# **CITY of NOVI CITY COUNCIL**



Agenda Item F January 23, 2012

**SUBJECT:** Approval of Resolution Number 2 for Special Assessment District 176 – Woodham Road Water Main Extension and setting the public hearing for February 21, 2012.

SUBMITTING DEPARTMENT: Department of Public Services, Engineering Division

CITY MANAGER APPROVAL:

## **BACKGROUND INFORMATION:**

Property owners on Woodham Road approached the City with a petition requesting the formation of a special assessment district (SAD) to serve a portion of Echo Valley Estates. Subdivision in Section 29 with public water. If established, the SAD project would extend a public water main approximately 525 feet south along the east side of Woodham Road to serve nine parcels that would receive a direct benefit (see attached map).

After receipt of the informal petition on May 16, 2011, City Engineering staff held a public information meeting for potential SAD participants on October 6, 2011 to explain the SAD process and possible costs of the water main extension. A formal petition, signed by eight of the nine property owners in the potential SAD, was submitted to the City Clerk on October 11, 2011. Therefore, more than 51% of the property owners in the parcel area who would receive a direct benefit have signed the petition. The attached October 25, 2011 memo from Brian Coburn provides additional background on the formation of the district.

Resolution Number 1, adopted by City Council on November 14, 2011, authorized the preparation of plans, specifications and cost estimates for the project. The attached plans and cost estimate have now been prepared by the selected consultant for this project, Spalding DeDecker. An informal public information meeting has been scheduled with the residents within the SAD for January 24, 2012, in advance of the proposed public hearing, so staff can present the plan and cost estimates and answer any questions that the residents may have regarding the project or the SAD process.

The enclosed Resolution Number 2 declares necessity for the project and the tentative intent to proceed with the project, and sets the date for the first public hearing on necessity, proposed for the February 21, 2012 City Council meeting.

If Resolution 2 is adopted, there would be three remaining resolutions in the SAD process before the project could be constructed. The attached document provides additional detail regarding the SAD process.

The City recoups its capital expenditures on SAD projects by collecting assessments from benefitting landowners, typically over a 20-year period for water main installation. For a project of this size, the time needed to complete an SAD project (i.e., from Resolution Number 1 adoption through construction completion) ranges from 6 months to a year. The estimated cost for the project is \$119,956, which equates to \$13,328.43 per parcel.

**RECOMMENDED ACTION:** Approval of Resolution Number 2 for Special Assessment District 176 – Woodham Road Water Main Extension and setting the public hearing for February 21, 2012.

	1	2	Y	N		1	2	<b>Y</b> 5	Ν
Mayor Gatt					Council Member Margolis				
Mayor Pro Tem Staudt					Council Member Mutch				
Council Member Casey					Council Member Wrobel				
Council Member Fischer									

## STATE OF MICHIGAN

## COUNTY OF OAKLAND

## CITY OF NOVI

## WOODHAM ROAD WATER MAIN EXTENSION WATER MAIN EXTENSION (SAD 176)

## <u>RESOLUTION DECLARING NECESSITY AND TENTATIVE INTENT TO PROCEED</u> <u>WITH PROJECT AND SETTING PUBLIC HEARING</u> (Resolution No. 2)

## **RECITATIONS:**

The City has received a petition signed by what has been reported to be the record owners of more than fifty percent (50%) of the total land area in a proposed special assessment district for construction of the proposed improvement described below (the "**Project**").

Plans, specifications and cost estimates have been submitted to the City Council for construction of the Project, and the City is tentatively considering the establishment of a special assessment district to finance and defray the cost of the Project.

The proposed improvement (the "Project") is:

The construction of approximately 525 feet of 8" WATER MAIN and related facilities and improvements in Section 29 which will provide a direct benefit to nine parcels in Echo Valley Estates along a portion of Woodham Road.

The Project is designed and intended to especially benefit all of the properties in the proposed special assessment district by providing public water service to the residential properties to be assessed.

### NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. The City Council determines that the Project is necessary and that it tentatively intends to proceed with the Project, and to establish a special assessment district to defray the entire (100%) cost of the Project.

2. A registered professional engineer has prepared plans describing the Project and a preliminary estimate of the cost of the Project in the amount of **\$119,956.00**. Such plans and cost estimate have been filed with the City Clerk.

