CITY OF NOVI
Finance and Administration Committee Meeting
June 1, 2026, 5:30 p.m.
Police Training Center | 45125 Ten Mile Road
(248) 347-0445

CALL TO ORDER: 5:30 p.m.

ROLL CALL: Mayor Fischer, Mayor Pro Tem Casey, Councilmember Staudt

STAFF LIAISON: Victor Cardenas, City Manager

ALSO PRESENT: Erick Zinser, Chief of Police and Director of Public Safety
John Martin, Fire Chief
Charles Boulard, Community Development Director
Jeff Herczeg, Director of Public Works
Cortney Hanson, City Clerk
Ben Croy, City Engineer
Katherine Oppermann, Recording Secretary
Todd Fenton, Plante Moran Realpoint
Brian Weber, Plante Moran Realpoint
Greg VanKirk, Plante Moran Realpoint
Chris Vogelheim, HED | BRW Architects
Jason Ide, Christman Company

APPROVAL OF AGENDA
Motion: Casey; Seconded: Staudt; Approved: 3:0

APPROVAL OF MINUTES – April 13, 2026
Motion: Casey; Seconded: Fischer; Approved: 3:0

PURPOSE OF THE MEETING

1. Plante Moran Realpoint Public Safety Building Project Update

   City Manager Cardenas stated that Plant Moran Realpoint (PMR) as well as consultants from the Construction Management and Architectural Design firms were present. He then Welcomed Mr. Fenton, of PMR to proceed with their presentation.

   - Presentation of Fire Station No. 2 and No. 3 Schematic Designs

     Mr. Fenton's presentation started with reviewing the progress to date, including the submittal of a pre-application package and a pre-app meeting on 4/23/26 and, following the receival of comments, the submittal of a site plan package on 5/18/26. They also had an open house on May 21, 2026. This meeting is intended as the governance document required review by the

Finance and Administration Committee prior to going forward to the full City Council and public.

He then went over a chart for the design phase overview, we are currently at the stage of the schematic design and ground breaking is currently on track for the 4th quarter of 2026. Mr. Weber briefly went over the construction delivery method and the multiple subcontractor bid packages.

Mr. Vogelheim of HED then went over the current schematic plans for Fire Station No. 2, a more informal/illustrative architectural site plan as well as some preliminary façade designs. Following some brief questions regarding the new building facades tying in with the current municipal buildings and the fire station doors Mayor Pro Tem Casey said that she was confident in the work of the Novi staff and consultant design team. Mayor Fischer asked about any limitations that might be posed by smaller bay size and if there was any concern that there might be a change to fire apparatus size in the future. Fire Chief Martin said that no, the City's newest truck is the longest available short of a ladder truck which we would have no need of at the station in question. Mayor Fischer then asked of the station designs would require any zoning variances and Community Development Director Boulard said that no, not per say. The plans will go before the Planning Commission where approval is based on location, character, and intent. The goal of the review would be to identify any inconsistencies with the ordinance and get it as close as possible but it would not go before the Zoning Board of Appeals. Mayor Fischer stated that he wants to ensure that we're following our own rules, noting balance may be needed but that as long as it would be in-line with what would be approved in a private development he would be comfortable. Councilmember Staudt briefly noted his concern regarding the amount of mowing or landscaping that might be required of Fire staff given the size of the property. Chief Zinser said that Fire staff will likely continue to cut the grass as they have done historically but that further landscape work may be contracted out. Councilmember Staudt stressed that any landscaping needs to be kept up so it does not look poor to the public.

Mr. Vogelheim then went over the current schematic plans for Fire Station No. 3, a mirror of Station No. 2. They plan to maintain the existing berm and trees and doing further plant in-fill, in part out of respect for the neighboring residents. This property is larger so they have included a larger buffer to give more turn space. Otherwise there is the same, consistent design language between the two station buildings. He said that those who attended the open house meeting, about 12 residents, seemed happy with the design as the main concerns prior to the event had been the berm, trees, and potential light issues.

Mayor Fisher thanked them and asked if the full Council will be walked though everything to which Mr. Fenton confirmed yes.

- Public Safety Building Options Discussion

  Mr. Fenton shared that they were pleased to find the DTE estimate necessary for the combined Public Safety building came in lower than expected. This confirms that the original one building, one culture plan will also be cost effective and makes the most sense to move forward with. Mayor Fischer said that with this in mind we should proceed with the one building plan. Since we are back within budget and to the original plan we can just focus on the Fire Station plans at the upcoming City Council meeting. He asked that the materials be provided on time for the Thursday City Council packet, ahead of the meeting date.

