



## STAFF REPORT

AGENDA ITEM #: 24-44  
COUNCIL MTG OF: May 7, 2024  
FROM: Michael A. Fowler, P. E., Director of Public Works  
OFFERED BY: Michael A. Fowler, P. E., Director of Public Works  
PREPARED BY: Michael A. Fowler, P. E., Director of Public Works  
SUBJECT: Approval of Project Agreement – NHDOT Contract 43736

---

### PURPOSE

The purpose of this document is to seek Town Council approval of a NHDOT Project Agreement for engineering services and construction of 1900 feet of Rail Trail between Exit 4A/Folsom Road and the Londonderry town line.

### TOWN ADMINISTRATOR COMMENTS

The project completes a long-term community goal to complete the rail trail in Derry and provide connectivity between Londonderry and Windham. This section of rail trail is a goal of the Gateway TIF District to encourage alternate modes of transportation and further promote economic development. The TIF District financing plan anticipating funding 100% of the project, which now can be reduced to 20% as the project is included in NHDOT's Ten Year Transportation Plan. The design funding is included in the FY25 Town Budget, as well as the 80% reimbursement from NHDOT. Recommend acceptance.

### BACKGROUND

In 2021, the Town of Derry applied to the New Hampshire Department of Transportation (NHDOT) for funding assistance for the extension of the rail trail north of the future Exit 4A connector road. The Town of Derry prepared an estimate of \$825,000 for consideration of funding through their Transportation Alternatives Program (TAP). The TAP requires an 80% Federal/20% local cost share.

The application was approved in the 10-year plan, then deferred. The project was reintroduced in the latest 2025 – 2034 version of the 10-year plan, with a construction year of 2032. The current project estimate has been revised to \$930,534. The Federal share is \$744,427 and the Town share is \$186,106.80. In the event of project cost escalation, the same cost share formula will apply with Derry's share at 20%.

Derry DPW was contacted by NHDOT indicating that Derry is permitted to start engineering work in 2024/2025. With a shovel ready plan in place, the construction could be advanced to 2027. The project will be municipally managed.

### DISCUSSION

Once the project agreement is approved by Town Council and NHDOT, the engineering consultant selection process can begin through a QBS process, required by NHDOT. Signature of the project agreement will start the engineering study, permitting and design, which is expected to take approximately 18 months to complete. The project kickoff is expected July 1, 2024 or shortly thereafter.

The funding mechanism is a reimbursement process where the Town covers all costs at 100% and then receives the 80% share upon completion of each milestone. The FY 25 Gateway TIF budget will include an appropriation request of \$200,000 and an offsetting revenue of \$160,000 to cover the cost of engineering design. Construction appropriations will be addressed in a future budget due to the fact of a FY 27 or later construction timeline.

**FISCAL IMPACT**

All costs for engineering services incurred by Derry are to be reimbursed by NHDOT at 80%.

**RECOMMENDED ACTION BY COUNCIL**

The Town Council includes a \$200,000 expenditure in the FY 25 Gateway TIF budget and a \$160,000 revenue in the FY 25 Gateway TIF budget.

Authorize the Town Administrator to execute the attached Project Agreement (Derry X-A005(180) #43736 – Transportation Alternatives Program)

**RECOMMENDED MOTION**

Please see Resolution #2024-023



# RESOLUTION

Number 2024-023

To Enter into a Project Agreement with NHDOT for Derry Rail Trail Improvement Project

---

WHEREAS, Section 5.1 of the Town Charter designates the Town Council as the governing and legislative body of the Town, and

WHEREAS, the Town has an interest in completing the rail trail system in Derry to the Londonderry town line; and

WHEREAS, the State of New Hampshire has included the Derry Rail Trail Improvement Project into the State's Ten-Year Highway Plan which, under the Federal Transportation Alternatives Program has agreed to pay 80% of the project costs; and

WHEREAS, the local share will be paid from the Gateway Tax Increment Financing Fund as one of the goals in the Gateway TIF Development Plan is to provide alternative modes of transportation; and

WHEREAS, the project will be managed by the Town's Department of Public Works, which requires a Project Agreement between the Town and NHDOT.

NOW, THEREFORE, BE IT RESOLVED IN COUNCIL that the Town Administrator is hereby authorized to execute a Project Agreement with the New Hampshire Department of Transportation for the Derry Rail Trail Improvement Project.

This Resolution shall take effect immediately upon its passage.

Adopted: May 7, 2024

Attest:

X \_\_\_\_\_  
Erin Spencer, Council Chair  
Date: \_\_\_\_\_

X \_\_\_\_\_  
Cristina Guilford, Town Clerk  
Date: \_\_\_\_\_