NESHAP Notification Improperly Filled Out

The NESHAP Notification of Intent to Renovate/Demolish form was not filled out properly. The joint compound should have been listed, either as RACM to be removed or as non-friable ACM not removed prior to demolition.

5.5.9 Soil Erosion Permits

Soil erosion permits are required for certain properties but the contract is unclear which ones. Statement of Work (SOW) Section 200, paragraph 1.2 states the requirement but no detail is provided anywhere else in the contract. The Land Bank should clarify the requirement.

5.5.10 Flint Permits

The City of Flint (City) demolition permit appears to require two inspections, one of which is an open-hole inspection. In addition, SOW Section 300, paragraph 3.7 requires approval to proceed from the local municipality prior to filling the hole. However, all of the inspections documented in the file were performed after the hole was filled and final grade achieved. Either the City or Land Bank should have performed an open-hole inspection. In absence of an open-hole inspection, LA should have been required to prove that it met the requirements of the open-hole inspection prior to receiving payment. This could have been achieved through excavation or soil testing provided by LA at no additional cost to the Land Bank.

5.5.11 Redundant Inspections

The City and Land Bank performed redundant inspections. Both performed winter grade and final grade inspections. Given the limited resources available for inspections, the Land Bank and City should coordinate resources and divide the inspections. USACE recommends combining efforts to perform the following four inspections: asbestos removal inspection (while the work is underway), pre-demolition inspection, open-hole inspection, and final grade inspection. Sporadic inspections during demolition and fill activities are also recommended for a limited number of properties. All of these inspections will provide assurance that the contractor is performing according to the contract as well as following state and federal regulations.

5.5.12 Landfill Receipts

Landfill receipts/waste manifests are a required submittal by SOW Section 100, Paragraph I. A truck log was provided with manifest numbers but the manifests are not in the file. The manifests should have been received and verified prior to payment by the Land Bank.

5.5.13 Disability Compensation Act

Proof that subcontractors are in compliance with Michigan Workers' Disability Compensation Act and appropriately licensed is required by SOW Section 100, Paragraph I.



LA's proposal says that it will not have subcontractors. However, LA's payment requests reveal that it ultimately had multiple subcontractors. No documentation of compliance with the act of licensing is on file. LA should have provided, and the Land Bank should have required proof.

5.5.14 Deficient Submittals

The "Submittals" section of the SOW (Section 100, Paragraph I) is inconsistent with the technical requirements of the SOW. This paragraph lists documentation that must be included with requests for payment. It includes some technical submittals but omits others that are dispersed throughout the technical Sections of the SOW. This submittals/payment paragraph should either include a comprehensive list of all the submittals, or simply require that all submittals be accepted prior to payment. Based on the files provided, it appears that this oversight allowed LA to be paid without providing technical submittals required by other sections of the SOW. That being the case, it's impossible to determine whether some technical requirements were met.

5.5.15 Topsoil Requirements

Topsoil material requirements are confusing and should be revised for future contracts. SOW Section 300, part 2, mixes terms from the USDA Soil Classification System and the USCS Soil Classification System. For simplicity and clarity, it is recommended that the specification use one classification system when defining requirements for each material. USACE recommends using the USDA Soil Classification System for the topsoil on this project.

5.5.16 Soil Testing

Soil testing requirements are provided in the SOW, Section 300, Part 2. The SOW requires documentation showing that the backfill and topsoil are below MDEQ Direct Contact level. The documentation provided includes a letter stating that the *topsoil* sample passed the required test and lab results for one sample. However, there is no letter of confirmation stating that the *backfill* materials met the MDEQ Direct Contact level criteria. The Land Bank should have required and LA should have provided the certification or statement of confirmation with test results for the backfill.

5.5.17 Backfill Determination

It's impossible to determine what type of materials were provided as backfill and topsoil since no documentation is provided in the file. Soil requirements are provided in the SOW, Section 300, Part 2. However, very little soil testing and documentation are required. It is recommended that contractors be required to provide soil test results for each borrow source showing conformance with *all the specified criteria* prior to bringing any soil from that source on to the site. (The specification is confusing about whether this was expected for all the criteria or just to show that the material conforms to MDEQ Direct Contact level.



It appears that the Land Bank only required documentation that the topsoil was below MDEQ Direct Contact level.) Specific concerns follow.

5.5.17.1 MDOT Classification for Fill Material below 18"

Fill material up to 18 inches from the surface is required to be MDOT Class II Granular Material or other material as approved by the Land Bank. It's impossible to determine whether this requirement was met because there is no documentation on backfill material in the file.

