

MEMORANDUM



TO: VICTOR CARDENAS, CITY MANAGER
FROM: DANIELLE MAHONEY, ASSISTANT CITY MANAGER
SUBJECT: OVERVIEW OF THE SPECIAL ASSESSMENT DISTRICT PROCESS
DATE: FEBRUARY 8, 2025

Mayor and Council –
Before the holidays the Grand River Corridor Improvement Authority (CIA) met regarding new streetlights along Main St. From the meeting, staff was directed to identify how property owners could be assessed for these improvements that **they** are responsible for. Prior to sending this out to the CIA, we wanted to share with you as Council would be very involved in the creation of a new SAD.

- Victor

The Special Assessment District (SAD) Process is a critical tool for funding public improvements that directly benefit specific properties within a defined district. For the Novi Corridor Improvement Authority (CIA), this process offers a mechanism to achieve shared community goals, such as infrastructure upgrades, streetscape enhancements, and other projects that promote economic development and improve the quality of life for residents and businesses.

Below is an overview of the process and its five key resolutions, followed by a broader narrative on its importance and a short history of special assessments in Novi.

Steps and Resolutions

1. **Preparation of Plans, Specifications, and Costs (Resolution #1)**
 - o The City Council directs the City Manager to prepare detailed plans, cost estimates, and descriptions of the proposed assessment district.
 - o This information helps the council determine the project's necessity, estimated costs, and the proportion to be covered by special assessments versus city funds.
2. **Tentative Determination of Necessity (Resolution #2)**
 - o The council reviews the plans and determines whether the improvement is necessary.
 - o A resolution is passed outlining the project scope, the affected assessment district, and the proposed allocation of costs.
 - o A public hearing is scheduled to allow property owners to provide input.
3. **Council Determination to Proceed (Resolution #3)**
 - o Following the public hearing, the council decides whether to proceed with the project.
 - o A resolution is passed confirming the plans, cost estimates, and the division of benefits between the properties and the city.
 - o The council directs the City Assessor to prepare a special assessment roll.
4. **Acceptance of the Special Assessment Roll (Resolution #4)**
 - o Once the special assessment roll is prepared, the council passes a resolution to accept it.
 - o The roll is made available for public examination, and a second public hearing is scheduled to address objections or corrections.

5. Confirmation of the Special Assessment Roll (Resolution #5)

- After the second public hearing, the council confirms the special assessment roll by resolution.
- This resolution finalizes the assessments, allows for installment payments, and authorizes the City Treasurer to collect the assessments.

The Importance of the Process for Corridor Improvements

For the CIA, the special assessment process is not just a means of funding; it is a collaborative framework that aligns property owners, city leaders, and the broader community around shared goals. By following this structured approach, the city ensures:

- **Equity and Transparency:** The process is designed to fairly allocate costs based on the direct benefits received by each property. Property owners are informed at every step and given opportunities to voice their concerns or support.
- **Community Engagement:** Public hearings and notifications provide a platform for open dialogue, fostering trust between property owners and the city. This collaboration is key to building consensus and ensuring successful implementation of projects.
- **Long-Term Impact:** Special assessments enable transformative projects—such as infrastructure improvements or streetscape enhancements—that might not otherwise be possible. These projects can attract new businesses, increase property values, and improve the overall experience for those living, working, and visiting the corridor.

Novi's History with Special Assessments

The City of Novi has a long history of utilizing the SAD process to fund a wide range of infrastructure projects, including paving, water, sewer, and other essential utilities. One of the earliest examples is the Willowbrook Sewer Project, which encompassed SADs four through seven. More recently, this financing mechanism has been used for Main Street Streetscapes, Town Center Streetlighting, and the Dixon Road Sanitary Sewer Extension, demonstrating its continued effectiveness in supporting community improvements.

