



**CITY OF NOVI CITY COUNCIL  
JUNE 22, 2026**

**SUBJECT:** Approval of the Suburban Mobility Authority for Regional Transportation (SMART) Municipal Credit and Community Credit Interlocal Transfer Agreement for the ongoing transfer of Novi's annual SMART municipal credit allocation to People's Express (PEX) in the amount of \$62,149.

**SUBMITTING DEPARTMENT:** Parks, Recreation and Cultural Services (PRCS)

**KEY HIGHLIGHTS:**

- In FY24-25, Novi executed a one-year contract with SMART to transfer its full municipal credit allocation to PEX. The proposed interlocal agreement includes FY25-26 and replaces the annual contracting process with a single ongoing agreement going forward.
- SMART has determined that Novi is not eligible to retain any portion of the municipal credits and may only transfer 100% to PEX. If funds are not transferred, SMART may reallocate them at its discretion.
- The agreement remains in effect as long as PEX operates eligible transit services and may be terminated by the City with 90 days' advance notice prior to SMART's adoption of its annual budget.

**BACKGROUND INFORMATION:**

SMART allocates municipal credit funds to the City of Novi annually under Michigan Public Act 51 of 1951. In prior years, these funds supported the Novi Senior Transportation Program, which concluded in June 2024 when People's Express (PEX) assumed transportation operations in Novi.

Following the transition to PEX, City staff worked extensively with SMART and consulted with the City Attorney's Office to explore whether Novi was eligible to retain any portion of these credits to offset internal operating costs related to the transportation program. SMART determined that the City of Novi is not eligible to retain any of these credits and may only transfer 100% of the funds to PEX. If funds are not transferred, SMART may reallocate them at its discretion.

In FY24-25, Novi executed a one-year contract with SMART to transfer the full allocation to PEX. The proposed interlocal agreement includes FY25-26 and replaces the annual contracting process with a single ongoing agreement, effective July 1, 2025, that remains in effect as long as PEX operates eligible transit services. The agreement may be terminated by the City with 90 days' advance notice prior to SMART's adoption of its annual Municipal and Community Credit budgets.

The agreement includes two options in Exhibit A for how funds may be allocated. Because SMART has determined that Novi is eligible only to transfer 100% of its credits to PEX, City staff propose election of Option 1. The two-option exhibit structure is required by SMART for consistency across all participating municipalities and does not reflect an available choice for Novi. This agreement has been reviewed by the City Attorney's Office.

The annual allocation is \$62,149, consistent with recent prior years. The allocation amount is subject to adjustment following a census; the next adjustment is anticipated after the 2030 census.

**RECOMMENDED ACTION:** Approval of the Municipal Credit and Community Credit Interlocal Transfer Agreement between the City of Novi and the Suburban Mobility Authority for Regional Transportation (SMART), authorizing the ongoing transfer of Novi's annual SMART Municipal Credit allocation to People's Express (PEX), effective July 1, 2025.

# MUNICIPAL CREDIT AND COMMUNITY INTERLOCAL AGREEMENT

## BETWEEN

### SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

#### And The

### CITY OF NOVI

This Agreement (hereinafter "Agreement") is made between the Suburban Mobility Authority for Regional Transportation (hereinafter "SMART"), an entity organized under the provisions of Act 204 of the Public Acts of 1967, as amended, and the CITY OF NOVI (hereinafter "the Community") for the transfer of funding provided to SMART by Michigan Public Act 51 of 1951 and Community Credits, in consideration for the provision of transit services by the Community.

WHEREAS, SMART, pursuant to the provisions of Act 204, has been vested with the authority to acquire, plan, construct, operate and maintain transit systems and facilities within its jurisdiction; and

WHEREAS, the Community is desirous of contracting for the provision of such services within its jurisdiction; and

WHEREAS, the Community receives annual allocations of funding from SMART, including funding provided under Sec 10 of Act 51 of 1951 ("Municipal Credits"), where applicable, and SMART's community credit program ("Community Credits"), where applicable, which it desires to transfer to other participating Community Partners for the provision of services; and

WHEREAS, the purpose of this Agreement is to state the terms and conditions under which the transit funding will transfer ;

NOW THEREFORE, in consideration of the mutual covenants and representations contained herein, the parties agree as follows:

#### 1. THE PROJECT

The Community has partnered with PEOPLE'S EXPRESS INC. (PEX) to provide local public transportation services within their service area.

#### 2. FUNDING AND FUNDING APPLICATION

The Community agrees to provide annual flowthrough funding received from SMART to PEOPLE'S EXPRESS INC. (PEX) for the provision of public transportation service, under one of the following Options:

##### Option 1

- A. 100% of the Community Credits available to the Community pursuant to SMART'S Community Credit Program
- B. 100% of the Municipal Credits that are available to the Community pursuant to law.