5.5.17.2 Requirements for Fill Material 18" to 6"

Fill material from the 18 inch mark up to 6 inches from the surface is required to be loamy material or sandy clay (mined from the earth and not manufactured). It's impossible to determine whether this requirement was met because there is no documentation on backfill material in the file.

5.5.17.3 Requirements for Topsoil for Top 6"

Topsoil is required to conform to ASTM D2487 Group Symbol SM, fall within a certain acidity range, and contain a certain percentage range of organic matter. It's impossible to determine whether the requirements were met because there is no documentation provided regarding these criteria.

5.5.18 Soil Confirmation

The test results for the single soil sample attached to the Statement of Confirmation letter for the topsoil (submitted with the final pay request) are the exact same test results submitted with the payment request for winter grade. It's possible that this occurred because the same material was provided as both fill materials and as topsoil. If that was the case then the material could not have been in compliance with the contract requirements, and the reasons it was allowed should have been documented. As discussed in comment 5.5.17 above, the contract requires two different materials for fill material, and provides another material requirement for topsoil. It is impossible for the material's properties to be both MDOT Class II Granular Material, (the contract fill material requirement below 18") as well as loamy material or sandy clay (the fill material requirement from 18 inches to 6 inches). It is also impossible for the material's properties to be both MDOT Class II Granular Material (the contract fill material requirement below 18") as well as ASTM D2487 Group Symbol SM, with the percentage range of organic matter (the contract topsoil material requirement). The Land Bank and LA should have documented what material was determined acceptable to fill the hole.

5.5.19 Approved Soil Sources

The contract does not contain any evidence that soil is being purchased and delivered from the approved source. The contract should require LA to provide copies of truck tickets for



all fill material and topsoil deliveries. These would provide assurance that the material is being purchased and delivered as expected.

5.5.20 Grass Seed Inoculation

Seed inoculation with a specific strain of bacteria is required by Section 300, paragraph 3.12 and Section 200, Paragraph 2.1. It's impossible to determine whether the requirements were met because there is no documentation required by the contract or provided in the file.

5.5.21 Compaction and Grading Requirements

The contract contains requirements for compaction and grading in Section 300, paragraphs 3.9-3.11. However, it's impossible to determine whether these criteria were met because there is no plan, testing, or documentation required by the contract or provided in the file.

5.5.22 Dust and Noise Control Requirements

Most submittals required by Section 400, paragraph 1.5 are not on file. These include: Proposed dust-control measures, Proposed noise control measures, Schedule of demolition activities, Inventory of items to be removed or salvaged, and Landfill records indicating receipt and acceptance of hazardous wastes by a facility licensed to accept hazardous wastes. The Land Bank should have required and LA should have provided the submittals prior to the start of physical work or prior to payment, as applicable.

5.5.23 Internal Review Checklist

Review of the Land Bank's Internal Review Checklist for the pay request received 1/9/15 revealed the following issues that should have been identified for corrective action but were not.

5.5.23.1 Missing Subcontractors Information

The review fails to check that the contractor provided all the information required by the list at the very top of the form. Specifically, the subcontractors' proofs of compliance with Michigan Workers' Disability Compensation Act, insurance accord, licensure, and LA's confirmation of clean backfill should have been provided but were not included in the file.

5.5.23.2 Categorization of ACM

The form incorrectly states that there was no ACM.

5.5.23.3 Truck Tickets

The form lists all the weight tickets from the trucking log but fails to identify that the weight tickets themselves are missing. These should have been required/provided.



5.5.23.4 Soil Testing

The form notes that a soil sample test report was provided but fails to identify that the required Statement of Confirmation was omitted. This should have been required/provided.

5.5.23.5 Open Hole Inspection

The form fails to identify that the City open-hole inspection was not provided. The form incorrectly omits the contract and City's open-hole inspection requirement. It provides for winter grade and final grade inspections only.

5.5.24 Pay Requests

Review of the Land Bank's Internal Review Checklist for the Pay Request received 6/5/15 revealed the following issues that should have been identified for corrective action but were not.

5.5.24.1 Subcontractors Compliance with MI Workers' Disability Compensation Act

The review incorrectly confirms that the contractor provided the subcontractors' proofs of compliance with Michigan Workers' Disability Compensation Act, insurance accord, and licensure.

5.5.24.2 Topsoil Checklist

The checklist notes that the Statement of Confirmation is provided showing backfill and topsoil are below MDEQ Direct Contact level and backup. However, it fails to identify that the confirmation provided is only for the topsoil. It also fails to identify that the attached test report is the exact same report that was provided as the confirmation for the backfill provided with the previous payment request. It's unclear whether anyone noticed that it was the same test report.

