

**Mayor and Council of Federalsburg**  
**Tuesday, January 17, 2023**  
**Public Hearing and Workshop @ 6:00 P.M.**

This Meeting is being held at the Mayor and Council Meeting Room located at 118 North Main Street. Citizens who wish to participate by video shall follow directions listed below:

**Join Zoom Meeting**

**<https://us02web.zoom.us/j/82058387566?pwd=azZkZDVtSTNKbzAzK3Z6WEZNMWJ2UT09>**

**Meeting ID: 820 5838 7566**  
**Passcode: TOFWork**

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**Agenda**

- I. Call to Order**
- II. Welcome and Pledge of Allegiance**
- III. Public Hearing - Resolution No 2022-01 A RESOLUTION OF THE MAYOR AND COUNCIL OF FEDERALSBURG AMENDING ARTICLE IV AND ARTICLE V OF THE FEDERALSBURG TOWN CHARTER TO AMEND THE PROCESS FOR APPOINTING CERTAIN EMPLOYEES**
- IV. Public Comment**
- V. Action on - Resolution No 2022-01 A RESOLUTION OF THE MAYOR AND COUNCIL OF FEDERALSBURG AMENDING ARTICLE IV AND ARTICLE V OF THE FEDERALSBURG TOWN CHARTER TO AMEND THE PROCESS FOR APPOINTING CERTAIN EMPLOYEES**
- VI. Federalsburg Town Comprehensive Financial Review Report – Jennifer Diercksen, Davenport & Company**
- VII. Fiscal Year 2023 – 2024 Draft Budget Overview**

## **VIII. Marina Park Wetlands Project Request for Proposals**

## **IX. 115-117 N. Main Street Project Request for Proposals**

## **X. Mayor & Council Action Items**

- \* Councilmember Windsor**
- \* Councilmember Sewell**
- \* Councilmember Phillips**
- \* Councilmember Willoughby**
- \* Mayor Abner**

## **XI. Adjournment**

### **NOTES:**

**THE MEETINGS ARE BEING RECORDED, PLEASE TURN OFF ALL CELLULAR DEVICES AND PAGERS DURING THE MEETING, PLEASE REMAIN QUIET, UNLESS ADDRESSING THE COUNCIL.**

**Please Note:** Pursuant to the Annotated Code of Maryland, State Government Article Section 10-508(a), the Council by majority vote may retire to executive or closed session at any time during the meeting. Should the Council retire to executive or closed session; the chair will announce the reasons and a report will be issued at a future meeting disclosing the reasons for such session. Meetings are conducted in Open Session unless otherwise indicated. All or part of Mayor and Council meetings can be held in closed session under the authority of the state open meetings law by vote of the Mayor and Council.

### **Rules for Public Comment**

The Mayor and Council invite and welcome comments at public meetings. The Mayor or presiding officer will recognize you. Please introduce yourself at the podium (spelling your last name, for recording purposes) and give the name of your street and block number (e.g., 100 block of Main Street).

Time limits for speaking are indicated on the meeting agenda. While speaking, please maintain a courteous tone and avoid personal attack.



**TOWN OF FEDERALSBURG  
NOTICE OF CHARTER AMENDMENT RESOLUTION**

Please take notice that on January 17, 2023, the Federalsburg Mayor and Council will hold a public hearing on **Resolution No 2022-01 A RESOLUTION OF THE MAYOR AND COUNCIL OF FEDERALSBURG AMENDING ARTICLE IV AND ARTICLE V OF THE FEDERALSBURG TOWN CHARTER TO AMEND THE PROCESS FOR APPOINTING CERTAIN EMPLOYEES** which, if enacted, provides that certain Town Officers and Employees will no longer be appointed by the Mayor and requires the Mayor to appoint certain positions within 60 days of a vacancy.

A complete and exact copy of the Resolution is available at the Federalsburg Town Hall during normal business hours, 118 North Main Street, Federalsburg, Maryland. The above described Resolution shall become and be considered part of the Town Charter, and shall be effective in all respects, unless a petition for referendum is submitted to the Mayor and Council of Federalsburg in accordance with the provisions of Md. Code Ann. Local Gov't Article § 4-304.

**By Authority: Mayor and Council of Federalsburg  
Kimberly J. Abner, Mayor**

## RESOLUTION NO. 2022-01

### A RESOLUTION OF THE MAYOR AND COUNCIL OF FEDERALSBURG AMENDING ARTICLE IV AND ARTICLE V OF THE FEDERALSBURG TOWN CHARTER TO AMEND THE PROCESS FOR APPOINTING CERTAIN EMPLOYEES

WHEREAS, Md. Code Ann. Local Gov't Article § 4-304 confers upon the Mayor and Council of Federalsburg the authority to initiate proposed amendments the Charter for the Town of Federalsburg; and

WHEREAS, the Mayor and Council have determined that specific department heads shall be appointed and removed by the Town Manager; and

WHEREAS, the Mayor and Council have determined that subordinate employees shall be appointment and removed by their Department Head, with approval by the Town Manager; and

WHEREAS, the Mayor and Council believe it is detrimental to the operation of town affairs to require a newly elected Mayor to appoint specific department heads at his or her first meeting after he or she was elected into office; and

WHEREAS, the Mayor and Council of Federalsburg have determined that it is desirable and in the best interest of the town to amend Articles IV and V of the Charter for the Town of Federalsburg to allow the newly elected Mayor to appoint specific department heads within 60 days following a Mayoral election, and removing the requirement that certain department heads and subordinate employees must be appointed by the Mayor.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF FEDERALSBURG AS FOLLOWS:

Section 1. Article IV, Section C4-1 of the Charter for the Town of Federalsburg is hereby amended as follows:

#### ARTICLE IV Officers and Employees

. . . .

##### Section C4-1. Officers and Employees.

The Mayor, ~~on the first Monday of October after a~~ *within sixty (60) days of the* Mayoral election, may appoint, subject to confirmation by a majority of the Council, a Town Manager, Town Attorney, ~~Building Inspector, Public Works Director, Main Street Manager, Grants Administrator,~~ *the Clerk pursuant to Section C5-1 of the Charter,* and Chief of Police, ~~and a Code Enforcement Officer,~~ who shall serve at the pleasure of the Mayor and Council, subject to removal for

cause. The Mayor and Council may provide for the appointment of such other officers or employees of said Town as ~~it may be deemed necessary for the interests of said Town from time to time and to prescribe the terms, compensation and duties of such other additional officers and employees.~~

Section 2. Article IV, Section C4-2 of the Charter for the Town of Federalsburg is hereby amended as follows:

#### **ARTICLE IV Officers and Employees**

. . . .

##### Section C4-2. Filling of Vacancies.

In the event that a vacancy shall occur in any office created under this Charter or which shall be created by the Mayor and Council of Federalsburg pursuant to the power conferred in this Charter by death, removal, resignation, failure to qualify or otherwise, the Mayor, *within sixty (60) days* shall ~~as soon as convenient thereafter~~ appoint another person to fill said office so vacated ~~for the unexpired term, which appointment shall be submitted to the Council for confirmation and when confirmed the new appointee shall take office in the same manner as is heretofore provided, and shall have the same powers and duties as if he/she or she had been appointed in the first place and serve out the balance of said term.~~

Section 3. Article V, Section C5-1 of the Charter for the Town of Federalsburg is hereby amended as follows:

#### **ARTICLE V Clerk**

. . . .

##### Section C5-1. Appointment; term; salary.

~~At *Within sixty (60) days of* the first regular meeting of the *a newly elected* Mayor and Council on the first Monday of October 2019, and at the same time every second year thereafter, the Mayor shall appoint, subject to confirmation by a majority of the Council, one person who shall not be a member of the Council, to act as Clerk to the Council, collector of Town taxes and Treasurer, who shall be the same person *who shall serve at the pleasure of the Mayor and Council* and whose term of office shall be two years, subject to removal for cause, and until his/her successor is duly qualified. The said officer shall receive such salary and compensation as may be fixed by the Mayor and Council, and he/she shall perform all the duties imposed on him/her by ordinance of the Mayor and Council and by law, and shall be called the "Clerk of Federalsburg."~~ *The Compensation of the Town Clerk shall be established in the annual budget of the Town.*



Section 4. This Resolution shall be posted and published in accordance with the requirements set forth in Md. Code Ann. Local Government Article § 4-304.

Section 5. The Mayor and Council of Federalsburg held a public hearing on this Resolution on \_\_\_\_\_, 2023 at 6:00 p.m.

Section 6. This Resolution shall become effective 40 days after final enactment unless a petition for referendum has been filed prior thereto in accordance with Section 4-304 of the Local Government Article of the Code of Maryland. This Resolution shall be deemed “finally enacted” on the date on which the Mayor and Council of Federalsburg indicate their approval of this Resolution by affixing their signatures hereto.

Section 7. As soon as this Resolution becomes effective, the Town Clerk shall cause to be delivered to the Department of Legislative Reference all the information regarding the Charter Amendment, this Resolution, and any referendum held thereon as may be required by the Local Government Article of the Annotated Code of Maryland.

BE IT FURTHER RESOLVED, this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

Yea/Nay

Kimberly M. Abner, Mayor	_____
Robert Willoughby, Councilmember	_____
Edward Windsor, Councilmember	_____
Debra V. Sewell, Councilmember	_____
D. Scott Phillips, Councilmember	_____

ATTEST:

MAYOR & COUNCIL OF FEDERALSBURG

\_\_\_\_\_  
Kristy L. Marshall, Clerk-Treasurer

\_\_\_\_\_  
Kimberly M. Abner, Mayor

Language ~~stricken~~ indicates language deleted from the Charter for the Town of Federalsburg.  
Language in ***bold and italicized*** indicates language added to the Charter for the Town of Federalsburg.

Introduced:  
Public Hearing:  
Adopted:

# Town of Federalsburg, Maryland

## Comprehensive Financial Review – Executive Summary



January 2023



# Background/Goals and Objectives



- Davenport & Company LLC (“Davenport”) was commissioned by the Town of Federalsburg, Maryland (the “Town”) to prepare a Comprehensive Financial Review for the Town.
- The goal of the Comprehensive Financial Review is to provide the Town’s key stakeholders – including senior staff, elected officials, and the public – with a perspective and overview of the Town’s financial related strengths and challenges.
- With the findings of the Comprehensive Financial Review in place the Town will be positioned to:
  - Understand, in greater depth, the financial pressures currently facing the General Fund and Water and Sewer Fund (“W&S Fund”), including recommendations on how to improve the fiscal health of these funds going forward;
  - Adopt / enhance policy guidelines that will serve as guideposts for key Town decision makers; and
  - Perform multi-year financial and capital planning.
- Contained herein is an Executive Summary of the Comprehensive Financial Review.



