

**Mayor and Council of Federalsburg**  
**Monday, May 15, 2023**  
**Executive Session for Legal Advice@5:30**  
**Public Hearing, Special Meeting, and Monthly Workshop @6:30 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/86417378511?pwd=eWpSL001dzQ4NH>

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**Meeting ID: 864 1737 8511**

**Passcode: TOFWork**

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**Agenda**

- I. Call to Order**
- II. Public Hearing – Application for Community Development Block Grant in the sum of \$860,000 for Community Facilities (Sanitary Sewer Pump Stations)**
- III. Public Comment**
- IV. Bicentennial Honorees**
- V. Resolution 2023-06 Application for Community Development Block Grant**
- VI. Review and Adoption of Community Development Block Grant Public Participation Plan**
- VII. AMI Water Meter Project Update**
- VIII. Resolution 2023-07 Municipal Election Two District Map**
- IX. Sustainable Communities, Sustainable Maryland, and Environmental Justice (EJ) Communities Updates**

**X. Fiscal Year 2023-2024 Budget Review**

**XI. Mayor & Council Action Items**

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

**XII. 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.

# **STATE OF MARYLAND CDBG PROGRAM**

## **POLICIES AND PROCEDURES MANUAL SFY 2024**



**Wes Moore, Governor  
Aruna Miller, Lt. Governor**

*Jacob R. Day, Secretary  
Owen McEvoy, Deputy Secretary*

Maryland Department of Housing and Community Development  
Division of Neighborhood Revitalization  
7800 Harkins Road  
Lanham, MD 20706  
301/429-7525  
TTY/RELAY 711 or 1/800-735-2258



3/29/23

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## EXHIBITS AND CHECKLIST

**Exhibit A – 2022 CDBG Income Limits**  
**Exhibit B – Citizen Participation Plan**  
**Exhibit C – Public Hearing Notice**  
**Exhibit D – Local Resolution**  
**Exhibit E – Residential Anti-Displacement and Relocation Assistance Plan**  
**Exhibit F – Program Income Re-Use Plan**  
**Exhibit G – Certification Regarding Debarment and Suspension**  
**Exhibit H – Affordable Rent Standard**  
**Exhibit I – Revolving Loan and Program Income Status Report**  
**Exhibit J – Second Public Hearing Notice**  
**Exhibit K – Limited English Proficiency Determination**  
**Exhibit L - Policy for New Funds for Previously Assisted Projects**  
**Exhibit M – Housing Rehabilitation Requirements**  
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**List of Eligible State Non-Entitlement CDBG Jurisdictions**  
**List of Towns with Populations Over 51% Low and Moderate Income**  
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**Application Checklist – Community Development and Special Projects**  
**List of SFY23 CDBG Awards**

## MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

### POLICIES AND PROCEDURES MANUAL

***This Policies and Procedures Manual is to provide information for all projects funded with Maryland CDBG program funds in State Fiscal Year 2024 (July 1, 2023 – June 30, 2024).***

The Maryland Community Development Block Grant Program (CDBG) is a federally funded program designed to assist county and municipal governments with activities directed toward neighborhood revitalization, housing opportunities, economic development and improved public facilities and services. Congress initiated the program in Title I of the Housing and Community Development Act of 1974 and provides funds to the State for non-entitlement areas. Non-entitlement areas are non-urban counties with populations less than 200,000 (minus entitlement cities) and municipalities of less than 50,000 in population.

The State of Maryland has assumed the responsibility for the administration of the program from the U.S. Department of Housing and Urban Development (HUD) and is the responsible entity for ensuring that the program is managed in compliance with regulations and requirements of the CDBG Program, HUD and the State. The Maryland CDBG program is administered by the Department of Housing and Community Development (DHCD). HUD provides the State with “maximum feasible deference” to create additional policies, be more restrictive than HUD in policies and interpretation of regulations, and to determine how funds will be distributed. Additionally, the State may choose not to fund certain types of projects though they are eligible.

The State provides CDBG funds primarily as gap funding for projects selected by jurisdictions to meet their needs. The funds will be awarded through three categories - Community Development, Special Projects and the Flood Relief for Homeowners Initiative. DHCD will award funds for projects from the Community Development category through an annual competition. DHCD will award funds for projects through the other two categories on a “first come, first serve” basis.

The primary objectives of the Maryland CDBG program are to develop viable communities by funding activities that result in decent housing, improved and expanded infrastructure; access to facilities, and to meet the critical needs of Maryland's communities. The Maryland CDBG program provides public funds for activities that meet at least one of the following national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended (HCD Act):

- gives maximum feasible priority to activities that will benefit low and moderate income (LMI) persons and households;
- aids in the prevention or elimination of slums or blight; or
- meets community needs that are of an urgent nature or an immediate threat to community health and welfare.

Additional Maryland CDBG program objectives include:

- revitalizing older neighborhoods and established communities;
- leveraging CDBG funds with other public assistance programs and private resources;
- directing growth to existing population centers;
- providing essential public services to low and moderate income persons;

- encouraging collaboration with state, federal and local programs focused on community development, economic development and planning efforts;
- supporting initiatives that preserve affordable homeownership;
- supporting capital and non-capital investments that support the homeless; and
- supporting initiatives and activities that benefit those serving or who have served in the U.S. armed forces.

The federal CDBG program regulations can be found in Title 24 of the Code of Federal Regulations Part 570 (24 CFR Part 570).

**STATE FISCAL YEAR 2024 / FEDERAL FISCAL YEAR 2023 ALLOCATION**

The State will receive \$8,165,077 for federal fiscal year 2023. It will be spent as follows:

<b>STATE OF MARYLAND CDBG ALLOCATION – FFY 2023</b>	
State Administration (2% + \$100,000)	\$263,301
Technical Assistance (1%)	\$81,650
Community Development (70% - \$100,000)	\$5,570,126
Special Projects (15%)	\$1,250,000
Flood Relief for Homeowners Initiative (12%)	\$1,000,000
<b>TOTAL</b>	<b>\$8,165,077</b>

Additionally, due to approximately \$5.1 million of additional funding available from previous years, program income and recapture of unused grant funds, the amounts to award will increase. Specifically, funding categories are estimated to increase to the following:

<b>STATE OF MARYLAND CDBG ESTIMATED AMOUNTS TO AWARD</b>	
Community Development	\$9,920,126
Special Projects	\$2,000,000
Flood Relief for Homeowners Initiative	\$1,000,000
<b>TOTAL</b>	<b>\$12,920,126</b>

The State will match the 2% administrative allowance with State general funds as required. The 1% Technical Assistance funds will be used to pay for program administrative costs related to providing technical assistance to grantees and potential CDBG recipients. The State may also use 3% of program income returned during the program year for administration and technical assistance. In the annual Performance Report, the State will calculate the amount used and determine the State’s required match.