5.5.25 Final Payment Checklist

Review of the Land Bank's Request for Final Payment Checklist for the Pay Request received 6/5/15 revealed the following issues that should have been identified for corrective action but were not.

5.5.25.1 Missing Information

The review fails to check that the contractor provided all the information required by the list at the very top of the form. Specifically, the subcontractors' proofs of compliance with Michigan Workers' Disability Compensation Act, insurance accord, and licensure should have been provided but were not included in the file.

The form is incomplete in that it fails to note whether the NESHAP notification was completed, fails to note whether the field report/daily log/inventory sheets were



provided, fails to note whether the trucking log was provided, fails to note whether the demolition permit was provided, fails to note whether the Land Bank inspection report was completed, and fails to mark that the Land Bank inspector approves the payment.

6 Physical Onsite Inspection of Demolition and Disposal by USACE Personnel

6.1 Open-Hole Inspections

Open holes were seen at several sites awaiting city open hole inspections. A question arose regarding if those holes should be fall protected. For excavations over 6 feet in depth on an active construction site when the excavation is not readily seen because of plant growth or other visual barrier, OSHA 1926.501 requires a guardrail system, fence, or barricades. Also, when equipment is required to approach or operate adjacent to an excavation and the operator does not have a clear view of the edge, then a warning system such as barricades, signals, or stop logs must be utilized. It seems that the snow fencing seen at the sites may be adequate to meet OSHA regulations.

6.2 Safety Requirements

No protective systems were noted in the open excavations viewed. This is not in violation of OSHA since no workers were in the excavation. However, inspections by the Land Bank should verify that workers are not allowed in excavations over 5 feet in depth without an adequate protective system designed in accordance with OSHA regulations. Excavations less than 5 feet in depth must be inspected by a competent person who determines that there is no indication of potential cave-in.

6.3 Final Grade

It's unclear whether the requirement to plow strip, or break up sloped surfaces steeper than 1 vertical to 4 horizontal is being met (see Section 300, Paragraph 3.8). The Land Bank should either require the contractor to provide pictures and perform sporadic inspections to confirm that this is being followed, or change the requirement.

6.4 Dust Abatement

Ongoing wetting, as required by the contract, was witnessed at 3016 S Grand Traverse. A question arose regarding whether it would be safe and acceptable to use Flint River water for this operation given the elevated lead levels. Flint River water lead levels exceed drinking water standards. However, this does not mean that the water is unsafe for other types of use. The USACE assessment is that lead levels present in Flint water do not pose any notable risk of contaminating the debris or soil, or exposing workers to unsafe levels of lead through skin contact.



Attachment 1

List of Omitted Documentation (Required by an Agreement or Contract)

- Compliance demolition inspection
- Open hole inspection
- Asbestos abatement Work Plan
- Asbestos Health and Safety Plan
- Qualifications for asbestos abatement for employees physically doing the work
- Waste analyses or waste profile sheets for PCB containing equipment removal
- PCB containing equipment removal Work Plan
- PCB containing equipment removal Health and Safety Plan
- Information on who sampled, analyzed, and transported all wastes for PCB containing equipment removal
- Copies of all licenses, certificates, permits, agreements, manifests, and chain of custody records for PCB containing equipment removal
- Before and after pictures
- Negative exposure assessment
- Soil erosion permits
- Landfill receipts/waste manifests
- Proof that subcontractors are in compliance with Michigan Workers' Disability Compensation Act and appropriately licensed
- Documentation showing that the backfill is below MDEQ Direct Contact level
- Proposed dust-control measures
- Proposed noise control measures
- Schedule of demolition activities
- Inventory of items to be removed or salvaged
- Landfill records indicating receipt and acceptance of hazardous wastes by a facility licensed to accept hazardous wastes



Attachment 2

FIELD REPORT



Inspection of Homes being demolished in Flint and Mt Morris Michigan for the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP)-Field Report

Robert Ferguson

Senior construction Representative

USACE, Detroit Area Office

Detroit District Michigan

On July 12 2017, I met with two staff members from Department of Treasury- Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) to inspect several home sites that were scheduled to be demolished through the Blight Elimination program.

First house to be inspected was at 1909 Becker Street in Flint (Figure 1). This site was scheduled for demolition on this day (12/July) there was a dumpster placed in front of the residence but no contractors were onsite. We visited several properties in different phases of deconstruction. Some properties were just abated (Figure 7) the asbestos siding and the interior plaster walls had been removed and placed (per neighbors) in a dumpster marked for asbestos that was placed in front of the residence on (Brown street).