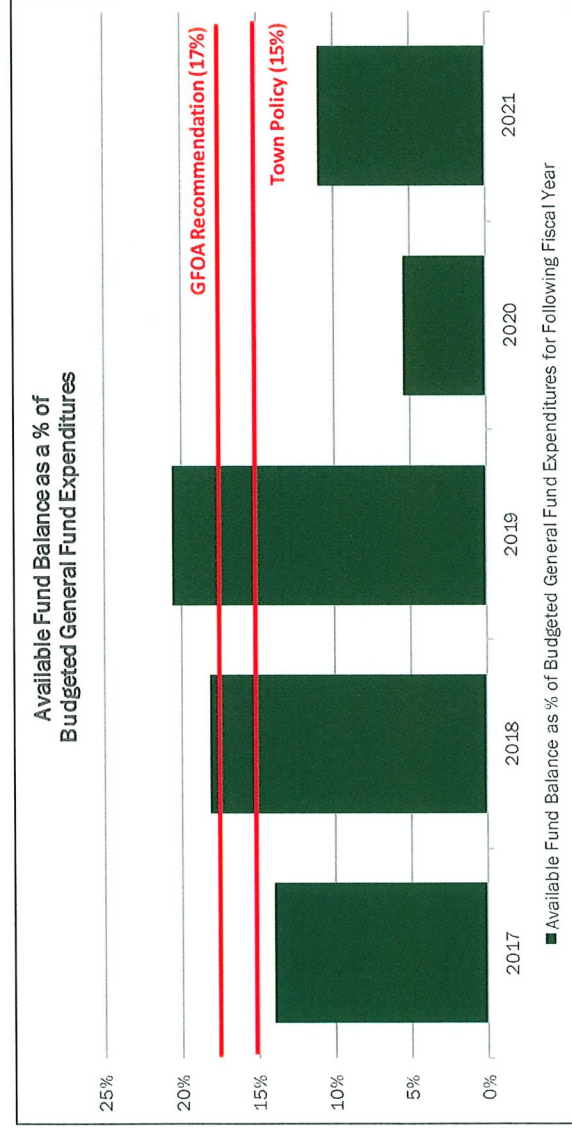


# General Fund Summary



# General Fund Summary – Fund Balance

- Fund Balance is an accumulation of surpluses of prior years and is therefore a finite resource.
  - A local government’s reserve position is arguably the most important metric for a local government, as a well-funded reserve can help offset any economic downturn or other one-time event.
  - Once reserves are exhausted, the Town would have to rely on external funding mechanisms to meet operating expenditures (i.e. short-term borrowing to meet operational needs such as payroll).
- The Town’s available General Fund balance has declined by 18.5% over the last five years to \$269,184 or 11% of budgeted General Fund expenditures for the following fiscal year.
  - This reduction in reserves was primarily due to an unbudgeted transfer to the W&S Fund in Fiscal Year 2020 since rates haven’t been increased since 2018. The Town also had another smaller unbudgeted transfer to the W&S Fund in Fiscal Year 2021, and **if these transfers continue, there will likely be additional negative impacts to the financial health of the General Fund.**
  - While the Town adopted a reserve policy in January 2021 to maintain a General Operating Contingency of at least 15% of General Fund expenditures of the following year’s General Fund annual operating and capital budgets, **the Town’s reserve position has remained below this policy in three of the last five years. In addition, the Town’s current 15% policy is still below the two months of operating expenditures (17%) that the Government Finance Officers Association (“GFOA”), which is considered the industry standard.**







# General Fund Summary – Revenue and Expenditure Trends

- Property taxes, the most stable and reliable source of revenue, is the Town's largest revenue source representing approximately 71% of total revenues as of Fiscal Year 2021, down from 75% in Fiscal Year 2017.
- While property taxes have only grown by 1.8% over the last five years, the Town's two largest expenditures – community developments and public safety – have increased by 15.5% over the same time period.

Revenues	FY 2017	Percentage	FY 2021	Percentage
Property Taxes	\$1,845,955	75%	\$1,879,794	71%
Income Taxes	118,188	5%	176,235	7%
Licenses and Permits	71,568	3%	75,907	3%
Intergovernmental	173,659	7%	246,846	9%
Charges for Services	180,858	7%	183,043	7%
Note Receivable - Principal	48,024	2%	45,391	2%
Note Receivable - Interest	5,365	0%	2,935	0%
Miscellaneous	30,809	1%	51,960	2%
<b>Total Revenues</b>	<b>\$2,474,446</b>		<b>\$2,662,111</b>	

Expenditures	FY 2017	Percentage	FY 2021	Percentage
General government	\$483,822	19%	\$465,602	18%
Community development	930,476	37%	1,124,602	44%
Public safety	472,059	19%	495,207	19%
Public works	51,464	2%	15,002	1%
Social services	12,292	0%	15,110	1%
Parks and recreation	291,216	12%	230,791	9%
Debt service <sup>1</sup>	266,751	11%	210,869	8%
<b>Total Expenditures</b>	<b>\$2,508,080</b>		<b>\$2,557,183</b>	

- The Town has a history of budgeting relatively conservatively on both the revenue and expenditures side, including building in a contingency to offset any unexpected budgetary impacts.
- However, with expenditure growth continuing to outpace revenue growth this budgetary contingency has declined.
  - With this reduced contingency and continued transfers from the W&S Fund, there is a greater likelihood that reserves could potentially be needed to balance the budget if this trend continues.

	2022 Adopted Budget	2023 Adopted Budget	Inc (Dec) vs. 2022 Budget	Percentage Change
<b>Revenues</b>				
Property Taxes	\$1,907,206	\$1,973,743	\$66,537	3.5%
Income Taxes	90,000	90,000	0	0.0%
Highway User Revenue	140,054	153,951	13,897	9.9%
Other Taxes	1,000	1,000	0	0.0%
Licenses and Permits	35,515	20,350	(15,165)	-42.7%
Revenue from Other Agencies	51,390	47,390	(4,000)	-7.8%
Public Safety	77,000	77,000	0	0.0%
Sanitation and Waste Removal	179,000	200,120	21,120	11.8%
Recreation	3,170	3,170	0	0.0%
Fines and Forfeitures	100	100	0	0.0%
Miscellaneous Revenues	21,977	43,977	22,000	100.1%
<b>Total Revenues</b>	<b>2,506,412</b>	<b>2,610,801</b>	<b>104,389</b>	<b>4.2%</b>
<b>Expenditures</b>				
General Government	\$505,674	\$535,747	\$30,073	5.9%
Public Safety	1,159,520	1,232,673	73,153	6.3%
Public Works	668,888	708,158	39,270	5.9%
Recreation and Culture	20,800	23,800	3,000	14.4%
Economic Development	4,950	5,450	500	10.1%
Debt Service	63,317	63,317	0	0.0%
Miscellaneous	30,284	30,284	0	0.0%
<b>Total Expenditures</b>	<b>\$2,453,433</b>	<b>\$2,599,429</b>	<b>\$145,996</b>	<b>6.0%</b>
<b>Operating Surplus (Deficit)</b>	<b>\$52,979</b>	<b>\$11,372</b>		



# General Fund Recommendations



- With limited revenue growth expected over the near-term, **the Town will have to either cut expenditures or raise revenues to ensure that the Town's healthy financial position is maintained and no additional draws on reserves occur.**
  - The Town has diligently worked to find efficiencies and cost savings related to General Fund expenditures. As a result, there may not be many options left to consider for reductions/cost savings and an increase in revenues (tax rate increase) may be required.
- While timing of future economic development projects is not known, Davenport believes it would be beneficial for the Town to develop a more long-term budget model to help proactively monitor the expected growth in revenues and expenditures and their impact on reserves.
  - This will allow the Town to explore budgetary options available to ensure a balanced budget is adopted without the use of reserves.
  - The budget model could be adjusted as needed as more detail on timing of upcoming economic development projects is known.
- Davenport would also propose expanding on the Town's current 15% reserve policy to provide some additional guidelines on how the reserve can be used, as well as replenished.
  - Once the Town meets its current 15% policy, the Town could consider adding an upper benchmark target of 17% to keep the policy in line with GFOA practices and provide added financial flexibility. The additional 2% could act as a budget stabilization reserve that would act as a first line of defense for any unanticipated revenue or expenditures fluctuations.
  - The 15% reserve policy should include additional language detailing what the funds could be used for (i.e. - extreme one-time events) and would require a majority/super-majority vote of Council before they could be utilized.
  - The 15% reserve policy should also include details on how this reserve would be replenished if it fell below the 15% target. This would include having Council establish a replenishment plan restoring the reserve to the 15% target within a three-year timeframe which is a GFOA/industry standard.



# Water & Sewer Fund Summary



# W&S Fund Summary – Revenue and Expenditure Trends



- While the net position of the Water & Sewer Fund ("W&S Fund") has increased by 3.5% over the last five years, this was primarily driven by the \$1.7 million in intergovernmental revenues received in fiscal year 2021.

– When excluding the \$1.7 million, the net position of the W&S Fund would have declined 10.4%.

- Over the last five years, expenditures have grown at a significant 30.1%, while revenues have declined by 5.7%.

– This has resulted in a significant decline in the W&S Fund's cash position.

- The last rate increase that was adopted was in fiscal year 2018.

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
<b>Operating Revenues</b>					
Water service charges	\$428,956	\$367,955	\$406,872	\$414,555	\$395,544
Sewer service charges	1,087,432	1,025,085	1,080,165	1,079,223	1,035,151
<b>Total Operating Revenues</b>	<b>\$1,516,388</b>	<b>\$1,393,040</b>	<b>\$1,487,037</b>	<b>\$1,493,778</b>	<b>\$1,430,695</b>
<b>Operating Expenses</b>					
Water	\$128,241	\$193,953	\$189,583	\$157,915	\$319,370
Sewer	664,901	781,799	831,132	925,105	712,339
Depreciation and Amortization	662,248	666,046	660,531	659,552	664,173
<b>Total Operating Expenses</b>	<b>\$1,455,390</b>	<b>\$1,641,798</b>	<b>\$1,681,246</b>	<b>\$1,742,572</b>	<b>\$1,695,882</b>
<b>Operating Income (Loss)</b>	<b>\$60,998</b>	<b>(\$248,758)</b>	<b>(\$194,209)</b>	<b>(\$248,794)</b>	<b>(\$265,187)</b>
<b>Nonoperating Revenues (Expenses)</b>					
Intergovernmental revenues	\$0	\$0	\$0	\$35,100	\$1,699,321
Capital asset transferred from General Fund	-	-	-	-	23,131
Transfers in	65,046	(162,110)	3,186	78,308	214,354
Financial expense, net	(140,185)	(136,533)	(130,559)	(123,612)	(116,500)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(\$75,139)</b>	<b>(\$298,643)</b>	<b>(\$127,373)</b>	<b>(\$10,204)</b>	<b>\$1,820,306</b>
<b>Change in Net Position</b>	<b>(\$14,141)</b>	<b>(\$547,401)</b>	<b>(\$321,582)</b>	<b>(\$258,998)</b>	<b>\$1,555,119</b>
Net Position - Beginning of Year	\$12,211,238	\$12,197,097	\$11,649,696	\$11,328,114	\$11,069,116
<b>Net Position - End of Year</b>	<b>\$12,197,097</b>	<b>\$11,649,696</b>	<b>\$11,328,114</b>	<b>\$11,069,116</b>	<b>\$12,624,235</b>

Source: 2017-2021 Financial Statements.





# Historical Water & Sewer Fund Performance vs. Budget

## WATER FUND:

- Over the last five years, the Water Fund revenues have ended on average 5.1% under budget, while expenses ended under budget by an average of 18.8%. The Town's conservatism on the expenditure side has helped to offset revenue underperformance.

