



## CITY of NOVI CITY COUNCIL

**Agenda Item 1**  
**November 14, 2011**

**SUBJECT:** Approval of Resolution Number 1 for Special Assessment District 176 – Woodham Road Water Main Extension authorizing the preparation of plans, specifications and cost estimates.

**SUBMITTING DEPARTMENT:** Department of Public Services, Engineering Division *BTC*

**CITY MANAGER APPROVAL:** *[Signature]* *RA*

### **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. 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. At this early stage in the SAD process, costs are estimated to be \$110,700; the cost apportioned equally to each landowner. Based on the current estimate, the cost per parcel is approximately \$12,300. The attached October 25, 2011 memo from Brian Coburn provides additional background.

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.

If adopted, Resolution Number 1 authorizes the preparation of plans, specifications and detailed cost estimates for the proposed SAD 176. Engineering staff would then recommend award of a contract to one of the City's engineering consultants to complete the design phase of the project, and prepare detailed cost estimates. The remaining four steps/resolutions in the SAD process are described in the attached document.

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.

**RECOMMENDED ACTION:** Approval of Resolution Number 1 for Special Assessment District 176 – Woodham Road Water Main Extension authorizing the preparation of plans, specifications and cost estimates.

	1	2	Y	N
<b>Mayor Gatt</b>				
<b>Council Member Casey</b>				
<b>Council Member Fischer</b>				
<b>Council Member Margolis</b>				

	1	2	Y	N
<b>Council Member Mutch</b>				
<b>Council Member Staudt</b>				
<b>Council Member Wrobel</b>				

STATE OF MICHIGAN  
COUNTY OF OAKLAND  
CITY OF NOVI

**WOODHAM ROAD  
WATER MAIN EXTENSION 2011 (SAD 176)**

**RESOLUTION TO PROCEED WITH PREPARATION OF PLANS,  
SPECIFICATIONS, AND COST ESTIMATE FOR A PROPOSED  
SPECIAL ASSESSMENT DISTRICT**  
(Resolution No. 1)

**RECITATIONS:**

The City Council has received a petition requesting construction of the proposed improvement described below, and the establishment of a special assessment district to defray the cost of such improvement by special assessment against the benefited properties.

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 9 parcels in the Echo Valley Estates Subdivision along a portion of Woodham Road.

The City Council has reviewed the petition and desires to proceed with further review of the Project by having cost estimates and project plans prepared for the Project.

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

1. The City Manager shall direct a registered professional engineer to prepare detailed plans and specifications for the Project, a cost estimate for the Project, an estimate of the life of the Project, a description of the proposed special assessment district, and other pertinent information that will assist the City Council in determining whether to proceed with the Project, and to make a preliminary estimated cost, extent and necessity of the Project, including the

portions to be paid by special assessments upon the properties that are especially benefited by the Project.

2. Upon completion, such information shall be filed with the Clerk along with the City Manager's recommendations with respect to the Project.

3. No contract or expenditure, except for the cost of preparing the necessary profiles, plans, designs, specifications and estimates of cost described above, shall be made for the Project, nor shall any improvements be commenced until the City Council confirms the special assessment roll to defray the costs of the Project.

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 14th day of November 2011.

**CITY OF NOVI**

By: \_\_\_\_\_  
MARYANNE CORNELIUS, CLERK



# Proposed Special Assessment District

Woodham Road Water Main Extension 2011

SDA 176



Map Author: Croy  
Date: 8/29/11  
Project: Potential Woodham SAD  
Version #: V1.0



Feet

0 35 70 140 210 280

1 inch = 182 feet

#### MAP INTERPRETATION NOTICE

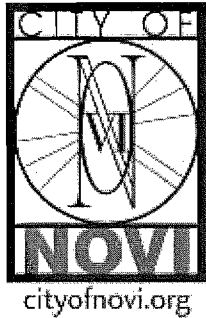
Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.



## City of Novi

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





## MEMORANDUM

**TO:** ROB HAYES, P.E.; DIRECTOR OF PUBLIC SERVICES  
**FROM:** BRIAN COBURN, P.E.; ENGINEERING MANAGER *BIC*  
**SUBJECT:** PROPOSED SPECIAL ASSESSMENT DISTRICT 176  
WOODHAM DRIVE WATER MAIN EXTENSION  
**DATE:** OCTOBER 25, 2011

---

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 Echo Valley Estates, Section 29, 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 Echo Valley Estates 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.

SIGNATURE OF OWNERS	SIDWELL NUMBER	ADDRESS	DATE SIGNED
1. <i>David P. ...</i>		24039 WOODHAM	10/6/11
2. <i>[Signature]</i>		24040 Woodham	10/6/11
3. <i>George A. Rini</i>		23953 Woodham	10/6/11
4. <i>Bob G. Gino</i>		24015 WOODHAM	10/6/11
5. <i>Elizabeth ...</i>		23971 Woodham	10/6/11
6. <i>Diane ...</i>		23970 WOODHAM	10/9/11
7. <i>[Signature]</i>		23968 Woodham	10/10/11
8. <i>Robert ...</i>		23931 Woodham	10/10/11
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			

2011 OCT 11 A 9:20  
 CITY OF NOVI  
 CITY CLERK'S OFFICE

STATE OF MICHIGAN)  
COUNTY OF OAKLAND)

property owners

The undersigned, being first duly sworn upon his oath deposes and states that ^ 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 his 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.

*George A. Rini*  
 ADDRESS: 23953 WOODHAM - NOVI

Subscribed and sworn to before me on this 11<sup>th</sup> day of October 20 11

*Natalie Laitinen*  
 Notary Public  
Oakland County, MI

NATALIE LAITINEN  
 NOTARY PUBLIC, STATE OF MI  
 COUNTY OF OAKLAND  
 MY COMMISSION EXPIRES Dec 14, 2012  
 ACTING IN COUNTY OF Oakland

My Commission Expires 12-14-12

[Government](#)[Community](#)[City Services](#)[Reference](#)[Agendas & Minutes](#)[How Do I](#)[Stay Connected](#)

## 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 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

[Email](#)