

MARCH 10, 2025

Public Safety Facilities Update #2

Presented to Novi City Council

Team Introduction



Greg VanKirk

PARTNER

Plante Moran Realpoint



Todd Fenton

VICE PRESIDENT

Plante Moran Realpoint



Brian Weber

SENIOR VICE PRESIDENT

Plante Moran Realpoint



Robert Stempien

SENIOR VICE PRESIDENT

Plante Moran Realpoint

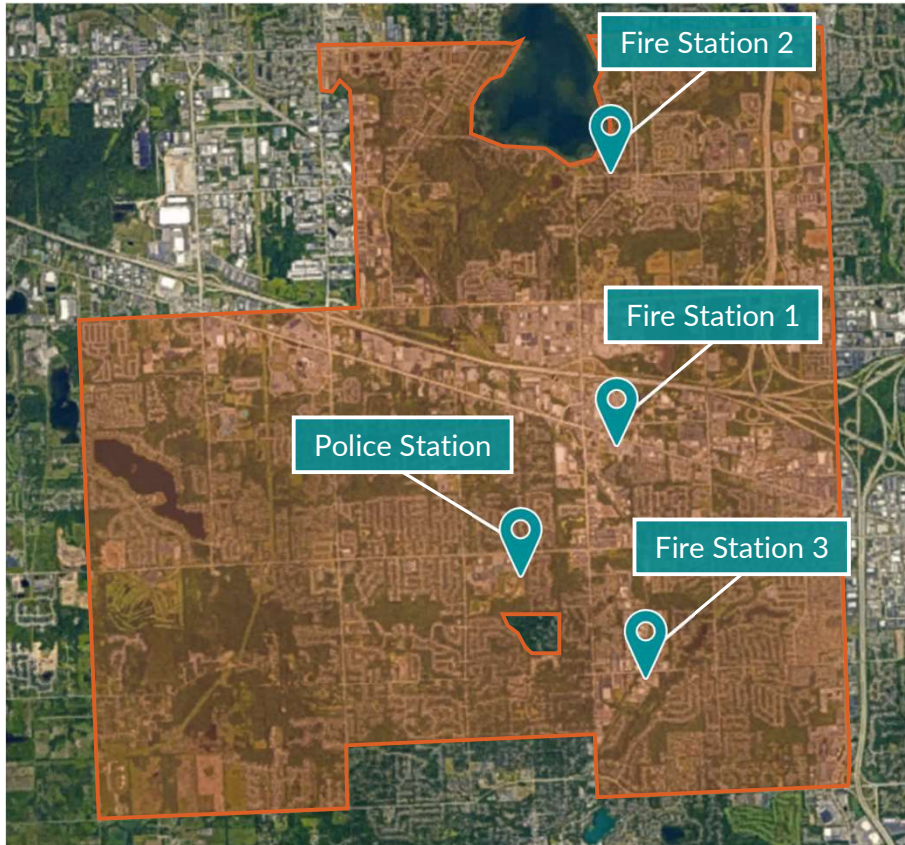
Presentation Overview

- 1) Project Background
- 2) Updated Budget with Assumptions and Clarifications (PMR)
- 3) Financial Analysis (Sean Wahl, PFM Financial Advisors)
- 4) Proposed Ballot Language (Patrick McGow, Miller Canfield)
- 5) Discussion

Project Background

In October 2024, Plante Moran Realpoint (PMR) was retained by the City to assess the reasonableness of the City's planning efforts (City Administration, Public Safety, Public Safety Committee, Redstone Architects) pertaining to new public safety facilities within Novi.

PMR has been aggregating this information into a final public safety program for the City's consideration. It presented its initial findings at a Special City Council Meeting on January 21, 2025, and concluded that new construction is recommended over the renovation of current facilities.



