

**Mayor and Council of Federalsburg  
Monday, March 21, 2022  
Monthly 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/81183823674?pwd=TVJhYVZrN1Bpb2hsNmNYdTFpVW50QT09>**

**Meeting ID: 811 8382 3674**

**Passcode: TOFWork**

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**Agenda**

- I. Call to Order**
- II. Welcome\ Pledge of Allegiance**
- III. Public Comment**
- IV. Proclamation March is Endometriosis Awareness Month**
- V. Fiscal Year 2022-2023 Budget Overview**
- VI. Low Income Household Water Assistance Program Memorandum of Agreement Revision – Section XXI**
- VII. Town Bicentennial Update**
- VIII. 2021 Town Annual Report**
- IX. Mayor & Council Action Items**

**\* Councilmember Windsor**

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

**X. Executive Session to Discuss Business Location, Procurement, and Legal Advice**

**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.

# Proclamation

- WHEREAS,** *an estimated 200 million people worldwide have Endometriosis—1 in every 10 women have endometriosis—a disease for which there is no known cure; and*
- WHEREAS,** *Endometriosis is a chronic illness—increasing at epidemic rates—which causes fatigue, infertility, painful menstrual cycles, heavy bleeding, painful intercourse, lower back pain, intestinal issues and debilitating pain in women of all ages and races; and*
- WHEREAS,** *Endometriosis is a disorder in which the tissue similar to the inner lining of the uterus (endometrium) grows outside the uterus; it is a hormonal and immune disease; it can be found on the ovaries, fallopian tubes, ligaments supporting the uterus, other areas of the pelvic cavity and most recently found on the brain and lungs; and*
- WHEREAS,** *patients with this illness often must learn to live with widespread pain throughout their bodies; extreme fatigue; infertility; emotional and mental issues; other auto immune disorders; and*
- WHEREAS,** *Endometriosis is present in children as young as 8 and takes an average of 10 years to receive a diagnosis*
- WHEREAS,** *the Endometriosis Association, local support group Endo Warriors of the Eastern Shore, and other groups around our Country have joined together to promote Endometriosis awareness and support—including improved education, diagnosis, research and treatment; and*

**NOW THEREFORE, I, do hereby proclaim March as**

***“Endometriosis Awareness Month”***

**IN WITNESS THEREOF, I hereunto set my hand and the seal of the**

TO: Mayor & Council Members  
FR: Larry DiRe, Town Manager  
DT: March 21, 2022  
RE: Fiscal Year 2022 – 2023 Budget Overview

Compared to the last two fiscal years which were impacted by the COVID19 pandemic this year's budgeting process is marked by fewer uncertainties, which while making for an extended budget preparation period, are likely to be resolved well before a fiscal year 2022-2023 budget needs to be adopted. The first of these, at this date several important revenue lines are known. This is particularly the case with the constant yield projection. The second of these is the Final Rule guidance from the US Treasury on the acceptable expenditures under the American Rescue Plan Act (ARPA) allocation. Finally, the potential increase in permitting and inspection fees associated with outstanding potential industrial development. This may occur during the 2021-2022 fiscal year, or may occur during the next fiscal year. This uncertainty requires those potential revenues not appearing, but if that happens during the next fiscal year will allow for substantial addition to the town's fund balance reserve.

The town's fund balance reserves can be bolstered by actions to bring in one-time revenue, which can be either spent on one-time expenditures, or put into town savings. Staff recognizes the cash flow nature of town operations (especially tied to grant-funded capital projects and corresponding reimbursements), and an increase in reserves would provide a welcome "cushion" to cover expected and unexpected expenditures. Of course, a reserve fund policy needs to be in place, as was presented to mayor and town council last year. Staff cites two specific actions each of which will generate a six-figure revenue increase which can more than double the current reserve fund. These actions are the sale of the cell tower lease and the sale of the building at 115-117 North Main Street. At present the draft budget document shows neither of those actions occurring nor the corresponding revenues.

