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## CITY of NOVI CITY COUNCIL

**Agenda Item C**  
**June 21, 2010**

**SUBJECT: Approval of an intergovernmental agreement with the City of South Lyon for the City of Novi to provide Building Department review and inspection services for a period of up to (2) years.**

**SUBMITTING DEPARTMENT:** Community Development Department, Building Division *CM*

**CITY MANAGER APPROVAL:** 

**BACKGROUND INFORMATION:**

As a result of efforts to leverage resources and participate in cost saving partnerships with other communities, the City of Novi has the opportunity to provide Building Plan review and inspection services to the City of South Lyon. The attached agreement has been approved by the South Lyon City Council and is in keeping with the goal of maintaining a fiscally responsible government.

Analysis of permit data for the City of South Lyon from the last several years and the stock of available buildable lots indicates that even with continued moderate recovery additional full time staff will not be required to meet the incremental work load necessary to provide these services. The key points of the agreement are as follows:

- **Compensation:** The City of South Lyon will compensate Novi with 75% of all review, permit and inspection fees for construction projects collected during the term of the contract based on the current and future fee schedules adopted by the City of South Lyon. For 2009 this would amount to approximately \$48,000 for Building Permits alone and \$64,000 in the event that Building and trade permits were included.
- **Term:** The contract is proposed from July 1, 2010 thru June 30, 2011 with a reopener in December 2010 to discuss the fee and funding arrangements.
- Novi Building Division staff will provide reviews, inspections, residential plot plan reviews and coordination for building permits issued by the City of South Lyon in their offices, by their staff. While not contemplated at the start of the contract, the language also allows Novi to provide trade inspections should the need arise. Designated Novi staff will provide telephone and face to face consultation for customer of South Lyon in the Novi Civic center.
- Andy Gerecke will act as Building Official for the City of South Lyon. Representation will be required for normal coordination meetings and a specified number of South Lyon Construction Board of Appeals meetings only.

- The agreement does not contemplate provision of Planning or Ordinance Enforcement services.

The intergovernmental agreement was developed by the City.

**RECOMMENDED ACTION:** Approval of an intergovernmental agreement with the City of South Lyon for the City of Novi to provide Building Department review and inspection services for a period of up to (2) years.

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Crawford				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				

**INTERGOVERNMENTAL**  
**AGREEMENT FOR BUILDING INSPECTION SERVICES**

**City of Novi**  
**and**  
**City of South Lyon**

This Agreement is between the City of Novi, a Michigan municipal corporation, ("Novi"), whose address is 45175 W. Ten Mile Road, Novi, MI 48375, and the City of South Lyon, a Michigan municipal corporation, ("South Lyon"), whose address is 335 South Warren, South Lyon, MI 48178.

**RECITALS:**

WHEREAS, under the Urban Cooperation Act, PA 7 of 1967, as amended, municipalities are permitted to enter into intergovernmental agreements for the joint performance of various governmental functions by public agencies; and

WHEREAS, under the Single State Construction Code Act, Section 8b(2) (MCL 125.1808b(2)), governmental subdivisions are permitted to "provide by agreement for the joint enforcement of" the act;

WHEREAS, South Lyon requires the services of qualified building inspectors for the performance of routine building plan reviews, inspections, and certain enforcement activities within the City of South Lyon, and also needs the services of an individual to act as Building Official for South Lyon; and

WHEREAS, Novi employs construction code inspectors registered in compliance with the requirements of the Building Officials and Inspectors Registration Act, PA 54 of 1986, as amended; and

WHEREAS, Novi has a sufficient number of full-time and part-time inspectors to allow it to assign inspectors to perform inspections within South Lyon and to provide services necessary to act as the Building Official for the City of South Lyon; and

WHEREAS, Novi and South Lyon desire to set forth in writing the terms and conditions upon which Novi will provide building inspection and other construction code-related services to South Lyon, including the compensation to be paid to Novi for such services:

**NOW, THEREFORE, THE PARTIES AGREE** that Novi will provide building inspectors to perform the construction inspection and related services for South Lyon, and will provide an individual to act as Building Official for South Lyon, in accordance with the following terms and conditions:

**1. General Scope of Services:**

- a. For and in consideration of payment by South Lyon as provided in this Agreement, Novi shall perform the services described herein and in Exhibit A (attached and incorporated) on an as-needed and as-requested basis, in a manner consistent with that degree of care and skill ordinarily exercised by inspectors currently practicing under similar circumstances.
- b. The individuals assigned by Novi to perform reviews, inspections, and other activities required under this Agreement within and on behalf of the City of South Lyon shall do so in a confident, efficient, timely, good, and workmanlike manner and in compliance with the following:
  - (1) All code inspectors shall be registered under the Building Officials and Inspectors Registration Act, as amended;
  - (2) All code inspectors shall carry and display the written credentials and proof that the City of Novi provides the inspector of his or her appointment and position;

**2. Terms of Agreement:**

The term of this Agreement shall be one (1) year, beginning on July 1, 2010 and ending on June 30, 2011. Novi and South Lyon agree to meet to discuss extension of the Agreement, or modification of its terms or conditions, on or around December 1, 2010. Either party may terminate this Agreement for any reason upon forty-five (45) days' written notice to the other party. Either party may terminate this Agreement upon 7 days' written notice to the other party in the event of substantial failure by the other party to fulfill its obligations under this agreement through no fault of the terminating party.

**3. Payment for Services:**

South Lyon shall pay Novi 75% of the review and inspection fees assessed or imposed by South Lyon in accordance with the attached Schedule B, which is South Lyon's current fee schedule. South Lyon agrees to use all appropriate efforts and means to collect the required fees in accordance with the schedule, but shall pay Novi the fees due for services rendered regardless of whether they are collected. Novi shall invoice South Lyon on a monthly basis for services rendered. Invoices shall be generated on the basis of records of activities maintained by South Lyon and verified by Novi. Payment shall be made within thirty (30) calendar days of the time of receipt of invoice from Novi. If payment is not maintained on a thirty (30) day current basis, Novi may suspend further performance until payments are current.

**4. Liability:**

South Lyon acknowledges that Novi is performing a valuable and essential governmental function for and on behalf of South Lyon. It is the intent of the parties that in performing

the inspection and related services under this Agreement, Novi has and shall retain governmental immunity as a governmental agency, and shall also have and receive any immunity conferred by virtue of the performance of the obligations that are by statute or otherwise the responsibility of South Lyon and for which it is immune. Neither party, its officers, officials, council members, employees, or agents shall be liable for the intentional or negligent acts of the other party, its officers, officials, council members, employees, or agents. Each party shall indemnify and hold harmless the other party for such acts.

**5. Insurance:**

The individuals performing services under this Agreement shall be insured by the City of Novi, which shall provide motor vehicle, worker's compensation, and general liability insurance under Novi's existing policies.

**6. Entire Agreement:**

This Agreement contains the entire agreement between Novi and South Lyon relating to services to be provided by Novi. Any prior agreements, promises, negotiations, and representations not expressly set forth in this Agreement are of no force or effect. Subsequent modifications to this Agreement shall be in writing and signed by both Novi and South Lyon.

**7. Severability:**

Waiver of any term, condition, or covenant, or breach of any term, condition, or covenant, shall not constitute the waiver of any other term, condition, or covenant, or the breach of any other term, condition, or covenant. If any term, condition, or covenant of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall be valid and binding on Novi and South Lyon, unless the court's action or holding has the effect of frustrating the purpose of this Agreement.

**8. Inspection:**

All work performed by Novi shall be subject to review by South Lyon to assure compliance with this Agreement.

**9. Notices:**

Written notices under this Agreement shall be given to the parties at their addresses on page one by personal or registered mail delivery to the attention of the following persons:

**City of Novi: Charles Boulard, Community Development Director and Maryanne Cornelius, Clerk.**

**South Lyon:** \_\_\_\_\_

**10. Construction:**

This Agreement shall be construed under the laws of the State of Michigan.

**11. Authority:**

The parties are authorized to enter into this Agreement by virtue of the provisions of the Urban Cooperation Act, Public Act 7 of 1967, as amended, being MCL 124.501, *et seq.*, and the Single State Construction Code Act, Public Act 230 of 1972, being MCL 125.1501, *et seq.*

**12. No Third Party Beneficiaries:**

Except as provided for the benefit of the parties, this Agreement does not and is not intended to create any obligation, duty, promise, contractual right or benefit, right to indemnification, right to subrogation and/or any other right in favor of any other person or entity.

**13. Reservation of Rights:**

This Agreement does not, and is not intended to impair, divest, delegate, or contravene any constitutional, statutory, and/or other legal right, privilege, power, obligation, duty or immunity of the parties. Nothing in this Agreement shall be construed as a waiver of governmental immunity.