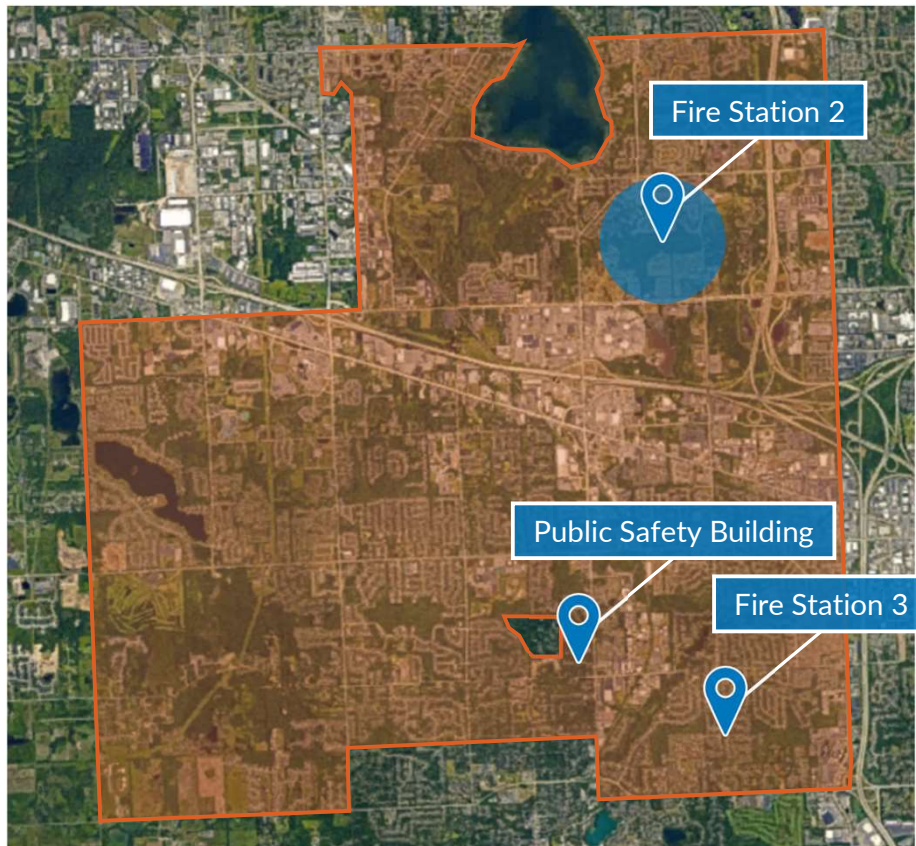
Current Novi Public Safety Facilities

Police Station	built in 1980	38,000 SF
Fire station 1	built in 1981/88	9,980 SF
Fire station 2	built in 1981	5,117 SF
Fire station 3	built in 1978	3,880 SF
Total Square footage:		56,977 SF

Project Background

At the January 21 Special Meeting, City Council passed a resolution directing PMR and the City Administration to continue due diligence for a public safety program consisting of a new Public Safety Building (housing the Police Station and Fire Station #1), Fire Station #2 and Fire Station #3, with a budget between \$85 million and \$125 million to be adjusted as the project's scope continues to be refined.

PMR and the City Administration were also directed to work together to determine how the project could be financed, with the expectation of placing a public safety bond proposal on the ballot for the August 2025 election.



Proposed New Novi Public Safety Facilities

New Police Station / Fire Station 1 ("Public Safety Building")	\$54.5 million – \$65.4 million	72,700 SF
Fire Station 2	\$10.9 million - \$13 million	14,500 SF
Fire Station 3	\$10.9 million - \$13 million	14,500 SF
Site Development	\$10-\$20 million	N/A
Total Estimated Budget:	\$86.3 million – \$111.4 million (as of 1/21/25)	
Design and Construction Schedule: approx. 60 months		

A photograph of a classroom with large windows overlooking a landscape. The room is filled with blue-tinted tables and chairs. The text "Updated Preliminary Budget / Assumptions" is overlaid in white.