The CIA may leverage the SAD process to fund critical enhancements within the corridor, including street lighting, streetscape improvements, and other right-of-way infrastructure upgrades. By using this financing tool, the CIA can ensure that the costs of these enhancements are equitably distributed among benefiting properties while promoting economic development and an improved public realm. Additionally, the SAD process allows for reimbursement opportunities, enabling the CIA to recapture funds for future investment in corridor revitalization efforts.

Through this collaborative and structured approach, the special assessment process becomes a tool not only for funding but also for creating a legacy of improvement and investment in Novi's corridors. It ensures that the CIA's vision for revitalization on either side of Grand River Avenue from Wixon Road to Haggerty Road is achieved in a way that engages stakeholders and strengthens the community as a whole.

SPECIAL ASSESSMENT DISTRICTS

SAD Process

Resolution # 1

City Council makes three tentative determinations: the necessity of the improvement; the conclusion on whether to proceed with the improvement; and, the establishment of a proposed district of properties that will be specially benefited by the improvement (the proposed "special assessment district"). Once such determinations are made, the Council directs the City Manager to have plans and a cost estimate prepared for the improvement.

Resolution # 2

City Council confirms the tentative necessity of the improvement, sets a public hearing date on the issues to be considered for Resolution # 3, and directs the City Clerk to provide notice of the public hearing as provided in the City Code.

First Public Hearing is held to allow the Council to hear comments and objections on the proposed improvement and on the proposed special assessment district.

Resolution # 3

Following the public hearing, City Council again determines whether to proceed with the improvement, and, if so, this resolution approves the preliminary plans and cost estimate, designates the special assessment district, and directs the City Assessor to prepare a proposed special assessment roll, reflecting the total cost of designing, financing and constructing the improvement and the amount each property in the special assessment district will have to pay.

Resolution # 4

City Council receives the proposed special assessment roll prepared by the City Assessor, sets a date for a public hearing on the proposed assessment roll, and directs the City Clerk to provide notice of the public hearing as provided in the City Code.

Second Public Hearing is held to allow the Council to hear comments and objections on the proposed special assessment roll.

Resolution # 5

Following the public hearing, City Council makes the final determination on proceeding with the improvement, and confirms the special assessment roll, either as presented or as modified based upon comments and objections received at the public hearing.

The approved improvement is then pursued, and properties are assessed in accordance with Resolution # 5.



For more information contact:
Ben Croy
Water & Sewer Senior Engineer
248-735-5661

City of Novi | 45175 W. Ten Mile Road
Novi, Michigan 48375 | 248.347.0460



SPECIAL ASSESSMENTS

What is a Special Assessment?

A Special Assessment can be made for any public improvement within Novi, which is of such a nature as to directly benefit any property within a defined area.

What types of improvements are financed by Special Assessment?

The most common types of improvements that are financed through the SAD process include:

- Road improvements
- Sanitary sewers
- Water mains
- Storm sewers
- Street lighting
- Sidewalks

How does the process begin?

The SAD process is initiated by either a resident Request for Information Petition or Resolution by the City Council.

If the process is begun through the new Request for Information Petition, it must be signed by 30 percent of the total units of benefit in the district. Then, a public informational meeting is held regarding the SAD process, preliminary design and cost estimates for the project, and timeframe for the process. The City of Novi's Engineering Division does preliminary engineering for the public informational meeting.

Residents then have 60 days following the public information meeting in which to submit a

formal Petition to Start a Special Assessment District, which must be signed by 51 percent of the total units of benefit (per tap unit, front foot, etc.) in the proposed district. District boundaries may change between the public information meeting and the submission of the Petition to Start a Special Assessment District. This petition initiates the formal SAD process.

What is a unit of benefit?

A unit of benefit is determined by the City of Novi on a basis appropriate to the improvement.

Who oversees the bid process?

The City of Novi's Engineering Division facilitates the bid process and oversees construction of projects.

Once the process is started, can it be stopped?

City Council views this process as a partnership between the City and the residents. The ordinance does state that property owners can request to stop the process at any time until the City Council adopts Resolution #5; however, since the City incurs significant planning and design expenses at the onset of the process, the City Council has the right to approve or deny such request.

