



CITY of NOVI CITY COUNCIL

Agenda Item 4
August 22, 2011

SUBJECT: Acceptance to Close the Construction Files for Special Assessment District Nos. 148, 171, 172 and 173 and issuance of payments/credits (where applicable).

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

Pursuant to Chapter 30 of the City Charter and the City's past administrative practice with regards to Special Assessment Districts the following has been applied:

- No administration charges are assessed to any district.
- If after reconciling the construction costs of the district, if the difference between the construction costs and the total assessment is within 5%, the City would close the district with no changes to the assessment (with the exception of contract SADs). If the construction costs were greater than 100% and less than or equal to 105%, the City would absorb the additional construction costs. If the construction costs were 95% or more up to 100%, then the City would retain the difference.
- In the case of contract SADs, typically bonds have been issued, and the City adds 1% to the bond rate for purposes of calculating the interest on the assessment. Construction costs have been charged at 100% of cost, and any difference as been applied at the end of the term of the assessment.
- Where two SADs have the same parcels, at the same ratio within two or more districts, the districts have been combined for purposes of calculating any additional assessment or credit/refund due.
- Any refund is payable to the owner of record. The implication is that the fair market value of the public improvement has been reflected in the value of the property (if transferred since the initial assessment).
- Any credit due is applied to the final installment first, and then reducing any additional installments remaining.
- If the source of funds is other than bonds, the interest paid by the SAD is passed on to the related fund.

The construction files for the following special assessment districts have been summarized, and the Finance Department recommends closing the following construction files and issuing credits/payments (where applicable).

SPECIAL ASSESSMENT DISTRICTS - CLOSED CONSTRUCTION AS OF JUNE 30, 2011

SAD DIST#		NO. OF PYMTS	FINAL YR OF PYMTS	ASSESSMENT	PROJECT		DIFFERENCE		
					COSTS				
148	Salow's Walnut Hill Sanitary Sewer	30	2027	\$ 290,397	\$ 294,214	\$ (3,817)	-1.3%	*	
171	Echo Valley Water Main (Woodham&Cedarwood)	20	2023	\$ 149,280	\$ 150,497	\$ (1,217)	-0.8%	*	
172	Bentley & Blomfield Water Main	20	2020*	\$ 529,470	\$ 404,537	\$ 124,933	23.6%	**	
173	Connemara Drive Water Main	20	2024	\$ 123,480	\$ 116,846	\$ 6,634	5.4%	**	

*The total costs of construction exceeded the assessment by less than 5%. Therefore, the additional costs will be offset by the interest earnings of the SAD.

** The total costs of construction were less than 95% of the assessment. Therefore, the assessment will be reduced by the additional amounts and will be credited to the remaining payments (applying to the last payment first), and proportionate share refunded to the owners of record for any properties that have paid off the assessment.

RECOMMENDED ACTION: Acceptance to Close the Construction Files for Special Assessment District Nos. 148, 171, 172 and 173 and issuance of payments/credits (where applicable).

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Fischer				
Council Member Margolis				

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



MEMORANDUM

To: Clay Pearson
From: Kathy Smith-Roy
Subject: Special Assessment District
Date: September 4, 2006

Pursuant to Chapter 30 of the City Charter and the City's administrative policy with regards to Special Assessment Districts the following has been applied:

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- In the case of contract SADs, typically bonds have been issued, and the City adds 1% to the bond rate for purposes of calculating the interest on the assessment. Construction costs have been charged at 100% of cost, and any difference as been applied at the end of the term of the assessment.
- Where two SADs have the same parcels, at the same ratio within two or more districts, the districts have been combined for purposes of calculating any additional assessment or credit/refund due.
- Any refund is payable to the owner of record. The implication is that the fair market value of the public improvement has been reflected in the value of the property (if transferred since the initial assessment).
- Any credit due is applied to the final installment first, and then reducing any additional installments remaining.
- If the source of funds is other than bonds, the interest paid by the SAD is passed on to the related fund.

The recommendation is to issue credits for the Main Street and 12 Mile Road Improvement SAD's.

The summary, status and recommendation of the SADs for consideration at the September 11, 2006 agenda are as follows:

SPECIAL ASSESSMENT DISTRICTS									
SAD		NO. OF	FINAL		PROJECT	DIFFERENCE			
DIST#		PYMTS	YR OF	ASSESSMENT	COSTS				
145	Mainstreet - Road	15	2010						
146	Mainstreet - Streetscape	15	2009	\$ 3,721,429	\$ 3,560,023	\$ 161,406	4%	a	
149	Eubank Street Watermain	30	2028		119,003	118,678	325	0%	
150	Willowbrook Storm Drain	10	2008		32,600	41,700	(9,100)	-28%	b
151	Austin Drive Watermain	30	2029		213,003	213,584	(581)	0%	
152	Shawood Watermain	30	2029		385,142	385,142	-	0%	
154	Shawood Sanitary Sewer	30	2029		55,900	55,900	-	0%	
155	Twelve Mile Rd Improvements	15	2015		18,435,000	18,086,811	348,189	2%	
162	Pioneer Meadows Sanitary	20	2022	\$ 964,314	\$ 929,138	\$ 35,176	4%		
163	Pioneer Meadows Water	20	2022						
165	Conemara Hills (Kilrush Dr) Water	20	2022		205,088	206,500	(1,412)	-1%	
168	West Lake Drive Water	20	2023	\$ 623,452	\$ 625,766	\$ (2,314)	0%		
169	West Lake Drive Paving	20	2023						

a – As required by the bond covenant the City is required to maintain \$170,000 in reserve until the bonds are paid in full. The amount above plus interest will be held until the final payments are made.

b – Pursuant to the final resolution the City agreed to participate in the cost-sharing of the engineering costs for this project.

For the Main Street and 12 Mile Road Special Assessment Districts we will apply the credits to the final installments, to ensure there are sufficient funds to payoff the bonds. The remaining interest from these funds will be distributed to the Special Assessment Revolving Fund once the bonds are paid in full.

If you have any questions, or need any additional information, please let me know. Thanks.