At the January 19, 2021 mayor and town council meeting staff presented several proposed fiscal policies. The guidance points provided at that time are stated below:

*Fiscal policies are used by a governing board and executive management to set the baseline standards for how the organization will be managed financially. Fiscal policies provide guidance for general and enterprise funds, expenditures and revenues, and fund balance reserve. To that end staff provides the following as guidance points for revenue, expenditure, and reserve policy consideration:*

- *The Town will adopt a balanced budget annually by June 30.*
- *The Town will make all current, ongoing expenditures with current, ongoing revenues, avoiding procedures that balance current budgets by postponing needed expenditures or accruing future revenues.*
- *The Town will estimate revenues using an objective and analytical process; in the case of assumption uncertainty, conservative projections will be used.*
- *The Town will maintain a level of expenditures that support essential services and promote quality-of-life to its residents.*
- *The Town will forecast its General Fund and other major fund expenditures and revenues for a five-year period and will update the forecast annually. The forecast will be taken into consideration when preparing budget recommendations.\**
- *The Town will endeavor to maintain a diversified and stable revenue system to minimize the impact of short-term fluctuations in any one revenue source.*

- *The Town will avoid targeting revenues for specific purposes whenever possible, allowing maximum flexibility in funding decisions on an annual basis.*
- *One-time revenues will be used for one-time expenditures only.*
- *The Town will investigate potential new revenue sources, particularly those that will not add to the tax burden of residents and local businesses.*
- *The annual budget will establish measurable goals and objectives and allow reasonable time to accomplish those objectives.*

While the operational departments continued 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 be in compliance with 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 – one-time sale or disposition of assets should be paid out into reserves and a reserve/fund balance policy needs to be adopted. The current fund balance reserve, according to the FY20-21 audit report, accounts for 1.3 months (or thirty-nine days) of general fund expenditures. The current reserve would need to increase fifty (50%) percent to meet the GFOA minimum for responsible public financing.
- 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 draft budget in its current state:**

- No proposed new taxes or fees; outsourcing residential trash collection at the rate received in the vendor’s proposal increases monthly collection from \$13.18 to \$13.55 (a 2.8% increase).
- A proposed increase in current water and sewer connection fees from \$2,500 to \$3,500.
- Ending the un-serviced vacant lot utility charge.
- Due to cost savings for operations and new revenue from sale of solar credits from the solar panel project the sewer rates will not need to be increased this year to account for system costs or to close/reduce the structural deficit trend requiring fund transfer from the general fund reserves.
- No new staff positions proposed; no existing positions eliminated.
- Employee cost of living increase of 2.0% which is far shy of the 2021 national consumer price index.

- Pending satisfactory performance evaluation, grade-level step adjustment to several employees' base pay.
- Premium pay allowance under the American Rescue Plan Act Final Rule.
- Additional vehicles acquired through the adopted lease agreement with Enterprise.
- Acquisition of a back hoe and attachments for excavation under the American Rescue Plan Act Final Rule.
- Capital asset management\maintenance program for both town water tanks.
- Capital projects, if not completed in the current fiscal year: Chambers Lake dam repair; marina bulkhead repairs.
- Capital projects pending: Old Denton Road watermain replacement (scheduled to start in fourth quarter of current fiscal year); 115-117 North Main Street improvements; Marina Park stormwater and flooding design and park enhancements; sewer pumping station upgrades; (if funded by Maryland Department of the Environment); AMI water meter system upgrades (likely starting in current fiscal year); local street repairs (engineering likely starting in current fiscal year).

Staff used this data for the fiscal year 2022-2023 budget preparation. Presented as an informational item at this time.

TO: Mayor & Council Members  
FR: Larry DiRe, Town Manager  
DT: March 21, 2022  
RE: Low Income Household Water Assistance Program Memorandum of Agreement  
Revision – Section XXI

The Low-Income Household Water Assistance Program (LIHWAP) program was introduced as a discussion item at the March 7, 2022 meeting. At that time there was a general consensus that the program was a valuable option for eligible town utility customers. The town attorney raised the question of mutual indemnification as a preferred approach. The mayor and town council agreed and directed the attorney to provide revised language. Those revisions are shown in Section XXI of the Memorandum of Agreement document (attached).

Pending mayor and council discussion, staff recommends the town participate in the LIHWAP.