How many years can the SAD payments be spread over and what is the payment schedule?

The amount of years varies by type of project, however the term is normally less than the life expectancy of the improvement (not to exceed 15 years for roads and 20 years for all other utilities.)

The first installment is due upon confirmation of the SAD roll before construction begins, **OR** on such

date as the City Council may determine. Subsequent installments are billed with the summer property tax bill.

What is the interest rate?

The interest rate reflects current market conditions and is not to exceed eight percent. The rate is established by the City Council. Interest is calculated on the unpaid balance. If the assessment is prepaid prior to the commencement of interest date, there is no interest charge.

If I move or sell my property, am I still responsible for the loan?

Once the SAD roll is confirmed the City places a lien on the properties and assumes the position of first lien holder. The City does not require that the assessment be paid off during a real estate transfer; however, individuals should consult with a title company to verify requirements.

Is there a procedure that would provide relief for property owners with a demonstrated financial hardship?

With the approval of the City Council and the City Assessor, a Special Assessment may be deferred by the reason of poverty per "Federal guidelines" for a specific property. The lien is placed on the property and all payments are deferred until the property is transferred. However, interest accrues on the unpaid balance.

**CITY OF NOVI
SPECIAL ASSESSMENT DISTRICTS**

<u>DIST#</u>		<u>NO. OF</u>	<u>FINAL</u>
		<u>PYMTS</u>	<u>YR OF PYMTS</u>
4	Willowbrook Sewer (4,5,6,7)	15	1980
8	Huron Rouge Sewer (8,10,13)	15	1983
9	Connemara Sewer	15	1980
11	Seeley Road Paving	15	1983
12	Orchard Hills Sewer	15	1983
16	Nine Mile Road Paving	15	1985
17	Meadowbrook Road Paving	15	1987
18	Novi/Ten Mile Sewer	9	1981
19	Grand River/Seeley Water	15	1987
20	Meadowbrook Manor Sewer	15	1987
21	Orchard Hills Road Paving	10	1984
22	Willowbrook Roads	10	1984
26	Connemara Hills Road Paving	15	1989
27	Novi Heights Sewer	20	1997
28	Echo Valley Road Paving	10	1984
29	Glenda Street Paving	15	1991
30	Meadowbrook Manor Water	15	1987
32	Taft Road-11 mile to G.R.	15	1990
33	Taft Road-10 mile to 11 mile	15	1990
34	Grey's Sewer	15	1992
35	Meadowbrook-10 mile to 11 mile	15	1991
36	Meadowbrook-11 mile to 12 mile	15	1991
37	Beck Road-10 mile to 11 mile	15	1991
38	Beck Road-11 mile to G.R.	15	1991
39	Dropped		
40	Thirteen Mile	15	1993
42	Meadowbrook(8-9)Ennshore to Hagg.	15	1992
44	Nine Mile-Nov to Taft	15	1992
46	Trans X Sewer	10	1988
47	Dropped		
48	Willowbrook #3 Roads	10	1988
51	Taft Road-8-1/2 to 9		
52	Dropped		
53	Dropped		
54	West Road	15	1994
55	Trans X Water	15	1994
56	Trans X paving	15	1994
61	Grand River/Meadowbrook Water	15	1995
62	Dropped		
63	Sec. 15 Streets (old) -REPLACED BY #84		
64	Sec. 15 Water-REPLACED BY #85		
65	West Oaks Storm Retention-REPLACED BY#86		
66	Grand River/Lanny's Road Sewer	15	1995
67	Sec. 36 Water	10	1991
68	Sec. 36 Sewer	10	1991
69	Sec. 36 Streets (Orchard Hills)	10	1991
71	Dropped		
72	Dropped		
73	Dropped		
74	Dropped		
75	Grand River/Meadowbrook-11 Mile SW (Weiss)	15	2000
76	Dropped/Grey's Subdivision		
77	Novi Road/S. of Ten Mile (Melvin)	15	2000
78	Novi Road/S. of Ten Mile (Melvin)	15	2000
79	Town Center Paving	15	2002 ???
80	Town Center Storm Sewer	15	2000
81	Street Lighting-West Lake Dr area (utility costs only)		ON-GOING
81	Town Center Sanitary	15	2000
82	Town Center Water	15	2000
83	Grand River/Beck (Gerak) - Sewer	15	2002
84	Section 15 Novi-12 Mile Paving	15	2000
85	Section 15 Novi-12 Mile Water	15	2000
86	Section 15 Storm Sewer	15	2000
87	Dropped/Salow's Walnut Hill Taft		
88	Brookside Road & Drain	15	2002
89	Brookside Water Extension	15	2002