3. The City Council tentatively designates all of the properties on the list attached to this Resolution as the special assessment district against which the cost of the Project is to be assessed and which shall be identified as Special Assessment District No.176 (the "District").

4. The City Assessor has determined that the signatures contained in the Petition represent **88.3%** total land area within the District.

5. The Council recommends that the allocation of the costs of the project, based upon **SAD 176**, should be allocated on a per residential unit or equivalent basis.

6. The City Clerk shall give notice in the manner provided below that the City Council shall conduct a public hearing on **February 21, 2012**, at 7:00 P.M. at the City Hall, 45175 West Ten Mile Road, Novi, Michigan, for the purpose of hearing comments and objections to the proposed Project, and to the tentatively established District.

7. Notice of the public hearing shall be published once in a newspaper published or circulated in the City, and sent by certified mail, return receipt not requested, to the record owner or party in interest in whose name each property in the District is assessed as shown on the City's last preceding tax assessment roll for *ad valorem* tax purposes. The notice shall be published at least seven (7) full days prior to the date of the hearing and the notice of hearing shall be mailed

at least ten (10) days before the date of the hearing. The notice shall specify that appearance and protest at the hearing is required in order to appeal the matters to be considered at the hearing to the State Tax Tribunal and that an owner or party in interest or his or her agent may appear in person at the hearing to protest, or he or she may appear by filing his or her appearance or protest by letter, which shall then not require his or her personal appearance. The notice shall further specify the preliminary cost estimate for the Project, and include a card to be completed by the owner or party in interest and returned to the City Clerk's office, indicating whether the owner or party in interest supports or disapproves of the project and special assessment district.

8. The Clerk shall retain a copy of the file in the Clerk's office for examination.

AYES:

NAYS:

**ABSTENTIONS:** 

ABSENT:

## CERTIFICATION

It is hereby certified that the foregoing Resolution is a true and accurate copy of the Resolution adopted by the City Council of the City of Novi at a meeting duly called and held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

## **CITY OF NOVI**

By:\_\_

MARYANNE CORNELIUS, CITY CLERK

## CITY OF NOVI WOODHAM ROAD WATER MAIN EXTENSION SPECIAL ASSESSMENT DISTRICT NO. 176

## PUBLIC HEARING NOTICE

Date: FEBRUARY 21, 2012 Time: 7:00 p.m. In the Council Chambers at the Novi City Hall 45175 West Ten Mile Road Novi, Michigan

PLEASE TAKE NOTICE that the Novi City Council is considering the public improvement described below, to be financed by the establishment of a special assessment district. Subject to receiving comments and objections at public hearing, the Council has determined to proceed with the improvement. On February 21, 2012 at 7:00 p.m. in the Council Chambers at the Novi City Hall, 45175 West Ten Mile Road, Novi, Michigan, the City Council shall meet for the purpose of hearing comments and objections from interested persons regarding the proposed special assessment district known as Woodham Road Water Main Extension, Special Assessment District No. 176, including comments and objections to the proposed project and to the proposed special assessment district consisting of the properties anticipated to be specially benefited by, and assessed for, the improvement.

The proposed improvement ("The Project") is:

The construction of approximately 525 feet of 8-inch WATER MAIN and related

facilities and improvements in Section 29 which will provide a direct benefit to nine

parcels along a portion of Woodham Road.

The estimated cost for the Project is \$119,956.00.

A copy of the Petition, and the plans and cost estimate for the proposed Project are on file at the City Clerk's Offices, 45175 West Ten Mile Road, Novi, Michigan, for public examination during normal business hours.

Accompanying this Notice is a form for you to complete and return to the City Clerk's office, indicating whether you as a property owner within the proposed special assessment district support or disapprove of the proposed public improvement and special assessment district.

Appearance and protest at the hearing is required in order to appeal the matters to be considered at the hearing to the State Tax Tribunal. An owner or party in interest, or his or her agent, may appear in person at the hearing to protest the special assessment, or shall be permitted to file his or her appearance or protest by letter at or before the hearing and his or her personal appearance in such case shall not be required.