Figure 1: 1909 Becker Street



Figure 2: Site on Corunna awaiting backfill

At a site on Corunna (Figure 2) the residence had been demolished and all the debris had been removed. A clean hole (with no debris or remnants of the basement) was all that remained. We visited several sites in Flint on Caldwell (Figure 3 and 4), Lyons, Swayze, Brown and Becker (Figure 1) streets in different phases of demolition. On Swayze one had a hole similar to Corunna (Figure 2) and had one property that was completed with the ground leveled covered with clean fill that was seeded with a straw cover. We visited a couple more completed sites and a couple more that had open holes.

Then we headed to three sites on Hilton Street in Mt Morris that were scheduled for demolition. The three sites hadn't been touched yet. The contractor had a house on Grand Traverse that was being demolished that afternoon. We visited a couple more sites on Victoria (Figure 6) (completed and seeded), Barrie, Simcoe and Bloor streets (both had clean open holes).



At 3016 S Grand Traverse (Figures 7 and 8) Salenbien Trucking, the demolition company, arrived with a water truck and an excavator to begin demolishing the house there. They demolished the house within an hour. I talked briefly with Salenbien foreman (Russ David). During the conversation, I learned that the Genesee County Land bank requires several inspections during demolition. They inspect the house after abatement, and after debris removal. Before the basement can be filled, the Land bank inspects the excavation to make sure it is clean and free of all construction debris before it can be filled.



Figure 3: House on Caldwell awaiting backfill



Figure 4: Another site on Caldwell completed and seeded



Figure 5: House on Concord awaiting demolition



Figure 6: Completed Lot of 3106 Grand Traverse



Figure 7: 3106 Grand Traverse abated interior prior to demolition



Figure 8: 3106 Grand Traverse knocked down



Figure 9: 3106 Grand Traverse one week after demolition 20 July



Figure 10: 3106 Grand Traverse 20 July Basement awaiting backfill



Appendix B—SIGTARP Recommendations

1. To protect the Hardest Hit Fund's goal of neighborhood stabilization, and prevent waste, fraud, and abuse, Treasury should require state agencies to, and state agencies should, prevent contractors or any other entity or person who has been charged or fined for violations of local, state, Federal environmental, or safety requirements from participating in the Blight Elimination Program under the Hardest Hit Fund. If the person or entity has been charged and is later found not guilty, that person could be allowed to participate, but should not participate while charges are pending.
2. To protect the Hardest Hit Fund's goal of neighborhood stabilization, and prevent waste, fraud, and abuse, Treasury should require state agencies to, and state agencies should, install safeguards and a quality assurance program by establishing technical requirements for all engaged in work in the Blight Elimination Program that are consistent with regulations and best practices, including in the following high-risk areas: 1) proper removal and storage of asbestos and other hazardous material; 2) proper removal and dumping of all debris in approved landfills or recycling facilities; 3) filling in the demolition holes with only clean soil from approved sources; and 4) proper seed inoculation, compaction and grading, and dust and noise control.
3. To protect the Hardest Hit Fund's goal of neighborhood stabilization by protecting Americans from exposure to asbestos or other hazardous material, and to prevent waste, fraud, and abuse, Treasury should require state agencies to, and state agencies should, conduct oversight of the quality of the demolitions and related activities, including by not paying any TARP dollars until the state agency has: (1) received and reviewed documentation of inspections, by a qualified inspector, during the removal of all material containing asbestos or other hazardous material; (2) ensured that the inspection confirms the proper handling, proper storage in leak-tight and warning-labeled containers, and disposal of hazardous material in compliance with the state's technical requirements, and all other applicable requirements, including those of the Occupational Safety and Health Administration (OSHA), the National Emissions Standard for Hazardous Air Pollutants (NESHAP), and state and local requirements; and (3) compared the inspection report with the hazardous material analyses or plans, the asbestos abatement or other hazardous material work plan, the asbestos health and safety plan, chain of custody manifests, and other documents related to compliance with OSHA and NESHAP requirements.
4. To protect the Hardest Hit Fund's goal of neighborhood stabilization by protecting Americans from exposure to contaminated material filled into the demolition hole, and to prevent waste, fraud, and abuse, Treasury should require state agencies to, and state agencies should: (1) institute safeguards by determining in its requirements the approved sources for fill dirt; (2) conduct



oversight of the quality of demolitions and related activities, including by not paying any TARP dollars until the state agency has reviewed documentation of: (a) the purchase and delivery of fill dirt from an approved source; and (b) an inspection of the open hole to ensure that all demolition debris has been removed and all foundation material has either been crushed or removed in accordance with applicable Federal, state, and local regulations and with the contract requirements; and (3) confirm and document that the hole is only filled with clean material from the approved source. The state agency should also conduct periodic soil testing, at random intervals, for every contractor. The frequency of the soil testing should relate to the experience of the contractor, and any issues raised from the documentation or lack of documentation.