Throughout the year, any funds from previous years not awarded or other funds that become available will be awarded to projects as needed under Special Projects or through the next competitive funding round. This also includes funds received due to monitoring findings, recaptures or the return of program income.

All funds awarded in SFY 2024/FFY 2023 will be included in the annual Performance Report.

## **NATIONAL OBJECTIVE AND ELIGIBLE ACTIVITIES**

Title I of the Housing and Community Development Act of 1974 requires that any project funded with Community Development Block Grant funds must meet a national objective and the activities must be eligible. There are three national objectives: 1) benefit to persons of low and moderate income (LMI); 2) prevention or elimination of slum and blight; or 3) meet an urgent need that is an immediate threat to community health, safety or welfare. Though discussed below, additional information about meeting national objectives are found in the section entitled "CDBG Income Determination and Qualification."

### **NATIONAL OBJECTIVE**

***Benefit to LMI Persons Thru Area Benefit Activities*** – For projects that benefit an entire town/city or a primarily residential service area, neighborhood or street that has an LMI population that is 51% or greater. LMI information is provided by HUD using American Community Survey data for towns and cities. Communities must undertake surveys using methodology provided by the State to determine the LMI population of a specific project area. Examples of projects include: construction of new water or sewer service, installation of sidewalks, construction of flood and drainage improvements, and construction or renovation of a community center.

***Benefit to LMI Persons Thru Limited Clientele Activities*** – For projects that benefit LMI persons that are "presumed" to be LMI or are qualified based on data about family size and income. Examples of projects include: construction of senior centers, renovation of Head Start centers, ADA improvements to public buildings or streets, construction or renovation of housing for disabled adults, and operating costs for a new homeless shelter.

#### ***PRESUMED CLIENTELE:***

***The following clientele are presumed by HUD to be of low and moderate income:***

- ***Abused children***
- ***Elderly persons***
- ***Battered spouses***
- ***Adults meeting the Census definition of severely disabled***
- ***Homeless persons***
- ***Persons living with AIDS***
- ***Migrant farm workers***

***Benefit to LMI Persons Thru Housing Activities*** – For projects that benefit an LMI household that is qualified based on data about household size and income. Examples of projects include: construction of new rental housing, renovation and resale of housing units, single family housing rehabilitation, household connections to new water or sewer services, and downpayment assistance for LMI homebuyers.

***Benefit to LMI Persons Thru Job Creation Activities*** – For projects that result in the creation of new jobs and at least 51% of the created jobs are taken by LMI persons. Examples of projects include: construction of infrastructure to support a new business, extension of rail service to an industrial park, building improvements, and acquisition of manufacturing equipment.

**Benefit to LMI Persons Thru Job Retention Activities** – For projects that result in the retention of jobs and at least 51% of the retained jobs are held by LMI persons. Use of this objective requires evidence that permanent jobs would be lost without CDBG assistance. Examples of projects include: construction or extension of utilities, building construction, construction or improvements of public infrastructure, and acquisition of a building.

***Prevention or Elimination of Slum and Blight on A Spot Basis***

***Prevention or Elimination of Slum and Blight on An Area Basis***

**Meeting an Urgent Need** – For projects that pose a serious and immediate threat to the health and welfare of a community, are of recent origin, and other funding sources are not available.

Applicants seeking funds for projects that would meet the national objective of meeting an urgent need must contact CDBG program staff to determine if their proposed project qualifies. If it is determined that it qualifies, the application would be considered for funding under the Special Projects category. Supplemental pages would be provided for an applicant to complete regarding urgent need projects.

**ELIGIBLE ACTIVITIES**

Activities assisted under the State CDBG program may include the following as defined more specifically in Section 105(a) of Title I of the Housing and Community Development Act of 1974 (“HCD Act of 1974”), 42 U.S.C. § 5305(a), as amended. More detailed information may be found in the HUD Guide to National Objectives and Eligible Activities (State and Small Cities Program) which is available on the HUD Exchange website.

- A. Acquisition of real property.
- B. Acquisition, construction, reconstruction, or installation of public works facilities.
- C. Code enforcement in deteriorating areas.
- D. Clearance, demolition, removal, reconstruction, and rehabilitation of buildings and improvements.
- E. Removal of material and architectural barriers which restrict mobility and accessibility of elderly or handicapped persons.
- F. Provision of a new or quantifiable increase in a public service.
- G. Payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of the program.
- H. Relocation payments for displaced individuals, families, businesses, organizations and farm operations.
- I. Planning.
- J. Payment of reasonable administrative costs.
- K. Assistance including loans and grants for activities carried out by public or private nonprofit entities, including:
  - 1. acquisition of real property;
  - 2. acquisition, construction, reconstruction, rehabilitation, or installation of:
    - a. public facilities (except for buildings for the general conduct of government), site improvements, and utilities;
    - b. commercial or industrial buildings or structures;
  - 3. planning.



- L. Assistance to neighborhood-based non-profit organizations, local development corporations, and nonprofit organizations serving the development needs of communities of non-entitlement areas or entities organized under Section 301(d) of the Small Business Investment Act of 1958, 15 U.S.C. § 681(d), to carry out a neighborhood revitalization or community economic development or energy conservation project.
- M. Activities necessary to the development of energy use strategies related to the recipient's development goals.
- N. Provision of assistance to private for-profit entities, when the assistance is appropriate to carry out an economic development (ED) project.
- O. Rehabilitation or development of housing assisted under former Section 17 of the United States Housing Act of 1937, 42 U.S.C. § 1437.
- P. Housing services such as housing counseling, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant based rental assistance.
- Q. Direct assistance to facilitate and expand homeownership among LMI persons.