Updated Preliminary Budget / Assumptions

Preliminary Budget – Summary

PRELIMINARY BUDGET - SUMMARY

Project Profile		Public Safety Building (PSB)	Road Improvements	Fire Station 2	Fire Station 3	Totals
		Police/Fire Station #1	Crescent / Lee Begole	Site TBD	Site TBD	
Land Acreage:		~6.0	-	~ 2 - 3	~ 2 - 3	12.0
Road Length (FT):		-	~ 3200	-	-	3,200
Building Square Footage:		72,000	-	14,500	14,500	101,000
Fleet/Evidence Garage:		6,500	-	-	-	6,500
Total Square Footage:		78,500	-	14,500	14,500	107,500
00	Land Cost/Due Diligence	\$ -	\$ -	\$ 450,000	\$ 300,000	\$ 750,000
01	Professional Services/Fees	\$ 7,750,000	\$ 2,150,000	\$ 1,350,000	\$ 1,350,000	\$ 12,600,000
02	Site Costs	\$ 4,300,000	\$ 800,000	\$ 1,100,000	\$ 1,100,000	\$ 7,300,000
03	Regulatory	\$ 500,000	\$ 500,000	\$ 100,000	\$ 100,000	\$ 1,200,000
04	Owner Costs	\$ 350,000	\$ -	\$ 50,000	\$ 50,000	\$ 450,000
05	Construction	\$ 43,175,000	\$ 11,250,000	\$ 7,250,000	\$ 7,250,000	\$ 68,925,000
06	Furniture & Fixtures	\$ 1,500,000	\$ -	\$ 200,000	\$ 200,000	\$ 1,900,000
07	Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
08	Technology	\$ 2,400,000	\$ -	\$ 200,000	\$ 200,000	\$ 2,800,000
09	Subtotal Project Cost	59,975,000	14,700,000	10,700,000	10,550,000	95,925,000
10	Escalation Contingency ~8%	4,836,000	1,084,000	837,000	860,000	7,617,000
11	Project Contingency 15%	9,039,000	2,216,000	1,613,000	1,590,000	14,458,000
12	Fire Station #4 Allowance	-	-	-	-	2,000,000
13	Total Project Cost	\$ 73,850,000	\$ 18,000,000	\$ 13,150,000	\$ 13,000,000	\$ 120,000,000

Assumptions

An architect or construction manager has yet to be retained for this proposed project. PMR has used best professional judgment and relied upon comparable analysis to establish the preliminary budget.

The preliminary budget is also based upon a series of high-level assumptions discussed with and agreed to by the City.