Water Operating Revenues			
	Budget	Actual	Variance (\$)
2017	\$407,229	\$428,956	\$21,727
2018	420,642	367,955	(52,687)
2019	413,143	406,872	(6,271)
2020	416,143	414,155	(1,988)
2021	473,499	395,544	(77,955)

Water Operating Expenses (Net of Depreciation)			
	Budget	Actual	Variance (\$)
2017	\$169,304	\$128,241	(\$41,063)
2018	246,827	193,953	(52,874)
2019	217,151	189,583	(27,568)
2020	236,049	157,915	(78,134)
2021	327,861	319,370	(8,491)

## SEWER FUND:

- Over the last five years, the Sewer Fund revenues have ended on averaged 18.9% under budget, while expenses ended over budget by an average of 13.2%. This has resulted in a net loss in the Sewer Fund during four of the last five fiscal years. Fiscal year 2021 was the only year in which the Sewer Fund was able to produce net income due to the one-time receipt of \$1.7 million in intergovernmental revenues.

Sewer Operating Revenues			
	Budget	Actual	Variance (\$)
2017	\$1,325,424	\$1,087,432	(\$237,992)
2018	1,408,661	1,025,085	(383,576)
2019	1,324,000	1,080,165	(243,835)
2020	1,212,500	1,079,223	(133,277)
2021	1,295,603	1,035,151	(260,452)

Sewer Operating Expenses (Net of Depreciation)			
	Budget	Actual	Variance (\$)
2017	\$597,719	\$664,901	\$67,182
2018	642,357	781,799	139,442
2019	732,709	831,132	98,423
2020	772,376	925,105	152,729
2021	714,281	712,339	(1,942)

# Water & Sewer Fund FY 22 and 23 Budget Comparison



	2022 Adopted Budget	2023 Adopted Budget	Inc (Dec) vs. 2022 Budget	Percentage Change
<b>Revenues</b>				
Water	\$473,724	\$484,615	\$10,891	2.3%
Sewer	1,295,718	1,369,238	73,520	5.7%
<b>Total Revenues</b>	<b>\$1,769,442</b>	<b>\$1,853,853</b>	<b>84,411</b>	<b>4.8%</b>
<b>Expenditures</b>				
Water	\$479,165	\$497,946	\$18,781	3.9%
Sewer	1,269,429	1,213,082	(56,347)	-4.4%
<b>Total Expenditures</b>	<b>\$1,748,594</b>	<b>\$1,711,028</b>	<b>(\$37,566)</b>	<b>-2.1%</b>
<b>Operating Surplus (Deficit)</b>	<b>\$20,848</b>	<b>\$142,825</b>		

- Revenues are budgeted to increase by 4.8% between fiscal years 2022 and 2023 despite rates remaining flat.
- As seen on the previous slide, both Water and Sewer revenues have historically ended under budget.
- Expenses are expected to decline by 2.1%, primarily driven by the sewer portion of the Fund.
  - However, sewer expenses have historically ended over budget.
- Positively, both the fiscal year 2022 and fiscal year 2023 budgets include a anticipated operating surplus that acts as a budgetary contingency. This contingency increased by 5.9x to \$142,825 in fiscal year 2023, providing additional flexibility to offset any changes to the budget.





# W&S Fund Summary: Key Ratios

- The **Debt Service Coverage** ratio (Net Revenues divided by Total Annual Debt Service) measures the Town’s ability to meet its annual debt service requirements after all operational expenses.
- **Debt Service Coverage has declined since fiscal year 2017 to 0.74x, which means the W&S fund is not self-supporting (need at least 1.00x coverage).** This reduced coverage is being driven by a 44.8% reduction in net revenues as rates have remained unchanged. Debt Service has remained relatively consistent over the last five years.

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Net Revenues	\$723,246	\$417,288	\$466,322	\$410,758	\$398,986
Total Debt Service	\$553,175	\$562,889	\$562,201	\$527,074	\$540,210
Debt Service Coverage Ratio	1.31	0.74	0.83	0.78	0.74

- **Days Cash on Hand (“DCOH”)** (Current unrestricted cash and liquid investments divided by operating expenditures minus depreciation, divided by 365) is a liquidity metric that gauges flexibility to pay near term obligations.
- **The Town’s Water & Sewer Fund cash position has declined significantly representing a very low seven DCOH as of fiscal year 2021. This cash position is well below the one (30 days) to three (90 days) month range recommended by the American Waterworks Association, Water Environment Federation, ICMA, and GFOA.**

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Unrestricted cash and investments	\$ 539,145	\$ 263,303	\$ 173,967	\$53,987	\$ 20,777
Operating Expenses Less Depreciation	\$793,142	\$975,752	\$1,020,715	\$1,083,020	\$1,031,709
Cash Operating Expense Per Day	\$2,173	\$2,673	\$2,796	\$2,967	\$2,827
Days Cash on Hand	248	98	62	18	7



# W&S Fund Recommendations



- With the significant decline in the W&S Fund's debt service coverage and cash position, it is strongly recommended that the Town consider hiring a third-party to conduct a full rate study.
  - This rate study would provide the Town with the necessary information about what rate increases would be required to bring the W&S Fund back to self-supporting status (1.00x debt service coverage).
  - If a rate study is not conducted and rates are not increased, the W&S Fund is likely to realize additional net losses resulting in further declines in the Fund's net position.
  - Depending on the frequency and size of the annual net losses, the W&S Fund could potentially require additional financial assistance from the General Fund. The General Fund already made unbudgeted transfers to the W&S Fund in 2020 and 2021.
    - If these transfers continue, there will be added financial pressure on the General Fund, which isn't currently meeting its own reserve policy.
- As recommended for the General Fund, Davenport believes that establishing a long-term budget model for the W&S Fund to help proactively monitor the expected growth in revenue and expenses, as well as determine what rate increases (if any) are potentially needed in any given fiscal year.
- Once the rate study is complete and a rate plan has been established, Davenport would recommend that the Town adopt additional financial policies related to the W&S Fund that will help to ensure a healthy financial position can be obtained and maintained going forward.
  - Establish a DCOH policy of 90 days as recommended by the industry to ensure the W&S Fund remains liquid and able to address any short-term budgetary issues.
  - To help manage current and future debt, Davenport would recommend establishing a Debt Service Coverage Requirement policy. While debt service coverage of 1.00x is considered self-supporting, adopting a slightly higher target of 1.20x would provide additional flexibility and be in line with industry standards.





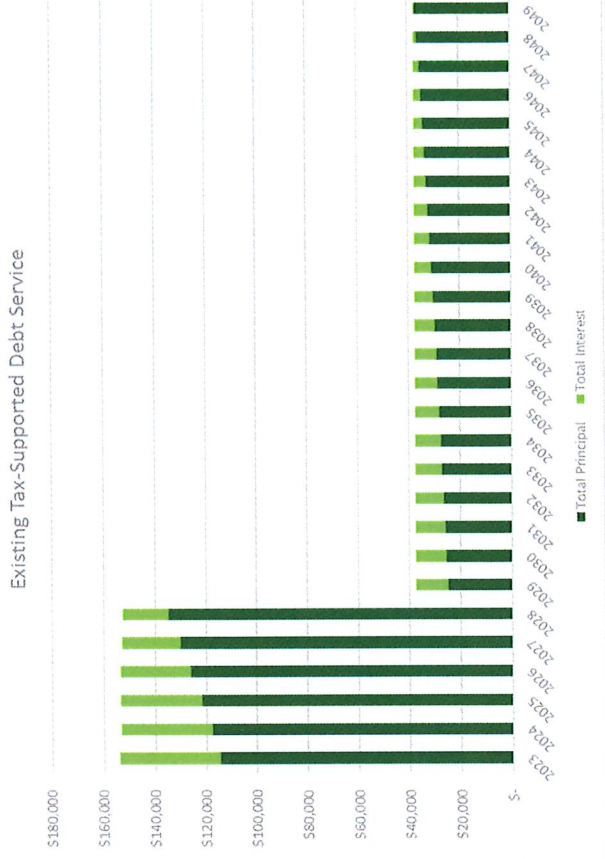
# Debt and Capital Needs Summary



# Existing Tax Supported Debt Service

- Below is an overview of the Town's existing tax-supported Debt Service that is paid out of the General Fund.
- Current debt service for the General Fund is structured as declining debt service including 75% decline (approximately \$115,175) in fiscal year 2029.

Fiscal Year	Total Principal	Total Interest	Total Debt Service
2023	\$ 114,432	\$ 39,530	\$ 153,962
2024	117,614	35,810	153,424
2025	121,813	31,806	153,619
2026	126,025	27,466	153,491
2027	130,253	22,775	153,028
2028	134,995	17,811	152,806
2029	25,085	12,546	37,631
2030	25,574	12,057	37,631
2031	26,073	11,558	37,631
2032	26,581	11,050	37,631
2033	27,099	10,531	37,630
2034	27,627	10,003	37,630
2035	28,166	9,464	37,630
2036	28,715	8,915	37,630
2037	29,276	8,355	37,631
2038	29,847	7,784	37,631
2039	30,429	7,202	37,631
2040	31,021	6,609	37,630
2041	31,626	6,004	37,630
2042	32,243	5,387	37,630
2043	32,873	4,758	37,631
2044	33,514	4,117	37,631
2045	34,167	3,464	37,631
2046	34,833	2,797	37,630
2047	35,513	2,118	37,631
2048	36,204	1,426	37,630
2049	36,910	720	37,630
TOTAL	\$ 1,388,508	\$ 322,064	\$ 1,710,572



Source: 2021 Financial Statement; Debt Book.

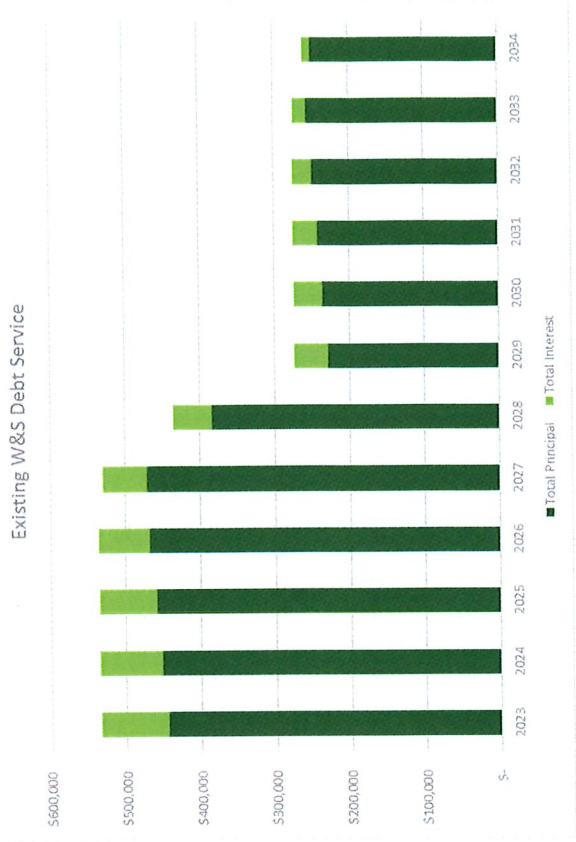




# Existing Water & Sewer Fund Debt Service

- Below is an overview of the Town's existing debt service for the Water & Sewer Fund.
- Current debt service for the Water & Sewer Fund is structured with an overall decline including a \$95,115 decline in fiscal year 2028 and another \$162,334 decline in fiscal year 2029.