**INELIGIBLE ACTIVITIES:**

***Per federal regulations, the following activities are ineligible for funding: Improvements to buildings used for the general conduct of government such as city halls, county administration buildings, and police stations; political activities; furnishings; and operations, maintenance, or repair of public facilities and works. The exception is ADA improvements to public buildings that are used by the public.***

**ELIGIBILITY REQUIREMENTS**

To be eligible for CDBG funding, each application submitted for funding must meet the following eligibility requirements:

- The applicant is an eligible non-entitlement jurisdiction which is a municipal government with a population under 50,000 or a county government with a population of less than 200,000 (this count excludes HUD entitlement jurisdictions within the county);
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended;
- The proposed project meets a national objective as required under 24 CFR Part 570;
- The proposed (if any) subrecipient or business is eligible;
- The project is located in a Maryland Priority Funding Area, except for public services; single family housing rehabilitation; acquisition, renovation and sale of existing houses; downpayment assistance or where the Secretary of DHCD determines that the project is necessary to protect public health, to alleviate personal economic hardship in an emergency situation, to promote economically integrated housing, is consistent with an overall economic development strategy, or where an exception is necessary and has been granted through the Maryland Department of Planning exception process.

A municipal or county government may submit an application on behalf of a subrecipient or business *if they choose to do so*. It is recommended, but not required, that municipalities and counties develop written policies that outline their processes to determine if they would submit a CDBG application on behalf of another entity. The jurisdiction is expected to conduct a risk analysis to review and evaluate the financial and administrative capacity of the subrecipient or business to manage and complete a project. This risk analysis should also include a determination that the entity will be able to support the operations of the requested facility, housing, or services to be provided as required by the CDBG Program.

Eligible subrecipients include:

- governmental agencies such as housing authorities or, in the case of a County, it could be a municipality;
- non-profit organizations that are corporations, associations, agencies or faith-based organizations with non-profit status under IRS Section 501(c)(3);
- Community Based Development Organizations (CBDOs) that have been certified by the CDBG Program (See Exhibit O); and
- Community Housing Development Organizations (CHDOs) that have been certified by the State HOME Program with a geographic area of operation of no more than one neighborhood (See Exhibit O).

Eligible non-profit organizations must have specific information in their organizational by-laws and mission statements that clearly state they primarily serve persons who are of low and moderate income and/or a specific population that is eligible for CDBG assistance.

CBDOs and CHDOs may partner with affordable housing organizations for construction of new housing or renovation of existing housing.

Eligible businesses include:

- for-profit corporations that are in “Good Standing” in the State of Maryland; and
- non-profit organizations that are corporations, associations, agencies or faith-based organizations with non-profit status under the IRS Section 501(c)(3).

If funded, a grantee will be required to execute either a Subrecipient Agreement or a Jobs Agreement with the specific entity. These agreements bind them to the requirements and policies of the CDBG program and the grantee.

**INELIGIBLE COSTS:**

***Though eligible per regulations, the State chooses not to provide funding for General Administrative Costs of a grantee or for Indirect Costs which support any administrative costs for grantees or subrecipients. The Program will provide funds for project administration.***

**PROGRAM REGULATIONS, REQUIREMENTS AND POLICIES**

Grants must be implemented in compliance with the requirements found in the HCD Act of 1974, the CDBG program regulations found in 24 CFR 570, other federal regulations, and state policies

and procedures. While most are not applicable until a project is funded and underway, some have to be considered when submitting an application for funding as they may impact cost, schedule, staffing, etc. The most notable are listed below:

**1. Acquisition - Uniform Relocation Act** – Grantees must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) when acquiring property and permanent easements that are required for a project, or when residents or businesses are displaced as a result of a project. Additional regulations regarding relocation of displaced persons or businesses are found in 24 CFR Part 42 and Section 104(d) of the HCD Act. *Note that this regulation applies to the project funded with federal funds, not the specific activity.*

**2. Audits** – If a grantee spends more than \$750,000 of federal funds from any source during their fiscal year, they are required to have a Single Audit prepared in conformance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200).

**3. Conflict of Interest** - Grantees must comply with federal Code of Conduct or Conflict of Interest Standards found in 2 CFR Part 200 and 24 CFR Part 570.489 which includes having a written policy. Additionally, State of Maryland law requires local governments to adopt conflict of interest restrictions and financial disclosure requirements for local elected officials and candidates that are at least as stringent as the requirements for public officials contained in the Public Ethics Law. More information regarding the Local Government Ethics Law can be found at COMAR, Title 19A, Subtitle 04, Local Government Ethics Law. *Note that those exempt from this requirement under the State of Maryland law must still comply with federal requirements.*

**4. Environmental Review** – Grantees must comply with the National Environmental Policy Act of 1969 and other federal laws which are specified in 24 CFR Part 58. This review must be completed prior to the initiation of project activities regardless of the funding source. A project is defined as the sum of all elements or activities, not just those funded with CDBG. No activities are to begin until a Release of Funds has been issued by the CDBG Environmental Officer. *Note construction restrictions below under New Construction.*

**5. Fair Housing and Equal Opportunity** – Grantees must demonstrate their compliance with numerous federal laws, regulations, and Executive Orders as a recipient of a CDBG award and in their general conduct of operating a government. The most relevant regulations are related to non-discrimination when using HUD funding programs; non-discrimination and equal opportunity in housing; non-discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status in programs and activities receiving or benefiting from federal assistance; and employment and contracting opportunities for lower income persons or minority businesses. The grant agreements issued for funded projects will identify all that apply and the specific requirements. Note that these requirements must be met by subrecipients and businesses too.

**6. Fair Housing and Equal Opportunity – Disadvantaged Businesses** – When procuring construction or services, grantees are to take affirmative steps to solicit bids from minority owned businesses (MBE) and women owned businesses (WBE).

**7. Fair Housing and Equal Opportunity - Section 3** – *The HUD Section 3 regulations have been revised.* Grantees must comply with Section 3 of the HCD Act of 1968. The new rule looks at the entire project and Section 3 applies if a project is funded with a minimum of \$200,000 of CDBG and other HUD funding. It applies to projects when the HUD funding is used for

construction activities. To the greatest extent feasible, "Section 3 Business Concerns" and/or "Section 3 Workers" are to be hired. Grantees must report on total labor hours for the entire project, making the best effort to ensure that 25% of labor hours are provided by Section 3 workers. Additionally, a minimum of 5% of those hours are to be provided by Targeted Section 3 Workers.

Section 3 does not apply to single family housing rehabilitation programs unless the cost per house exceeds \$200,000 in federal HUD funding.

**8. Financial Management** - Grantees must comply with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements in the financial management of their federal grant. CDBG funds should only be spent on costs that are deemed as "reasonable and necessary." *The CDBG Program Financial and Procurement Manual* will provide additional information.

**9. Generators** – If CDBG funds are used for acquisition, construction or renovation of multi-family rental housing developments or facilities owned by the government, such as senior centers, community centers or other multi-use building, then grantees or subrecipients must install generators. The generator should have sufficient capacity to power, at a minimum, lighting in common areas.

