



Management Enhancement Review Program (MERP)

Grant Guidelines

Fiscal Year 2026

**State of New Jersey
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PROGRAM OVERVIEW

The Department of Community Affairs (DCA) is dedicated to helping local governments improve the quality of life in every one of the State's 564 municipalities. Through a variety of programs, DCA's Division of Local Government Services (DLGS) works with counties and municipalities to streamline government operations and reduce costs and property taxes.

The Management Enhancement Review Program (MERP) is a natural extension of this mission.

MERP provides grants to local government units to contract with management enhancement review consultants to conduct local government unit efficiency reviews and make recommendations to streamline operations and reduce costs.

MERP facilitates the exploration of new technologies, organizational structures, and shared services opportunities. MERP is available to all municipal-based and county-government-based units.

DLGS is responsible for administering MERP. Eligible local government entities are invited to apply for grant funds under the program. All information needed to apply is contained in these guidelines and the application package.

GRANT MANAGEMENT

Managing your MERP Grant will be an important part of the grant process. The Department of Community Affairs utilizes "The System for Administering Grants Electronically (SAGE)," a web-based application system to accept and approve grant applications and manage executed grants. SAGE can be located at: <https://dcasage.intelligrants.com/portal.asp>.

SOURCE DOCUMENTS

The following source documents are located at:
https://www.nj.gov/dca/dlgs/programs/merp_grants.shtml

- MERP Grant Guidelines
- The SAGE User Manual
- Sample Resolution

FUNDING AVAILABLE

The State's FY2026 budget appropriated \$1.5 million for MERP. The maximum grant award for the program is \$150,000 for a county-based local government unit and \$100,00 for a municipal-based local government unit. MERP Grants are eligible for up to 75% of the total cost of a management enhancement review. A local government that receives a grant under this program must contribute 25% of the grant award amount to the management enhancement review.

ELIGIBLE APPLICANTS

New Jersey municipal-based and county-based local units are eligible to apply.

MERP requires eligible local units to contract with management enhancement review consultants to conduct local government efficiency reviews and make recommendations to streamline operations and reduce costs. An individual management enhancement review consultant, or at least one member of the management enhancement review consultant team, that is contracted to complete a review pursuant to the program must hold a professional license with the State of New Jersey as a certified municipal finance officer (CMFO), qualified purchasing agent (QPA), certified public works management (CPWM), registered municipal clerk (RMC), certified tax collector (CTC), or other approved professional certification approved by the Director of the Division of Local Government Services.

REQUIRED PROJECT CRITERIA

An application submitted to the Division of Local Government Services pursuant to MERP must include the following:

1. The amount of grant funding sought by the local government unit.
2. A description of how the grant funding will be used to conduct an efficiency review, including, but not limited to, plans to identify opportunities for shared services, identify cost savings through operating efficiencies, and/or improve the delivery of services.
3. Proposed sources of matching funding to be used by the local government unit to conduct the efficiency review.
4. Reflect a documented commitment in the form of a certified governing body resolution (see resolution samples in application) from the participating local government unit to pursue the identified project or activity.

Please note: Applicants must be current, in good standing, and compliant with all DCA DLGS and other State of New Jersey funded projects and grant agreement terms.

ELIGIBLE ACTIVITIES

MERP Grant funds can be used to support a variety of costs related to investigating, developing, and pioneering new organizational efficiency initiatives. Eligible activities may include but are not limited to:

- Enhancing existing services or regionalization of services.
- Identifying and eliminating duplication and other redundancy of services through greater technical and capital alignment.
- Facilitating integration of resource deployment.
- Building community engagement and consensus around the provision of services.
- Sharing best practices and innovations with other communities.
- Investigative study of the potential benefits for a local government shared services or a consolidation.
- Information technology plan development.
- Cybersecurity plan development.

INELIGIBLE ACTIVITIES

- Local unit salaries, wages, and ongoing operating costs are not eligible. This includes fringe benefits, rent, utilities, telephone maintenance or general administrative costs.
- Local unit Early Retirement Incentive (ERI) programs.
- Any expenses not fully justified that DLGS may deem ineligible.
- Expenses related to alcohol, out-of-state or out-of-country travel, prizes and awards, honoraria, lobbying expenses, fundraising events/expenses, fines and penalties, taxes, deficit funding, and refreshments for meetings.