MARYANNE CORNELIUS CLERK CITY OF NOVI

DATED:

560221\_1



CITY COUNCIL

Mayor Bob Gatt

Mayor Pro Tem Dave Staudt

Terry K. Margolis

Andrew Mutch

Justin Fischer

Wayne Wrobel

Laura Marie Casey

City Manager Clay J. Pearson

Director of Public Services/ City Engineer Rob Hayes, P.E. January 11, 2012

Re: Notice of Public Information Meeting Special Assessment District 176 Woodham Road Water Main Extension

Dear Resident:

A Public Information Meeting for the above referenced project has been scheduled for Tuesday, January 24<sup>th</sup> at 6:00 p.m. in the Police Training Center at the Novi Police Station, 45125 W. Ten Mile Road. The purpose of this informal meeting is to allow residents within the proposed Special Assessment District (SAD) to ask questions regarding the design, cost, timeline and the overall SAD process.

The SAD process officially began with City Council's approval of Resolution #1 on November 14, 2011. Resolution #2 will be considered by City Council on January 23, 2012, at which time a date for the first of two public hearings would be set (anticipated to be February 21<sup>st</sup>).

Attached please find the revised project cost estimate, the preliminary engineering plans (considered 50% complete), a map showing the proposed special assessment district boundaries, and brochure describing the SAD process. These items will be addressed in further detail by City staff at the meeting.

In the meantime, please feel free to contact our office at 248-347-0454 for further information.

Sincerely,

ENGINEERING DIVISION

Benjamin Croy, PE Civil Engineer

Department of Public Services Field Services Complex 26300 Lee BeGole Dr. Novi, Michigan 48375 248.735.5640 248.735.5659 fax

Enclosures

cityofnovi.org

## PRELIMINARY PROJECT COST ESTIMATE POTENTIAL WATER MAIN SAD WOODHAM ROAD

### January 2012

TYF	PES OF COSTS	ESTIMATED COSTS
Α.	<ul> <li>Water Main Project Construction Costs (must be paid regard</li> <li>SAD related project cost (preliminary estimate)</li> <li>Estimated number of benefitting properties</li> <li>Estimated per property cost (preliminary estimate) (To be paid over 20 years)</li> </ul>	dless) \$119,955.85 9 <b>\$13,328.43</b>
В.	<ul> <li>Fixed Connection Costs (paid at time of water connection)</li> <li>1. Connection Charge</li> <li>2. Meter Charge (5/8" Meter)</li> </ul>	\$1,850.00 \$276.00
C.	<ul> <li>Other Water Related Costs (to be determined by homeowne</li> <li>Plumbing Costs</li> <li>Service line from property line to home</li> <li>Any plumbing changes in the home</li> <li>Retiring the well (optional, may be used for irrigation)</li> </ul>	r) ? ? ? ?

Note: The installation cost of the water service lead to the property line is included in the SAD Construction Cost. The homeowner is responsible for hiring a contractor to extend the service from the property line to the home. These costs vary depending on the location of the existing well and the amount of plumbing changes required to accommodate the new service.

## D. City of Novi Water and Sewer Charges (effective 8/2/11)

The City of Novi bills quarterly for water and sewer charges. The water charges depend on the size of the meter connection to your property. Most single family residential homes have a 5/8-inch meter.

1.	Water Charges (5/8" meter)	
	a. Flat fee per quarter	\$35.00
	b. Cost per 1,000 gallons	\$3.31

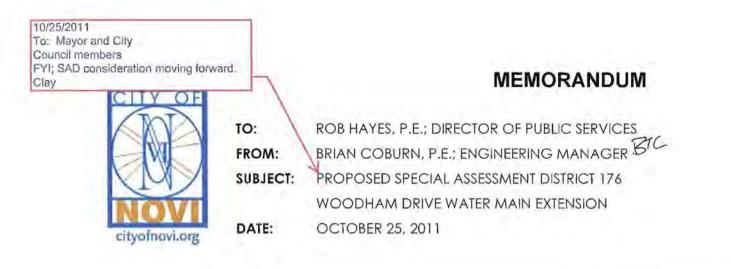
Note: The average family home without lawn sprinklers uses approximately 15,000-27,000 gallons of water per quarter. Your particular home may use more or less water.

*NOTE:* The figures presented above are preliminary estimates based on a preliminary design of the project. These figures are being presented for informational purposes only and are subject to change. Once a final design is completed for the project, more accurate costs will be developed, however actual costs will not be known until bids are received from contractors. The fees presented here are per current City Ordinances and are subject to change.