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		<u>PYMTS</u>	<u>YR OF PYMTS</u>
90	Pioneer Meadows Paving	15	2001
91	Dropped/Novi Hgts Water Ext.		
92	Novi Road Extension(Melvin Contract)	15	2001
93	Grand River/Beck Water Extension	15	2002
94	Novi/12 Mile to 12-1/2 Mile Extension - SW	15	2002
95	Eleven Mile/G.River to Meadowbrook		
96	Eleven Mile/G.River to Meadowbrook		
97	Ten Mile/Beck Sewer Extension	15	2002
98	Ten Mile/Beck Water Extension	15	2002
99	Sewer Extension(Melvin Contract)		
100	Water Extension(Melvin Contract)		
101	Dropped/Grey's Sub. Paving		
102	Marlson Street Water Main		
103	Novi Road Traffic Signals -W.O. (1989)	N/A	????2003
104	G.River/Beck-West - SW	10	1999
105	G.River/Beck-West - Water	10	1999
106	G.River/Beck-East - Sewer	10	2000
107	Combine SAD 77,78,92,99,100		
108	Town Center Street Light & Maintenance (and replacement)	See DPS	ON-GOING
109	West Oaks Street Lights (utility costs only)		ON-GOING
110	Aspen Street Extension		
111	Section 18 Extension(Thompson-Brown)		
112	Austin Drive Street Lighting		
113	Crow, DedGross, Shamrock Hill		
113	Shawood Street Lighting		
114	Novi Heights Area St. Paving	10	1998
115	Sandstone Roads		
116	Sandstone Sanitary Sewer		
117	Sandstone Storm Sewer		
118	Sandstone Water Mains		
119	Haggerty Road Sewer Line (14/Expwy)		
120	Haggerty Road Water Line (14/Expwy)		
121	Connemara Hills-Water-Dropped		
122	E. Lake Drive-Culdesac-cancelled		
123	Chase Farms Improvements		
124	Lanny's Road Paving	10	2000
125	Paramount Street Water-Cancelled		
126	Henning Street Water Extension	10	2000
127	Riverbridge Sewer	15	2005
128	Riverbridge Water	15	2005
129	Riverbridge Street/Storm	15	2005
132	Sandstone Paving	15	2006
133	Sandstone Sewer	15	2006
134	Sandstone Water	15	2006
139	Burton Street Closing		
140C	Haggerty Road 10 MI to GR (Providence/Chrysler - Portion \$84K)	5	1997
141	Beck/Pontiac Trail Sewer		
143	G.R. Street Lighting (Providence - one light - utility costs only)		ON GOING
144	14 Mile Sanitary (never approved) [INACTIVE]		
145	Mainstreet - Road	15	2009
146	Mainstreet - Streetscape	15	2010
148	Salow's Walnut Hill Sanitary Sewer	30	2027
149	Eubank Street Watermain	30	2028
150	Willowbrook Storm Drain	10	2008
151	Austin Drive Watermain	30	2029
152	Shawood Watermain	30	2029
154	Shawood Sanitary Sewer	30	2029
155	Twelve Mile Rd Improvements (Construction)	15	2015
155	Twelve Mile Rd Improvements (debt and receivable)	15	2015
156	Henning (INACTIVE)		
159	Lakewall Sub (INACTIVE)		
160	Lakewall (roads) (INACTIVE)		
161	West 11 Mile Sanitary Sewer (INACTIVE)		
162	Pioneer Meadows Sanitary	20	2022
163	Pioneer Meadows Water	20	2022
164	Birchwood/Delmont Water (INACTIVE)		