DRAFT		City of Novi Public Safety Program Preliminary Budget Assumptions and Clarifications	March 7, 2025
4 It is assumed that all servers and other proprietary system head-end equipment will be brought over from existing facilities to be installed at the new facilities and not accounted for in the budget.			
DRAFT		City of Novi Public Safety Program Preliminary Budget Assumptions and Clarifications	March 7, 2025
Construction			
DRAFT	City of Novi Public Safety Program Preliminary Budget Assumptions and Clarifications	March 7, 2025	(1) Prime/General
General			ents at the PSB have not
1 It is understood the program will be financed via General Obligation Bond in the approximate amount of \$120M to be sold in 2 Series.			Architects, Inc Report
			nstruction of similar
Land Cost & Due Diligence			within the budget.
1 An allowance of \$450K has been included for Fire Station ("FS") 2 and \$300K for FS 3 sites with the assumption that each site will be between 2-3 acres in size.			within the budget.
2 Pricing will vary based on location, site readiness, ingress/egress and other factors.			ments being bid in the Fall
3 It is assumed the Public Safety Building ("PSB") site is owned by City of Novi and costs for the purchase are not being charged to the program.			may or may not be LEED
Professional Services and Fees			idered for bidding
1 Design and Consulting Fees have been established at approx. 15% assuming one (1) Architectural/Engineering firm for the PSB, FS#2 and FS#3 and (1) Civil Engineer for the Road Project utilizing standard AIA agreements as modified by the Owner/PMR.			py.
2 Other professional services within the budget include; Wetland/Environmental Consulting, Building Commissioning, Geotechnical, Land Surveyor, Owner's Representative, Material Testing, Building Envelope Consultant and Technology Consulting Services.			e budget.
3 Professional services are assumed to be competitively bid.			t.
Site Costs			is assumed all roads to
1 Site development costs have been established at \$300K per acre with the assumption all utilities are adjacent to the sites and of adequate capacity.			vi.
2 Site sizes have been assumed at approximately 6 acres for the PSB, and approximately 2-3 acres for FS#2 and FS#3.			ed to the north of the PSB Ave.
3 An allowance of \$500K is included for a redundant primary electrical service from DTE. The feasibility and cost of this option will need to be further explored with DTE once the design teams are engaged.			for further review and
4 It is assumed that the properties selected for Fire Stations 2 and 3 will not have contaminated or hazardous soils. Costs for remediation have been excluded for those sites.			each of the Fire Stations.
5 Landscaping allowances of \$150K for the PSB and \$50K are included for each for Fire Stations 2 and 3. Structural retaining wall systems have not been included within the budget.			alert/PA, audio/visual,
6 An allowance of \$500K at a cost of approximately \$50/Ton has been established for contaminated material for the PSB site with an allowance of \$250K for dewatering, if necessary. No other costs are being carried for contaminated or hazardous materials.			
7 An allowance of \$250K is included for potential wetland work.			
8 Sound and visual barriers to the adjacent highway have been excluded.			
9 An overall allowance of \$50K has been included for asbestos abatement at existing facilities.			
10 Demolition of existing facilities includes razing of existing structures and impervious areas. Restoration includes returning site to grade with engineered fill, topsoil and hydroseed.			
11 Surface parking with covered (non-tempered) car ports have been assumed at the PSB for Police Vehicles in the base budget. Provisions for future EV charging will be considered during design.			
12 Direct Costs for relocation of the Recycling Center have not been included within the budget. This scope will be considered during the design of the Road Project.			
13 Surface storm detention systems have been assumed. Underground storm retention/detention systems are not included within the budget.			
Regulatory			
1 Permits and Tap Fees have been assumed at approximately 1.25%.			
2 It is assumed that all building and permitting and inspections will be though the City of Novi.			
3 It is assumed Oakland County will be the authority having jurisdiction for storm water systems.			
Owner Costs			
1 Builders Risk assumed to be held by the City of Novi and has been included within the budget at approximately 0.1% of project costs.			
2 An overall allowance of \$120K has been included for moving services.			
3 It is assumed that the City of Novi will not charge administrative/staffing costs to the program that would be in addition to any typical plan review / permitting / inspection fees.			
4 An allowance of \$20K has been included for 3rd party counsel for vendor contract administration.			



City of Novi

Proposed August 2025 Election Summary

March 2025

PFM Financial Advisors LLC

555 Briarwood Circle
Suite 333
Ann Arbor, MI 48108

P: 734-994-9700
F: 734-994-9710
www.pfm.com



1 mill = \$120 million

Over 25 years



\$91.8 Million

Public Safety Headquarters
Police Station
Fire Station1
Roadway



\$13.1 Million
NW city quadrant



\$13 Million
SE city quadrant



\$2 Million
SW city quadrant



Bond Proposition Scenario

Below is a summary for an August 2025 bond proposition for **\$120 million** resulting in an estimated millage rate of **1 mill**.

				Bond Proceeds					Estimated	Current		
	Taxable Value Growth				Less: Est.	Plus: Est.*	Amount		Total	Estimated	Ballot Info	
Issuance	2026-	2030		Bond	Cost of	Investment	Available	Bond	Interest	Interest	1st Year	Average
Year	2025	2029	on	Amount	Issuance	Earnings	for Project	Term	Cost	Rate**	Millage	Millage
2026				\$40,000,000	(\$405,000)	\$571,426	\$40,166,426	25 yrs	\$24,565,950	4.50%		
2028				80,000,000	(\$645,000)	\$364,063	\$79,719,063	25 yrs	65,012,625	4.50%		
	4.00%	4.00%	3.00%	\$120,000,000	(\$1,050,000)	\$935,490	\$119,885,490		\$89,578,575		1.00	0.95

- ASSUMPTIONS:
- August 2025 vote, initial series of bonds dated (Issued) May 2026.
 - * Investment earning rates of 1.5% for bond proceeds issued in 2026 and 1% with bond proceeds issued thereafter.
 - ** Based on estimated municipal bond rates as of 2/12/25 plus 0.25-0.30% buffer. If interest rates are higher at the time of issuance, the bond amount may need to be reduced to stay within the millage rate shown.