**MEMORANDUM OF AGREEMENT**  
**BETWEEN**  
**THE MARYLAND DEPARTMENT OF HUMAN SERVICES AND**

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**A COMPANY PROVIDING WATER AND/OR WASTEWATER UNDER THE  
AMERICAN RESCUE PLAN ACT OF 2021 AND THE CONSOLIDATED  
APPROPRIATIONS ACT, 2021 (PUBLIC LAW NO: 116-260)**

**THIS MEMORANDUM OF AGREEMENT** (“Agreement”) is entered into and effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by the State of Maryland,

by and through the Maryland Department of Human Services, Office of Home Energy Programs (the “DEPARTMENT”), located at 311 W. Saratoga Street, Baltimore, Maryland 21201, and \_\_\_\_\_ (“UTILITY” and,

collectively with the DEPARTMENT, the “PARTIES”), whose principal address is

\_\_\_\_\_  
The UTILITY’s Federal Tax Identification Number is \_\_\_\_\_.

**WHEREAS**, the DEPARTMENT is seeking to enter into agreements with water and/or wastewater utilities for the purpose of supplying eligible households with rate reduction or arrearage assistance funding to assist eligible households with their home water and wastewater bills; and

**WHEREAS**, the DEPARTMENT agrees to provide to the UTILITY, and the UTILITY agrees to apply to customers’ accounts, assistance funding for water and/or wastewater bills of eligible households under the terms and conditions set forth below. The LOCAL OFFICE, as a representative of the DEPARTMENT, will process the applications of eligible households, authorize the payment of such assistance funding to the utility, and provide notices of assistance funding to eligible households.

**NOW THEREFORE**, the Parties mutually agree as follows:

**I. DEFINITIONS**

For purposes of this Agreement, the following terms have the meaning indicated:

*Assistance funding* means the maximum payment amount authorized by the OHEP for reduction of arrearages or rates charged to such Households.

A. **DEPARTMENT** means the Maryland Department of Human Services, an agency

within the State of Maryland.

B. **Eligible Household** means “low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for drinking water and wastewater services” as defined under Section 533 Title V of Division H of the Consolidated Appropriations Act, 2021, Public Law No: 116-260.

C. **Federal Statute** means the American Rescue Plan Act of 2021 and the Consolidated Appropriations Act, 2021 (Public Law No: 116-260).

D. **Local Office(s)** means the local Department of Social Services managing the customer application process and authorizing assistance funding in each jurisdiction.

E. **Low Income Household Water Assistance Program (“LIHWAP”)** means benefit assistance program that is being federally funded and distributed through the Consolidated Appropriations Act of 2021 and American Rescue Plan. This benefit will supply eligible households with rate reduction or arrearage assistance funding with their home water and/or wastewater bills.

F. **Network** means any secure computer system hosted by the Department.

G. **Office of Home Energy Program (“OHEP”)** means the unit within the Department responsible for implementing the Low Income Household Water Assistance Program.

H. **Program year** means the State of Maryland’s fiscal year.

I. **UTILITY** means owners or operators of public water systems or treatment works

J. **Water Delivery Statement (“WDS”)** means a list of program eligible households containing necessary customer and benefit information and serves as the authorization to deliver.

## II. PAYMENT PROCESS

During the term of this Agreement, the DEPARTMENT will make assistance funding payments to the UTILITY for water and or/wastewater billed to eligible households as set forth on the WDS. The UTILITY shall reduce the amount of water and/or wastewater charged to the household by the payment made by the DEPARTMENT.

At least once per month, the DEPARTMENT will provide the UTILITY a WDS that shows the dollar value of each eligible household’s assistance funding. The WDS represents the DEPARTMENT’s authorization to deliver water and/or wastewater services with a value up to the full amount of the eligible household’s assistance funding. The Comptroller of Maryland will issue checks to the Utility for each payment of assistance funding made by the Utility on an eligible household's account; the checks may contain reimbursement for multiple payments made on the same eligible household's account and/or multiple household’s accounts. The Comptroller will not issue checks containing reimbursement for assistance funding payments made on multiple eligible household accounts.

### **III. NO DIRECT PAYMENT OF GRANT TO HOUSEHOLDS**

The UTILITY is prohibited from making direct cash payments of assistance funding to any eligible household. Direct payments of assistance funding by UTILITY to any eligible household are contrary to this Agreement.