**14. Agreement Modifications or Amendments:**

Any modifications, amendments, recessions, waivers, or releases to this Agreement must be in writing and agreed to by the parties.

**15. Approvals:**

The parties have taken all actions and secured all approvals necessary to authorize and complete this Agreement. The persons signing this Agreement on behalf of each party have legal authority to sign this Agreement and bind the parties to the terms and conditions contained here.

[Signatures on next page]

**CITY OF NOVI**

By: \_\_\_\_\_  
David B. Landry, Mayor

By: \_\_\_\_\_  
Maryanne E. Cornelius, Clerk

Dated: \_\_\_\_\_

1425205.2

**CITY OF SOUTH LYON**

By: \_\_\_\_\_  
Tedd Wallace, Mayor

By: \_\_\_\_\_  
Julie Zemke, Clerk

Dated: \_\_\_\_\_

## EXHIBIT A

### SCOPE OF SERVICES

**The City of Novi shall:**

- A. Provide building inspection services for construction-related activities, including all services, supplies, labor, material, and supervision necessary to review plans and building permit applications, authorize issuance of permits, and perform building inspections under the building code, rules, and regulations, and also to perform such services under the plumbing, mechanical, electrical, fire alarm, and fire suppression codes, rules, and regulations as requested. For purposes of this Scope of Services, the building code shall mean the State of Michigan Single State Construction Code as adopted by Public Act 230 of 1972, as amended.
- B. Perform plot plan reviews for single-family homes (but not site plan review for non-residential developments).
- C. Pick up and drop off permit and inspection documents from South Lyon City offices approximately 2 to 3 times each week, as needed or required.
- D. Provide representation for a reasonable number of project-related development and construction consultations at the Novi City Hall location
- E. Provide support and representation at a maximum of (4) Construction Board of Appeals meetings per year.
- F. Maintain records of permits, applications, inspections, and enforcement actions for current projects.
- G. Designate a qualified individual to act as Building Official for the City of South Lyon.
- H. All individuals and code inspectors shall:
  - (1) Comply with all the requirements of the Single State Construction Code Act, as amended, and all requirements of the codes for and under which he or she is providing inspections and related services to South Lyon
  - (2) Perform and report the results of inspections and other services required in the time and manner required by any directives that he or she may receive from South Lyon



(3) Not issue any enforcement action or stop work orders without the written authorization by South Lyon; and

**The City of South Lyon shall:**

- A. Provide all necessary forms needed to conduct plan reviews, issue permits, and maintain comprehensive permit and project files.
- B. Arrange and schedule inspections and provide site location, inspection type information, and permit tracking information.
- C. Provide mailing, meeting space, and clerical/record keeping support for Construction Board of Appeals meetings.
- D. Monitor Soil Erosion and Sedimentation Control administration, permitting and inspections that are the responsibility of Oakland County.

CITY OF SOUTH LYON FEE SCHEDULE

Adopted by the City Council 1/25/10

**BUILDING PERMITS**

Cost of Construction:		
	\$1-\$1,000	\$60
	\$1,001-\$2,000	\$75
	\$2,001-\$3,000	\$90
	\$3,001-\$4,000	\$105
	\$4,001-\$5,000	\$120
	\$5,001-\$6,000	\$135
	\$6,001-\$7,000	\$150
	\$7,001-\$8,000	\$165
	\$8,001-\$9,000	\$180
	\$9,001-\$10,000	\$195
	\$10,001-\$100,000	\$195+\$5 per \$1,000 over \$10,001
	\$100,001-\$500,000	\$645+\$5 per \$1,000 over \$100,001
	\$500,000 Plus	\$2645+\$5 per \$1,000 over \$500,000
Additional/Re-inspection		\$35
Special or overtime inspection		\$45 per hour or fraction - minimum \$90
Starting work without permit		double fee
Zoning permit for structures not requiring a permit		\$50
Signs		
	Temporary (30 days)	\$20
	Permanent Sign	Same as Building Permit Fees
	Sandwich Board Sign	\$50 per calendar year
Demolition		\$50 + \$.05 per square foot
* Demolition permits may be issued only after applicant certifies that all utilities have been notified and disconnected		
Permit Cancellation		35% of Permit fee
Permit reactivation for abandoned permits		35% of original fee
Contractor License Registration		\$15
Cash Bond for new construction		\$500

\*A plan review fee for any construction project over \$100,00 estimated cost of construction will be charged .15% of the permit fee

\*\* The current ICC Building Valuation Data Report will be used to compute building permit fees if required