

## Types of Funding

**Construction funding** (materials, engineering, contractors, etc) Money comes from federal and state transportation funding streams; typically through the Transportation Enhancement Program. The federal funds require a 20% match which the ETMD and/or state would have to supply. Currently, the State has agreed to fund the 20% match on the next slate of projects. The ETMD never directly receives these state and federal funds; they are managed by reimbursement. Funding of these projects is contingent on local administration of the project; of which most of the expense is not eligible for reimbursement.

**Administrative funding** (operation, maintenance, planning, construction management, etc) comes from an annual fee paid by each member of the ETMD. Additional administrative funds often come from grants and donations. While each funding stream is unique in source and purpose, both are contingent upon the other. The ETMD, for example, would not be able to keep a federal award to construct a project if it did not have the administrative funds available to plan and manage the project.

## Two-Year Administrative Period (2001 & 2002)

In 2001 when each of the 12 municipalities agreed to become members there was a two-year funding commitment of \$2,500 annually. The amount was selected at a meeting of all available (town/city) managers as the absolute minimum that the ETMD would need to incorporate, establish policies and procedures, research and apply for additional funding and develop construction plans. At that time it was acknowledged that \$2,500 per member was not an adequate amount to operate the ETMD at full capacity and that there would be an increase in year three.

## Why the Increase?

The success of the project has drastically increased the overall workload for the District. The most significant reason for the increase is that the ETMD has begun to manage construction projects. A quick way to estimate the minimal cost to manage a construction project is to take 10% of the overall construction budget. For example our Scarborough Project has an \$800,000 construction budget; roughly this requires \$80,000 to manage. The ETMD is able to reduce some of this direct cost by collaborating with municipalities that have resources to help with the management and by maintaining a competitive bid process. Other hidden costs not readily apparent to the public are insurance, legal and accounting fees.

## Why Continue to Fund the ETMD?

**The primary reason to continue funding the ETMD is that it demonstrates to federal, state, commercial and private entities the commitment of the 12 municipalities to develop the Eastern Trail.** This commitment makes potential funders feel secure that they are investing in a project that will happen. Without full funding the ETMD will have to scale back work on current projects and delay work on pending projects. Many of the construction funds that the ETMD receives are contingent on its ability to accomplish the work in a reasonable period of time. Without municipal dollars to move a project forward the ETMD will lose awards.

## Two-Year Funding Increase (2003 & 2004)

The ETMD Board voted to hold the contribution by municipal members to \$5,000 per year for a two-year period. The projected expenses of the ETMD are greater than the total annual contribution by the members; however, the Board believed that it was important to transfer the burden for raising additional funds back to the ETMD. The two-year lock assures voters that they will not be hit with another increase in 2004.

## Return on Municipal Investment

In years 2001 & 2002 each municipality contributed a total of \$5,000 to the ETMD. If approved, each municipality will contribute a total of \$10,000 in years 2003 & 2004. In 2001 & 2002 the ETMD & ETA were able to secure \$1,345,300. In 2003 & 2004 the ETMD projects that it will secure \$3,306,178. This means that in four years the ETMD will be able to provide a return of \$4,651,478 on an individual municipal investment of \$15,000.

