



CITY OF NOVI
Administrative ePacket
March 28, 2024

Public Safety (Police/Fire)

Infrastructure (Roads/Water/Sewer)

[Regional Concrete Surface Deterioration - Herczeg](#)

Economic Development (City Revenue/Job Growth)

Citizen-Focused Government (Shared Services/Customer Services)

Natural Areas & Features and Community Character (Community that Preserves)

Fiscally Responsible Government (Maintain)

[2024 March Board of Review and Millage Reduction Fraction Estimate - Ziozios](#)

[Audit RPF Results - Johnson](#)

Parks, Recreation & Cultural Services (Enhance Services)

Capital Improvement Program

City Council Only or Confidential



TO: VICTOR CARDENAS, CITY MANAGER
FROM: AARON STAUP, CONSTRUCTION ENGINEER
SUBJECT: REGIONAL CONCRETE SURFACE DETERIORATION
DATE: MARCH 28, 2024

MEMORANDUM

Mayor and Council –

Not what we wanted to hear regarding recent work on our concrete roads; however, our contractor appears to be completely invested to make the matter right. Please see the specifics below.

- Victor

Some recently reconstructed Novi roads are experiencing the industry-wide (at least in southeast Michigan) issue of severe concrete surface deterioration on both roads and curbing. Most of the confirmed damage has occurred with our Neighborhood Road Program (NRP), especially during the 2022 season. Several months after the concrete placement, staff and residents noticed a significant amount of pitting and scaling on the surface (see attached pics). So much so that the DPW had to send out street sweeping crews to remove the debris. Some residents have referred to the condition as "our roads are turning into gravel ones". Laramie Drive, Cumberland Drive/Ironside Court, Lancaster Court, and Gen-Mar Drive were hit the hardest.

Staff met with the NRP contractor, Mattioli Cement, last year to witness the scope of the damage. The contractor did not deny or try to deflect the blame and was ready to begin removal and replacement of the affected panels right away. The City asked the contractor to hold off immediate replacement and continue to monitor the situation to make sure the deterioration had run its course. This delay was certainly advantageous, as the pitting and scaling 'grew' considerably on the previously witnessed panels and seemed to spread to others that were not originally affected. At present staff can say with confidence the panels exhibiting this deterioration are well defined. There is no known topical solution for this issue and the only fix we are aware of is total removal and replacement of the affected panels of concrete.

For the last few months, the Engineering Division has been researching the problem to determine if it is specifically a Novi issue, or if other agencies are experiencing the same problem. Staff ascertained the City of Allen Park, City of Westland, and City of Livonia all have the same issues (some better and some worse). Recently a story ran on WWJ 950 News Radio on March 20th regarding the problem. The story was an interview with the Mayor of Allen Park, Gail McLeod, whereby announcing the wide-ranging problem and asking for the concrete industry to assume responsibility. The interview emphasized the additional fixes to their streets will greatly impact the adjacent residents, who will have to endure another reconstruction.

It appears the complete blame for the problem resides with the concrete suppliers and affiliated material source providers. Although no obvious proof exists, our industry sources believe there were significant alterations to the usual concrete mix designs that involved the use of inferior materials and/or changes in the volumes or weights of typical

ingredients. Concrete placement contractors, like Mattioli Cement, are obviously concerned about how these eventual fixes will be handled. They have agreements or contracts with both the suppliers and the municipal customers. The end game may or may not address time, labor, re-inspection, testing, etc. of the concrete replacements.

Staff met with Mattioli Cement and discussed the problem at length. Regardless of the possible fight our contractor may have with their concrete supplier, **they are committed to replacing everything that has been affected and we expect a committal letter soon attesting to this expectation.** Mattioli Cement even pledges to begin replacement work on Cumberland/Ironside, Lancaster Court and Gen-Mar this year (2024) and again on Laramie Drive in 2025. We also expect more discrete replacements on several other street segments, less impacted by the problem, sometime in 2025 and/or 2026.

