

# CITY of NOVI CITY COUNCIL

**Agenda Item 5  
February 11, 2019**



**SUBJECT:** Approval of a cost participation agreement with the Road Commission for Oakland County for advance construction costs associated with the 12 Mile Road and Novi Road Intersection reconstruction project in the amount of \$481,259.

**SUBMITTING DEPARTMENT:** Department of Public Works, Engineering Division

**CITY MANAGER APPROVAL:** 

<b>EXPENDITURE REQUIRED</b>	<b>\$ 481,259.00</b>
<b>AMOUNT BUDGETED</b>	<b>\$ 602,925</b>
<b>APPROPRIATION REQUIRED</b>	<b>\$ 0</b>
<b>LINE ITEM NUMBER</b>	<b>204-204.00-865.032</b>

## **BACKGROUND INFORMATION:**

The 12 Mile Road and Novi Road intersection is under the jurisdiction of the Road Commission for Oakland County (RCOC). The RCOC originally planned to reconstruct the intersection in FY2021 by utilizing National Highway Performance Program (NHPP) funding; however, the condition of the intersection prompted the City to propose advanced reconstruction in collaboration with the RCOC (Board) and the Oakland County Board of Commissioners (County) in 2019.

The City, RCOC, and the County have a Tri-Party Program funding amount of \$628,111 which is paid in equal contributions by the three agencies. The City will also need to supply the local match for the FY2021 NHPP funds as well as provide an additional contribution to meet the construction estimate. The RCOC will contribute and perform all construction engineering, estimated in the amount of \$100,000.

The City will agree to pay \$481,259 toward the project for the following construction costs:

- \$209,370 City-share in the Tri-Party Program fund
- \$171,889 of additional contribution
- \$100,000 advance construction match of the FY2021 NHPP funds

Per the cost participation agreement, the Board will reimburse the Community a total of \$381,259 after the NHPP Funds are received by the Board in FY2021 (after October 1, 2020). The advance construction match from the City in the amount of \$100,000 is considered non-reimbursable.

The City Attorney reviewed the attached local cost share agreement and finds documentation sufficient for sharing costs between the City and the RCOC (Beth Saarela, January 31, 2019). It is anticipated the construction will begin after July 1, 2019 and be completed by fall 2019.

**RECOMMENDED ACTION:** Approval of a cost participation agreement with the Road Commission for Oakland County for advance construction costs associated with the 12 Mile Road and Novi Road Intersection reconstruction project in the amount of \$481,259.



# 12 Mile Road and Novi Road Intersection Reconstruction

Location Map

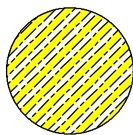


Map Author: Joseph Akers  
Date: August 10, 2018  
Project: 12 Mile and Novi Intersection  
Version #: 1

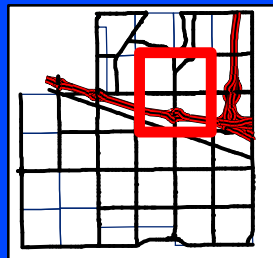
Amended By:  
Date:  
Department:

#### 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.



Proposed  
Intersection  
Reconstruction



**City of Novi**

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

Feet  
0 255 510 1,020 1,530

1 inch = 1,259 feet





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Farmington Hills, Michigan 48331  
P 248.489.4100 | F 248.489.1726  
rsjalaw.com



ROSATI | SCHULTZ  
JOPPICH | AMTSBUECHLER

January 31, 2019

George D. Melistas, Engineering Senior Manager  
City of Novi  
45175 Ten Mile Road  
Novi, MI 48375-3024

Re: Cost Participation Agreement – 12 Mile and Novi Road Constructions

Dear Mr. Melistas:

We have received and reviewed the Cost Participation Agreement prepared by the Board of County Road Commissioners (Board) for the cost of the repaving of 12 Mile and Novi Road. The cost of the Project is estimated to be \$1,100,000 and will be shared by the Board, Oakland County, and the City. The enclosed Cost Participation Agreement provides for the payment by Novi of \$481,259, consisting Tri-Party funds and National Highway Performance Program (NHPP) Advance Construct Match Funds. Novi's share will be collected by the Board upon execution of the Agreement, with the portion attributable to the NHPP match being reimbursed to the City upon receipt of the federal funding by the Board. Any excess project costs will be shared equally by the Board of County Road Commissioners and Novi.

The Agreement is provided for the limited purpose of setting forth how the project costs will be divided between the named parties. The Board will contract separately for completion of the Project and will be reimbursed by the City and Oakland County for their proportionate share of the costs.

Based on the limited purpose and scope of the contract, we see no legal impediment to entering into the Agreement with the Board.

Very truly yours,

ROSATI SCHULTZ JOPPICH  
& AMTSBUECHLER PC

A handwritten signature in blue ink, appearing to read 'Elizabeth Kudla Saarela', is written over a horizontal line. The signature is stylized and cursive.

