



CITY OF NOVI CITY COUNCIL
MAY 20, 2024

SUBJECT: Consideration of approval of a cost participation agreement with the Road Commission for Oakland County for the preliminary engineering associated with the widening of Twelve Mile Road between Beck Road and Dixon Road in the estimated amount of \$937,680.

SUBMITTING DEPARTMENT: Department of Public Works, Engineering Division

EXPENDITURE REQUIRED	\$ 937,680.00
AMOUNT BUDGETED	\$ 692,085.00 FY 2023-24 Budget \$ 245,595.00 FY 2024-25 Budget \$ 937,680.00 TOTAL
APPROPRIATION REQUIRED	\$ 0
LINE ITEM NUMBER	204-446.00-975.034 Municipal Street Fund

BACKGROUND INFORMATION:

The City and the Road Commission for Oakland County (RCOC) have been in discussions regarding expanding 12 Mile Road between Beck and Dixon since 2011. When the project was initially brought to the City back in 2011 the costs were around \$15 million with the City's cost share of \$1.2 million. Unfortunately, due to the complex nature of the reconstruction of the rail crossing, multiple wetland mitigations, and inflation, the project has now jumped to \$35 million. Federal dollars have been secured by RCOC to offset local contributions. The City's current anticipated construction cost share will be around \$3.5 million (see table below).

As this project progresses, RCOC is now in the design phase for the new layout, which will transform a two-lane roadway into a four-lane boulevard. Not only is RCOC cooperating with Novi, but they are also working with the City of Wixom on the design. As noted previously, communities have been requested to participate in a cost-share agreement for the preliminary engineering. Per the agreement, Novi's cost share is \$937,680, approximately 36.5% of the total preliminary engineering cost of \$2,571,192. Typically design share is 50/50 between RCOC and the City; however, using tri-party

funding reduces the City's share. Federal and state funds are covering 80% of right-of-way and RCOC and the City will split the remaining 20% with a 50/50 split.

The City Attorney reviewed the contract and resolution favorably (Beth Saarela, May 6, 2024). The RCOC is receiving federal funding for the project through the Oakland County Federal Aid Committee which will be obligated in 2026. The project will include filling sidewalk gaps and drainage improvements, including a culvert replacement east of the railroad crossing.

Since the project is utilizing federal funding, RCOC and the communities need secure the funds starting in FY 2026. Therefore, Novi is required to advance ~\$10.5M in FY 2026 to initiate construction (**highlighted below**). The advanced construction costs are recommended to be included in the road bond proposed by staff earlier this year. The federal payback of ~7M will come back to Novi in FY 2027-28.

CON Estimate	\$35,000,000			
Funds Identified	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Total</u>
Federal "C"	\$4,694,000	\$4,694,000	\$4,694,000	\$14,082,000
State "C"	\$9,863,660	\$3,228,000	\$1,200,000	\$14,291,660
Local	\$3,639,415	\$1,980,500	\$1,473,500	\$7,093,415
Total	\$18,197,075	\$9,902,500	\$7,367,500	\$35,467,075
JobNet/TIP	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Total</u>
Federal "C"	\$4,694,000	Convert Above	Convert Above	\$4,694,000
State "C"	\$9,863,660	Convert Above	Convert Above	\$9,863,660
Local	\$20,909,415	\$0	\$0	\$20,909,415
Total	\$35,467,075	\$0	\$0	\$35,467,075
City Front Costs	\$10,454,708			
City Reimbursement		-\$3,961,000	-\$2,947,000	
City NET Costs				\$3,546,708

Upon completion of the design for this project, a participation agreement with RCOC will come before the City Council at a later date (closer to construction) outlining and committing to the construction and outlining the cost share listed above. This project was included in the bonding discussions initially introduced at the Council's budget session and is currently being discussed by the Finance and Administration Committee. Finally, the construction costs for the City's share are not currently budgeted in the out years and, again, is a part of conversations with the Finance and Administration Committee about potential bonding opportunities to assist with funding advancement and increased construction costs.

RECOMMENDED ACTION: Approval of a cost participation agreement with the Road Commission for Oakland County for the preliminary engineering associated with the widening of Twelve Mile Road between Beck Road and Dixon Road in the estimated amount of \$937,680.