Engineering will continue to monitor and facilitate replacement of the defective panels/roads, but the process may take a few construction seasons. Communication on the problem is currently being drafted and will be available on the website to answer questions and concerns from residents.



Example 1 – Laramie Drive (Walden Woods II) – North of Cheyenne Drive



Example 2 – Laramie Drive (Walden Woods II) – South of 11 Mile



Example 3 – Cumberland Drive (North Hills Estates) – near northern eyebrow cul-de-sac



Example 4 – Cumberland Drive (North Hills Estates) – at Ironside Court

MEMORANDUM



TO: VICTOR CARDENAS, CITY MANAGER
FROM: JAN ZIOZIOS, INTERIM/DEPUTY ASSESSOR
SUBJECT: SUMMARY OF 2024 MARCH BOARD OF REVIEW
MILLAGE REDUCTION FRACTION ESTIMATE
DATE: MARCH 26, 2024

Mayor and Council –

FYI – the latest update from the 2024 Board of Review results. Bottom line the City's millage rate will not reduce again this year.

- Victor

The 2024 March Board of Review has concluded. Novi's assessment roll and reports for equalization were completed and delivered to Oakland County Equalization and the Oakland County Treasurer.

The board acted on 190 total petitions. The board reviewed 15 applications for poverty exemption. Thirteen applications met Novi's income and asset guidelines and were approved; two applications did not meet the guidelines and were denied.

The board heard 15 in-person scheduled appeals and 9 walk-in appeals. The remaining petitions were personal property matters and written appeals.

Additionally, the estimated Millage Reduction Fraction based on the post-March Board taxable values is calculated to be **1.0**, which means there will be no rollback. The calculations are presented below. The statutory inflation rate multiplier for use in the 2024 "Headlee Millage Reduction Fraction (MRF) formula is 1.051¹. (The inflation rate multiplier used in the capped value calculation is capped at 1.05).

"Headlee Millage Reduction Fraction (MRF) formula is:

(Prior year TV minus losses) X CPI (1.051) divided by (Current Year TV minus additions)

Prior Year TV (2023)	\$4,649,264,350	minus losses	\$36,209,258	=	\$4,613,055,092
Current Year TV (2024)	\$4,962,920,898	minus additions	\$117,809,534	=	\$4,845,111,364

\$4,613,055,092	x	1.051	=	\$4,848,320,902
\$4,845,111,364				<u>\$4,845,111,364</u>

= **1.0007**
Round down to MRF of 1

The tables on the next page provide a comparison of 2023 values to 2024 values and the percent change.

¹ Michigan State Tax Commission Bulletin 16 of 2023 and MCL 211.34d

The overall assessed value of Novi's residential real property increased 10.68 percent from 2023 to 2024, which reflects market change and other adjustments, loss and new. Commercial real property assessed value increased 5.87 percent and industrial real property increased 4.11 percent. Personal property assessed value increased 4.86 percent. Novi's total assessed value increased 9.06 percent. The parcel count increased by 111.

Real Property	2023 Parcel Count	2024 Parcel Count	**** Assessed Value Totals ****				2024 Board Of Review	Assessed Value % Increase / % Decrease
			2023 Board Of Review	Loss	+ or - Adjustment	New		
Commercial	897	906	1,444,233,710	7,915,890	51,857,040	40,800,900	1,528,975,760	5.87%
Industrial	167	162	100,281,490	979,520	4,609,180	491,870	104,403,020	4.11%
Residential	18697	18878	3,802,425,040	8,149,180	373,757,435	40,490,130	4,208,523,425	10.68%
Total Real	19761	19946	5,346,940,240	17,044,590	430,223,655	81,782,900	5,841,902,205	9.26%
Com. Personal	2616	2551	175,490,580	31,950,220	0	41,902,908	185,443,268	5.67%
Ind. Personal	41	39	9,391,100	1,618,010	0	753,860	8,526,950	-9.20%
Res. Personal		0	0	0	0	0	0	0.00%
Util. Personal	14	14	67,660,840	406,800	0	3,585,070	70,839,110	4.70%
Total Personal	2671	2604	252,542,520	33,975,030	0	46,241,838	264,809,328	4.86%
Total Exempt	307	300	0	0	0	0	0	0.00%
Grand Totals	22739	22850	5,599,482,760	51,019,620	430,223,655	128,024,738	6,106,711,533	9.06%