### **IV. PRICE**

An eligible household's receipt of assistance funding shall not affect the price charged to the household by the UTILITY.

### **V. AVAILABILITY OF FUNDS**

Payments of all assistance funding are contingent upon the DEPARTMENT receiving funds to pay for the cost of water and/or wastewater assistance from the United States Department of Health and Human Services and the State of Maryland and as disbursed by the State of Maryland. In the event the DEPARTMENT receives such funds in an insufficient amount to satisfy its total obligations for the projected number of eligible households, the DEPARTMENT shall have the sole discretion as to the disbursement of funds according to the provisions of the American Rescue Plan Act of 2021 and the Consolidated Appropriations Act, 2021 (Public Law No: 116-260) and any other applicable laws.

### **VI. NOTIFICATION OF BENEFIT TO ELIGIBLE HOUSEHOLD**

The DEPARTMENT will provide a notice of assistance funding to the eligible household identifying the dollar amount of assistance paid on the household's behalf, the type of water and/or wastewater services to be delivered and the name of the participating UTILITY chosen by the household at the time of application.

### **VII. TIMELY DELIVERY AFTER WDS AND BILLING PROCESS**

After receiving notification by a WDS that assistance funding will be sufficient in amount to continue or restore water and/or wastewater services, the UTILITY shall provide or continue to provide water and/or wastewater services, except in the case of an eligible household's request that deliveries be delayed. In cases where an eligible household's service is disconnected at the time of WDS delivery, the service shall be restored within 24 hours of the UTILITY's receipt of the WDS.

### **VIII. DATA EXCHANGE**

The DEPARTMENT will provide the eligible household data to the UTILITY by means of the WDS sent through the DEPARTMENT'S File Transfer Protocol (FTP) server or

other electronic means established by the DEPARTMENT.

THE UTILITY will provide to the LOCAL OFFICE individual bill information necessary for the processing of water and/or wastewater service assistance applications within three (3) business days of a request.

#### **IX. TECHNOLOGY COST**

The UTILITY is responsible for the cost to provide, install, and maintain all mutually agreeable necessary computer hardware, software, and communications technologies that are needed in its business operations with the DEPARTMENT.

#### **X. NON-DISCRIMINATION IN PROGRAM**

The UTILITY shall not discriminate against any eligible household covered by this Agreement in its terms and conditions of sale, credit, delivery or price, including service charges, reconnection charges and payment plan arrangements, or in any other services provided, except as permitted by law or regulation. No household receiving assistance pursuant to this Agreement shall be treated adversely from any other household because of such assistance.

#### **XI. RETURN OF BENEFIT FUNDS TO THE DEPARTMENT**

When a LIHWAP assistance funding customer has died, moved from the UTILITY's service area, or is otherwise unavailable to receive the assistance funding, and there are no other eligible household members, the UTILITY's obligation to the household under the Agreement ends. Any undelivered funding assistance balance that cannot be applied to a household account shall be returned to the LOCAL OFFICE within 60 days from the date the payment is received or the date the account is no longer eligible for assistance funds, whichever date is later, along with a report of applicant refunds.

When returning assistance funds to the LOCAL OFFICE, the UTILITY must provide the following information to the LOCAL OFFICE: account holder name, account number, service delivery address, program year of refunded benefit, original assistance funding amount, dollar amount returned and the reason for the return of assistance funds.

#### **XII. TERMINATION OF SERVICE**

The UTILITY agrees that in the event it terminates service to an eligible household which has received assistance funding for home water and/or wastewater service under this Agreement, it will do so in accordance with all applicable regulations governing termination. Assistance funding not credited to the account is to be returned to the LOCAL OFFICE.

### **XIII. FISCAL RECORDS AND AUDIT REVIEW**

The UTILITY shall establish such fiscal control and fund accounting procedures as is necessary to assure the proper invoicing, disbursement and accounting for assistance funds paid under this Agreement. The UTILITY shall maintain an accounting system and supporting fiscal records adequate to allow the DEPARTMENT to verify the amount of home water and/or wastewater service delivered to eligible households covered by this Agreement and the amount of the assistance funding payments made for home water and/or wastewater service on behalf of eligible households. The UTILITY's records, for the period of this Agreement, shall be maintained for three years after the program year or upon conclusion of any internal and external audits, whichever is later, and shall be made available for inspection and copying by DEPARTMENT representatives upon reasonable notice to the UTILITY. Upon request from the DEPARTMENT, the UTILITY agrees to submit to the DEPARTMENT information related to units delivered, dates of delivery, and costs per unit of home water and/or wastewater service.