Fiscal Year	Total Principal	Total Interest	Total Debt Service
2023	\$ 444,137	\$ 90,413	\$ 534,550
2024	451,481	83,771	535,252
2025	458,359	77,023	535,382
2026	467,276	68,772	536,048
2027	470,362	60,058	530,420
2028	383,948	51,357	435,305
2029	229,126	43,845	272,971
2030	235,721	37,878	273,599
2031	242,323	31,608	273,931
2032	249,430	24,430	273,860
2033	256,545	17,011	273,556
2034	250,468	9,351	259,819
<b>TOTAL</b>	<b>\$ 4,139,176</b>	<b>\$ 595,517</b>	<b>\$ 4,734,693</b>



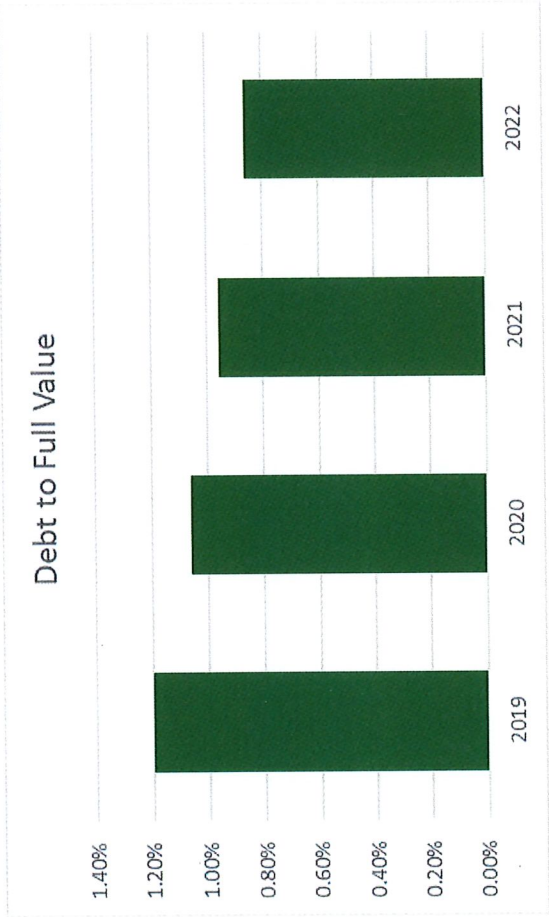
Source: 2021 Financial Statement; Debt Book.



# Key Debt Ratio: Historical Debt vs. Full Value

- Debt vs. Full Value is often referred to as a “Key Ratio” because it measures **Debt Capacity**, or the question of “Can I borrow this?”
  - The Town’s tax-supported Debt vs. Full Value has been declining as the Town’s outstanding debt has matured and no additional tax-supported debt has been issued.
  - To our knowledge, the Town does not currently maintain a Debt vs. Full Value policy, but Davenport would recommend one be established as it is a common policy adopted by similar local governments.
    - Davenport would recommend the Town adopt a policy of no more than 3% debt vs. full value, which is inline with industry practice and provides flexibility for future debt issuances, if needed.

Fiscal Year	Total Full Value	Tax-Supported Debt Outstanding	Debt vs. Full Value
2019	\$147,380,679	\$1,766,555	1.20%
2020	153,782,088	1,630,762	1.06%
2021	156,908,491	1,498,795	0.96%
2022	161,343,152	1,388,508	0.86%



Source: 2019-2021 Financial Statements; Debt Book.

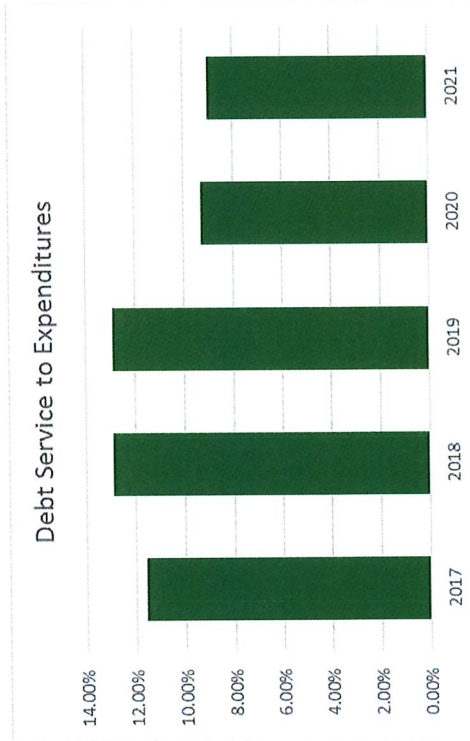




# Key Debt Ratio: Debt Service vs. Expenditures

- Debt Service vs. Expenditures is often referred to as a “Key Ratio” because it measures **Debt Affordability** – “Can I afford this?”
- While this metric decreased in fiscal years 2020 and 2021, the Town is still near industry standard of 10%-12% of expenditures, providing the Town with limited flexibility for future capital needs.
- The Town does not currently maintain a policy on debt service to expenditures, but we would recommend that one be established as it is a common policy adopted by other similar governments.
  - Drafting the policy with a target of 10% and a ceiling of 12% would provide some flexibility for future needs, while still limiting the amount that could be issued to protect the financial health of the Town.

Fiscal Year	Debt Service	General Fund Expenditures	Debt Service to Expenditures
2017	\$291,216	\$2,508,080	11.61%
2018	314,718	2,439,958	12.90%
2019	321,119	2,492,530	12.88%
2020	235,422	2,533,789	9.29%
2021	230,791	2,557,183	9.03%



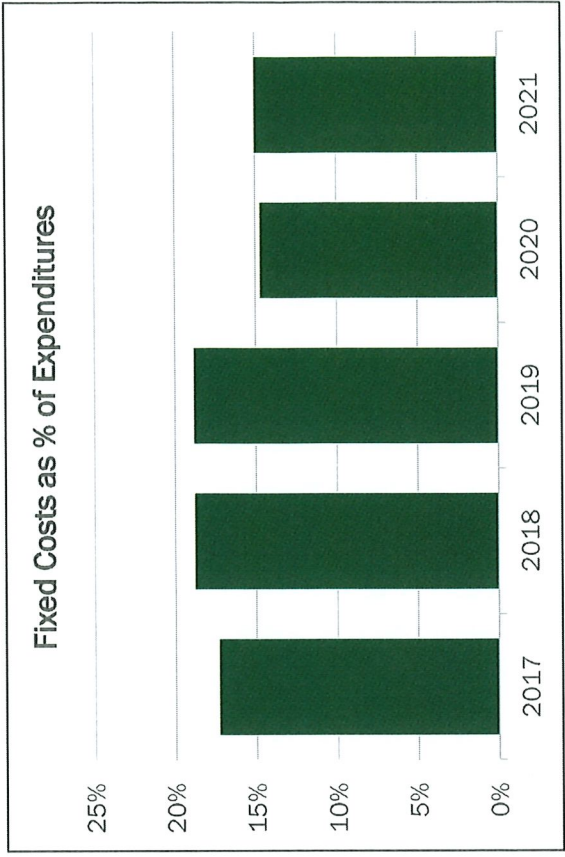
Source: 2017-2021 Financial Statements.



# Key Debt Ratio: Fixed Cost Burden

- Fixed Cost Burden is emerging as a “Key Ratio” because it measures overall **Financial Flexibility**. It expands on debt service vs. expenditures to include the Town’s other long-term liabilities such as pension obligations. Positively, the Town does not offer Other Post-Employment Benefits (“OPEB”).
  - The higher the a local government’s fixed costs, the less financial flexibility that government will have for other operating needs.
- The Town does not currently maintain a policy on total fixed costs, but the industry standard to maintain fixed costs below 25% of expenditures.
  - As you can see below, The Town’s fixed costs have declined since fiscal year 2017 due to reduced debt service costs and remain under the 25% threshold.
  - Davenport would recommend implementing the proposed policy for fixed costs not exceed 25% of General Fund expenditures.

Fiscal Year	Tax-Supported Debt Service	Pensions	Total Fixed Costs	General Fund Expenditures	Fixed Costs as % of Expenditures
2017	\$291,216	\$143,897	\$435,113	\$2,508,080	17.3%
2018	314,718	144,748	459,466	2,439,958	18.8%
2019	321,119	148,978	470,097	2,492,530	18.9%
2020	235,422	138,538	373,960	2,533,789	14.8%
2021	230,791	155,129	385,920	2,557,183	15.1%



Source: 2017-2021 Financial Statements.



# Future Capital Needs



- While the Town has approximately \$2.6 million in projects included in the fiscal year 2023 budget, the Town does not have any plan to issue additional debt in the near-term.
  - Historically, funding of capital projects was driven by the receipt of state or federal funding.
- Projects included in the fiscal year 2023 budget will be cash-funded, including approximately \$1.7 million that will use a portion of the Town's American Rescue Plan Act ("ARPA") funds to finance these capital needs.



# Debt and Capital Needs Recommendations

- To ensure that the Town maintains a healthy financial position both in the General Fund and W&S Fund, Davenport recommends that the Town consider adopting debt policies. These policies will provide benchmarks to guide the annual budget and capital planning process, ultimately protecting the Town from becoming overleveraged and causing financial stress. The proposed policies include:
  - Debt to Full Valuation policy of no greater than 3%;
  - Debt Service to Expenditure policy with a target of 10% and ceiling of 12%; and
  - Fixed Costs policy of no greater than 25%.
- In conjunction with the development of a long-term budget model, Davenport believes this model should also include a long-term Capital Improvement Plan (CIP).
  - This will allow the Town to determine what capital projects are outstanding and prioritize those projects in terms of need.
  - Reviewing the long-term budget forecast in conjunction with the CIP will provide a more comprehensive view of the Town's future financial challenges. This proactive approach will allow the Town time to discuss and manage these challenges with the goal of maintaining a healthy financial position in both the General Fund and W&S Fund.
- While the Town does not currently have any refunding opportunities (refinancing outstanding debt at a lower interest rate) based on current interest rates, Davenport will continue to monitor the Town's debt portfolio for any potential opportunities going forward.
  - Any debt service savings realized from future refundings could help provide budgetary relief.
  - Davenport will also monitor the ability for any potential debt restructuring (extending the original debt maturity to produce budgetary savings) as another way to produce annual budgetary savings.
    - While not guaranteed, the only restructuring candidate that the Town could consider is the \$2.016 million CDA Bonds of 2015. These bonds were originally issued with a 20-year amortization, the bonds could be extended and amortized over 30 years and still be within the useful lives of the assets originally financed.





# Next Steps

# Next Steps



- **January 2023:** Follow-up on any questions that the Council might have or would like to explore in more detail as a result of this presentation.
- **February 2023 – March 2023:** Develop a long-term budget model, along with multi-year Capital Improvement Plan to help proactively manage and protect the Town's financial position.
- **April 2023:** Draft financial policies that would help support the ongoing fiscal health of the Town to be adopted by Council.