OR

Option 2

- C. A certain percentage of or all but a certain amount of Community Credits available to the Community pursuant to SMARTS Community Credit Program.
- D. A certain percentage of or all but a certain amount of Municipal Credits available to the Community pursuant to law.

The Community must return a signed Exhibit A, which requires the Community to specify which Option it has selected, attached hereto, with the executed version of this Agreement. Should the Community's Option selection change, or should the amounts or percentages chosen by a Community under Option 2 change, the Community is required to submit an amended Exhibit A. Any amended Exhibit A must be submitted to SMART ninety (90) days prior to SMART's adoption of the Municipal and Community Credit budgets each fiscal year. Should a Community fail to submit an amended Exhibit A, where applicable, at least ninety (90) days prior to SMART's adoption of the Municipal and Community Credit budgets each fiscal year, the Community agrees to be bound by the last Exhibit A on file with SMART that was provided pursuant to, and in accordance with, the timely submission requirements of this section.

3. TERM OF THE AGREEMENT

The Community shall transfer funding noted above beginning July 1, 2025, and this Agreement shall remain effective as long as **PEOPLE'S EXPRESS INC. (PEX)** operates eligible transit services. The Community may terminate this agreement with ninety (90) days advanced notice prior to the adoption of the Municipal and Community Credit budgets each fiscal year.

This Agreement and transit services hereunder shall terminate immediately upon action by the Michigan Legislature, any court of competent jurisdiction, or action by the SMART Board of Directors, which inhibits SMART's ability to carry out the Agreement in such a way that SMART, in its sole discretion, cannot reconcile its obligations under this Agreement with the legislative action, court order or Board resolution.

4. INDEMNIFICATION

Notwithstanding anything to the contrary contained herein, the Community shall, to the extent permitted by law, indemnify, defend and save harmless SMART, its officers, agents, employees, and members of its Board of Directors from any and all claims, losses and damages, including costs and attorney fees occurring or resulting from any act or omission of the Community or **PEOPLE'S EXPRESS INC. (PEX)**, or their officers, agents, employees, subcontractors, successors and/or assigns, arising out of or pursuant to this Agreement without regard to the negligence of the Community or **PEOPLE'S EXPRESS INC. (PEX)**.

This Agreement is not intended to alter or increase SMART or Community's liability for tort claims, to other third-parties. Nor is this indemnity provision intended to be a third-party beneficiary contract, and therefore it confers no rights or third-party status on anyone other than the parties hereto.

5. SEVERABILITY AND INTENT

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

6. WAIVER

Parties' failure to exercise or delay in exercising any right, power or privilege under this Agreement shall not operate as a waiver; nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof.

7. ASSIGNMENT

The Parties agree that the responsibilities and benefits under this Agreement shall not be assigned unless such assignment is approved by SMART in advance in writing. This agreement does not and is not intended to confer any rights or remedies upon any person other than the parties.

8. VENUE

Parties agree to follow all applicable State and Federal laws. This Agreement shall be governed by the laws of the State of Michigan.

9. ELECTRONIC SIGNATURE

The Parties acknowledge and agree that this Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. The Parties agree that the electronic signatures appearing on this Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility. Without limitation, "electronic signature" shall include faxed versions of an original signature or electronically scanned and transmitted versions (e.g., via pdf) of an original signature.

THE PARTIES HEREBY ACKNOWLEDGE that they have read and understand this Agreement and that the signatories below have affixed their signatures and affirmed that they are authorized to execute this Agreement, for the purpose of binding their respective Parties.

**SUBURBAN MOBILITY AUTHORITY FOR  
REGIONAL TRANSPORTATION**

**CITY OF NOVI**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

EXHIBIT A

The Community shall designate with an "X" mark which Option for **PEOPLE'S EXPRESS INC. (PEX)** funding it has selected (to the left of either Option 1 or Option 2). Should the Community select Option 2, the Community will properly fill in the percentage or applicable do not exceed amount.

**X** Option 1

- A. 100% of the Community Credits available to the Community pursuant to SMART'S Community Credit Program
- B. 100% of the Municipal Credits that are available to the Community pursuant to law.

OR

Option 2

- C. \_\_\_\_\_ % of or all but \_\_\_\_\_ of Community Credits available to the Community pursuant to SMARTS Community Credit Program.
- D. \_\_\_\_\_ % of or all but \_\_\_\_\_ of Municipal Credits available to the Community pursuant to law.

Community: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_