The UTILITY recognizes that legislative regulations may require an independent accounting firm to audit the grant transactions. The UTILITY shall cooperate with the auditors performing the review.

The UTILITY shall cooperate with any reasonable requests for information relating to the performance of this Agreement

### **XIV. FEDERAL AND STATE COMPLIANCE**

The UTILITY shall comply with all applicable federal, state, and local government regulations, statutes, standards, licensing and permit laws and ordinances, and such other requirements as are necessary for the lawful provision of the services required for the UTILITY under the terms of this Agreement

### **XV. CONFIDENTIALITY OF INFORMATION**

The DEPARTMENT and the UTILITY agree to expressly abide by all applicable Federal, State and local laws and regulations regarding confidential information. The use or disclosure by any PARTY of any information concerning a recipient of these services or assistance funding for any purpose inconsistent with the responsibilities and/or official duties of the DEPARTMENT or UTILITY under this Agreement or applicable provision of law is prohibited, except on written consent of the other PARTY and the recipient, or, if he or she be under a disability, the responsible parent, guardian or legal representative of the recipient. In addition, in carrying out their respective responsibilities, each PARTY shall respect and abide by the confidentiality policies and legal requirements of the other PARTY and enter into data sharing agreements as appropriate, to protect the

confidentiality and security of shared data and to comply with governing law. Each PARTY to the Agreement must ensure that the collection and use of any information, systems, or records that contain personally identifiable information will be limited to purposes that support the programs and activities described in this Agreement.

**XVI. NON-DISCRIMINATION**

The UTILITY will not, on the grounds of race, color, national origin, disability, age, sex (gender), religion, physical or mental disability, exclude any person from participation in, deny any person the benefits of, or subject any person to discrimination under, the benefit program funded under this Agreement.

**XVII. NON-HIRING OF EMPLOYEES**

No employee of the State of Maryland, or any department, commission, agency, or branch thereof, whose duties as such employee include matters related to or affecting the subject matter of this Agreement shall, while in such employment, become or be an employee of the UTILITY.

**XVIII. AMENDMENTS AND MODIFICATIONS**

This Agreement may be amended to the extent that the DEPARTMENT and UTILITY mutually agree in writing. Except for the specific provision(s) thereby amended, the Agreement shall remain in full force and effect after such amendment subject to the same laws, obligation, conditions, rules, provisions, and regulations as it was prior to said amendment.

**XIX. MARYLAND LAWS**

The laws of the State of Maryland shall govern the terms and enforcement of this Agreement.

**XX. TERM OF AGREEMENT**

(a) This Agreement is effective as per the date first written above and shall remain in effect for a period of five (5) years. The PARTIES, however, may mutually agree in writing to an earlier termination.

(b) Termination for Default. If either of the PARTIES fails to fulfill its obligations under this Agreement properly and on time, or otherwise violates any provision of this Agreement, the other PARTY may terminate the Agreement. Prior to termination this Agreement, the terminating PARTY shall give the defaulting PARTY thirty (30) days prior written notice of such default and if the defaulting PARTY has not cured such default within the thirty (30) day period, the terminating PARTY may, by written notice, within five (5) days after expiration of this period,

terminate the Agreement. The thirty (30) day default notice shall specify the act or omissions relied on as cause for termination. The defaulting PARTY shall remain liable after termination for any damages caused by the defaulting PARTY's breach.

(c) The rights of eligible households which have received water and/or wastewater service under this Agreement shall not be prejudiced in the event of early termination of this Agreement, provided however that, upon termination of this Agreement, the UTILITY shall have no obligation to make any further benefits available to any otherwise eligible households.

## **XXI. INDEMNIFICATION AND CLAIMS**

(a) The UTILITY shall indemnify the DEPARTMENT against liability for any suits, actions, or claims of any character arising from or relating to the negligent performance of the UTILITY under this Agreement.

