



# MEMORANDUM

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**To:** Mayor and Members of the City Council

**From:** Montrè Freeman, City Manager  
Deborah Malenfant, Elizabeth City Downtown, Inc.  
Alicia Steward, Finance Director  
Jon Hawley, Grants Administrator

**Date:** March 22, 2024

**Re:** Consideration - Proposed Grant Application, Supplemental Funds for Water Street Streetscaping Project

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***BACKGROUND:***

In December of 2022, the NC Department of Commerce awarded the City a \$641,000 "Rural Transformation Grant" for the "Water Street Transformation Project" (WSTP). The City Council accepted this award on February 13, 2023, and City staff have been diligently implementing the project since. The WSTP entails replacing deteriorated sidewalks on Water Street between Main and Ehringhaus Streets, extending sidewalk from Main Street to Moth Boat Park, and installing new streetlights. The project's overall purpose is to make this vital corridor more accessible and appealing to our many downtown residents, businesses, and visitors, which in turn will boost economic activity.

However, as the City Council may recall, City staff and our consultants have always estimated the WSTP will cost much more than the \$641,000 provided through the RTG Program; we initially requested \$950,000, but Commerce could not fully fund this request. Elizabeth City Downtown, Inc., has been a critical partner in this project, and has pledged not only a local match of \$25,000, but also committed a special legislative appropriation of \$150,000 to cover the project's engineering and design. Following competitive procurement, the City contracted with Kimley-Horn for these services.

Kimley-Horn has now submitted 50% design plans for WSTP, giving us a much more current and complete picture of the project's costs. Significantly more funding will be required to complete our project. Fortunately, Commerce is now offering "Rural Downtown Economic Development" (RDED) grants to help close the gap.

***ANALYSIS:***

The purpose of the RDED Program is to “support downtown revitalization and economic development initiatives” to grow and leverage downtown districts as economic engines. Projects that create or retain jobs, including streetscaping to foster economic activity, are eligible for funding. Specifically, the RDED awards up to \$12,500 per fulltime job created or retained. There are roughly two dozen businesses and organizations along our project corridor with many fulltime employees.

Based upon the latest project plans, we now estimate the WSTP will cost approximately \$1,257,684. Our total available funding so far is \$816,000, leaving an anticipated shortfall of \$441,684. City staff wish we could apply for this full amount, but Commerce has advised us that, unfortunately, no engineering costs may be included, not even those needed during the construction phase. That leaves the grant-eligible portion of the project shortfall at \$300,000, and that amount is the basis of our request. This will equate to documenting at least 24 jobs are retained through our project, which is easily done.

The RDED Program does require a 5% match, and this match cannot come from state funds (we cannot cross-match the WSTP, in other words). Based upon a \$300,000 request, we must provide a match of \$15,000. We must also commit to this match through the resolution enclosed in this memo. City staff propose that this match be included in the City’s FY25 budget, but that we also reserve the right to request a disbursement of the City’s occupancy tax proceeds from the Tourism Development Authority to help offset this cost. Because there is a possibility that Commerce will only offer a partial award, and we may have the option of requesting TDA assistance for additional project costs, we have deferred this request pending Commerce’s grant determination.

City staff strongly encourage submitting this grant, which could greatly close the funding shortfall for the WSTP. We must also wish to remind the Council that, because the RTG Program was funded through American Rescue Plan Act funds, there is a federal deadline of December 31, 2024, to obligate all funds. That means we must award a construction contract before then; we must keep the project on schedule.

***STAFF RECOMMENDATION:***

By motion: authorize City staff to submit a Rural Downtown Economic Development Grant application for supplemental funds for the Water Street Transformation Project in the amount of \$300,000; adopt the enclosed resolution committing to a 5% grant match of \$15,000; and authorize any and all necessary signatures.

***\*\*If recommended to move forward by the Committee, this item will appear on the April 8, 2024 Consent Agenda unless the Council requests earlier action.\*\****



**Resolution #2024-XX-XX**  
**City of Elizabeth City**  
**Application for North Carolina Department of Commerce**  
**Rural Downtown Economic Development Grant**  
**(A Downtown Revitalization Initiative)**

**WHEREAS**, the Elizabeth City City Council has indicated its desire to assist in development efforts within Elizabeth City; and,

**WHEREAS**, the Board fully supports the proposed "Water Street Transformation Project," a downtown revitalization project for streetscaping and lighting improvements on the Water Street corridor to support community and economic development for Elizabeth City, including the creation and/or retention of jobs; and,

**WHEREAS**, the Board wished to pursue a formal application to the Rural Downtown Economic Development Grant (RDED) Program, an opportunity offered through the North Carolina Department of Commerce, for additional funding in the amount of \$300,000 needed to support this vital project, which is currently under way; and,

**WHEREAS**, the RDED Program requires a local match of 5% of the grant amount, equating herein to \$15,000;

**NOW, THEREFORE, BE IT RESOLVED**, by Elizabeth City City Council that:

- City staff are hereby authorized to submit a formal application to the RDED Program for supplemental funding for the Water Street Transformation Project; and,
- The City hereby commits to provide the required local match; and
- City staff are hereby instructed to account for this match in the City's 2024-2025 Fiscal Year Budget.

**ADOPTED**, this the \_\_\_\_\_, 2024.

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E. Kirk Rivers,  
Mayor

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April D. Onley, NCCMC  
City Clerk