

Memo

To: Holly Delisle, Westford Town Administrator

From: Ron Rodjenski, Westford Project Manager

Date: March 23, 2024

Re: CWSRF Reimbursement; ARPA rescission & Selectboard action

CWSRF Reimbursement

It was good to hear that Emily Hackett will provide the state CWSRF “funding bucket” coding and not amend the town’s earlier reimbursements (already processed) as that would take more time and further delay reimbursement 2.1 (PR01).

The new process will be sending invoice batches directly to Emily, she will pre-approve the CWSRF & ARPA funding buckets for expedited processing. This will allow the Town to return to a preferred regular (no more than monthly) reimbursement schedule addressing the cash flow and interest loss concerns going forward. The forthcoming reimbursement, Step 2.0 PR01, will catch the town up on reimbursements, estimated at \$152,000. I hope these funds are received by the Town before April 20th – 3 weeks to process.

Town costs over the \$125,000 Step 2.0 CWSRF loan subsidy (loan forgiveness cap) move to the current State ARPA grant until those funds are unavailable. No taxpayer impacts are expected currently if the Selectboard ends the project or moves forward with a Maple Shade 100% design (again, if State &/or Local ARPA funds are available). Taxpayer costs would likely occur if the Selectboard decides to move forward with the voted down Maple Shade project after State ARPA funding is rescinded (i.e. covering \$4 million in construction costs with non-ARPA grants and SRF subsidy is very unlikely to occur again). A modified Maple Shade Town Center project may or may not be able to retain full funding, as all agencies have said a revised scope of work needs their review and concurrence to determine the level of funding support to Westford.

Rescission and Next Steps:

1. **Ensure Reimbursements are Completed.** The Selectboard should not cancel the Maple Shade project until all pending reimbursements are processed. If canceled, State ARPA would no longer be available to cover the SRF unsubsidized loan amounts (possibly requiring the use of local ARPA funds for these costs or paying the SRF loan).
2. **Local ARPA Use.** The Town’s \$150,000 ARPA obligation addressed the Northern Border Regional Commission’s requirement for a 20% town grant match. If construction of Maple Shade is not pursued, then the Selectboard would then decide on re-obligation of the \$150,000 since it is no longer needed for NBRC match. The deadline to obligate all local ARPA is December 31, 2024, unless the town transfers to the General Fund Revenue to cover “town payroll and employee retainage costs” which would follow VLCT’s recommendation – this action would result in a larger than usual unassigned fund balance June 30, 2024. Once transferred to GF, those funds are no longer ARPA funds (removes federal oversight), but the treatment of that transfer should be reviewed by the outside town audit team before the end of this fiscal year. The town’s 2012 reserve fund balance policy guides the Selectboard on the use of the unassigned (rainy day) funds.

3. **Action by Selectboard.** A Selectboard vote at a regular or special meeting called just for this purpose BEFORE April 15th, is needed on the following:

- a. **PAUSE/TERMINATE:** a vote to maintain the current pause on Maple Shade progress would result in the State taking the actions described in the March 19th letter. This would lead to the town needing to terminate the Maple Shade project (as presented to voters on Nov 7 2023) due to the lack of funding. This allows town staff to work with the State and funding partners to unwind from Maple Shade including canceling wastewater contracts, unless there is a Maple Shade revision that the Town decides to pursue, then staff/consultants would need to develop a new scope of work, seek grant and loan re-applications or amendments, and wait for a determination on the town taxpayer impacts (system users and non-users).
- b. **100% DESIGN:** a vote to restart progress on Maple Shade and move to 100% design, for "a plan on a shelf" (requires an amended State ARPA to allow coverage of "unsubsidized" SRF costs only, without construction plans). If the State ARPA grant is amended (to design only), then there is no cost to taxpayers.
- c. **CONSTRUCTION:** a vote to move to 100% design and construction of Maple Shade Project as proposed in prior grant agreements and state loans. This does include costs to both users of the system and non-users, as was presented in the original plans. The Selectboard may, in response to the No Vote, do one or more of the following:
 1. rapidly redesign the Maple Shade project (requires funding stack partners concurrence),
 2. adopt a moratorium on land development in the Town Center Area (see 2021 Zoning Map – Town Center Area includes the T2, T3, T4, T5 and Town Common Districts) – the town attorney will need to advise on interim zoning process,
 3. work on reducing the projected O&M (RCAP Solutions could help here),
 4. Schedule a new vote on the original project or an amended Maple Shade project in response to the No Vote.
- d. **OTHER:** Take another action developed with additional discussions ahead of the April 15th state deadline. The Selectboard could "spin off" 1705 purchase as a separate project due to that parcels unique community benefits, which would be in addition to the potential small-scale wastewater capacity under review now.

Other than canceling the Maple Shade Project, any revised project using State ARPA or State CWSRF funding that is substantially modified from the approved 30% original design will require a scope of work change and concurrence from several funding partners to determine their collective level of funding support and the resulting impact on town taxpayers.