(b) The DEPARTMENT has no obligation to provide legal counsel or defense to the UTILITY if a suit, claim or action of any character is brought by any person not a party to this Agreement.

(c) The DEPARTMENT has no obligation for the payment of any judgments or the settlement or any claims against the UTILITY as a result of or relating to the UTILITY's obligations under this Agreement.

(d) The UTILITY shall immediately notify the Department of any claim or suit made or filed against the UTILITY regarding any matter resulting from or relating to the UTILITY's obligations under this Agreement, and will cooperate, assist and consult with the DEPARTMENT in the defense or investigation of any claim, suit or action made or filed against the DEPARTMENT as a result of or relating to the UTILITY's performance under this Agreement.

(e) The DEPARTMENT shall indemnify the UTILITY against liability for any suits, actions, or claims of any character arising from or relating to the negligent performance of the DEPARTMENT under this Agreement.

## **XXII. SEVERABILITY**

If any part of this Agreement is found to be null and void or is otherwise stricken, the rest of the Agreement shall remain in force.

## **XXIII. MISCELLANEOUS TERMS AND CONDITIONS**

The UTILITY shall submit a Water and/or Wastewater Supplier Data Form to the DEPARTMENT with the signed Agreement. Periodically, as requested by the

DEPARTMENT, an updated Water and/or Wastewater Supplier Data Form may be requested.

The UTILITY shall notify the DEPARTMENT within thirty (30) days of any change in address or business operation which affects the payment of grants to the UTILITY.

The UTILITY shall notify the DEPARTMENT of mergers and/or acquisitions as these may affect the UTILITY'S policies and service areas.

The rights and obligations of the UTILITY under this Agreement may not be assigned or delegated, by operation of law or otherwise, without prior written consent of notification to the DEPARTMENT.

The DEPARTMENT will notify the UTILITY where Agreements are not renewed for failure to supply requested information or where monitoring reviews reveal lack of compliance with Agreement requirements.

IN WITNESS WHEREOF, THE PARTIES have executed this Agreement on the date(s) written below.

ATTEST:

FOR THE UTILITY:

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Print Name of Utility Representative

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date Signed

ATTEST:

FOR THE DEPARTMENT:

\_\_\_\_\_  
Signature of Witness  
Executive Director  
Family Investment Administration  
Department of Human Services

\_\_\_\_\_  
LA SHERRA AYALA

\_\_\_\_\_  
Date Signed

APPROVED FOR FORM AND LEGAL SUFFICIENCY BY THE OFFICE OF THE  
ATTORNEY GENERAL

TO: Mayor & Council Members  
FR: Larry DiRe, Town Manager  
DT: March 21, 2022  
RE: 2021 Town Annual Report

At the February 7, 2022 meeting staff presented an informational report on the development and proposed content of the 2021 Annual Town Report. That document was completed for review and comment by February 28<sup>th</sup> and is currently under final design review before being issued. The report's text content is as follows:

*Community and Economic Development*

*As the community experienced another year of the COVID19 pandemic, recovery and a return to "normalcy" became increasingly important. Efforts to support the town's overall quality of life includes not only job creation and the growth of new and existing businesses, but also how the community spends time on recreational, sports, cultural, and neighborhood activities.*

- Choptank Community Health purchased property behind the Food Lion store and plans to develop a new community health center with expanded dental and medical care services. Choptank and the town partnered on subsidizing the cost of water and wastewater service to this new facility through use of American Rescue Plan Act funding. The center is scheduled to be open for patients in spring 2024.*
- Governor Hogan was in Federalsburg in October to announce an investment of more than \$70 million to advance the development of wind energy off the Maryland coast. The investment represents a partnership between local firm Crystal Steel and the Danish firm Orsted to develop and build access ladders and platforms for the wind turbine shafts.*
- The Federalsburg Community Activity Center project received state funding totaling \$100,000 thanks to support from State Senator Eckert's office. This support will be used for building improvements to the Center's building on Morris Avenue.*
- The industrial salmon farming facility proposed by Aquacon, an international development and investment company out of Norway, continued making process toward obtaining required permits and approvals from state agencies. In November Aquacon purchased large tracts of land sufficient in size to accommodate the proposed thirty-acre facility and the support area. Aquacon's total investment in the Federalsburg operation is estimated at approximately \$400 million.*
- In partnership with Delmarva Power, energy efficient LED streetlights are being installed at no cost to the town, also through this partnership, three electric vehicle charging stations were installed at Marina Park at no cost to the town.*
- Town staff worked with the Environmental Finance program at the University of Maryland to create a carbon footprint report for the town government's operations. This report is an important part of the town's Sustainable Maryland membership.*