## Project Cost Estimate Woodham Road 2011 Water Main SAD Section 29

I. Total Estimated Construction Costs	
A. Construction Costs (Preliminary Estimate)	\$ 84,938.95
B. Construction Contingency (Approx. 10%)	\$ 8,493.90
<b>Total Estimated Construction Cost</b>	\$ 93,432.85
III. Consultant Engineering Services	
A. Final Design (Actual)	\$ 9,023.00
B. Construction Administration Services	\$ 17,500.00
Total Engineering Services	\$ 26,523.00
IV. Right-of-way and Easement Property Acquisition	NA
V. Tree Replacement Costs	NA
VI. Bid Advertisement, Legal, and Administrative (~2% of Const Cost)	\$ ]
VII. Bond Closing Costs (5% of Total Const. & Engr. Cost)	NA
TOTAL ESTIMATED PROJECT COST:	\$ 119,955.85

Estimated Number of Units in Proposed Distict:	9
Estimated Cost per Unit:	\$ 13,328.43



The enclosed formal petition to create a special assessment district (SAD) for the construction of water main along Woodham Drive in Echo Valley Subdivision has been received. The petition is signed by eight of the nine property owners in the proposed district. This SAD would connect to the water main that was previously constructed on Woodham Drive under SAD 171 and extend the water main approximately 500 feet. The project costs are currently estimated to be \$12,300 plus interest per parcel, which would typically be financed over 20 years.

Staff has been working with the residents on Woodham since earlier this summer when an informal petition was received. A preliminary cost estimate was developed and presented to the property owners on October 6, 2011 at a public information meeting. The formal petitions were provided to the residents at that meeting and were returned with signatures to the City Clerk on October 11.

The enclosed page from the City's website provides additional detail regarding the SAD process. The first step following receipt of the formal petition is to present Resolution 1 for City Council consideration. Resolution 1 would authorize staff to hire a consultant and develop design plans and specifications for the project.

We plan to prepare Resolution 1 for consideration by City Council at an upcoming meeting.

cc: Kathy Smith-Roy, Finance Director Victor Cardenas, Assistant City Manager

## PETITION FOR SPECIAL ASSESSMENT DISTRICT WATER IMPROVEMENTS

## TO: The City Council of the City of Novi

We, the undersigned, owners of property in <u>Echo Valley Estates</u>, Section <u>29</u>, of the City of Novi, do hereby petition the Novi City Council to hold a Public Hearing on the necessity of establishing a Special Assessment District relative to installing a water line and all necessary appurtenances within <u>Echo Valley Estates</u> to service the aforementioned properties, and to make the necessary arrangements to create a Special Assessment District for the purpose of paying the cost of such public improvement.

soor of such public improvement			
SIGNATURE OF OWNERS	SIDWELL NUMBER	ADDRESS	DATE SIGNED
1. Gault Plant	·,	24039 WOODMAN	10/0/17
2) 2 H	 	24040 Woodham	10/6/11
3. Beorge a Reur		23953 Wood ham	10/6/11
4. Marta gang		24015 WOODHAM	10/6/11
5. Elizaber former		23 171 4200 & Fran	101611
Dione Locurel	~~	23970 (JOOD HAM	10/9/11
Engelin ) Proceedourl		23938 IVaalen)	10/10/1
8. Jobert Taker	,	33931 Windham	13/ro/11
9.			1 1
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11.			
12.		2	y 110
13.			A.M.
14.			20 777 32
	<b> </b>		OF
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17.	· · · · ·		· · · · · · · · · · · · · · · · · · ·
18		·	

### STATE OF MICHIGAN) COUNTY OF OAKLAND)

property owners

The undersigned, being first duly sworn upon his oath deposes and states that  $\underline{\land}$  is the owner of real property located in the proposed District, that each signature to the above and foregoing petition is the genuine signature of the person signing same; and that to  $\underline{\circ}\underline{\circ}\underline{\circ}\underline{\circ}$  best knowledge and belief each person signing said petition was, at the time of signing, an owner of real property located in the proposed district in the City of Novi, County of Oakland, State of Michigan.