2. Property and Liability Insurance

Mr. Cardenas said that for the last few years we've been under Travelers for Property and Liability Insurance but that we have not received the expected level of customer service from them (frequent changes to representatives, slow and cryptic responses, etc.). As such we went to nine different entities for a bid but only Travelers would give a quote. Various reasons for this were given, not wanting to be in the public market, reluctance to cover Meadowbrook Commons as a residential property, etc. We then went back to public market, which we had previously been unable to do due to the Sandstone matter. The liability pools in Michigan are MMRMA and the MML pools. MMRMA decided not to quote us as the pricing would be beyond what we would want. MML and travelers have a relatively similar premium and MML covers more significantly more. Either option would require that we still use a separate insurance provider, Cowbell, for cyber insurance. Kapnick said that they would offer dedicated individuals now but despite this, due to the increased coverage and issues with the previous service to-date staff is recommending that we select MML. In speaking with other municipalities they have been positively reviewed and have a lot of experience with municipalities. Councilmember Staudt agreed that he doesn't care for travelers and asked about the loss history of the City post-Sandstone. Ms. Hanson said that it is all run-of-the-mill: vehicle accidents, property accidents, sewer backups, etc. Councilmember Staudt asked about the process for sewer backups, Mr. Cardenas said that it is typically a standard denial. In events of a catastrophic backup an investigation is performed but that would still typically be a denial unless the City is unambiguously at fault (City is doing all proper maintenance, etc.). Mayor Fischer asked how much we pay annually now, Ms. Hanson said it is essentially the same as the premium listed (IE Approx. $600,000). Councilmember Staudt then asked some follow-up questions regarding cyber security and the option to buy umbrella insurance. Mr. Cardenas and Ms. Hanson noted that Umbrella insurance is included in the quote. Mayor Fischer asked about when we had last looked at deductibles, he thinks they should be carefully evaluated so we can identify any other possible savings on the premium. Mr. Cardenas and Councilmember Staudt agreed, Mr. Cardenas affirmed that we should be able to answer any outstanding questions and deliver them to Council on the matter quickly.

3. Water Rates

Mr. Herczeg went over his prepared presentation, noting that this is a brief recap (post-Covid and post-Nofar). We have depleted the Water/Sewer reserves by ~60M through various large projects (HRSDS Sewer Truck lining, SW Water Main LOOP, Bellagio pump station, Cedar Springs Water main lining, etc). The proposed new pump tower is in the year two CIP, contingent on the development of City West and/or the Links of Novi. Recent issues have included the GLWA water main break. They did water main PCCP inspections in 2019/2020 and are looking into re-inspection based on issues with the GLWA pipes to get a baseline, this inspection process is costly, so it is currently on pause. With this in mind they are looking at a water fee increase in the future, to recuperate the reserve balance *if Council is interested in doing so*. Inspections could give foresight though, to help isolate zones and potentially mitigate interruptions and repair costs. There is a new rental option for AFO monitoring which makes more sense as opposed to having to buy a unit, greater flexibility. He then went over the planned WRC Walled Lake Treatment Plant improvements for which Novi shares about $2M which can be paid from the fund balance or financed (built into rates). Councilmember Staudt ask if that would be a fee above/beyond the existing GLWA rate and Mr. Herczeg confirmed yes. Mr. Herczeg also shared that there is an investigation by Novi and contiguous communities (Wixom, Farmington Hills, West Bloomfield) about establishing a new Water Authority. To do so we would need to be confident that it would work, be valuable, and be acceptable to GLWA. Revenue requirements calculations showed a financial savings of approximately of $2.5M (split by communities). Councilmember Staudt asked how large projects like the proposed City or west or a development of the Links would generate revenue. Mr. Herczeg said that if those projects come to fruition they would recommend another rate study. Currently In order to maintain an appropriate fund balance, staff recommends performing a "Rate Study" given the potential for reduced revenue requirements versus capital needs and aging infrastructure. A 3rd Party could tell us if we could adjust the fixed rate gradually, if we need to adjust at all, if we should just adjust the gradual rate, etc.

Mr. Herceg's noted three things: do we want to proceed with paying the $2M to WRC (staff recommended), if we want another AFO inspection, and that they recommend doing a rate study for the next ongoing 20 – 25 years. Mayor asked what the alternative to paying the $2M up front would be, Mr. Herczeg replied that they would bake it into our sewer rates. WRC would do a bond and our rate calculation over the next 20 years would pay that. We did a similar plan with a portion of the interceptor project. Mayor Fischer asked what the staff recommendation is and Mr. Herczeg said that we think we are okay to pay it up front, if we pay over time we would ultimately end up paying more over the 20 year pay back plan. Mayor Fischer then asked who does the rate study. Mr. Herczeg said that it is done by an outside firm, there are a few different firms that do that type of work. There will still be a lot of internal work required due to the documentation requirements the outside firm will have of us.