The overall taxable value of Novi's residential real property increased 6.89 percent from 2023 to 2024, which reflects losses, adjustments (including the inflation rate multiplier of 5 percent) and additions. Commercial real property taxable value increased 6.90 percent and industrial real property increased 4.79 percent. Personal property taxable value increased 4.86 percent. Novi's total taxable value increased 6.75 percent and is 81.27 percent of the city's total assessed value.

Real Property	2023 Parcel Count	2024 Parcel Count	**** Taxable Value Totals ****				2024 Board Of Review	Taxable Value % Increase / % Decrease
			2023 Board Of Review	Losses	+ or - Adjustment	Additions		
Commercial	897	906	1,166,867,580	301,022	57,293,279	30,141,120	1,247,371,560	6.90%
Industrial	167	162	81,508,830	385,430	4,245,990	214,730	85,412,970	4.79%
Residential	18697	18878	3,148,345,420	1,637,716	192,384,422	29,148,444	3,365,327,040	6.89%
Total Real	19761	19946	4,396,721,830	2,324,168	253,923,691	59,504,294	4,698,111,570	6.85%
Com. Personal	2616	2551	175,490,580	31,814,110	-9,289,832	51,056,630	185,443,268	5.67%
Ind. Personal	41	39	9,391,100	1,323,680	-818,260	1,277,790	8,526,950	-9.20%
Res. Personal		0	0	0	0	0	0	0.00%
Util. Personal	14	14	67,660,840	747,300	-2,045,250	5,970,820	70,839,110	4.70%
Total Personal	2671	2604	252,542,520	33,885,090	-12,153,342	58,305,240	264,809,328	4.86%
Total Exempt	307	300	0	0	0	0	0	0.00%
Grand Totals	22739	22850	4,649,264,350	36,209,258	241,770,349	117,809,534	4,962,920,898	6.75%

MEMORANDUM



TO: VICTOR CARDENAS, CITY MANAGER
FROM: CARL JOHNSON, FINANCE DIRECTOR
SUBJECT: AUDIT RFP RESULTS
DATE: MARCH 27, 2024

Mayor and Council –

Please see the summary of our recent RFP for the City's annual financial audit. This will appear on the April 8th agenda.

- Victor

The City of Novi recently issued a request for proposal (RFP) to secure the services of an independent audit firm to provide professional auditing services in accordance with generally accepted auditing standards. The State of Michigan Uniform Budgeting and Accounting Act, PA 2 of 1968 requires a local unit of government having a population of 4,000 or more to obtain an audit of its financial records, accounts, and procedures on an annual basis.

Six firms submitted proposals and were evaluated by the finance staff based on their level of expertise and experience within the municipal sector as well as their response to the mandatory elements included within the RFP. Based on the evaluations, two firms stood out above all others that submitted bids. The top two firms are well known for being some of the top-rated accounting firms in the state and ones that could provide outstanding service to the City. The two firms being recommended to the Mayor and City Council for consideration are Yeo & Yeo, PC and our current auditors Rehmann Robson (both were finalists five years ago when the last RFP was issued for audit services). The fees proposed over the five years requested in the RFP are listed below (the audit fee for the year ended June 30, 2023 was \$59,900):

	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	Total
Yeo & Yeo, PC	\$60,000	\$62,500	\$65,000	\$67,500	\$70,000	\$325,000
Rehmann Robson	\$65,900	\$69,200	\$72,700	\$76,300	\$80,100	\$364,200

The finance team has favorable experience working with both firms and feel either firm would provide outstanding service to the City. The administration has added an item on the April 8, 2024 City Council meeting agenda for appointment of the audit firm of their choice.