3 6000 ADDRESS: 20 1 Subscribed and sworn to before me on this \_ day of Tatal Notary Public NATALIE LAITINEN NOTARY PUBLIC, STATE OF MI Oaklan County, MI MY COMMISSION EXPIRES DEc 14, 2012 ACTING IN COUNTY OF Oak (an of My Commission Expires 12-14-12



Map Author: Croy Date: 8/29/11 Project: Potential Woodham SAD Version #: V1.1

MAP INTERPRETATION NOTICE



CITY OF ovi ore

Engineering Division Department of Public Services 26300 Delwal Drive Novi, MI 48375 cityofnovi.org

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#### Special Assessment District Update

In February 2003, the Novi City Council adopted "Review the SAD Process" as one of its goals. The new procedure detailed here is the result of ordinance review and comparison studies of similar communities. It is believed that this new SAD Ordinance, adopted October 6, 2003, will reduce the process by four months.

#### What is a Special Assessment?

A Special Assessment can be made for any public improvement within Novi, which is of such a nature as to directly benefit any property within a defined area.

#### What types of improvements are financed by Special Assessment?

The most common types of improvements that are financed through the SAD process include:

- · Road improvements
- Sanitary sewers
- · Water mains
- Storm sewers
- Street lighting
- Sidewalks

#### How does the process begin?

The SAD process is initiated by either a resident Request for Information Petition or Resolution by the City Council.

If the process is begun through the new Request for Information Petition, it must be signed by 30 percent of the total units of benefit in the district. Then, a public informational meeting is held regarding the SAD process, preliminary design and cost estimates for the project, and timeframe for the process. The City of Novi's Engineering Division does preliminary engineering for the public informational meeting.

Residents then have 60 days following the public information meeting in which to submit a formal Petition to Start a Special Assessment District, which must be signed by 51 percent of the total units of benefit (per tap unit, front foot, etc.) in the proposed district. District boundaries may change between the public information meeting and the submission of the Petition to Start a Special Assessment District. This petition initiates the formal SAD process.

#### What is a unit of benefit?

A unit of benefit is determined by the City of Novi on a basis appropriate to the improvement.

#### Who oversees the bid process?

The City of Novi's Engineering Division facilitates the bid process and oversees construction of projects.

#### Once the process is started, can it be stopped?

City Council views this process as a partnership between the City and the residents. The ordinance does state that property owners can request to stop the process at any time until the City Council adopts Resolution #5; however, since the City incurs significant planning and design experience the city for the process of the process the City Council has the right to approve or demusive property of the process.

design expenses at the onset of the process, the City Council has the right to approve or deny such request.

#### How many years can the SAD payments be spread over and what is the payment schedule?

The amount of years varies by type of project, however the term is normally less than the life expectancy of the improvement (not to exceed 15 years for roads and 20 years for all other utilities.

The first installment is due upon confirmation of the SAD roll before construction begins, OR on such date as the City Council may determine. Subsequent installments are billed with the summer property tax bill.

#### What is the interest rate?

The interest rate reflects current market conditions and is not to exceed eight percent. The rate is established by the City Council. Interest is calculated on the unpaid balance. If the assessment is prepaid prior to the commencement of interest date, there is no interest charge.

#### If I move or sell my property, am I still responsible for the loan?

Once the SAD roll is confirmed the City places a lien on the properties and assumes the position of first lien holder. The City does not require that the assessment be paid off during a real estate transfer; however, individuals should consult with a title company to verify requirements.

# Is there a procedure that would provide relief for property owners with a demonstrated financial hardship?

With the approval of the City Council and the City Assessor, a Special Assessment may be deferred by the reason of poverty per "Federal guidelines" for a specific property. The lien is placed on the property and all payments are deferred until the property is transferred. However, interest accrues on the unpaid balance.

#### SAD Process

#### Resolution # 1

City Council makes three tentative determinations: the necessity of the improvement; the conclusion on whether to proceed with the improvement; and, the establishment of a proposed district of properties that will be specially benefited by the improvement (the proposed "special assessment district"). Once such determinations are made, the Council directs the City Manager to have plans and a cost estimate prepared for the improvement.

#### Resolution # 2

City Council confirms the tentative necessity of the improvement, sets a public hearing date on the issues to be considered for Resolution # 3, and directs the City Clerk to provide notice of the public hearing as provided in the City Code.

First Public Hearing is held to allow the Council to hear comments and objections on the proposed improvement and on the proposed special assessment district.