Taxpayer Impact

Below are sample taxpayer cost at different taxable values.

Estimated Maximum Annual Millage Rate: 1.00

Property's Taxable Value**	Estimated Cost			
	Annual	Monthly	Weekly	Daily
\$100,000	\$100.00	\$8.33	\$1.92	\$0.27
\$150,000	\$150.00	\$12.50	\$2.88	\$0.41
\$175,000	\$175.00	\$14.58	\$3.37	\$0.48
\$200,000	\$200.00	\$16.67	\$3.85	\$0.55
\$225,000	\$225.00	\$18.75	\$4.33	\$0.62
\$250,000	\$250.00	\$20.83	\$4.81	\$0.68
\$275,000	\$275.00	\$22.92	\$5.29	\$0.75
\$300,000	\$300.00	\$25.00	\$5.77	\$0.82
\$325,000	\$325.00	\$27.08	\$6.25	\$0.89
\$350,000	\$350.00	\$29.17	\$6.73	\$0.96
\$375,000	\$375.00	\$31.25	\$7.21	\$1.03
\$400,000	\$400.00	\$33.33	\$7.69	\$1.10
\$425,000	\$425.00	\$35.42	\$8.17	\$1.16
\$450,000	\$450.00	\$37.50	\$8.65	\$1.23

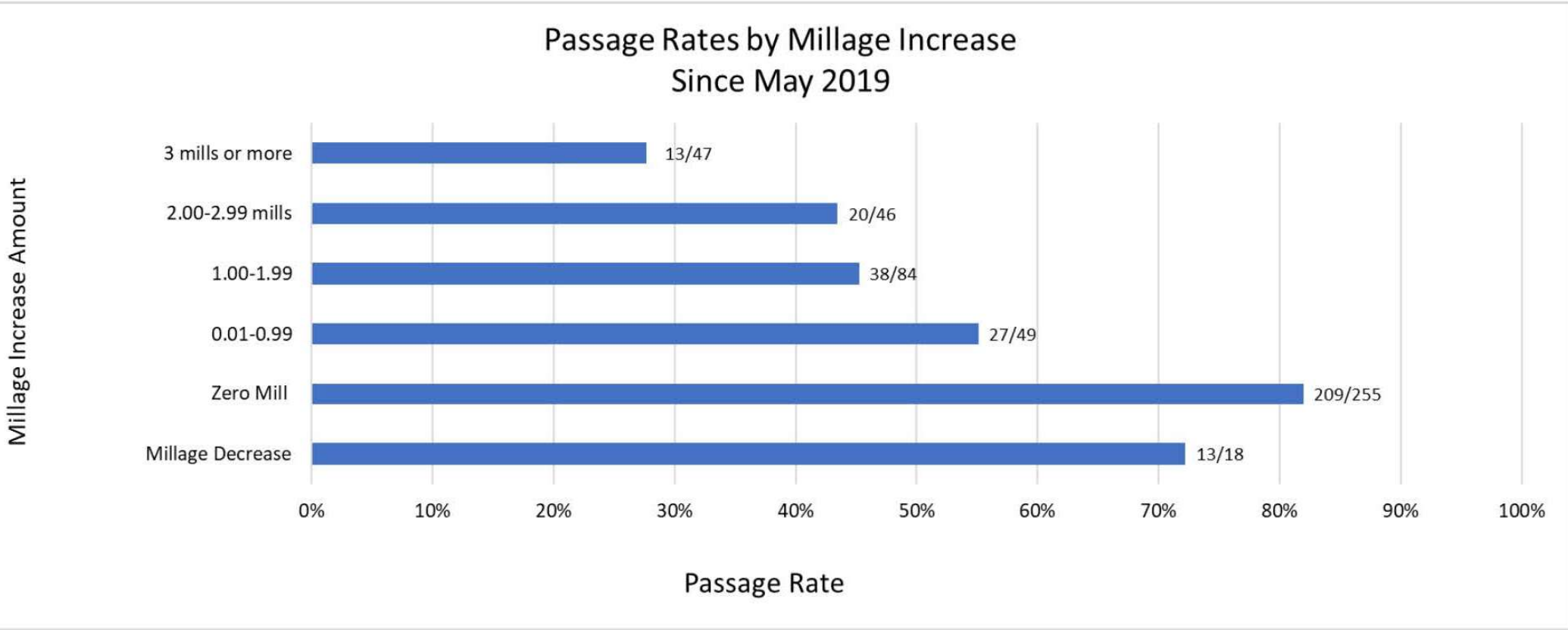
*Based upon Taxable Value defined as the lesser of: A) Assessed value [1/2 of true cash value]; or B) the prior year's Taxable Value, less losses times the rate of inflation plus additions.