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<u>DIST#</u>		NO. OF	FINAL
		<u>PYMTS</u>	<u>YR OF</u> <u>PYMTS</u>
165	Connemara Hills (Kilrush Dr) Water	20	2022
168	West Lake Drive Water	20	2023
169	West Lake Drive Paving	20	2023
170	Maybury, Tuscany, Singh - Sect 32 Sanitary (Construction)	N/A	N/A
170	Maybury, Tuscany, Singh - Debt & A/R	15	2018
171	Woodham & Cedarwood (Echo Valley) Water	20	2023
172	Blomfield & Bentley Sub Water Main (final year 2020 after applying credit)	20	2024*
173	Conemara/Galway Dr Water	20	2024
176	Woodham Road Water Main Extension	20	2031
179	Vistas of Novi - Road and Utility Improvements	15	2032
180	Andes Hills - Water Main	20	2037
181	Knightsbridge Gate - Roads, utilities, sidewalks, pathways	10	2026
182	Dixon Road Sanitary Sewer Extension	20	2037
183	Walled Lake Improvements - Lake treatment	5	2024

Active Special Assessments

SAD	Installments
148-Sewer Ext	27-30
149-Water	26-30
151-Water	24-30
152-Water	25-30
176-Water	13-20
183 Lake Board**	5-5
183D Delinquent Lake Board**	1
179-Vistas of Novi (Holmes Rd, Hemingway Dr, Brownstone Dr)*	7-15
180-Andes Hills (Water Main)	7-20
181 Knightsbridge Gate** (Roads, Utilities, Sidewalks, Pathways)	8-10
182-Dixon Rd Sanitary Sewer Ext (5 Parcels)	7-20
301-Police Alarms	N/A
812-Street Light (Reviewed periodically - ongoing st lgts - charged by DTE)	N/A
997-Water/Sewer (Delinquent Water)	N/A
030-Ord Abatement (Fees)	N/A
003-Miscellaneous (Return Deposit Fee)	N/A
005-Delinquent Tax	N/A
998- Tap Fees (Kristin Fees)	N/A

*179-Road/Utility Improvement (Meadowbrook Townhouses
Brownstone Vistas, Tollgate Ravines)

** Billed in Winter Only



December 26, 2024

City of Novi
26300 Lee BeGole Dr
Novi, MI 48375

Re: Proposed Streetlighting-Main St

I have completed the review of your request for the proposed lighting and have prepared a cost estimate for the installation of one hundred and five (105) streetlights. I am proposing the installation of forty-five (45), 12' decorative posts with forty-five (45) 39w LED acorn luminaires. Twenty-five (25), 12' decorative posts with dual crossarm and fifty (50) 39w LED acorn luminaires. Five (5), 20' square posts mounted on high-band foundations and ten (10), 149w LED Area lights with Type 5 distribution. Posts and luminaires to have a black finish. Streetlights to be fed by underground cable.

The costs are based on the Option 1 Municipal Street Light rate, where DTE Energy installs, owns, and maintains the lighting system. The rate requires a portion of the construction costs be paid by the customer, which is determined by the following formula.

Underground fed (105) LED Luminaires

Annual Operating Cost	\$25,781.00
Costs to Construct	\$530,177.00
3yr Revenue Credit	(\$77,343.00)
Contribution from the City of Novi	\$452,834.00

The price quoted shall be in effect for a period of six months from the date of this letter, after which these costs will no longer be valid.

Please contact me for a streetlighting agreement if you would like to proceed with the above installation.

Please call if you have questions, 734-397-4017.

Sincerely,
Brandon R. Faron
Brandon R. Faron
Account Manager
Community Lighting

Existing Lighting

Proposed Lighting