GRANT REVIEW AND SELECTION PROCESS

DLGS will evaluate all applications. Grant applications will be ranked by scope of impact, breadth of collaboration, and efficiencies generated. DLGS will review grant applications and notify applicants of grant awards on or about June 1, 2026.

Grant application decisions are final and not subject to appeal.

SCORING CRITERIA

Applications will be scored based on the following criteria, on a scale of 100 points:

1. **Shared Services Potential (30)**
 - a) Cost effectiveness of any specifically identified opportunities for shared services

2. **Direct Financial Impact (30)**
 - a) Cost savings generated through operating efficiencies.
3. **Improved Service Delivery (30)**
 - a) Improvements to the provision of government services through increased scope or greater efficiencies.
4. **Full Participation and Support of Participants (10)**
 - a) Documented commitment by governing body of participating unit.
 - b) In-kind staff resources - Degree to which proposal includes the provision of in-kind staff resources.
 - c) Matching local government entity funding - Existence and significance of match funding from the applicant local unit.

APPLICATION PROCESS

Each application submitted to DLGS shall: include a description of the intended use of grant funding for the approved study; demonstrate the applicant's capacity to complete the proposed project and provide project management and oversight for all activities and fiscal operations, and; list key personnel and/or outside consultants that will be managing the grant funds and/or proposed project.

The following forms must be submitted to complete the MERP Grant application:

- a. Grant application.
- b. Certified governing body resolutions (see resolution samples in application) from the participating local government entity.
- c. Project narrative, including statement of need.
- d. Detailed explanation of use for funds, including potential efficiency estimates and potential cost savings.
- e. Detailed work plan for the project, including staffing commitments and timelines.

Applications for MERP funding must be consistent with the policies and priorities of any relevant State agency which has jurisdiction or supervisory responsibility over the service or function (e.g., Administrative Office of the Courts, 911 Commission, Department of Environmental Protection, Department of Education). Applications for MERP Grants may be reviewed in part by, and are subject to the comments of, such agencies.

SUBMISSION DEADLINE

This is a rolling application process, and applications must be submitted through SAGE. **It is recommended that applications be submitted as soon as possible but no later than May 1, 2026.** Future programs are dependent upon state funding allocations.

Incomplete applications will not be considered for funding.

USE OF CONSULTANT SERVICES:

Local government entities intending to use a consultant for a MERP Grant must adhere to the following conditions to qualify for reimbursement of part or all the associated expenses:

1. All consultant contracts must be awarded based on a formal Competitive Contracting process, Fair and Open Request for Proposal (RFP) process, or the Non-Fair and Open RFP process permitted under the Local Public Contracts Law for certain licensed professionals. The Non-Fair and Open RFP process is specific to the following professional services: architecture, engineering, and legal. Copies of the RFP submitted and selected proposal(s), and the applicant's analysis or other documentation that supports the selection are required for Non-Fair and Open RFPs. Consultant contracts awarded through the Competitive Contracting or Fair and Open RFP process shall include copies of the RFP, proof of public notice of advertisement either in a newspaper, on-line publication, or listed on applicant website, the submitted and selected proposal(s), and the applicant's analysis or other documentation that supports the selection.
2. All consultant proposals are to be on a time and materials basis, not a single, all-inclusive fee, and must show the following:
 - A project timeline inclusive of major component tasks and activities.
 - The anticipated time (hours or days) required to accomplish each component.
 - Any sub-contractors associated with the project.
 - Personnel staff assigned to each component, the number of hours/days estimated for that assignment, and the rate to be charged.
 - Charges for support staff time must also identify the activity, the staff's hourly rate, and estimate of hours required for task completion.
 - Out-of-pocket reimbursement (mailing, delivery charges or other related third-party expenses).
 - The total estimated cost of the proposal.
 - Consultant work plans must include crucial decision points that will halt the project should it appear that the project is not feasible on a joint or shared basis. The grantee must consult with the DLGS before authorizing any further activity.

3. Travel expenses are not eligible for reimbursement. This includes all mileage, tolls, parking, meals, or other travel-related charges.
4. Staff “down time” while traveling between the work site and consultant’s home or office location is not reimbursable.
5. If a grant is awarded to the local government entity, the selected consultant must prepare a detailed work plan of the tasks and activities for each project component, including the personnel assignments and the estimated time anticipated for completion of each task. This work plan must be submitted to the Division. The Division reserves the right to request additional documentation, information, or other materials necessary for its evaluation of the proposed work plan.
6. There are specific requirements related to submitted reimbursement requests for consultant services. See below.

