



CITY of NOVI CITY COUNCIL

**Agenda Item 7
May 21, 2012**

SUBJECT: Approval of Resolution for Budget Amendment 2012-4.

SUBMITTING DEPARTMENT: City Manager/DPS/Finance

CITY MANAGER APPROVAL:

BACKGROUND INFORMATION:

Based on the most recent cost estimates, the following construction projects are being updated. For the Novi Road Link, please find attached a memo prepared by the City Engineering staff, which includes the project to date cost estimates. The amendment also includes the costs updated for: West Oaks Area Roadway and 10 Mile Pathway projects (see May 21 Agenda Items for construction and construction engineering awards).

RECOMMENDED ACTION: Approval of Resolution for Budget Amendment 2012-4.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Wrobel				

**BUDGET AMENDMENT# 2012-4
RESOLUTION**

NOW, THEREFORE BE IT RESOLVED that the following Budget Amendment# 2012-4 is authorized:

	<u>INCREASE (DECREASE)</u>
MAJOR STREET FUND	
REVENUE	
Appropriation of Fund Balance	<u>\$ 21,560</u>
APPROPRIATIONS	
Construction - West Oaks Area - West Oaks Drive & Fountain Walk	<u>\$ 21,560</u>
LOCAL STREET FUND	
REVENUE	
Appropriation of Fund Balance	<u>\$ 25,800</u>
APPROPRIATIONS	
Construction - West Oaks Area Roadway - South Karevich Drive	<u>\$ 25,800</u>
MUNICIPAL STREET FUND	
REVENUE	
Appropriation of Fund Balance	<u>\$ 371,500</u>
APPROPRIATIONS	
Construction - Novi Road Link (\$360,000); 10 Mile Pathway (\$11,500)	<u>\$ 371,500</u>

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi at a regular meeting held on May 21, 2012

Maryanne Cornelius
City Clerk

City of Novi - Budget Amendment 2012-4
May 21, 2012

	<u>Budget</u>		<u>Award</u>		<u>Amendment</u>	
West Oaks Dr	\$ 46,100	\$	59,055	\$	12,955	Engineering & Geotech 202-202.00-805.459
Fountain Walk	\$ 31,000	\$	29,082	\$	(1,918)	Engineering & Geotech 202-202.00-805.458
West Oaks Dr	\$ 221,000	\$	279,442	\$	58,442	Construction 202-202.00-865.459
Fountain Walk	\$ 149,000	\$	101,078	\$	(47,922)	Construction 202-202.00-865.458
				\$	<u>21,557</u>	
S Karevich	\$ 27,180	\$	40,095	\$	12,915	Engineering & Geotech 203-203.00-805.565
S Karevich	\$ 130,450	\$	143,299	\$	12,849	Construction 203-203.00-865.565
				\$	<u>25,764</u>	
Ten Mile Pathway	\$ 8,300	\$	58,035	\$	49,735	ROW, Engineering, CSX, etc. 204-204.00-974.417
Ten Mile Pathway	\$ 108,000	\$	69,726	\$	(38,274)	Construction 204-204.00-974.418
				\$	11,461	
Novi Road Link				\$	360,000	Construction 204-204.00-865.616
				\$	<u>371,461</u>	

MEMORANDUM

5/16/2012

To: Mayor and City Council members
Heads-up on forthcoming budget amendment we will have for the \$25 million Novi Road Link improvement.
Clay



TO: ROB HAYES, P.E.; DIRECTOR OF PUBLIC SERVICES
FROM: BRIAN COBURN, P.E.; ENGINEERING MANAGER *BTC*
SUBJECT: NOVI ROAD LINK PROJECT BUDGET
DATE: MAY 16, 2012

The Novi Road Link project, consisting of the widening of Novi Road to five lanes between Main Street and Ten Mile Road with a new bridge over the CSX railroad, has been open to traffic since the day before Thanksgiving 2011. The project was managed by the Road Commission for Oakland County (RCOC), as the agency with jurisdiction over the road, using a federal grant for 80% of the right-of-way acquisition and construction costs along with contributions from Novi and RCOC, as well as from tri-party funding.

