

November 20, 2024

Mr. Victor Cardenas
City Manager
City of Novi
Civic Center
45175 Ten Mile Road
Novi, MI 48375

RE: Plante Moran Realpoint Update

Dear Mr. Cardenas

On September 30, 2024, the City of Novi ("CON"), subject to legal and administrative approval, approved entering into a mutually agreed upon contract with Plante Moran Realpoint ("PMR") to serve as the City's consultant for the construction of new public safety facilities. As the City's chief point of contact for this engagement, PMR is providing the following memorandum to you summarizing the firm's work to date, as well as identifying two issues that will require timely direction from the City Council and City Administration so that this program is set up for success.

CONTRACT STATUS

On July 25, 2024, the City of Novi issued a request for proposals seeking a consultant to assist with the construction of new public safety facilities. In its response, PMR outlined the following Phase 1 scope of real estate consulting services prior to actual construction:

- Pre-Ballot & Program Information Services
 - PMR will assist CON in its refinement and validation of the program scope, schedule and budget for construction work, including strategic planning, finalization of project scope, schedule and budget, cash flow modeling and phasing approach.
 - PMR will assist in the review of all site and financial due diligence performed to date.
- Architect/Engineer Procurement and Contract Negotiation
 - PMR will assist CON with drafting and delivering requests for qualifications ("RFQs") and requests for proposals ("RFPs") to prospective bidders, including contracts.
 - PMR will analyze proposals and qualifications and preparing an executive summary in a comparative format for CON's review and ultimate recommendation to city council.

- Committee Facilitation:
 - PMR will assist in facilitating steering committee sessions in a manner to encourage meaningful and orderly input. These sessions will be developed to explain the planning work completed to date; explain the goals and objectives of the potential ballot proposal; discuss relevant financial, demographic, regional and other pertinent City data; gather input from the various committee members on goals and objectives; discuss/determine if any further courses of action are necessitated; and assist the steering committee in developing a recommendation to Council.
- Program Information
 - Upon CON's approval and acceptance of the Committee recommendation, PMR will assist CON to develop capital referendum information materials, schedule, activities, etc. which communicate the needs to voters prior to ballot proposal vote.
- Community Survey
 - PMR will assist CON to survey the CON community. PMR may engage a subconsultant to assist in this process. The community survey may include a strategic telephone survey questionnaire with the assistance and approval of the CON Mayor and City Council member prior to survey.
- Community Presentations
 - Based on the findings from the activities above, assist CON to present at community forums/town hall meetings to update on the development of the program scope or work, schedule, activities, etc. which communicate the needs to community at large prior to ballot proposal vote.

A facility assessment was not in the City's original request for proposals, but understanding the condition of these buildings is critical for the pre-ballot campaign. "Why invest" cannot be answered by the public credibly without knowing the current state of these facilities and why less expensive options such as renovation or building additions are not being considered.

A revised contract with the added facility assessment scope was sent on October 25, 2024, and a copy of PMR's agreement with the Novi Community School District was sent on November 4, 2024, per the City Manager's request that day. It is PMR's understanding that this agreement is currently under review by the City Attorney.

PMR DUE DILIGENCE AND MEETINGS WITH NOVI

On October 14, 2024, PMR held a kickoff meeting with the City Manager, Public Safety Director Erick Zinser, Chief Information Officer Robert Petty, Community Development Director Charles Boulard, and Assistant City Manager Danielle Mahoney. The purpose of this meeting was to confirm the City's goals and objectives, review PMR's scope of work and assumptions, discuss the

City's due diligence steps to date, and to hear the City's plan for financing a new police station and three new fire stations.

The following issues were also addressed at the 10/14/24 kick off meeting:

- Establishment of PMR/Novi bi-weekly, in-person meeting schedule (complete)
- Establishment of a Sharepoint document storage site for Novi to populate with its due diligence, including the Redstone reports, department strategic plans, etc. (complete and documents under PMR review)
- The project would be funded by an August 2025 public safety proposal. The proposal could seek authorization to bond for the project, or it could dedicate a millage increase for this project and other public safety activities. PMR suggested a millage proposal has more flexibility and allows the program to develop over a period of time versus a specific bond proposal.
- PMR recommended that CON retain a financial advisor.
- PMR recommended conducting a sensitivity analysis (i.e. how much would a mill fund, and what is the financial impact on an average household in Novi?)

During the second meeting with the City on November 4, 2024, PMR shared its concerns about the amount of preliminary work that would need to be in place and finalized in order to prepare a successful informational campaign for the August 2025 election. Typically, a 12 month lead up time to the election is preferred, but in this case, it would be 8 months. For example, PMR and CON discussed and agreed that Fire Station 2 could not be rebuilt on its current site, which is far too small, so a new site for this station would have to be identified fairly quickly in order have the necessary information in place for an August 2025 election.

At the 11/4/24 meeting, the City Manager shared with PMR that CON was considering asking the public to renew its Capital Improvement Millage during the August 2026 election and that this could be a potential funding source for the desired public safety improvements. As such, PMR requested a history of Novi's previous millage proposals to better understand the history of such proposals in the City. This information is currently under review.

PMR FACILITY ASSESSMENT

PMR has been reviewing all previous documents provided by the City, including Redstone's space needs analysis for the police and fire departments, and conducted a walkthrough of the police station and fire stations 1-3 on November 13, 2024. PMR is currently reviewing the recommendations made by Redstone, while adding its analysis and condition assessment of these buildings.

It is PMR's intent to issue a comprehensive Facility Assessment/Space Needs Report that justifies or refutes the need for the new construction of a police station and three fire stations. Whether the

police station and Fire Station 1 should be co-located has not been determined at this time. This report should be completed in two months.

NEXT STEPS / CURRENT ISSUES

PMR's chief concern at this point is whether a public safety ballot proposal will be on the August 2025 election, or whether this project can be funded from the renewal of the Capital Improvement Millage in 2026. The timing is critical, as it impacts the length of the informational campaign that must be created, as well as construction schedules, when to procure an architect and engineer, schematic drawings for the public of the new facilities, etc.

Furthermore, PMR seeks direction on whether the City is contemplating any additional ballot proposals that may impact its engagement. If the City was entertaining a ballot proposal for parks and recreation, for example, PMR could replicate the Phase 1 services in its public safety proposal to assess parks and recreation facilities to build an impactful information campaign. This would require another amendment to PMR's contract.

For those reasons, PMR believes it would be prudent to meet with the Finance and Administration Committee as soon as possible to share these concerns and to seek unified direction from the City Council and City Administration as to the method of financing and the election date. PMR can provide the City with the most comprehensive and experienced team to build on the work undertaken by the City to date, but there are assumptions that need clarification sooner rather than later, namely, the targeted election date and how the ballot proposal will be defined.

As always, we look forward to discussing this update in more detail with you at your earliest convenience.

Sincerely,

Todd Fenton

Plante Moran Realpoint

CC: Greg VanKirk, Plante Moran Realpoint
Robert Petty, CIO, City of Novi