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Version 01/13/2014 SO/JD/JM



TO: Mayor & Council Members  
FR: Larry DiRe, Town Manager  
DT: January 17, 2023  
RE: Fiscal year 2023-2024 draft budget overview

For several weeks staff has been reviewing certain aspects of the draft next fiscal year budget. The process will continue throughout February and March with the goal of presenting a budget document to mayor and town council on Friday March 31, 2023. Overall, this year's budget represents adherence to the status quo. Funding through the American Rescue Plan Act (ARPA) allows for pay as you go financing of the local street paving project, which is only phase one of a larger paving improvement program. Future phases remain unfunded. Technology serves to increase operational presence in public safety and generate additional revenue in public utilities water collection. Continued outsourcing of residential trash collection and building inspections put the cost on the user and reflect the market realities of providing these services. The town marina and waterfront assets are a loss leader as the only source of maintenance revenue is the town's general fund and "free riders" from the region (including interstate users) put wear and tear on these facilities without contributing to their upkeep through either normal (property tax) or extraordinary means (users pays through permitting or special tax). Absent consistent and significant grant funding, the marina and the other boat/kayak launches will need upkeep and the town needs to find a corresponding revenue source.

Staff anticipates certain revenue projections, especially state-share revenues, will be trend-based estimates, and not necessarily firm and final numbers. More clarity on those will emerge over April and perhaps into May. Staff will keep the mayor and town council informed of any information that may impact the draft budget, and would like guidance on formal budget work session dates in April and May.

While the operational departments continue to work on their respective budgets, staff wants to inform mayor and town council of certain proposed priorities and guiding principles in the budget preparation process. Priorities are as follows:

- Compliance with the various state and federal obligations – as the town expects residents and businesses to comply with obligations imposed on them by local laws and regulations, so too the town shall follow our own obligations under state and federal legislation and regulation.
- Facilities and capital assets maintenance and upkeep – while the town's grant-funded projects constitute much of this, other facilities and capital asset needs shall be funded during the year as an ordinary cost.
- Employee salary, compensation, and development – employees' full compensation will align with the grade and step salary chart and compensation package adopted by mayor and town council; employees' performance will be evaluated in writing and in person on an annual basis; employees interested in developing knowledge, skills, and abilities will petition their respective supervisor and if approved be supported as a budget line in that department.
- Fund balance levels and ready reserves –percentage of town reserve increased and maintained to the Government Finance Officers Association (GFOA) two-



month standard as addressed in the fiscal year 2022 audit report and town comprehensive financial review report.

- Community amenities and quality of life – while this includes parks, trails, and open spaces other quality of life matters such as property maintenance and code compliance impact the residents and other's enjoyment and perception of the town.

The following budget features provide a high-level summary of the fiscal year 2023 – 2024 draft budget in its current state:

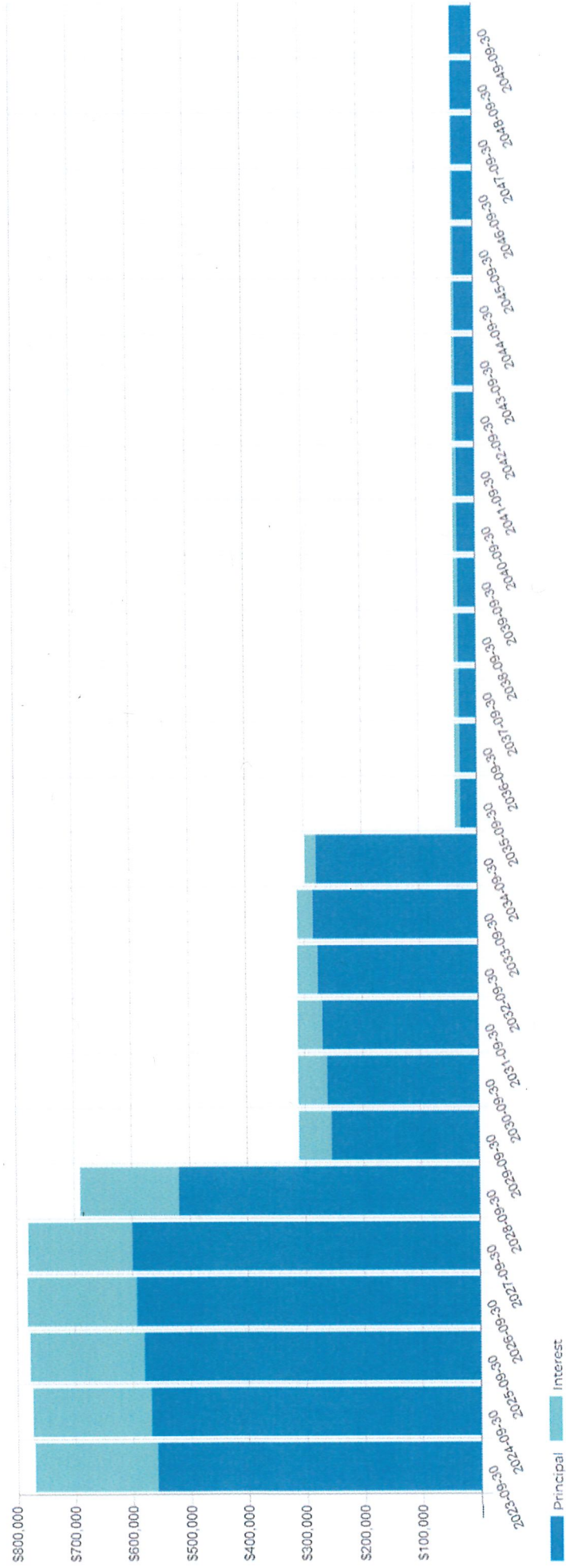
- All debt-service obligations, totaling \$774,129.81, will be paid on time.
- Non-residential tax increase revenue enhancement through sale of the 115-117 N. Main Street building and cell tower lease (if the latter not completed before June 30, 2023).
- Anticipated modest additions to the tax base as several on-going\pending projects are completed.
- No proposed new taxes, and no proposed increase in current taxes, utility rates, or fees.
- Sewer rates will likely need to be watched closely to account for system costs and to close\reduce the structural deficit trend requiring fund transfer from the general fund reserves.
- No new staff positions proposed; no existing positions eliminated.
- Staffing levels will remain static with replacement for positions lost through retirement, separation, and attrition.
- Employee cost of living increase of 2.5% which is below the 2022 national consumer price index (cpi) growth rate. (Note – since January 2021 the cpi has increased sixteen percent meaning employs who have not received a seventeen percent pay increase since then are in fact working at a practical pay cut)
- Pending satisfactory performance evaluation, grade-level step adjustment to several employees' base pay.
- Fiscal year 2023 – 2024 marks the last full fiscal year of ARPA-funded premium pay.
- February and March 2024 all-staff furlough days remain a budgetary consideration.
- Vehicles acquired through the adopted lease agreement with Enterprise.
- Police Department use of federal grant funding for camera surveillance system.
- Full implementation of online building permitting and code enforcement software for applicant convenience and department efficiency.
- Sale of annual solar renewable energy credits totaling approximately \$55,000.
- AMI water meters will be fully operational and capturing estimated 98.5%+ of all water used.
- Capital maintenance program for both town water tanks.
- Capital projects approved prior to June 30, 2023 will be completed by that date.
- Capital projects pending: sewer pumping station upgrades (if funded by Maryland Department of the Environment or federal earmark); local street paving (if funded by federal earmark); Chambers Lake dam structural study and scope of work for repairs\compliance (if funded by Maryland Department of the Environment or FEMA Building Resilient Infrastructure and Communities Program).

- Increased budgeting for cost of municipal election(s).
- Completion of Maryland Clean Marina designation at minimal cost.
- Completion of Sustainable Maryland Certification community status at minimal cost.

Staff is using this data for the fiscal year 2023-2024 budget preparation. Presented as an informational item at this time.



Total Debt Service Over Time for All Types from 09/26/2022 to 09/30/2049



TO: Mayor & Council Members  
FR: Larry DiRe, Town Manager  
DT: January 17, 2023  
RE: Marina Park Wetlands Project Scope of Work and Request for Proposals

The Town received \$174,997 in Chesapeake and Atlantic Coastal Bay Trust Fund grant funding (attached) for this project and has a not to exceed budget of \$175,497. All work tasks must be complete before the project funding expires on December 31, 2023. Town staff worked with Maryland Department of Natural Resources staff to develop the scope of work and budget below (attached). Items one through six constitute to proposed advertised scope of work and the bid process language is also included.

**THE TOWN OF FEDERALSBURG  
REQUEST FOR PROPOSALS FOR THE  
MARINA PARK WETLANDS PROJECT**

**PUBLISHED INVITATION TO BIDDERS**

*Bids will be received by the Town of Federalsburg by mail to Larry DiRe, P.O. Box 471, Federalsburg, Maryland 21632, or by email to [townmanager@federalsburg.org](mailto:townmanager@federalsburg.org) for the Marina Park Wetlands Project. Please submit three written and one digital copy of your bid with your firm's current insurance certification. Bids will be accepted by the Town until 2:00 PM on February 27, 2023, at which time they will be opened. At that time bids will be opened and read at Federalsburg Town Hall, located at 118 N. Main Street in Federalsburg.*

*1. This project has several purposes, all of which are directed to better water quality and species habitats at the Federalsburg Marina Park, located in downtown Federalsburg. Upon completion this project, we will reduce the nutrients and sediment entering the Marshyhope River, by installing bio-retention and wetland areas in the park, and adding tree canopy. The Town of Federalsburg sees this project as a first phase of an effort to improve water quality, reduce the grass-covered area and the need for constant mowing, and educate the community and guests about the benefits of water quality and native plants to support birds, butterflies and pollinators.*

*2. Background At present the channel bank is eroding, adding sediment into the marina and creek. There are no natural or built features which can remove solid and floatable trash, such as cans and bottles, from flowing down the channel into the creek, and much of the park's open space is grass which requires suburban lawn type maintenance and cutting, does not assist with nutrient filtration and does not enhance species habitat when compared to alternate plantings. The latest Nanticoke River Report Card grades the Marshyhope Creek as a B-. This is the highest grade for any of the Maryland side creeks and higher than the River's overall grade of a C+.*



*3. Objectives, Responsibilities, and Deliverables Objectives are as follows: increase the park's tree canopy and reduce runoff into the Marshyhope Creek by increasing bio-swale and pervious surfaces; reduce solid and floatable waste objects entering the marina and creek through the tidal channel; increase the wetlands area; and develop a rain garden for water quality and education purposes. The Town of Federalsburg, as owner of the park property, has the responsibility to complete this project and meet these objectives. Contractors associated with this project only have responsibilities as defined in any agreement for services or materials as defined in any contracts approved by the mayor and town council of Federalsburg according to all procurement requirements. Specific deliverables are listed in section 6 below. The Town of Federalsburg will be claiming any reduction credits from this project.*

*4. Performance & Compliance Monitoring Strategy This project will not have any such monitoring activities before, during, or after implementation.*

*5. Maintenance & Inspection Plan No private property is included in this scope of work, so no landowner agreement is required. The Town of Federalsburg staff and/or contractors take all monitoring and maintenance responsibilities. The town public works staff maintains equipment to regularly clean out the bay saver solid and floatable waste filter device. Upon visual inspection the bay saver pit will be emptied according to the judgement of public works supervisor. Town public works staff has the equipment to trim and maintain trees and other vegetation. The town will install signs messaging to the effect "Natural Area. Do Not Mow."*

*Interested bidders are encouraged to attend a pre-bid meeting and site visit on February 15, 2023 at 11:00 AM at the Marina Park. The Town reserves the right to reject any and all bids, to waive any informality or irregularity in bids received, and to accept or reject any items of any bid deemed to be in the best interest of the Town.*

*Staff recommends the scope of work and bid proposal be approved and advertised. Pending further discussion provide direction to staff.*

Attachment A  
**SCOPE OF WORK, BUDGET, AND OTHER REQUIREMENTS**

**Section I. Scope of Work**

Project Title:                      Federalsburg Marina Park

Budget:	State (Trust Fund):	\$ 174,997.00
	<u>Leveraged Funds:</u>	<u>\$ 500.00</u>
	Total:	\$ 175,497.00

Funding Period:              September 15, 2022 – December 31, 2023

Funding Recipient: The Mayor and Council of Federalsburg (Town of Federalsburg)

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**1. Abstract:**

This project has several purposes, all of which are directed to better water quality and species habitats at the Federalsburg Marina Park, located in downtown Federalsburg. Upon completion this project, we will reduce the nutrients and sediment entering the Marshyhope River, by installing bio-retention and wetland areas in the park, and adding tree canopy. The Town of Federalsburg sees this project as a first phase of an effort to improve water quality, reduce the grass-covered area and the need for constant mowing, and educate the community and guests about the benefits of water quality and native plants to support birds, butterflies and pollinators.