Right-of-way Costs

The City of Novi approved a cost participation agreement in July 2004 to share the local costs for the right-of-way acquisition phase of the project. The right-of-way acquisition work has been ongoing and continues today with two remaining cases left to be settled. The enclosed letter from RCOC to the Oakland Federal Aid Committee notes that right-of-way costs will exceed the original estimate. RCOC was successful in securing additional Federal grant funds to cover 80% of the \$2,250,000 increase, thus making Novi's share \$225,000. Additional right-of-way costs in the amount of \$280,000 were estimated in the current year budget; therefore a budget amendment will not be needed for this phase of the project.

Construction Costs

The City of Novi approved a cost participation agreement in September 2010 to share the local costs for construction of the project with RCOC. The City of Novi's local match for the construction cost estimate at the time of the cost participation agreement was \$1,671,488, which included \$153,932 estimated for utility relocation and improvements. The City of Novi used a total of \$1,517,556 of Tri-Party Funds to help fund the construction phase of the project.

As you may recall, the project was awarded in fall 2010 and encountered several challenges related to conflicts with franchise utilities such as electric, gas and telephone. These conflicts caused significant delays to the contractor in early 2011 and threatened to delay the advertised date that the project would be open to traffic, December 1, 2011. The contractor delays due to utility conflicts and the acceleration of the work to get the project back on schedule resulted in \$619,680 in additional construction costs for the project (see the attached letter from RCOC for additional background). Because these costs are not eligible for Federal funding, they are local costs to be shared equally between RCOC and Novi.

Below is a summary of project cost estimates for the Novi Road project which includes the additional construction and right-of-way costs per RCOC's letter dated May 2, 2012 and April 23, 2012, respectively. A budget amendment in the amount of \$360,000 will be presented for consideration on an upcoming City Council agenda.

Project Cost Analysis
 Novi Road Reconstruction Project - Ten Mile Road to Grand River Avenue
 City of Novi, Oakland County, Michigan

Project #	Estimate per RCOC Agreement (including amendments)				Actual Cost					Construction Novi Local Match (55.42%)
	Estimated Project Cost	Less: Est. Federal / State Funding Sources	Estimated Total Local Match	City of Novi Local Match (50%)	Total Gross Project Cost to-date	Less: Est. Federal / State Funding Sources	Total Project Cost To-date	Condemnation Costs not eligible for Federal Aid		
1. Preliminary Engineering Cost										
1. Actual PE cost as of 05/02/2002	\$ 465,242	\$ (187,800)	\$ 277,442	\$ 138,721	\$ 138,721	\$ -	\$ -	\$ -	\$ 138,721	
2. Estimated PE cost following 05/02/2002	734,758	(601,400)	133,358	66,679	66,679	-	-	-	66,679	
	<u>1,200,000</u>	<u>(789,200)</u>	<u>410,800</u>	<u>205,400</u>	<u>205,400</u>	-	-	-	<u>205,400</u>	
2. Right of Way Related Costs										
1. Right of Way Acquisition Cost	41531 12,758,000	(9,962,400)	2,795,600	1,397,600	11,672,922.37	(9,338,337.71)	2,334,584.66	557,471.86	1,446,028.26	
2. Additional Right of Way Acquisition Cost				280,000	-	-	-	-	-	
Total Right of Way Related Costs				1,677,600	11,672,922.37	(9,338,337.71)	2,334,584.66	557,471.86	1,446,028.26	
NOV SHARE of Local Match (50%) for PE and ROW			sub-total	1,883,200	11,878,322.37	(9,338,337.71)	2,334,584.66	557,471.86	1,651,428.26	
3. Estimated construction cost (per RCOC)										
Federally funded items	41531 \$ 13,692,827	\$ (10,954,102)	\$ 2,738,525	1,369,263	12,382,075.39	(9,904,337.86)	2,477,737.53	-	1,373,040.39	
Other costs ineligible for fed/state funds				148,293	619,675.73	-	619,675.73	-	309,837.87	
4. Part B - utility relocation and improvements				153,932	76,445.55	-	76,445.55	-	76,445.55	
Utility conflict costs ineligible for fed/state funds (per RCOC letter dated May 2, 2012)				309,840	-	-	-	-	-	
Total Construction Related Costs				1,981,328	13,078,196.87	(9,904,337.86)	3,173,858.81	-	1,759,323.61	
Total Estimated Project Cost				\$ 3,964,528	24,056,510.04	(19,242,675.57)	5,508,443.47	557,471.86	3,410,762.07	
Tri-Party RCOC \$\$ to be applied to this project (a)				\$ (1,011,702)	(a)					
Novi Estimated Local Share				\$ 2,852,826						
Less previous payments to RCOC thru April 30, 2012:				\$ (2,138,285)						
Estimated Balance remaining to complete				\$ 714,540						