Consultant Related Reporting:

MERP Grant reimbursement of payments for contracts with third-party consultants must adhere to the following requirements:

1. Reimbursement of consultant service contracts shall be on a time and materials basis that details the grant-related activity performed and time required for the activity, or allowable expenses related to grant purposes. Grant awards shall be considered the maximum amount of MERP assistance; the value of any time or other costs above the maximum grant amount approved by the MERP shall not be reimbursable through the MERP.
2. Invoices from the consultant must include the name and hourly rate of everyone whose time is billed, the date and number of hours worked, the project activity or task associated with the chargeable hours, and the amount due for the services rendered.
3. A separate line item or charge is required for each project activity or task being billed.

4. Copies of executed purchase orders, final invoices, and proof of payment checks (front and back) must accompany the MERP Financial Status Report (FSR). The FSR must include the Chief Financial Officer Certification Number.
5. A copy of the consultant's study and final report and recommendations must be submitted as part of the documentation for a final reimbursement payment, as applicable.

GRANT FUNDING PROCESS

All awards are subject to the availability of funds.

Upon completion of grant review and selection, DLGS will enter into an agreement with applicants approved for funding. Following execution of the grant agreement, the grantee can seek reimbursement for costs for management enhancement review initiatives, as appropriate, provided that all award conditions have been satisfied.

Grantees shall maintain and retain accounting and other grant-related records and information for the duration of the project funded by the grant, as required by applicable state and local laws and regulations, for no less than two (2) calendar years.

Such records shall be subject to examination, audit, and inspection by DLGS and/or any other federal, state, or local agency that has jurisdictional authority.

DLGS reserves the right to rescind grant awards, reclaim funds, or withhold future grant funding and/or disqualify a grantee from participating in future grant awards if any condition of the grant program is unmet, including if grant funds received by the grantee are not properly accounted for, or if the grantee fails to meet reporting or certification requirements.

Following execution of the agreement, the grantee is permitted to move funds between authorized categories within these guidelines for eligible items without requesting prior approval from DLGS.

GRANT REPORTING

Within one year of receiving a grant, each participating MERP Grant recipient shall submit to DLGS a report detailing:

- 1) The expenditures of grant funds under the program;
- 2) The specific shared services, operating efficiencies, or improved delivery of services achieved as a result of the management enhancement review; and
- 3) The specific cost savings achieved as a result of the shared services, operating efficiencies, or improved delivery of services.

An interim Progress Report documenting the activities and progress of the study after a six-month period is required. This brief narrative can be uploaded to SAGE for the designated reporting period.

REIMBURSEMENT PROCESS

MERP grants are reimbursement-based. Eligible costs are reimbursed to the grantee upon submission of evidence of payment by the grantee and for purchase orders issued and expenses incurred through the grant award period.

Requests for payment shall be made by submitting a Financial Status Report (FSR) through SAGE, along with uploaded files that contain copies of fully executed purchase orders, final invoices, and cancelled checks (front and back) as proof of payment documenting the expenditure of funds for which reimbursement is sought.

For additional third-party consultant reimbursement documentation requirements, please refer to the Consultant Related Reporting instructions.

Requests for reimbursement can be submitted at any time but must be not less than once every three (3) months.

Funding for reimbursement requests received more than two (2) months after the close of the fiscal year during which the costs were incurred cannot be guaranteed.

Payment will be made via electronic transfer of funds to the account and financial institution identified by the grantee.

GRANT CLOSEOUT PROCESS

A grantee may request the final payment at the conclusion of the approved study and review period.

Regardless of the date of the conclusion of the approved project period, a grant recipient must submit a final report referenced above through SAGE.

At the conclusion of the grant agreement deadline, any grant program disbursements without submission of a final feasibility study report and recommendations may be subject to recoupment along with non-payment of remaining funds.

ASSISTANCE

Applicants may contact program staff at (609) 930-1969 to discuss program and project needs up to submission of the application. Questions may also be submitted via e-mail to dlgs.merpgrant@dca.nj.gov.