5. To protect the Hardest Hit Fund's goal of neighborhood stabilization by protecting Americans from exposure to illegal dumping, and to prevent waste, fraud, and abuse, Treasury should require state agencies to, and state agencies should: (1) install safeguards by determining technical requirements to require that all materials removed are disposed at an appropriate waste or recycling facility, and creating a list of approved waste or recycling facilities; and (2) conduct oversight over the quality of the demolitions and related activities, including by not paying any TARP dollars until the state agency has reviewed documentation, including (a) landfill receipts and waste manifests to confirm the disposal at an approved facility; and (b) truck weight tickets showing the weight of debris that left the facility matched the weight received at the landfill or recycling facility.
6. To protect the Hardest Hit Fund's goal of neighborhood stabilization, and to prevent waste, fraud, and abuse, Treasury should require state agencies to, and state agencies should, conduct oversight over the quality of the demolitions and related activities, including by not paying TARP dollars until it receives evidence of compliance with all seed inoculation, compaction/grading, and dust/noise control requirements in accordance with applicable Federal, state, and local regulations and with contract requirements.



Appendix C—Management Comments



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 20, 2017

The Honorable Christy Goldsmith Romero
Special Inspector General
for the Troubled Asset Relief Program
1801 L Street, NW, 4th Floor
Washington, DC 20036

Dear Ms. Romero:

The Department of the Treasury (Treasury) thanks you for the opportunity to review your draft evaluation report of November 13, 2017 (the Draft), regarding blight elimination in Flint, Michigan under Treasury's Hardest Hit Fund (HHF). We look forward to working with the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) as we continue to wind-down the remaining programs funded through the Troubled Asset Relief Program (TARP), including HHF. This letter provides Treasury's official response to the Draft.

HHF is a \$9.6 billion program, created in February 2010 to help struggling homeowners avoid foreclosure and stabilize housing markets in areas hit hardest by the housing crisis. Funding is used by housing finance agencies (together with certain affiliates, HFAs) in 18 states and the District of Columbia, to design and implement HHF programs tailored to the specific needs and conditions of local communities. Eight states have chosen to create blight elimination programs, which have removed more than 19,600 blighted properties as of June 30, 2017.

Treasury appreciates the work conducted by SIGTARP and the Army Corps of Engineers to assess blight elimination practices in Flint, Michigan. In the Draft, SIGTARP recommends that Treasury require state HFAs to conduct additional oversight of blight elimination contractors, in order to prevent potential exposure to asbestos and other hazardous material. Treasury takes seriously the environmental issues presented by the removal of blighted properties.

Since the inception of the HHF program, Treasury has required the HFAs and their contractors to comply with "all Federal, state and local laws, regulations, regulatory guidance, statutes, ordinances, codes and requirements." This, of course, includes environmental laws and regulations. Treasury also requires the states to implement a system of internal controls designed to ensure compliance with applicable laws, and to provide regular, independent verification that such internal controls are effective. Treasury conducts regular, on-site compliance reviews of each of the HFAs to confirm the presence of internal controls and that the HFAs are following their policies and procedures.

The Draft relies largely upon a review of documentation associated with the demolition of one structure during 2014 – the first year that the Genesee County Land Bank participated in Michigan's HHF blight elimination program. We note that Michigan has since implemented more robust procedures to ensure that pre- and post-demolition inspections and activities have been documented and reviewed prior to any HHF funds being disbursed.



Treasury will carefully consider the recommendations in the Draft and respond under separate cover. Even as the TARP program nears its end, we remain committed to taking appropriate actions to improve program performance and enhance compliance procedures. We look forward to continuing to work with you as we wind down TARP.

Sincerely,

A handwritten signature in blue ink, reading "Lorenzo Rasetti", is positioned above the printed name.

Lorenzo Rasetti
Chief Financial Officer
Office of Financial Stability

SIGTARP Hotline

If you are aware of fraud, waste, abuse, mismanagement, or misrepresentations associated with the Troubled Asset Relief Program, please contact SIGTARP.

By Online_Form: www.SIGTARP.gov

By Phone: Call toll free: (877) SIG-2009

By Fax: (202) 622-4559

By Mail: **Office of the Special Inspector General
for the Troubled Asset Relief Program**

1801 L Street., NW, 3rd Floor
Washington, DC 20220

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