**2. Background**

At present the channel bank is eroding, adding sediment into the marina and creek. There are no natural or built features which can remove solid and floatable trash, such as cans and bottles, from flowing down the channel into the creek, and much of the park's open space is grass which requires suburban lawn type maintenance and cutting, does not assist with nutrient filtration and does not enhance species habitat when compared to alternate plantings. The 2020 Nanticoke River Report Card grades the Marshyhope Creek as a B-. This is the highest grade for any of the Maryland side creeks and higher than the River's overall grade of a C+.

**3. Objectives, Responsibilities, and Deliverables**

Objectives are as follows: increase the park's tree canopy and reduce runoff into the Marshyhope Creek by increasing bio-swale and pervious surfaces; reduce solid and floatable waste objects entering the marina and creek through the tidal channel; increase the wetlands area; and develop a rain garden for water quality and education purposes. The Town of Federalsburg, as owner of the park property, has the responsibility to complete this project and meet these objectives. Contractors associated with this project only have responsibilities as defined in any agreement for services or materials as defined



in any contracts approved by the mayor and town council of Federalsburg according to all procurement requirements. Specific deliverables are listed in section 6 below.

The Town of Federalsburg will be claiming any reduction credits from this project.

#### **4. Performance & Compliance Monitoring Strategy**

This project will not have any such monitoring activities before, during, or after implementation.

#### **5. Maintenance & Inspection Plan**

No private property is included in this scope of work, so no landowner agreement is required. The Town of Federalsburg staff and/or contractors take all monitoring and maintenance responsibilities. The town public works staff maintains equipment to regularly clean out the bay saver solid and floatable waste filter device. Upon visual inspection the bay saver pit will be emptied according to the judgement of public works supervisor. Town public works staff has the equipment to trim and maintain trees and other vegetation. The town will install signs messaging to the effect "Natural Area. Do Not Mow."

### 6. Project List

<i><b>Project Title</b></i>	<i><b>Description</b></i>	<i><b>Location (lat/long) Decimal degrees</b></i>	<i><b>2012 Leg district</b></i>	<i><b>8-digit watershed</b></i>	<i><b>Status (Design/Planning, Permit, Construction)</b></i>	<i><b>Estimated Cost</b></i>	<i><b>*Est. Reductions</b></i>	<i><b>Deliverables (linear feet stream, acres wetland, treated impervious, etc.)</b></i>
Federalburg Marina Park	Plant large caliber trees along the waterfront path and entrance path to create more shade and improve aesthetics	Latitude: 38.68793. Longitude: -75.7716695	37B	02130306	Construction	TF: \$ 31,360.00 Leveraged: \$0.00 Total: \$31,360.00	19.31 lbs N; 3.13 lbs P; .26 tons Sed/TSS	106 trees planted
Federalburg Marina Park	Bio-swales along parking lot and road will help water quality and quantity from run off that would otherwise flow into the marina	Latitude: 38.68793. Longitude: -75.7716695	37B	02130306	Construction	TF: \$33,020.00 Leveraged: \$500.00 Total: \$33,020.00	8.76 lbs N; 3.5 lbs P; 2.21 tons Sed/TSS	4000 square feet of swale; 400 square feet of rain garden
Federalburg Marina Park	Submerged gravel wetland	Latitude: 38.68793. Longitude: -75.7716695	37B	02130306	Construction	TF: \$60,646.00 Leveraged: \$500.00 Total: \$60,646.00	3.39 lbs N; .36 lbs P; .57 tons Sed/TSS	.8 acres wetland
Federalburg Marina Park	1½ acre creation and enhancement will improve current grass area to hold and infiltrate runoff from main road	Latitude: 38.68793. Longitude: -75.7716695	37B	02130306	Construction	TF: \$41,785.00 Leveraged: \$0.00 Total: \$41,785.00	5.9 lbs N; .54 lbs P; .18 tons Sed/TSS	.5 acre of wetland
Federalburg Marina Park	Environmental /educational signage	Latitude: 38.68793. Longitude: -75.7716695	37B	02130306	Construction	TF: \$5600 Leveraged: \$0.00 Total: \$5600	n/a	3-4 interpretive signs will be placed around the park for the public





## 7. Timeline

	2022											
<i>Project</i>	1	2	3	4	5	6	7	8	9	10	11	12
Public Bid									X	X		
Notice to Proceed										X		
Tree plantings											X	X

	2023											
<i>Project</i>	1	2	3	4	5	6	7	8	9	10	11	12
Wetland creation/gravel wetland	X	X	X	X								
Bio-swales				X	X							
Rain garden and buffer plantings					X	X	X					
Maintenance								X	X	X	X	X

## Section II. Budget

After Grantee has been paid an amount equal to ninety percent (90%) of the funds initially allocated and approved for this grant, the Department of Natural Resources may withhold from payment an amount of not more than ten percent (10%) of the total grant amount, until satisfactory completion and submission by Grantee of all tasks described under this agreement. Please see attached project line-item budget.

<b>Category</b>	<b>State</b>	<b>Documented Match</b>	<b>Total</b>
Personnel	\$0.00 <sup>1</sup>	\$0.00	\$0.00
Fringe Benefits	\$0.00 <sup>1</sup>	\$0.00	\$0.00
Travel approx. @ \$0.56/mi.	\$0.00 <sup>2</sup>	\$0.00	\$0.00
Field Supplies	\$0.00 <sup>3</sup>	\$0.00	\$0.00
Supplies (Office)	\$0.00 <sup>4</sup>	\$0.00	\$0.00
Contractual	\$172,411.00 <sup>5</sup>	\$0.00	\$172,411.00
Other	\$0.00	\$0.00	\$0.00
Indirect / Administration	\$2,586.00 <sup>6</sup>	\$0.00	\$2,586.00
<b>Total</b>	<b>\$174,997.00</b>	<b>\$0.00</b>	<b>\$174,997.00</b>



**<sup>5</sup>Contractual:**

	Item	Units	QTY	Unit Cost	Extended
Wetland Complex		SUB:			<b>\$ 26,785</b>
Installed Cost	AC	0.5	53570		
Swales		SUB:			<b>\$ 12,000</b>
Plants	SF	4000	0.55	\$ 2,000	
Labor	Day Rate 4	2500		\$ 10,000	
Raingardens & Drainage			SUB:		<b>\$ 6,020</b>
Plants	SF	400	2.55	\$ 1,020	
Labor	Day Rate 2	2500		\$ 5,000	
Submerged Gravel Wetlands			SUB:		<b>\$ 60,646</b>
Installed Cost	CF	2000	30.3	\$ 60,600	
Streamside Buffer Planting			SUB:		<b>\$ 18,750</b>
Installed Cost	AC	0.35	53570	\$ 18,750	
Canopy Tree Planting			SUB:		<b>\$ 12,610</b>
2" Cal	EA	56	185	\$ 10,360	
3" Cal	EA	10	225	\$ 2,250	
Day Rate		12	2500		<b>\$30,000</b>
Signage		4	1400		<b>\$5,600</b>
<b>GRAND TOTAL:</b>					<b>\$172,411</b>

**<sup>6</sup>Indirect / Administration:**

Apply 1.5% admin to all direct costs

**Leveraged Funds:**

The Town of Federalsburg will be providing \$500.00 in leveraged funds to the project. The leveraged funding will provide administrative supervision. These leveraged funds demonstrate local commitment to the project and will be a component of the Final Report; however, these funds will not be documented through invoices.

Town of Federalsburg procurement guidelines and procedures will be followed.

**Section III. Other Requirements**

**1. Reporting/Documentation Requirements:**

Progress reports shall be submitted through the DNR CCS Grants Gateway management portal ([https://webportalapp.com/sp/home/grants\\_gateway](https://webportalapp.com/sp/home/grants_gateway)) to assure that projects are on task to meet milestone target dates. Each report must document project and budget status and identify any problems or other concerns. The reports will be submitted in line with the following schedule:

Time Frame

September 15, 2022 – October 31, 2022  
November 1, 2022 – December 31, 2022  
January 1, 2023 – March 31, 2023  
April 1, 2023– June 30, 2023  
July 1, 2023 – September 30, 2023

Due Date

November 15, 2022  
January 15, 2023  
April 15, 2023  
July 15, 2023  
October 15, 2023

October 1, 2023 – December 31, 2023

December 31, 2023 (FINAL)

Invoices with appropriate back-up documentation shall be submitted for the same time frames noted above unless prepaid expenses are approved.

## 2. Prepaid Expenses

Prepayment of expenses will be considered based on documentation of immediate need by the Grantee. All requests must be accompanied by a detailed list of proposed expenditures and shall include original correspondence from contractors to document requested prepayment. If provision of prepaid expenses is approved by the Department, receipts and back-up documentation must be submitted on a calendar-month basis. With exception of the final report and final invoice, calendar-month reports and prepayment back-up documentation is due by the 15<sup>th</sup> of the following month. (e.g. March 1, 2021-March 31, 2021 information is due April 15, 2021.) The Grantee will certify in the monthly report what work has been completed in relation to the approved scope of work. If contractor invoices do not include a term of work, the Grantee will certify the term of work. The Grantee will provide proof of payment to include date paid and check number (or voucher number).

Documentation and all proof of payment for the prepaid expenses must be submitted prior to submitting any further requests for prepayment or reimbursement. Failure to provide adequate back-up documentation for a prepayment will result in delays/reductions to future reimbursements.

A **final report** will be required at the end of the project period to provide a detailed summary of the outcomes/results, lessons learned, impact of the funding and next steps. This report should cover activities conducted over the entire project period and should be suitable for printing and sharing through media outlets (i.e. success story). **Photo documentation is required.**

The funding recipient shall not incur costs or obligate funds for any purpose pertaining to the operation of the project beyond the end date stipulated in the grant. The final invoice with appropriate back-up documentation shall be submitted to the Chesapeake and Coastal Service no later than **thirty days** after the end date of the grant.

## 3. Signage, Publications, Videos and Acknowledgment of Grant Funding

In promotion of projects funded through the Chesapeake & Atlantic Coastal Bays Trust Fund (Trust Fund), grant recipients will acknowledge the Trust Fund on all signage, publications, videos, and other promotional materials. A State logo shall be present on materials created to promote projects funded through the Trust Fund. The appropriate logo can be obtained through the DNR Project Manager (Carrie Decker, [carrie.decker@maryland.gov](mailto:carrie.decker@maryland.gov)).