There was also brief discussion regarding a potential Water Authority. It was noted that if you involve more than four communities you typically need to own assets which we are not interested in. If we wanted to include more we would have to look further into what benefits, if any there would be. There is methodology behind what the revenue savings are, we are still looking into it. WRC and a consultant are helping to do the exploration. Nofar was also briefly discussed, in the context of what we can do to make sure another such suit does not come forward, what the proper maximum level of a reserve fund is.

Mayor Pro Tem Casey said that she is comfortable with the rate study and the $2M to WRC. She shares Mr. Herczegs concerns regarding the frequency of inspections. Mr. Herczeg did note that even if we did have a catastrophic failure in our mains It would not be the same level or as bad as the GLWA break but we still want to make sure to invest in our future properly. Councilmember Staudt asked if there were any lead pipes in Novi, Mr. Herczeg said no. Mr. Croy said that in our sample size zero pipes came back as lead.

Mr. Herczeg confirmed that they are moving forward with doing a water rate study, pay the $2M, and investigate an inspection a little bit more.

Mayor Fischer said that he still isn't sold on the rate on the $2M and would like more information on the matter. Mr. Herczeg said that he can get the details on what it would cost the City over the 20 years and what the interest rate would be. Mayor requested that, if possible, it be calculated down to the typical user. Mr. Herczeg said that could look at that. Mayor affirmed "half-speed" ahead.

4. Discussion of Fiscal Years 2028 and 2029

Mr. Cardenas said that this last matter concerns the memo from last Friday, concerning a plan for reductions to ensure we are in line with fund balance policy. We are looking at saving $1.4M on average over the next three years through reducing operational/recurring expenses and cutting capital. Having a full-time Finance Director will be a big deal helping with this going forward. We are still looking at our operations and what makes sense.

Councilmember Staudt said that people can't expect the same level of service as 10 years ago, it's a new world. People costs are up, we may need to downsize especially in regards to things that can be done instead through technology. Mr. Cardenas agrees that there are a lot more avenues and resources that we haven't tapped into, and that we need a better handle on how our budget is done. Councilmember Staudt appreciates the projections but notes that the world changes quickly and we need to be prepared. Mr. Cardenas agrees and noted that we didn't have the best handle on budget and number before. Councilmember Staudt said that this was already an issue before Covid, it is not a totally new issue but it was significantly accelerated by Covid. He does appreciate the numbers as an indication that we are now going in the right direction. We aren't currently in dire straits now, like we were 15 years ago, while there is some truth in the idea of raising takes to take care of a portion of it and truth to having a hybrid of various things like these cuts/reductions. He doesn't know the right answer, he is not the type who likes to raise taxes and have additional revenue but he isn't sure how to get out of this over the next five years with the current tax base. Mayor Fischer disagreed, doesn't like even opening the door to taxes. Councilmember Staudt continued that he thinks we need to change the culture of resident expectations. We have to do cost reduction, maybe through non-traditional means. He also noted that staffing reductions may be needed in some departments, he stressed that we are getting closer to survival mode. Car allowances, various employee benefits, vacation pay, police/fire raise percentages were all briefly noted. Short term we've gotten through this budget and will be able to get through the next but it will keep getting worse. The only way to continue on with current employee wage trajectory is through increased revenue.

Mayor Pro Tem Casey said she agreed that the short-term problem is solved but that there are more opportunities to look at, especially in technology. We need to look at what we do, what we can stop, can re-assign, etc. She doesn't know if we can go long-term with some of these positions cut from the budget, We need police officers, FPO, a landscape architect, etc. She is interested to see what will come out of the Novi 2050 plan and how that might give direction. Her support is there for technology and appropriate re-assignment.

Mayor Fischer said that to be clear he is anti-tax, anti-raising taxes. He doesn't like that the memo reiterates the difficulties of inflation. At his company they have to pay for their 3% wages by finding efficiencies in their own departments, keeping the department budgets flat year-over-year. This plan is a good starting point/phase one. He thinks that, like during Covid, we should have a regular update – perhaps quarterly, coming back to this to go over what has transpired, if thinking has changed, technology options, etc. We're going to have to find a way to fund some of these capital items through the regular ongoing general fund, not just the CIP. The CIP should be kept to one-off items, not ongoing operational needs.

For next steps Mr. Cardenas said that they will bring this plan forward to all of City Council on the 22nd, a budget amendment will be made to acknowledge changes.

5. Consultant List Review

No further discussion regarding the review of the Consultant List was required.

AUDIENCE COMMENTS - None

ADJOURNMENT: 7:18 p.m.
Motion: Fischer; Seconded: Casey; Approved: 3:0