**10. Housing - Broadband** – Per revisions to 24 CFR Part 570.482, the use of HUD funding for the construction or substantial rehabilitation of a building with more than 4 rental housing units requires the installation of broadband infrastructure to provide access to internet connections in individual housing units. It must meet the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under Section 706 of the Telecommunications Act of 1996.

Substantial rehabilitation is defined as: 1) complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire system in the building undergoing rehabilitation; or 2) rehabilitation of the building undergoing rehabilitation where the pre-construction estimated cost of the rehabilitation is equal to or greater than 75% of the total estimated cost of replacing the housing after the rehabilitation has occurred. The replacement cost is for the building undergoing rehabilitation only.

Exceptions may be granted by the State if it is determined: 1) the location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; 2) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or is an undue financial burden; or 3) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

**11. Housing – Fair Market Rents** - Per 24 CFR Part 570.483(b)(3), the rents charged for rental properties assisted with CDBG funding must be affordable. When funded, a grantee must adopt and make public its standards for determining "affordable rents."

For projects assisted with other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD or the rent standards published by the state or federal funding agencies. The rents for these units must remain affordable for the defined term required by the other funding source or the term set forth below, whichever is greater.

For projects that do not include other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD. The rents for these units must remain affordable for the defined term set forth below.

The CDBG grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the developer of the property, if applicable. The terms shall be no less than:

FUNDING AMOUNT	LENGTH OF TERM
Up to \$400,000 in CDBG funds	10 years after occupancy date
Between \$400,001 and \$600,000 in CDBG funds	15 years after occupancy date
Above \$600,001 in CDBG funds	20 years after occupancy date

Rents may be increased on an annual basis at the time of lease renewal consistent with changes in the rent standard for the project, but in no case, will the project owner be required to reduce rents. Rents must be checked annually by the grantee.

**12. Housing – Homeownership Financial Assistance** - If CDBG funds are used to provide financial assistance (i.e. downpayment and/or closing costs) to homebuyers, the grantee is required to place a lien on each property which receives assistance. The Grantee is required to use either the following terms or their own, whichever is stricter:

- Assistance up to \$10,000 will require a lien placed on the property for five (5) years
- Assistance above \$10,100 will require a lien placed on the property for ten (10) years

**13. Housing – Homeownership Requirements** – When using CDBG funds in conjunction with any homeownership activities: 1) no subprime mortgages are allowed for persons acquiring the houses; 2) no adjustable rate mortgages are allowed for persons acquiring the houses; 3) mortgages must be for a fixed rate for a minimum of 30 years; and 4) a minimum of 8 hours of housing counseling from a HUD approved housing counseling agency is required for persons acquiring the houses.

**14. Housing – Housing Rehabilitation Program Policy** – The CDBG Program has policies that must be followed when using funds for single family, owner occupied housing rehabilitation programs. In general, all housing must be improved and meet local livability code requirements or housing quality standards upon completion of improvements. Grantees are allowed to use up to 25% of award for emergency repairs if this is an approved activity in their grant agreement. Upon approval of funding, local program policies must be submitted and approved to ensure that all current federal and state policies and requirements are included. Grantees may provide a maximum of \$40,000 as a grant per house. There is no maximum loan amount. Note that these requirements do not apply for utility connections that are part of a water/sewer project.

**15. Housing - Housing Rehabilitation Program Restriction** – The CDBG Program will only accept applications for housing rehabilitation programs from county governments. The exceptions to this restriction are active municipal programs with open or recent CDBG housing rehabilitation grants and in instances where a municipality is the applicant but the activities are to be administered by the county government.

**16. Housing – Housing Rehabilitation Age of House/Lead Paint Restriction** - The use of CDBG funding for single family housing rehabilitation is only for houses constructed after 1978 unless there is documentation demonstrating the house is free of lead based paint. This documentation

can include negative tests or certifications showing that lead based paint has been sufficiently treated and abated. This restriction does not apply to renovation of multi-family housing, renovation and resale projects or to water/sewer connections. CDBG funds cannot be spent on testing.

**17. Housing – Loans** - If it is the intention of the applicants to use all or any portion of CDBG funding as a loan to a subrecipient, the terms and requirements must be submitted with an application for funding and approved by the CDBG Program Office. As a reminder, any loan funds received by a grantee are considered Program Income and must be returned to the State or used for an approved re-use. The State reserves the right to cancel or alter approved Program Income Plans based on performance of a grantee or subrecipient.

**18. Housing - New Construction** – The use of funds for the construction of new housing is prohibited under CDBG with the exception of the following:

- New construction activities can be carried out by a Community Based Development Organization (CBDO) that has been certified by the CDBG Program. They can partner with an affordable housing development organization;
- New construction activities can be carried out by a Community Housing Development Organization (CHDO) that has been certified by the State HOME Program. They can partner with an affordable housing development organization;
- To support new housing construction, Grantees and non-profit subrecipients can acquire property and resell it to an affordable housing organization;
- To support new housing construction, Grantees may clear a site in preparation for housing; or
- To support new housing construction, Grantees can make public improvements on publicly-owned property or privately-owned land if operated by grantee and an easement is obtained.

Certifications for CBDO's and CHDO's must be completed and approved prior to the submission of an application. Interested organizations must contact the CDBG Program for further discussion and forms.

Grantees may construct housing of "last resort" for persons displaced as a result of a CDBG funded activity and no comparable replacement house is available.

**19. Housing - Rental Housing Renovation Restriction** – When using CDBG funds for the renovation of rental housing, the use of CDBG funding is restricted to: 1) the acquisition of a developed property in compliance with 49 CFR Part 24 and must be acquired after the CDBG funds are awarded; 2) construction activities that are competitively procured after the CDBG funds are awarded using the CDBG procurement policy; or 3) procurement of construction materials using the CDBG procurement policy.

**20. Insurance - Flood** – Flood insurance is required for all buildings acquired, rehabilitated or renovated, including housing, that are located in the floodplain. The grantee is required to ensure that subrecipients, businesses and homeowners maintain sufficient replacement insurance. Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections. Failure to enforce the flood insurance requirement will result in repayment of all CDBG funds used for that building.

**21. Insurance – Homeowner or Building** – Homeowner or building insurance is required for all buildings acquired, constructed or renovated with CDBG funds. The grantee is required to ensure that subrecipients, businesses and homeowners maintain sufficient replacement insurance. Files

must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections. Failure to enforce the insurance requirement will result in repayment of all CDBG funds used for that building.