Sample language for signage and other promotional materials: “This project was funded completely or in part by the Maryland’s Chesapeake & Atlantic Coastal Bays Trust Fund. For more information, visit <http://dnr.maryland.gov/ccs/Pages/funding/trust-fund.aspx>.”

#### 4. Guidelines for Proper Invoicing

Grantees shall submit, generally on a quarterly basis, all invoices and match (if applicable) to the Chesapeake and Coastal Service. **Time period on each invoice shall coincide with time period on backup documentation.** The format of the invoice shall mimic the format of the budget in this scope of work to the greatest extent possible. Each invoice shall include a summary sheet that breaks down expenditures by budget category. The summary sheet should include a salary and fringe breakdown to include grade/step, position, and number of hours worked multiplied by the appropriate hourly pay rate. Also, include all necessary backup documentation that will serve as verification for all expenditures listed on the summary sheet. The grant tracking number will be noted on all invoices. Examples of acceptable documentation for expenditures are listed below.

Appeals for advancement of funds, for the purpose of mobilizing implementation of the project components, will be considered on a project by project basis when need is determined by the Department. All requests must be accompanied by a detailed list of proposed expenditures as well as documented need by contractor to have funding “upfront”. If provision of upfront funds is approved, receipts for all purchases are required within 60 days of purchase. Failure to provide adequate back-up documentation for funding advancement will result in delays/reductions to future reimbursement requests. Examples of acceptable back-up documentation include but are not limited to the following:

<u>Category</u>	<u>Backup Documentation Needed</u>
Salaries	Copies of signed time sheets with project hours associated with the work under the Grant and <b>proof of payment</b> (e.g., pay statements) for each individual in the Budget supported by the Grant.
Communication (telephone bills, postage)	Copies of phone bills. Documentation for postage should include copies of receipts.
Travel	Copies of validated bills, invoices and receipts that are related to your travel must be provided along with proof of payment.
Supplies/Equipment	Copies of canceled checks or check numbers, receiving reports showing that merchandise was received, cash register receipts, or FS18 signed by a Fiscal Officer.

For corporate card purchases, each cardholder shall provide the standard DNR "Activity Log," bank memo statement and receipts for recording each transaction (purchase and/or credit) made with each corporate purchasing card which must include the following:

*transaction date, merchant name, description of item purchased (including quantity), account (PCA code) to be charged if different from that assigned to the card, and amount of purchase.*

Contractual Services

Copies of bills or invoices with receipts or FS18 signed by a Fiscal Officer. Also, copies of cleared checks or copies of check numbers and/or credit card transactions.

Administration

No backup documentation is required for administrative expenses, but should be calculated at 1.5% of direct costs per invoice period.

Match

Match, if applicable, shall be labeled as match and shall be documented in the same format as direct charges. Match shall be paid out at the same general rate as the Grant share. Match information shall be provided with each invoice submission for direct charges.

## **5. Modifications to the Scope of Work, Budget, or Schedule**

The budget, scope of work, or schedule can be modified using the following guidelines and conditions:

1. Project managers should submit modification requests to the DNR Agreement Representative at least 60 days prior to the requested approval date of the modification.
2. Project managers may shift up to ten percent (10%) of their total project funds from one existing line-item (e.g. supplies, travel, etc.) to another, as long as it doesn't substantively modify the project's goals, objective, milestones or deliverables.
3. Prior approval from the DNR Agreement Representative is required to:
  - (a) Modify the project budget by more than ten percent (10%); OR
  - (b) Add a new line-item to the existing budget (e.g., add equipment or subcontractor to the budget); OR



- (c) Provide a no-cost extension; OR
- (d) Change the project's goals, objectives, milestones or deliverables.

**State of Maryland**  
**Department of Natural Resources**

**Chesapeake & Atlantic Coastal Bays 2010 Trust Fund**

**Grant Agreement**

This Grant Agreement, entered into this 16<sup>th</sup> day of September, 2022 by and between the State of Maryland, Department of Natural Resources, Tawes State Office Building, 580 Taylor Avenue, Annapolis, MD 21401 (hereinafter “Department”) and

**Mayor and Council of Federalsburg**

118 N. Main Street  
 Federalsburg, MD 21632  
 Federal Tax Identification #: 52-6000788

(hereinafter “Grantee”), (hereinafter, individually, a “Party” and, collectively, the “Parties”).

WHEREAS, there is a Chesapeake & Atlantic Coastal Bays 2010 Trust Fund (“Trust Fund”), established with the purpose to provide financial assistance necessary to advance Maryland’s progress in meeting the goals established in the Chesapeake Bay Watershed Agreement for the restoration of the Chesapeake Bay and the Atlantic Coastal Bays and their tributaries by focusing limited financial resources on nonpoint source pollution control projects in all regions of the State of Maryland, as set forth in Annotated Code of Maryland, Natural Resources Article §8-2A-01 *et seq.*; and

WHEREAS, the Chesapeake Bay Cabinet administer the Trust Fund in accordance with the Trust Fund final work and expenditure plans, including distribution of funds through grants to counties, bicounty agencies, municipalities, forest conservancy district boards, soil conservation districts, academic institutions, and nonprofit organizations that have a demonstrated ability to implement nonpoint source pollution control projects; and

WHEREAS, funding has been appropriated for the Trust Fund by the General Assembly for Fiscal Year 2023, to be disbursed in grants to certain entities, for the purposes set forth in Code, Natural Resources Article § 8-2A-01 *et seq.*; and

WHEREAS, the Grantee has been selected by the Chesapeake Bay Cabinet to receive such grant assistance from the Trust Fund, and the Grantee has agreed to the provisions contained herein;

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and the receipt of a Grant in the amount of One hundred and seventy four thousand nine hundred and ninety seven dollars and zero cents (\$174,997.00) the Parties agree to the following provisions:

1. **Term.** This Grant Agreement (hereafter “Agreement”) shall be effective as of September 15, 2022 (“Effective Date”) and shall expire without notice on December 31, 2023. The Parties agree that this Agreement is valid, binding and enforceable upon the Parties from and including the Effective Date.



**State of Maryland**  
**Department of Natural Resources**

**Chesapeake & Atlantic Coastal Bays 2010 Trust Fund**

**Grant Agreement**

This Grant Agreement, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between the State of Maryland, Department of Natural Resources, Tawes State Office Building, 580 Taylor Avenue, Annapolis, MD 21401 (hereinafter “Department”) and

**Mayor and Council of Federalsburg**  
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WHEREAS, funding has been appropriated for the Trust Fund by the General Assembly for Fiscal Year 2023, to be disbursed in grants to certain entities, for the purposes set forth in Code, Natural Resources Article § 8-2A-01 *et seq.*; and

WHEREAS, the Grantee has been selected by the Chesapeake Bay Cabinet to receive such grant assistance from the Trust Fund, and the Grantee has agreed to the provisions contained herein;

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and the receipt of a Grant in the amount of One hundred and seventy four thousand nine hundred and ninety seven dollars and zero cents (\$174,997.00) the Parties agree to the following provisions:

1. **Term.** This Grant Agreement (hereafter “Agreement”) shall be effective as of September 15, 2022 (“Effective Date”) and shall expire without notice on December 31,

2. **Scope of Work.** The Grantee shall conduct the work contained in the Scope of Work in Attachment A: Scope of Work, Budget, and Other Requirements, which is incorporated into and made an integral part of this Agreement.
3. **Notice to Proceed.** No work may be initiated under this Agreement until the Grantee has been instructed in writing to proceed by the Department.
4. **Standard of Performance.** The Grantee is responsible for supervision and inspection of, and the technical accuracy and coordination of all work pursuant to this Agreement as set forth in Attachment A's Scope of Work.
5. **Prosecution of the Work.** The Grantee shall prosecute all work continuously and diligently until the termination of this Agreement.
6. **Amendments.** This Agreement may be amended only by a writing signed by both Parties.
7. **Independent Entity.** Unless the Grantee is a unit of the Department of Natural Resources, the Grantee acknowledges that it is neither an agent nor an employee of the Department, but is an independent entity, and cannot commit the Department to any expenditures of funds or enter into any contractual obligation on behalf of the Department.
8. **Supplies and Materials.** The Grantee shall be responsible for identifying and acquiring all supplies and materials necessary for performance of all work,
9. **Taxes.** The Grantee shall be responsible for withholding any taxes and social security payments due in relation to this Agreement.
10. **No Subletting or Assignment.** The Grantee shall not sublet, assign, or transfer this Agreement or any portion thereof without prior written consent of the Department.
11. **Department Property.** Unless otherwise specified in writing, the Grantee agrees that all reports, drawings, studies, estimates, maps, and computations prepared by or for it under the terms of the Agreement shall be delivered upon request to, and become the property of, the Department upon termination or completion of the work.
12. **Billings; Payments.**
  - A. Funds paid to the Grantee under this Agreement shall be used only for the purposes set forth in this Agreement and Attachment A's Scope of Work. The Grantee shall submit billings for the expenses authorized for the work under this Agreement in accordance with the payment schedule set forth in Attachment A's Other Requirements. Each billing shall identify the progress made in relation to the schedule, and the amount of payment requested. The Grantee shall submit a final invoice no later than 30 days after the date of expiration of this Agreement set forth in Paragraph 1, above.
  - B. The Grantee shall follow cost accounting practices acceptable to the Department. Payments will be made only for the costs authorized in Attachment A's Budget. Billings



shall be due and payable within 30 days of receipt by the Department. The Grantee agrees that no claims or charges for damages shall be made by it for any delays or hindrances from any cause during the term of this Agreement. Under no circumstances is the Department responsible for payment of any charges due to late payment of invoices.

13. **Status/Progress Reports.** The Grantee shall submit quarterly status/progress reports to the Department at the same time as the billing submissions required under Paragraph 12, above. Each status report shall contain the information required by Annotated Code of Maryland, Natural Resources Article § 8-2A-04(e) for work performed during that quarter. Payment of the costs identified in the billing submissions is contingent on the Department's satisfaction with the Grantee's progress in the work. At the end of the term of the Agreement, the Grantee shall submit a final report, as described in Attachment A's Other Requirements.

14. **Subcontract or Subgrant.** In the case of any subcontract or subgrant, the Grantee agrees to bind the subcontractor or subgrantee and every subcontractor or subgrantee agrees to be bound by all terms of this Agreement, unless the Grantee requests, and the Department agrees in writing, to amend this Agreement to modify or waive one or more provisions.

15. **Inspections.** The Department shall have the right, during normal business hours, to enter upon and inspect the lands, equipment, records, and property owned or used by the Grantee in connection with this Grant, to determine the Grantee's compliance with the terms and conditions of this Agreement.

16. **Audit.** The Department retains the right to audit and inspect the records of the Grantee pertaining to this Grant for a period of 3 years after the conclusion of the Grant, or any applicable statute of limitations, whichever is longer. Should the Department determine that Grant funds have been expended for activities outside the scope of this Agreement, the Grantee, on demand by the Department, shall reimburse the Department for all such funds.

17. **Title to Property.** Subject to the obligations and conditions set forth in this Agreement, title to equipment or personal property acquired with funds under this Agreement by the Grantee or a subgrantee will vest upon acquisition in the Grantee or subgrantee respectively. Title to real property will vest in the State.