- *A number of local businesses expanded their buildings to allow for more activities and improved levels of service. The town recognizes and appreciates these long-term commercial residents for their commitment to Federalsburg.*
- *The town's parks and open spaces continued to provide safe, accessible space for community and family get-togethers and programs including youth basketball, fishing tournaments, annual Hay Day event, and in-person Christmas season celebrations.*

## *American Rescue Plan Act*

*On July 30, 2021 the Town received notification of the allocation of \$1,310,887 from the American Rescue Plan Act\Coronavirus State and Local Fiscal Recovery Funds (ARPA). ARPA is a federal law approved by Congress and signed by President Biden in March 2021. Federal funds were distributed to the states and a funding formula determined the amount each state and local government would receive. The allocation received constitutes one-half of the funds the town will receive. Another allocation in the same amount will be distributed in July 2022. All funds must be spent or obligated by December 31, 2024. Through December 31, 2021 the mayor and town council approved these expenditures:*

- Donation to the Federalsburg Volunteer Fire Company in the sum of \$131,000 over two years, with the first payment in September 2021.*
- Assistance totaling \$125,000 for water and wastewater services to Choptank Community Health for the new medical center building in town.*
- Repaying the town treasury \$13,670 in lost inspection revenue due to the pandemic closures and inability to access buildings to perform regular inspections.*
- Premium pay totaling \$34,500 to all town essential employees who worked during the pandemic to keep municipal services functioning.*
- Upgrades and improvements to the town's information technology functions totaling \$78,000 to allow for remote access and virtual meeting and contacts.*
- Go to the town's website under the "Departments" and "Finance" tabs for more information on ARPA and the town's use of funds.*

## Communicating with Stakeholders

*All methods of communication, including this annual report, provide an opportunity for the town to showcase our community, describing what makes it special and why people like to call it home. In all of the town's communications, people want to know what has happened in town during the past year and what is planned to occur in the future. Effective community and stakeholder communication and engagement enables organizations to make better informed decisions. By engaging with communities and key stakeholders, input is received from diverse perspectives and a variety of solutions are presented. Every governing board wants to have the reputation of being transparent, accountable and willing to listen. Opening up the communications between town hall and the community will also enhance the community's understanding of the role of local government. In 2021 the town took these steps to keep the public informed and to hear back:*

- *Developed and launched the new town website [www.townoffederalsburg.org](http://www.townoffederalsburg.org)*
- *Since 2020 all mayor and town council meetings and workshops are live cast on Zoom as video conferences.*
- *The town government has made a deliberate effort to use information technology as a means for better communication, including the purchase of video recording and broadcasting equipment.*
- *Three years of mayor and council meetings' agendas, minutes, audio recordings and staff reports are posted on the website.*
- *The town has made more use of the Facebook page, posting all town meeting information, information on service schedules, employment openings, weather conditions, and community information.*
- *Beginning in October Mayor Abner has recorded a video wrap up of each town meeting and workshop, which are posted on the town's social media platforms.*
- *Website homepage features links to information on the Aquacon project and annexation, utility bill payment, and citizen portal to report a concern.*
- *The town launched a YouTube channel.*
- *The town launched a LinkedIn page.*
- *Information continues to be posted on the two message boards on Reliance Avenue and Bloomingdale Road, and on the downtown electronic sign.*
- *Town elected and appointed officials have released press information and conducted interviews with local media on a variety of topics ranging from policing and crime data to capital projects to Trick or Treat rules.*

## *Infrastructure and Capital Projects*

*Infrastructure is defined as those assets, structures, and systems without which we could not function. A capital project is a long-term project to build, improve, maintain, or develop infrastructure. This type of project typically involves a significant investment of money and staff time. A capital project can be large scale, needing constant management and resources for completion. In 2021 the town had several important capital projects underway and was fortunate to partner with a variety of state and federal funding resources to complete these projects with a relatively low cost to the town residents and rate payers. These projects included the following:*