NOTE: If a taxpayer qualifies for the State homestead property tax credit, the "net" increase would be less than shown above.



Election Statistics by Millage Increase

■ The graph below shows the outcome of k12 bond elections by millage increase since May 2019.



Source: PFM internal records of election results.

Questions?

PFM Financial Advisors LLC

555 Briarwood Circle, Suite 333
Ann Arbor, MI 48108
(734) 994-9700



Kari Blanchett
Managing Director
(734) 794-2523
blanchettk@pfm.com



Sean Wahl
Director
(734) 794-2536
wahl@pfm.com





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A photograph of a classroom with large windows overlooking a landscape. The room is filled with blue-tinted tables and chairs. The text "Ballot Language" is overlaid in white.

Ballot Language

Public Safety Facilities Bond Proposal

Shall the City of Novi, Michigan, borrow the principal sum of not to exceed One Hundred Twenty Million Dollars (\$120,000,000), and issue its unlimited tax general obligation bonds, in one or more series, payable in not to exceed twenty-five (25) years from the date of issue, to pay the cost of acquiring, constructing, furnishing and equipping a new public safety facility including police department and fire department facilities; two new fire department facilities to replace Fire Stations 2 and 3, and renovations and improvements to Fire Station 4, including site acquisition, demolition, and related road and site improvements? If approved, the estimated millage to be levied in 2026 is 1.00 mills (\$1.00 per \$1,000 of taxable value), and the estimated simple average annual millage rate required to retire the bonds is 0.95 mills (\$0.95 per \$1,000 of taxable value).

A photograph of a classroom with large windows overlooking a landscape. The room is filled with blue-tinted tables and chairs. The text "Recommended Next Steps and Timeline" is overlaid in white.

Recommended Next Steps and Timeline

Next Steps and Timeline

1. City Council votes to approve ballot language for the August 5, 2025 election
 - Recommended vote at the March 10, 2025, City Council meeting. The deadline for approval of ballot language is May 13, 2025
2. Once ballot language is approved, the City will launch its educational plan through August 2025
 - PMR Marketing has been meeting with the City's Communications staff to discuss deliverables and recommended strategies for implementation, including brochures, FAQ's, a dedicated informational website, community town halls, etc.
 - PMR will begin drafting RFPs for A/E and CM professional services
 - PMR and City Administration will continue to refine the project scope, budget, and schedule, including site selection and acquisition
3. Other Milestone Dates
 - Absentee ballots mailed June 26, 2025
 - Early voting occurs July 26 – August 3, 2025

A photograph of a classroom with large windows overlooking a landscape. The room is filled with blue-tinted tables and chairs. The word "Discussion" is overlaid in white text on the right side of the image.

Discussion