#### Resolution # 3

Following the public hearing, City Council again determines whether to proceed with the improvement, and, if so, this resolution approves the preliminary plans and cost estimate, designates the special assessment district, and directs the City Assessor to prepare a proposed special assessment roll, reflecting the total cost of designing, financing and constructing the improvement and the amount each property in the special assessment district will have to pay.

#### Resolution # 4

City Council receives the proposed special assessment roll prepared by the City Assessor, sets a date for a public hearing on the proposed assessment roll, and directs the City Clerk to provide notice of the public hearing as provided in the City Code.

Second Public Hearing is held to allow the Council to hear comments and objections on the proposed special assessment roll.

#### Resolution # 5

Following the public hearing, City Council makes the final determination on proceeding with the improvement, and confirms the special assessment roll, either as presented or as modified based upon comments and objections received at the public hearing.

The approved improvement is then pursued, and properties are assessed in accordance with Resolution # 5.

#### For more information

Brian Coburn, Engineer 45175 W. Ten Mile Road Novi, MI 48375

248-347-0454 <u>Email</u>



## SPALDING DEDECKER ASSOCIATES, INC.

905 South Boulevard East • Rochester Hills • Michigan 48307 • Tel 248 844 5400 • Fax 248 844 5404

## WOODHAM ROAD WATER MAIN EXTENSION 2011 PRELIMINARY CONSTRUCTION COST

PROJECT NAME: Woodham Road Water Main Extension 2011 CLIENT NAME: City of Novi PREPARED BY: T. Lindow

CHECKED BY: M.Sedki

PROJECT NO: NV11-005 SAD NO: N/A DATE: 1/9/2012

NO					UNIT	
NO.	ITEM	QUANTITY	UNIT		PRICE	AMOUNT
	Bonds, Insurance, & Initial Setup		LS	\$	2,464.95	\$ 2,464
	Audio-Visual Tape of Construction Area		LS	\$	1,000.00	\$ 1,000
	Misc. Site Restoration		LS	\$	3,500.00	\$ 3,500
	Soil Erosion and Sedimentation Control		LS	ŝ	2,000.00	\$ 2,000
	8" CL. 54 D.I. Water Main	520	LF	\$	50.00	\$ 26,000
	8" Gate Valve and Well	1	EA	\$	2,500.00	\$ 2,500
	Hydrant Assemblies	2	EA	\$	2,800.00	\$ 5,600
	Remove Hydrant Assembly	1	EA	\$	2,000.00	\$ 2,000
	Connect to Ex. 8" Water Main	1	LS	\$	2.000.00	\$ 2,000
	Tunnel Under Tree & Driveways at #24014 & 23970	1	LS	\$	6,000.00	\$ 6.000
	Tunnel Under Tree at #23970	1	LS	\$	3,500.00	\$ 3,500
	1" Type K Lead w/ Box Valve - Long	5	EA	\$	2,200.00	\$ 11,000
	1" Type K Lead w/ Box Valve - Short	4	EA	\$	1,000.00	\$ 4,000
	Remove Asphalt Driveway	110	SY	\$	3.50	\$ 38
	8" Aggregate Base, 21AA Limestone	110	SY	\$	6.50	\$ 715
	13 A Bituminous Pavement	25	TON	\$	90.00	\$ 2,250
	Remove Culvert Pipe Including End Sections	108	LF	\$	10.00	\$ 1,080
	Furnishing Culvert Pipe, 12" CSP, 16 Ga.	127	LF	\$	30.00	\$ 3,810
	Furnishing End Sections, 12" CSP, 16 Ga.	8	EA	\$	125.00	\$ 1,000
	Seeding and Mulching	1,150	SY	\$	3.00	\$ 3,450
	Class "A" Sodding	100	SY	\$	3.75	\$ 37
				_		 
				-		
				-		
NOIN	OF PRELIMINARY PROBABLE CONSTRUCTION COST			-		\$84,62

In providing opinions of probable construction cost, the Client understands that the Consultant has no control over the cost or availability of labor, equipment or materials, or over market conditions or the Contractor's method of pricing, and that the Consultant's opinions of probable construction costs are made on the basis of the Consultant's professional judgement and experience. The Consultant makes no warranty, express or implied, that the bids or the negotiated cost of the Work will not vary from the Consultant's opinion of probable construction cost.