18. **Equipment.**

A. The Grantee and subgrantee shall maintain the equipment, and real and personal property, in good order, and shall employ adequate safeguards to prevent loss, damage, or theft of the property.

B. For any item of real or personal property, including equipment, acquired with Grant funds which has an original per-unit fair market value of Five Thousand Dollars (\$5,000) or more, the Grantee shall, at its own expense, and for the duration of this Agreement or for 5 years, whichever is less, obtain and maintain insurance. The insurance shall provide full protection for the Grantee and the State against loss, damage, or destruction of or to the property. The Grantee shall, on request, provide the Department with satisfactory

evidence of its compliance with this requirement. In case of loss, theft, or damage of the insured property, proceeds of insurance required by this paragraph shall be applied towards replacement of the property or towards the partial or total repayment to the State of the Grant, in the sole discretion of the Department.

C. Equipment shall be used by the Grantee or subgrantee for the project or work for which it was acquired as long as needed, whether or not the project or work continues to be supported by Trust Fund Grant funds.

D. The Grantee or subgrantee may not use equipment acquired with Trust Fund Grant funds to provide services for a fee to compete with private companies that provide equivalent services, unless specifically allowed by federal or state law.

E. When no longer needed for the project or work under this Agreement, the equipment may be used in other work or projects currently or previously supported by a State agency. The Grantee or subgrantee may acquire replacement equipment, and may use the original equipment to be replaced as a trade-in to offset the cost of the replacement equipment, subject to the approval of the Department.

F. When no longer needed for the project or work under this Agreement or any other project currently or previously supported by a State agency, personal property and equipment, including replacement equipment, acquired under this Grant with a current per-unit fair market value of less than five thousand dollars (\$5,000.00) may be retained, sold, or otherwise disposed of by the Grantee.

G. When no longer needed for the project or work under this Agreement or any other project currently or previously supported by a State agency, equipment, including replacement equipment, acquired under this Grant with a current per-unit fair market value of five thousand dollars (\$5,000.00) or more may be retained or sold, and any proceeds from a disposition shall be applied to repay to the State a percentage of the portion of the Grant allocable to the property disposed of, unless the Grantee and the Department agree to other terms and conditions. The percentage shall be equal to the percentage of the unadjusted bases of the property that would remain if the property had been recovered property placed in service after 1986 and if all allowable deductions had been taken up to the time of disposition under the Accelerated Cost Recovery System (ACRS) specified in the 26 U.S.C. § 168.

19. **Laws of Maryland.** This Agreement shall be governed by the laws of the State of Maryland, and the Parties hereby expressly agree that the courts of the State of Maryland shall have exclusive jurisdiction to decide any questions arising hereunder.

20. **Non-Discrimination in Employment.** The Grantee agrees: (1) to assure all persons equal opportunity in receiving employment and in all labor management-union relations, regardless of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, gender identity, or disability unrelated in nature and extent so as reasonably to preclude the performance of such employment; (2) to include a provision similar to that contained in subsection (1), above, in any subcontract except a subcontract for standard commercial supplies or raw materials; and (3) to post and cause subcontractors



to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this paragraph.

21. **Compliance with Laws.** The Grantee agrees that it shall: (1) comply with all federal, State, and local laws, regulations and ordinances applicable to its activities and obligations under this Agreement; and (2) obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Agreement.

22. **Subcontractor Qualification.** The Grantee hereby represents and warrants that it and any subcontractor it hires is qualified to do business in the State of Maryland and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified.

23. **Indemnification.** To the fullest extent permitted under applicable law, the Grantee shall indemnify and save harmless the State and the Department and defend the Department and all of its representatives from and against all actions, liability, claims, suits, damages, cost or expenses of any kind which may be brought or made against the State or the Department arising out of or as a result of this Agreement. To the fullest extent permitted by law, the Grantee is responsible for all damage to life and property due to its activities, or those of its agents, employees, subgrantees, or subcontractors, arising out of or in connection with its performance under this Agreement until all services under this Agreement are declared accepted by the Department.

24. **Disputes.** Any disputes between the Department and the Grantee related to this Agreement shall be presented in writing by the Party asserting the dispute, to the other Party. The written statement shall set forth the nature and, if applicable, the monetary value of the dispute, and the facts on which the dispute is based. The Parties agree that they will work diligently and in good faith to resolve any dispute, and that, pending the resolution of the dispute, the Grantee will proceed with the work under this Agreement.

25. **Termination.**

A. This Agreement may be terminated in writing by either Party upon thirty (30) days written notice to the other Party. Service of any notice required under this Agreement shall be complete upon mailing of such notice, postage prepaid, to the appropriate representative of the Party at the address listed in the Agreement.

B. The Department may instruct the Grantee to terminate the performance of work under this Agreement in whole, or from time to time in part, whenever the Department determines that such termination is in the best interest of the Department. The Department will pay all reasonable costs associated with the Grantee's work under this Agreement, which the Grantee has incurred and has documented, up to the date of termination.

C. If the Grantee fails to fulfill its obligations under this Agreement, or otherwise violates any provision of the Agreement, the Department may terminate the Agreement for default by issuing written notice to the Grantee. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work accomplished by the Grantee shall, at the Department's option, become the Department's

property. The Department shall pay the Grantee fair and equitable compensation for any satisfactory work prior to the issuance of the notice of termination, less the amount of any set-off or damage caused by the Grantee's breach of its obligations. The Grantee is liable after termination, and the Department retains the right to collect, any and all monies owed to the Department under this Grant.

26. **Whole Agreement.** This agreement embodies that whole agreement of the Parties. There are no promises, conditions, or obligations referring to the subject matter, other than those contained herein or incorporated by reference.

27. **Key Personnel.** The Parties agree that the following named individuals are considered to be essential to the work being performed under this Agreement, and that they are designated as Key Personnel who shall be made available to the fullest extent required to carry out the work under this Agreement:

Lawrence DiRe  
410-754-8173; [townmanager@federalburg.org](mailto:townmanager@federalburg.org)

Kristy Marshall  
410-754-8173; [kmarshall@federalburg.org](mailto:kmarshall@federalburg.org)

Should any of these individuals become unavailable during the term of this Agreement, the Grantee shall assign personnel of equivalent capability to the work. Prior written approval of the Department is required for any substitution of key personnel, which approval may be denied at the Department's sole discretion. If the Grantee is unable to provide substitute personnel acceptable to the Department, the Department may, at its option, terminate this Agreement, or require an equitable adjustment in the Grant to account for the loss of key personnel.

28. **Agreement Representatives.** The Parties designate the following named individuals as Agreement Representatives for the purpose of any notices required under this Agreement. The Parties agree that each will promptly notify the other, in case of substitution of an Agreement Representative, or change in the Representative's contact information.

Carrie Dekcer, DNR Department Contact  
443-758-4912; [carrie.decker@maryland.gov](mailto:carrie.decker@maryland.gov)

Lawrence DiRe  
410-754-8173 ; [townmanager@federalburg.org](mailto:townmanager@federalburg.org)

29. **Severability.** If any of these provisions shall contravene, or be invalid under, the laws of a particular state, county or jurisdiction where used, such contravention or invalidity shall not invalidate the whole Agreement, but the Agreement shall be construed as if not containing the particular provision or provisions held to be invalid in the particular state, county, or jurisdiction, and the rights and obligations of the Parties shall be construed and enforced accordingly.



30. **Electronic Signatures.** Signatures provided by electronic means including, by way of example and not of limitation, facsimile, Adobe, PDF, and sent by electronic mail or by an electronic signature program, shall be deemed to be original signatures.

IN WITNESS THEREOF, the Parties have executed this Agreement by causing the same to be signed on the day and year first above written.

ORGANIZATION

  
 Witness

  
 Lawrence DiRe, Town Manager  
 Mayor and Council of Federalsburg

STATE OF MARYLAND  
 DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
 Witness

\_\_\_\_\_  
 Christine Conn, Acting Unit Director  
 Chesapeake & Coastal Service

THIS CHESAPEAKE AND ATLANTIC COASTAL BAYS 2010 TRUST FUND GRANT AGREEMENT FORM HAS BEEN APPROVED FOR FORM AND LEGAL SUFFICIENCY BY THE OFFICE OF THE ATTORNEY GENERAL FOR THE DEPARTMENT OF NATURAL RESOURCES. ANY ADDITION OR MODIFICATIONS TO, OR DELETIONS FROM, THIS FORM MUST BE APPROVED BY THE ATTORNEY GENERAL'S OFFICE BEFORE SIGNATURE OR PERFORMANCE OF ANY WORK.

Talley H-S. Kovacs  
 Assistant Attorney General  
 Office of the Attorney General  
 Department of Natural Resources

Date Approved for Form and Legal Sufficiency September 16, 2022

TO: Mayor & Council Members  
FR: Larry DiRe, Town Manager  
DT: January 17, 2023  
RE: Proposed Scope of Work and Request for Proposals for Town-Owned Building at 115-117 North Main Street

The town received grant funding from the Maryland Department of Housing and Community Development to bring the town-owned building at 115-117 N. Main Street up to code and repair certain interior and exterior features. The goal of that funding support was to bring the building up to a sufficient level of repair and service. The town had both a professional commercial appraisal and building inspection done in preparation for making improvements and repairs. Staff is providing the following request for bids and scope of work language for this project.

*THE TOWN OF FEDERALSBURG  
REQUEST FOR PROPOSALS FOR QUALIFIED CONSTRUCTION SERVICES FOR  
IMPROVEMENTS TO THE TOWN-OWNED BUILDING AT 115-117 N. MAIN STREET*

*PUBLISHED INVITATION TO BIDDERS*

*Bids will be received by the Town of Federalsburg by mail to Larry DiRe, P.O. Box 471, Federalsburg, Maryland 21632, or by email to [townmanager@federalsburg.org](mailto:townmanager@federalsburg.org) for this project. Bids will be accepted by the Town until 2:00 PM on February 28, 2023, at which time they will be opened at Town Hall, located at 118 North Main Street. Please submit three paper and one digital copies of the bid. Sealed bids must be labeled "115-117 North Main Street Project" and include the name and contact information of the firm bidding, proof of insurance, and copies of documentation issued by the Maryland Department of Labor.*

*The project site is located at 115-117 North Main Street, in Federalsburg. The project is to provide the rehabilitation of the building to include electrical and plumbing code compliance. Specific items include: roof and water damaged areas repaired; mold remediation as needed; rear of building brick repair and back door lintel replacement; chimney repair; glass and framing repair to decorative front window which is historic feature of the building; outside electrical service panel water proofed and code compliant. Responsible bidders should have experience with small-scale commercial and mixed-use buildings and have expertise in one or more appropriate building trade including plumbing, electrical, carpentry, roofing, environmental remediation, and cost estimating. Include your hourly billing rate. This project has a firm not to exceed budget of \$92,000.*

*Interested bidders are encouraged to attend a pre-bid meeting and site visit on February 14, 2023 at 11:00 AM at the building. The Town reserves the right to reject any and all bids, to waive any informality or irregularity in bids received, and to accept or reject any items of any bid deemed to be in the best interest of the Town.*

Staff recommends the scope of work and bid proposal be approved and advertised. Pending further discussion provide direction to staff.