**22. Labor - Davis Bacon and Related Acts** – Funded CDBG projects that result in construction contracts that exceed \$2,000 are subject to the federal Davis-Bacon Act, the Contract Work Hours and Safety Standards Act of 1962, and the Fair Labor Standards Act. This does not apply to the rehabilitation or renovation of residential structures designed for less than eight units when completed or for contracts impacting seven or less housing units.

**23. Labor – Force Account** - Grantees may use costs associated with Force Account labor, which is undertaken by employees of the jurisdiction, as leverage for a CDBG funded project. Costs must be documented using guidance and materials provided by the State.

**24. Lead Paint** – Grantees must comply with 24 CFR Part 35 and 40 CFR Part 745 when undertaking renovation, repair or painting activities that disturb painted surfaces in buildings converted into housing, homeless shelters, and several other types of projects in buildings that were built before 1978. As of April 22, 2010, work performed as identified in the regulations must be completed by certified firms using certified renovators and workers trained in lead-safe work practices established by the Environmental Protection Agency. Additional information about impacted projects and processes can be found in Exhibit N.

**25. Maintenance Plans** – If CDBG funds are used for acquisition, construction or renovation of public facilities, multi-family rental housing developments or infrastructure projects, grantees must provide an acceptable maintenance plan to be approved prior to completion of construction or activity. The plan must outline steps to be taken to ensure that maintenance is a priority of the project constructed with federal funds. This would include inspection schedules and scope of work to be undertaken if there is a warranty, annual inspections and reports, documentation of maintenance actions, etc. Grantees must also identify how funding for short-term and long-term maintenance and replacement costs will be addressed.

**26. Manufacturing Equipment** – If CDBG funds are used for the acquisition of manufacturing equipment for an economic development project, the grantee must secure the equipment with a lien or other mechanism to ensure that it is not sold or removed by the business prior to the end of the retention period and closeout of the grant.

**27. New Construction – Prohibition** - In accordance with Executive Order 11988 and 24 CFR Part 55, the CDBG Program will not fund projects involving new construction in the following areas: special flood hazard areas, 100 year floodplains, regulatory floodways, and coastal high hazard areas.

Projects involving new construction that are located in 500 year floodplains and non-special flood hazard areas could be eligible depending on compliance with 24 CFR Part 55 and Part 58.

New construction activities related to replacement or improvements to existing infrastructure projects are allowed depending on compliance with 24 CFR Part 55 and Part 58.

**28. Preliminary Engineering** – If an applicant receives funding for preliminary engineering for infrastructure projects, they must comply with the U.S. Department of Agriculture's (USDA) preliminary engineering requirements (PER) if they are planning on seeking construction funding from CDBG, USDA or the Maryland Department of the Environment.

**29. Procurement** - Grantees are to comply with requirements and processes as identified in the *CDBG Program Financial and Procurement Manual* for all procurement activities. The use of the same policy by all grantees ensures compliance with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements when purchasing materials, products or services with federal funds.

**30. Program Income** - Program Income is defined as gross income received by the grantee, subrecipient or business directly generated from the use of CDBG funds. The State chooses to classify all funds received as program income and does not recognize the \$35,000 limit identified in the regulations. Program Income includes, but is not limited to, the following:

- proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds;
- proceeds from the disposition of equipment purchased with CDBG funds;
- gross income from the use or rental of real or personal property acquired by the recipient or a subrecipient with CDBG funds, less the costs incidental to the generation of the income;
- gross income from the use or rental of real property owned by the recipient or a subrecipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;
- principal and interest payments on loans made using CDBG funds;
- proceeds from the sale of loans made with CDBG funds;
- proceeds from the sale of obligations secured by loans made with CDBG funds;
- interest earned on funds held in a revolving loan fund account;
- interest earned on program income pending disposition of the income; or
- funds collected through special assessments made against properties owned and occupied by households not of LMI, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

All Program Income funds must be returned to the State unless the grantee has an approved *Program Income Re-Use Plan*. The State may use 3% of any program income returned to the State during the program year for administration and technical assistance.

A *Program Income Re-Use Plan*, which includes a description of the proposed fund management method to manage the funds and the capacity of the grantee to comply with State and federal regulations, must be submitted as part of the application and approved by DHCD, depending on the category. The decision to permit retention of program income by the grantee will be made on a case-by-case basis. *Program Income Re-Use Plans* must be approved for each grant. If there is not an approved *Program Income Re-Use Plan*, program income is to be returned to the State upon receipt.

If a plan is approved, program income may be retained by the grantee provided the grantee pledges its general funds to reimburse the State for any financial liability related to negative findings by the State and/or HUD with regard to the re-use of income. Grantees must also ensure that:

- the program income is targeted for an eligible CDBG activity(s) that meets a national objective and for which DHCD has given approval;
- all applicable compliance requirements are met;
- reporting is accurate; and
- activities are completed in a timely manner.

Typically, program income is targeted for use for the “same activity” which is defined as an activity



with the same purpose and the same location as the activity generating the program income. Grantees will be required to report on activities. Activities funded with program income are subject to the same reporting and monitoring requirements as other projects.

The State reserves the right to cancel or alter approved *Program Income Re-Use Plans* based on the performance of a grantee or subrecipient.

Any program income that is distributed by the State during the period beginning with the date HUD awards the annual grant to the State is considered to be covered by the current Consolidated Plan.

**31. Project Administration Costs** – All costs supporting project administration or project delivery must be documented. Timesheets must be maintained for all persons paid with CDBG funds. Timesheets must reflect actual hours worked on the project. Grantees will also be required to document their paid and in-kind costs committed as leverage.

**32. Special Assessment/Recovery of Costs** – Grantees will not attempt to recover any capital costs of public improvements assisted in whole or part with CDBG funds by assessing any amount against properties owned and occupied by LMI persons. This includes any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if CDBG funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, then an assessment or charge may be made against the property with respect to the public improvements financed by a source other than with CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment.

**33. Term of Use - Buildings and Facilities** – Buildings and facilities acquired, constructed or renovated with CDBG funds must remain in the approved use for a specific period of time. For a grantee, the “term of use” shall be identified in the grant agreement. For a grant with a subrecipient or business, the grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the subrecipient or business on the property. The term shall be in effect after the occupancy permit is issued. The terms shall be no less than:

<b>FUNDING AMOUNT</b>	<b>LENGTH OF TERM</b>
Up to \$400,000 in CDBG funds	10 years after occupancy date
Between \$400,001 and \$600,000 in CDBG funds	15 years after occupancy date
Above \$600,001 in CDBG funds	20 years after occupancy date

If the term cannot be met, the grantee must contact the CDBG Program to discuss future actions and consequences. Options could include changing the use of the building to one that still meets a national objective or the return of funds based on regulatory requirements. All will be considered on a case-by-case basis.