- Solar panel project in the Frank Adams Industrial Park – approved by the Maryland Department of the Environment (MDE) in 2018, this project was funded by Energy Water Infrastructure Program and will pay for the electricity costs of the town’s wastewater plant and operations. Additionally, the town will have about 1,100 solar credits to sell in the solar credit marketplace on an annual basis. The net benefit to the town in cost savings and revenue from credit sales is projected to be approximately \$218,000. Total project cost was approximately \$2.2 million.*
- The Chambers Park log cabin was renovated during the summer. The improvements included roof replacement and repairs to the door and window frames. This project cost \$35,000 and was an equal cost share between the town and the Maryland Historic Trust.*
- The town and MDE worked on several projects and requirements for the Chambers Lake dam, including updating the emergency action plan. More work on the dam will occur over the next several years.*
- Final design and funding were approved for the Old Denton Road watermain replacement project, which has a cost of \$635,000 to be shared equally between grants and loans. The project is scheduled to begin in spring 2022 and be concluded by late summer. 2,000 linear feet of pipeline will be replaced, new water meters installed, and the road repaired.*
- The Maryland Department of Natural Resources approved funding for a major stormwater improvement project for Marina Park. The project costs approximately \$230,000 and will be done during the summer and early fall of 2022.*
- The town received up to \$10,000 in MDE funding to clean the waterfront and remove debris.*
- As part of routine maintenance, the town patches potholes, repairs and replaces pumps and generators for water and wastewater operations, and fixes utility line breaks as needed. In September there was a major break of the Liberty Road watermain.*

## *Police and Public Safety*

*The police department posted another strong and productive year for public safety. Productivity increased by over 50% from the previous record highs of 2020. Per capita of one-thousand residents, Federalsburg's crime rate lists the town in the top ten Maryland municipalities. The total number of reported crimes and offenses in Federalsburg decreased by over 28% compared to 2020 data. The department adopted a number of administrative and procedural changes in 2021 which resulted in streamlined record keeping and reporting, and overall lower operational costs. In 2021 the police department:*

- Compared to 2020, traffic stops increased over 88% and verbal warning increased by 120%.*
- The town's violent crime rate was reduced by over 76% representing the most significant annual reduction to date.*
- Compared to 2020, assaults were down by 57%.*
- Compared to 2020, the property crime rate was reduced by over 20%.*
- Compared to 2020, motor vehicle theft was down by 111%.*
- The department began using Police One Academy as an online learning tool with targeted lesson plans that have a direct tie with the department's policies and protocols.*
- Officer body cameras were upgraded to improve field of view and enhanced recording capabilities.*
- The entire report is available on the town website under "Departments" and "Federalsburg Police Department" tabs.*

## *Administration and Finance*

*The role of Administration and Finance is to oversee all financial and human resource aspects of the town government. Administratively the department assists the mayor and town council in carrying out their ordinances and directives, compiles materials for reports and agenda packets, maintains the town's public information and communications platforms and systems, and information technology equipment. The department coordinates financial activity to ensure that we conduct business in accordance to policy and procedure and within all guidelines of government accounting and auditing standards. Human resource management functions include hiring and developing staff. Financial responsibilities include budgeting, financial analysis and forecasting, accounts payable, accounts receivable, purchasing, payroll and benefits. In 2021 the town made the following improvements in providing these services:*

- *Developed fund balance policies to ensure sufficient financial reserves.*
- *Reviewed and updated town personnel policies for compliance and accuracy.*
- *Began reviewing certain town code sections including sidewalks and nuisance properties.*
- *Contacted a firm specializing in public finance to determine lost revenue under the ARPA interim rule and begin discussions of doing a long-term financial analysis for the town.*
- *Upgraded several information technology software programs and equipment upgrades.*
- *Launched a new and more robust town website – [www.townoffederalsburg.org](http://www.townoffederalsburg.org)*
- *Restructured the building department to outsource major plan review and inspection services, while keeping permitting and most code enforcement functions in house.*
- *Assisted members of the public with information on residential trash collection, rental of town facilities, tax and fees rates, mayor and town council meeting dates and agendas, and building\zoning questions.*