Elizabeth Kudla Saarela

EKS

George D. Melistas, Engineering Senior Manager  
City of Novi  
January 31, 2019  
Page 2

Enclosure

C: Cortney Hanson, Clerk (w/Enclosure)  
Jeffrey Herczeg, Public Works Director (w/Enclosure)  
Joseph Akers, Staff Civil Engineer (w/Enclosure)  
Thomas R. Schultz, Esquire (w/Enclosure)

## **COST PARTICIPATION AGREEMENT**

### **CONSTRUCTION**

12 Mile Road

At Novi Road

City of Novi

Board Project No. 54551

This Agreement, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2019, by and between the Board of County Road Commissioners of the County of Oakland, Michigan, hereinafter referred to as the BOARD, and the City of Novi, hereinafter referred to as the COMMUNITY, provides as follows:

WHEREAS, the BOARD and the COMMUNITY have programmed the concrete reconstruction of 12 Mile Road at Novi Road, as described in Exhibit "A", attached hereto, and made a part hereof, which improvements involve roads under the jurisdiction of the BOARD and within the COMMUNITY, which improvements are hereinafter referred to as the PROJECT; and

WHEREAS, the estimated total cost of the PROJECT is \$1,100,000; and

WHEREAS, said PROJECT involves certain designated and approved Tri-Party Program funding in the amount of \$628,111, which amount shall be paid through equal contributions by the BOARD, the COMMUNITY and the Oakland County Board of Commissioners, hereinafter referred to as the COUNTY; and

WHEREAS, the BOARD and the COMMUNITY have reached a mutual understanding regarding the cost sharing of the PROJECT and wish to commit that understanding to writing in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and in conformity with applicable law, it is hereby agreed between the COMMUNITY and the BOARD that:

1. The COMMUNITY approves of the PROJECT, declares its public necessity, and authorizes the BOARD to perform or cause to be performed, and complete the PROJECT along with all administration in reference thereto.
2. The PROJECT shall include construction engineering and total payments to the contractor. Any costs incurred by RCOC prior to this agreement date shall be allowable.
3. The estimated total PROJECT cost of \$1,100,000 shall be invoiced and funded in the following order:
  - a. The BOARD shall contribute and perform all construction engineering, estimated in the amount of \$100,000.
  - b. The COMMUNITY shall advance \$800,000 toward the PROJECT. The COMMUNITY will use \$628,111 in Tri-Party Program funds along with an additional contribution of \$171,889 for this advance.
  - c. The advance construct local share, estimated in the amount of \$200,000, shall be shared equally between the BOARD and the COMMUNITY. Each share is estimated to be \$100,000, respectively.
  - d. The COMMUNITY agrees that if the federal funds conversion does not occur, this amount will be shared equally by the BOARD and the COMMUNITY.
  - e. The COMMUNITY agrees that any PROJECT overages (excluding construction engineering), shall be shared equally between the BOARD and the COMMUNITY.
4. Upon execution of this agreement, the BOARD shall submit an invoice to the COMMUNITY in the amount of \$481,259 (being 100% of the COMMUNITY'S Tri-Party contribution, 100% of the COMMUNITY'S additional contribution of \$171,889, and 100% of the COMMUNITY'S NHPP FY2021 Advance Construct Match).
5. After execution of this agreement and approval by the COUNTY, the BOARD shall submit an invoice to the COUNTY in the amount of \$209,370 (being 100% of the COUNTY'S Tri-Party contribution).

- a. The invoice shall be sent to:

Lynn Sonkiss, Manager of Fiscal Services  
Executive Office Building  
2100 Pontiac Lake Road, Building 41 West  
Waterford, MI 48328

6. The total actual LOCAL SHARE will be determined from the records of the BOARD upon completion of State financial audits of the PROJECT and a final determination of the total federal funds used on the PROJECT. Final adjustments in the financial obligations of the parties hereto will be made upon completion of the required audits.
7. The BOARD shall reimburse the COMMUNITY and the COUNTY: 1) the amount of \$381,259 paid to date by the COMMUNITY and \$209,370 paid to date by the COUNTY, or 2) the refunded advance conversion dollars received from MDOT (whichever is the lesser) for advance constructing \$800,000 in FY2021 NHPP funds after the conversion of the federal funds in FY2021 is received by the BOARD and after final adjustment notices are received upon completion of State financial audits.
8. After the advance construct reimbursement to the COMMUNITY and the COUNTY, the BOARD shall credit the COMMUNITY'S Tri-Party Program balance for the \$800,000 advance.
9. Upon receipt of said invoice(s), the COMMUNITY and the COUNTY shall pay to the BOARD the full amount thereof, within thirty (30) days of such receipt.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and date first written above.

BOARD OF ROAD COMMISSIONERS OF THE  
COUNTY OF OAKLAND  
A Public Body Corporate

By \_\_\_\_\_

Its \_\_\_\_\_

CITY OF NOVI

By \_\_\_\_\_

Its \_\_\_\_\_



**EXHIBIT A**  
**TRI-PARTY PROGRAM**  
 12 Mile Road  
 At Novi Road  
 City of Novi  
 Board Project No. 54551

Concrete reconstruction of the 12 Mile Road at Novi Road intersection.

<b>ESTIMATED PROJECT COST</b>
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Construction Engineering	\$100,000
Contractor Payments	<u>\$1,000,000</u>
Total Estimated Project Cost	<u><u>\$1,100,000</u></u>

<b>COST PARTICIPATION BREAKDOWN</b>
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	COMMUNITY	COUNTY	BOARD	TOTAL
FY2018 Tri-Party Program	\$108,865	\$108,865	\$108,866	\$326,596
FY2019 Tri-Party Program	\$100,505	\$100,505	\$100,505	\$301,515
Construction Engineering	0	\$0	\$100,000	\$100,000
NHPP Advance Construct FY2021 (amount not covered by Tri-Party Program funds)	\$171,889	\$0	\$0	\$171,889
NHPP Advance Construct Match	\$100,000	\$0	\$100,000	\$200,000
<b>TOTAL SHARES</b>	<b>\$481,259</b>	<b>\$209,370</b>	<b>\$409,371</b>	<b>\$1,100,000</b>

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NHPP Advance Construct Match	\$100,000	\$0	\$100,000	\$200,000
<b>TOTAL SHARES</b>	<b>\$481,259</b>	<b>\$209,370</b>	<b>\$409,371</b>	<b>\$1,100,000</b>