During the CDBG Term of Use, the grantee shall not, and shall not allow any subrecipient or business to (a) create, incur, assume or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge, conditional sale or other title retention agreement, or lien of any kind on property or improvements (or any part thereof or income therefrom) acquired or constructed/renovated with CDBG funds; or (b) make, create, permit or consent to any conveyance, sale, assignment or transfer

of the property or improvements (or any part thereof) acquired or constructed/renovated with CDBG funds.

**34. Water and Sewer Projects** – To meet the national objective for projects involving the construction or extension of water and sewer service, it is mandatory that all households and businesses (if an economic development project) in the service area are connected to the system. The national objective will not be met until all persons, households or businesses are receiving the intended benefit. In the event households refuse to connect, the grantee must document that the households are being charged the monthly cost for the benefit they choose not to use.

The physical connection of households to water and sewer systems is an eligible activity for qualifying LMI households under the national objective of benefit to LMI persons through housing activities. As such, the total household income must be considered and verified to determine the eligibility of the household. Liens are required to protect the benefit.

**INELIGIBLE ACTIVITIES:**

***While eligible for funding under CDBG, the State chooses not to fund the construction or renovation of the following projects:***

- ***Fire Stations and related community spaces***
- ***Police Substations***
- ***Libraries***

**NEW REQUIREMENTS AND POLICIES FOR 2024**

**1. Build America, Buy America Requirements** – The Build America, Buy America Act (BABA) established domestic procurement preferences for all infrastructure projects funded with federal financial assistance. Specifically, BABA requires that all iron, steel, manufactured products and construction materials are produced in the United States.

BABA applies to all projects involving construction, alteration/rehabilitation, maintenance or repair of infrastructure. For purposes of BABA, “infrastructure” includes, at a minimum, the structures, facilities and equipment for roads, highways, and bridges; public transportation; dams; water systems including drinking water and wastewater systems; broadband; electrical transmission facilities and systems; utilities; facilities that generate, transport and distribute energy; and buildings and real property. Non-CDBG eligible activities were not included on this list.

Due to waivers issued by HUD, until notified to the contrary, for CDBG funded projects:

- BABA only applies to the purchase of iron and steel and requires that all manufacturing from the initial melting stage through the application of coatings has occurred in the United States;
- BABA does NOT apply to “infrastructure” projects where the *total* cost of the project is \$250,000 or less; and
- BABA does NOT apply to housing rehabilitation or renovation projects if the *total* cost of the work per house is \$250,000 or less.

If the CDBG funds are used in a project which includes other federal funds, the HUD specific waivers are not applicable and all BABA requirements will apply. CDBG staff will coordinate with other funding sources to ensure compliance requirements.

Under BABA, waivers will be considered if (1) a waiver is in the public interest; (2) the types of iron, steel, manufactured products or construction materials are not produced in the United States in sufficient and reasonably available quantities or satisfactory quality; or (3) the application of the domestic preference would increase the cost of the overall project by more than 25%. Additionally, for CDBG funded projects, HUD will consider providing waivers for exigent circumstances for projects that must proceed without delays to protect life, safety, security or to prevent the destruction of property.

Further information will be provided to grantees after awards are made, however, consider these requirements when obtaining estimates for your proposed projects. BABA applies to all CDBG projects funded after July 1, 2023. Note that it may be required for previously funded projects if there are other sources of federal funds which required BABA.

**2. Housing Rehabilitation Maximum Grant Increase** - Due to the high costs of materials and supplies, for the rehabilitation of owner occupied single family houses, the maximum amount of grant per house is increased to \$40,000. Note that despite this increase, the cost benefit determination still applies. The increase in funding changes the term of the liens, see Exhibit M for details.

**3. Housing Renovation Maximum Amount** – For houses that are renovated as part of an acquisition, renovation and resale program, the maximum amount of CDBG funds to be used per house is set at \$200,000. Waivers of this policy may be considered for extenuating circumstances related to unforeseen factors.

**4. Violence Against Women Act** – The Violence Against Women Act Reauthorization Act of 2022 (VAWA) included a new requirement for the State and CDBG grantees to support an individual’s right to seek law enforcement or emergency assistance. Under the “Right to Report Crime and Emergencies from One’s Home,” CDBG grantees are to:

- report on the existence of laws or policies they have adopted that impose penalties based on requests for law enforcement or emergency assistance or based on criminal activity that occurred at a covered property; and
- certify that they are in compliance or describe the steps necessary to remedy laws and policies that may be non-compliant.

Examples of local laws and actions that may penalize survivors for reporting crimes:

- Nuisance property ordinances that includes fines for an excessive number of calls for emergency or ambulance services and/or incidents of domestic violence;
- Laws that lack exceptions for cases where the resident or tenant is a survivor of domestic violence or another crime, or for calls for emergency assistance by persons with disabilities;
- Laws that do not specify domestic violence as a nuisance but still penalize survivors due to having a broad definition of “nuisance activities: (e.g. disturbing the peace, excessive noise, disorderly conduct, or “excessive” calls to emergency services).

The Right To Report law seeks to eliminate how nuisance ordinances and crime-free programs negatively impact survivors.

These impacts include:

- Dissuading survivors from contacting law enforcement and emergency services for fear of fines,

- fees and eviction;
- Experiencing homelessness and possibly the loss of children as a result of eviction;
  - Compromising future rental eligibility because of an eviction history or criminal history due to a wrongful domestic violence arrest;
  - Discriminatory policing disparately impacting survivors in immigrant communities and communities of color due to low thresholds for nuisance enforcement;
  - The adverse impact on survivors with disabilities who may require emergency services with some frequency.

The application Statement of Assurances and Certifications has been amended to include VAWA. Further information will be provided to grantees after awards are made.

## **APPLICATION SUBMISSION**

The following regulations, requirements and policies apply to submission of a CDBG application regardless of funding category.

### **APPLICATION REMINDER:**

- (1) No project activities may begin until the Environmental Review Record has been completed and approved;***
- (2) CDBG will not reimburse for costs completed before award has been made; and***
- (3) In general, no procurement should be undertaken for contracts that will include CDBG funds until award has been made (possible exceptions allowed).***

**1. Citizen Participation Requirements** – Governments must comply with citizen participation requirements when seeking CDBG funding and implementing CDBG funded projects. The State requires a jurisdiction to adopt and maintain a written *Citizen Participation Plan* (a sample which includes the minimum required language is attached as Exhibit B) which outlines and describes their efforts in soliciting citizen input and responding to concerns and questions.

