

Memo

To: Selectboard
Greg Duggan, Town Manager
From: Katherine Sonnick, Community Development Director; Karen Adams,
Deputy Manager
CC: Aaron Martin, Public Works Director
Date: March 17, 2025
Subject: Acceptance of Northern Borders Regional Commission Grant for Upper
Main Street

Issue: The issue is whether the Selectboard will accept the Northern Borders Regional Commission grant for infrastructure planning for the municipal Upper Main Street site.

Discussion: The Town of Essex has been selected to receive a \$500,000 grant through the Northern Borders Regional Commission (NBRC) to support the planning and design of water and sewer infrastructure, for the 80/90 Upper Main Street project. These tasks will be completed as part of work to develop comprehensive design plans and seek state and local permits for all infrastructure (roadway, sidewalk, stormwater, water, and sewer). The overall estimate for this work is \$1,490,000, which includes a 30% contingency (\$300,000) to protect against cost overruns should any issues arise during design.

The Town has requested an eligibility determination from NBRC on whether the full scope of Stantec's work is eligible for funding under the program, given that the project as a whole appears eligible under the granting criteria and the water and sewer infrastructure work cannot be completed in a vacuum. The grant requires a 50% match; should the full scope of work be deemed eligible, the net cost to the Town would be \$690,000, assuming there is no use of the contingency. Should the award be limited to water/sewer related design tasks, the net cost to the Town for the entire project is expected to be approximately \$994,750. This assumes no additional grants are awarded for this work.

Once the grant agreement is executed, the Town has a year to complete required paperwork, identify matching funds, propose a work plan and receive a Notice to Proceed from NBRC. The work must be completed within three years of grant execution, leaving two years for completing this scope which is very reasonable and likely conservative. Staff also continues to pursue available grant opportunities to continue to reduce net costs to the Town for this needed work.

Possible Town funding sources to be used as grant match for this work include:

- For water and sewer tasks, funding could come from unrestricted net position ("undesignated fund balance") within the water/sewer enterprise fund. Necessary tasks amount to approximately 6% of this funding source once grant revenues are applied; leaving 94% remaining for other uses.

- For remaining tasks, funding could come from various sources including: the Town’s FY26 Municipal Complex fund within the Capital Budget, which will have a balance of \$126,496 as of July 1, 2025; Undesignated capital funds; Capital funds as proposed within a FY27 Capital Budget; the Town’s 15% general fund operating reserves (the “rainy day fund”); Impact fee revenues; any FY25 Operating fund balance; a loan from the water and sewer enterprise fund; or operating line items for professional services.

Staff would further review possible funding sources as eligibility determinations are made, additional grant opportunities pursued, and cost estimates further refined, and prepare a funding plan identifying sources of grant match for adoption by the Selectboard prior to requesting a Notice to Proceed from NBRC.

Costs: The project cost are estimated at \$1,490,000, with a reimbursable amount of up to \$500,000. Funding sources to be used for matching purposes will be presented to the Selectboard prior to expenditure.

Recommendation: Staff recommends the Selectboard accept the Northern Borders Regional Commission Grant for Upper Main Street, with a requirement that staff return to the Selectboard with a funding plan identifying sources of grant match prior to requesting a Notice to Proceed.