Funding for this project: Road Bond Funds, Municipal Street Fund including transfers from Metro Act Funds

Total Tri-Party	City's Share	Total Tri-Party	Annual Tri-Party Resolutions					
			2005	2006	2007	2008	2009	2010
\$ 1,517,556	\$ 505,854	\$ 1,517,556	\$ 21,273	\$ 342,106	\$ 348,373	\$ 345,412	\$ 345,412	\$ 116,980
RCOC amount to be applied (a)	\$ 1,011,702							

General Ledger Reconciliation of Project Costs		Other Costs	
Project Expenditures:			
Preliminary Engineering	204-865.900 (paid in FY 1993-94)		15,650.00
Preliminary Engineering	409-805.616		189,750.00
Right-of-Way	409-862.616	(Payments to RCOC)	976,613.32
Right-of-Way	204-204.00-862.616	(Payments to RCOC)	469,414.95
Construction	204-204.00-865.616	(Payments to RCOC)	486,857.22
Miscellaneous	409-862.616	\$ 4,925	
Miscellaneous	204-862.616	\$ 5,550	
2009-10 OHM	204-204.00-805.616	\$ 4,435	
2009-10 Novi Rd Grade Separation Project	204-204.00-862.616	\$ 5,500	
		<u>\$ 20,410</u>	
	Total Actual Cost to-date (b)		2,138,285.49

Less: Tri-Party Allocation (915,360.26) 3,053,645.75
 Total Amount Due 357,106.32

The Road Commission for Oakland County (RCOC) is working with the Oakland County Board of Commissioners toward making additional Tri-Party funding available to those communities that are able to provide the one-third match. While a work in progress, it is anticipated that if approved by the Oakland County Board of Commissioners, the additional Tri-Party funding could be available by mid-June. We have contacted RCOC about using the additional Tri-Party funds for this project or another eligible project (such as Grand River or Eight Mile Road) and will follow-up again in mid-June.

Please let me know if you have any questions or comments regarding the additional costs to be borne by Novi for the Novi Road Link project.

cc: Kathy Smith-Roy, Finance Director
 Marina Neumaier, Assistant Finance Director



QUALITY LIFE THROUGH GOOD ROADS:
ROAD COMMISSION FOR OAKLAND COUNTY
"WE CARE."

April 23, 2012

Mr. David Evancoe
Chairperson
Oakland County Federal Aid Committee
31001 Lahser Road
Beverly Hills, 48025

Subject: Novi Road (10 Mile Road to Grand River Avenue)

Dear Mr. Evancoe:

This is a request of the Oakland County Federal Aid Committee to increase the authorization for the right-of-way phase of the above Transportation Economic Development Fund (TEDF-C) project.