A jurisdiction's *Citizen Participation Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application.

**2. Public Hearing** - A jurisdiction is to conduct at least one public hearing prior to submission of an application for a CDBG project. Failure to conduct the hearing as required will result in the rejection of the application as it will not be in compliance with Citizens Participation requirements.

Hearings must take place in conjunction with a regularly scheduled meeting of the elected public officials of the municipality or county that is submitting the application(s). At the hearing, the jurisdiction should discuss local community development, economic development and housing needs. While the hearing allows for a jurisdiction to seek input on proposed activities, it should allow for input from the community as to other needs that could be considered.

The public hearing notice must be published in a local newspaper at least five (5) days prior to the date of the hearing. A sample notice is attached as Exhibit C and it includes the *minimum* language required. Additionally, the jurisdiction should seek to notify the public with other means such as

cable television, posted notices in public places, notices in other local publications, newsletters, government website, etc. The jurisdiction should encourage participation of potential or actual beneficiaries of a project and make accommodations for the disabled.

Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.

A copy of the meeting minutes and the hearing notice must be submitted with the application.

**3. Public Review of Application** – The public must have the opportunity to review and comment on a draft of the completed application before it is submitted to the State. In the public hearing notice, the applicant must provide the anticipated date the draft application(s) will be available for review as well as the location where it can be found. *Failure to advertise and provide the review and comment period will result in rejection of the application during threshold review.*

**4. Local Resolution** - The legislative body of the jurisdiction must pass a resolution authorizing submission of the application, the specific project(s) and the specific amount of funds being requested. The resolution must authorize the application in an amount equal to or greater than the amount requested in the application(s). The resolution must also acknowledge that the signatories understand that repayment of grant funds could be required if the application is funded and the project is not completed or does not meet a CDBG national objective.

If submitting more than one application, the resolution should identify the specific projects and the amount of each project. If the amount identified in a resolution is less than what is identified in the application, the CDBG staff will review the application to determine if it should be accepted, as only the amount authorized in the resolution can be considered. Applications with this issue will be reviewed on a case-by-case basis. Resolutions passed for previously submitted CDBG applications are not valid and will not be accepted. (A sample of an acceptable resolution is attached as Exhibit D)

A copy of the resolution must accompany the application or the application will not be reviewed.

**5. Residential Anti-Displacement and Relocation Assistance Plan** – The State requires jurisdictions to adopt and maintain a written *Residential Anti-Displacement and Relocation Assistance Plan* (a sample which includes the minimum required language is attached as Exhibit E). While a jurisdiction should make every effort to minimize the displacement of persons or businesses when using CDBG funds, this plan will describe what the jurisdiction will do in the event that it does occur.

Section 104(k) of the HCD Act of 1974, 42 U.S.C. § 5304(k), requires that reasonable relocation assistance be provided to persons displaced as a result of the use of CDBG assistance to acquire or substantially rehabilitate property. Section 104(d) of the HCD Act of 1974, as amended, 42 U.S.C. § 5304(d), requires one-for-one replacement of all low and moderate income dwelling units housing the same number of occupants as could have been housed in the units demolished or converted to another use as a result of CDBG assistance.

A jurisdiction's *Residential Anti-Displacement and Relocation Assistance Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application. Please

note that a specific plan will be required for approved grants with projects which will result in displacement.

**6. Submission By A County For Project in Municipality** - A county may submit applications on behalf of municipalities. In such instances, the municipality may not submit a separate application for the same project. The applicant assumes overall responsibility for ensuring that the entire project will be carried out in accordance with CDBG requirements. The applicant must enter into a legally binding cooperative agreement with the municipality.

**7. Program Income** - Any gross income that will be derived from the use of CDBG funds is Program Income. It is to be returned to the State unless the re-use of those funds is approved by the State. Applicants must submit a *Program Income Re-Use Plan* with their application requesting approval to retain funds at the local level for the same activities if they anticipate that their project will result in Program Income. Approved plans will be identified in the grant agreement for approved applications. A new *Program Income Re-Use Plan* must be submitted with each application. Jurisdictions wishing to retain income must be willing to pass a resolution to repay from general funds any costs that HUD or the State may disallow as a result of the retention and re-use of program income. See Additional Program Policies and Procedures section of this manual for additional information. (The CDBG Program Income Re-Use Plan is attached as Exhibit F)

Program income must be re-used in a timely manner. If a jurisdiction has a balance of program income at the time of the application, the State may require that it be used as part of the application if it is determined that funds are not being used in a timely manner.

**8. Debarment** - The applicant is required to complete Debarment Checks on subrecipients or businesses prior to submission of an application. The completed forms do not need to be included with the application unless there is a problem. (Guidance and forms are attached as Exhibit G)

**9. Audit** – Applicants who have never submitted an application to the CDBG Program must provide a copy of their most recent annual financial report/audit and a copy of their most recent single audit, if one was required, with their application. One copy of each is sufficient.

**10. Mission and Bylaws** – Subrecipients included in an application must demonstrate that their organization primarily serves persons who are of low and moderate income and/or a specific population that is eligible for CDBG assistance. This should be clearly written in their mission statement and bylaws which should be submitted with the application.

**11. Limited English Proficiency** – Applicants are to demonstrate that they complied with their Limited English Proficiency Plan if they are an existing grantee or, if new applicant, they researched the available data to determine if any of their outreach efforts required information to be translated into other languages or if other outreach efforts were required. (Applicants are to complete Exhibit K and include it with the application)

**12. Policy for New Funds for Previously Assisted Projects** - Over the years, DHCD funding through the Division of Neighborhood Revitalization has assisted with the construction and renovation of many building projects throughout the state. We have always encouraged the use of high quality materials and workmanship. While not mandated, we expected buildings to be maintained to ensure longevity. To that end, as costs increase and funds are limited, we reserve the right to not provide additional funds from the CDBG Program or the State Revitalization Programs (Community Legacy, Strategic Demolition, CORE, Baltimore Regional Neighborhoods Initiative) for previously assisted building projects.