The current right-of-way authorization is \$12,073,750 with 80% or \$9,659,000 in TEDF-C funds and 20% or \$2,414,750 in local match. The local match is being split equally between the Road Commission for Oakland County (RCOC) and the City of Novi. As of March 30, 2012 \$380,828 of authorization is remaining.

Due to numerous condemnation proceedings, legal fees and additional appraisals RCOC is requesting a \$2,250,000 increase in the authorization for the right-of-way phase of the Novi Road project. The TEDF-C funds would cover 80% or \$1,800,000 and 20% or \$450,000 would be split equally between RCOC and the City of Novi.

The current TEDF-C balance through FY 2012 is \$21,871,988 and no existing RCOC or community projects will be affected by this authorization increase.

Your consideration of this request at the May 8, 2012 meeting is appreciated.

If you have any questions, please contact me at (248) 645-2000.

Sincerely,

Gary Piotrowicz
Deputy Managing Director/
County Highway Engineer

GP/tn

Board of Road Commissioners

Ronald J. Fowkes
Commissioner

Gregory C. Jamian
Commissioner

Eric S. Wilson
Commissioner

Dennis G. Kolar, P.E.
Managing Director

Gary Piotrowicz, P.E., P.T.O.E.
Deputy Managing Director
County Highway Engineer

31001 Lahser Road
Beverly Hills, MI
48025

248-645-2000

FAX
248-645-1349

TDD
248-645-9923

www.rcocweb.org



May 2, 2012

Mr. Brian T. Coburn, P.E.
Department of Public Services
City of Novi
26300 Lee BeGole Drive
Novi, MI 48375

Board of Road Commissioners

Ronald J. Fowkes
Commissioner

Gregory C. Jamian
Commissioner

Eric S. Wilson
Commissioner

Subject: Novi Road (10 Mile Road to Grand River Avenue)

Dear Brian:

The most recent invoice the Road Commission for Oakland County (RCOC) sent the City of Novi included costs for various utility conflicts on the above project. The invoice reflects a 50/50 cost split between RCOC and the city.

The costs are the result of utilities located by permit in RCOC right-of-way that needed to be moved in order to construct the project. The costs also include delays the contractor experienced due to the utility conflicts and acceleration costs to get the contractor back on schedule to complete the project.

If you have any questions, please contact me at (248) 645-2000.

Sincerely,

Thomas G. Noechel
Programming Supervisor

/je

**Programming Division
Engineering Department**

31001 Lahser Road
Beverly Hills, MI
48025

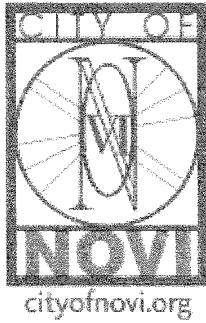
248-645-2000

FAX
248-645-0618

TDD
248-645-5555

www.rcocweb.org

MEMORANDUM



TO: CLAY PEARSON, CITY MANAGER

CC: LEADERSHIP GROUP

FROM: KATHY SMITH-ROY, FINANCE DIRECTOR/TREASURER ✓

SUBJECT: BUDGET AMENDMENT 2012-4

DATE: MAY 16, 2012

The purpose of this memorandum is to provide additional information regarding Budget Amendment 2012-4.

From now until June 8, 2012 Finance staff will be working with DPS on the estimates for the Municipal Street Fund expenditures. At this time based on the approved budget for 2012-13, the Finance and DPS staff are comfortable that there is sufficient fund balance to cover the changes in project estimates, and that the Municipal Street Fund balance will be 10% of the expenditures as of June 30, 2013. ✓

The Finance Department will be presenting the final budget amendment for the fiscal year ended June 30, 2012 at the June 18, 2012 City Council meeting. At that time an update comparing the final budget amendment to the "Estimated" amount use in preparation for the 2012-13 budget, of the General Fund and Special Revenue Funds, including the Municipal Street Fund, will be included. ✓