To assist with our determination, applicants must provide answers to the following questions (Complete Exhibit L) if the application includes construction or renovation to a building previously funded with the DHCD sources:

1. Which program provided previous funding? When? How much was the total award? What were specific uses?
2. Discuss maintenance efforts since building was constructed or renovated.
3. If you are asking to replace building equipment or utilities, what was the warranty on the original equipment? Discuss how it was maintained.
4. What alternatives were considered other than requested activities?
5. Is there debt on the building? If yes, what is the balance owed and the remaining term? Who is the lender?
6. Do you currently set aside funds for short-term and long-term maintenance needs?

In the event this request is funded, maintenance agreements would be required as well as the establishment of maintenance funding accounts.

This policy does not apply to the construction of additions or phases previously not funded.

**13. Clearinghouse Submission** - Applicants must comply with the Maryland Intergovernmental Review and Coordination Process (COMAR 14.24.04). Simultaneous with the submission of any application for CDBG funding, applicants must submit an electronic copy of a project profile to the Maryland State Clearinghouse. The profile must include a cover form; a summary briefly explaining the nature, purpose, scope and justification for the project; a map of the project location and geographic area to be served; a budget identifying all sources and uses of funds; and staffing for the project. Please note that the submission to the Clearinghouse must be submitted by the government applicant, not the subrecipient or business. Comments from this review will be forwarded to the CDBG program.

Information must be submitted to [mdp.clearinghouse@maryland.gov](mailto:mdp.clearinghouse@maryland.gov)

**14. DHCD/Neighborhood Revitalization Project Portal Submission** – Applications are **not** to be submitted via the DHCD Community Development and Services System (CDS) until notified otherwise.

### **FUNDING CATEGORIES, RATING AND AWARDS**

DHCD reserves the right to award less than the requested amount. Funding recommendations and approvals may result in a decrease to the size, scope and/or costs of the project. A planning grant may be awarded in lieu of requested project funding where further study is deemed necessary.

In addition to the rating and evaluation criteria; CDBG staff, Rating Committees, the Assistant Secretary for Neighborhood Revitalization or the Secretary of DHCD may consider other factors in making funding determinations, including:

- The State's objectives and priorities;
- The availability of alternate or contributing funding sources for the total project or some of its components;
- A reasonable distribution of projects among eligible regions of the State;

# **STATE OF MARYLAND CDBG PROGRAM**

**SFY 2024  
APPLICATION**

**COMMUNITY DEVELOPMENT  
SPECIAL PROJECTS**



**Wes Moore, Governor  
Aruna Miller, Lt. Governor**

*Jacob R. Day, Secretary  
Owen McEvoy, Deputy Secretary*

*DHCD  
Division of Neighborhood Revitalization  
7800 Harkins Road  
Lanham, MD 20706  
301/429-7525  
TTY/RELAY 711 or 1/800-735-2258*





**MARYLAND  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
APPLICATION SFY 2024**

1. Name of Jurisdiction: Town of Federalsburg	2. County (Municipal applicants only): Caroline
3. Address: 118 N. Main Street	4. Name of Subrecipient or Business, if applicable, and their Unique Entity Number: N/A
5. FID Number: 52-6000788  Unique Entity Number:	6. Name, phone number and email of jurisdiction's contact person for this application:  Lawrence DiRe (410) 754-8173 <a href="mailto:townmanager@federalsburg.org">townmanager@federalsburg.org</a>
7. Project title, brief description & location ( <b>Full street address(es) and zip code of Project is required</b> ): Federalsburg Pump Stations  The Federalsburg sanitary sewer collection system is an aging system of gravity sewer, four lift stations and three pumping stations. One of the pumping stations is located at the wastewater treatment plant. The remaining two pumping stations are in disrepair and handle over 90% of the Town's sewer flow. The stations and locations are shown on the attached exhibit and are referenced as Pumping Station 1 (PS 1) and Pumping Station 2 (PS 2). PS 1 is located in Marina Park and in close proximity to the Marshyhope Creek. PS 1 has two suction lift pumps capable of pumping at a design rate of 1,280 gallons per minute. With more frequent maintenance requirements and increased operational time for the stations, they are in desperate need of replacement. After 30 years, the cost of problematic repairs of failed pumps and associated internal systems is becoming a burden on the Town's budget and outpacing the value of the station.	
8. Project type: <input type="checkbox"/> Housing <input type="checkbox"/> Public Facilities <input checked="" type="checkbox"/> Infrastructure Development <input type="checkbox"/> Economic Development <input type="checkbox"/> Other <input type="checkbox"/> Public Services	9. National objective(s): <input type="checkbox"/> Low and moderate income benefit <input type="checkbox"/> Elimination of slum/blight
10. CDBG request:                      \$ <u>860,000</u>  Local funds                                      \$ <u>1,000</u>  Other funds                                      \$ <u>3,442,000</u>  Total costs                                      \$ <u>4,303,000</u>	11. U.S. Congressional District No. MD1 State District No. 37 (List State legislators for <b>entire</b> district): John Mautz, IV – Senator; Sheree Sample-Hughes – Delegate 37A; Christopher Adams – Delegate 37B; Thomas Hutchinson – Delegate 37B.
12. Date Public Hearing held: May 15, 2023 (Attach minutes and hearing notice to application)	13. Required Resolution attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
14. Is Citizens Participation Plan current? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No    Dated: May 15, 2023 If not, did you attach new plan? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
15. Is Anti-Displacement Plan current? <input type="checkbox"/> Yes <input type="checkbox"/> No    Dated: May 15, 2023 If not, did you attach new plan? <input type="checkbox"/> Yes <input type="checkbox"/> No	
16. If applicable, did you complete Debarment Check on application subrecipient, developer or business? <input type="checkbox"/> Yes <input type="checkbox"/> No <b>N/A</b>	
17. Digital Photos and Drive included? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No    (each must be labeled)	18. Date: May 15, 2023

## PART A

### **PROJECT DESCRIPTION: Describe the proposed project in detail. Include location and specific activities to be undertaken.**

The proposed CDBG funding will support the complete renovation of the pumping stations including the replacement of pumps, headworks, comminutor, generator, and instrumentation.

The pumping station is housed in a three-level building approximately 25 feet deep. PS 1 was renovated in 1991. The 50-year-old station is in serious need for a replacement to improve pumping efficiency, reduced maintenance, and better system communications, having last been renovated over 30 years ago. Failing pump shafts, seals, and bearings represent regular maintenance and repair responsibilities that are increasing in frequency. Pumping station failures present a serious threat to the environment. Overflows at the pumping station can result in raw wastewater spills directly into the Marshyhope Creek. PS 2 is also located in close proximity of the Marshyhope Creek.

PS 2 is configured similarly to PS 1 but operates at a lower capacity of 350 gallons per minute. PS 2 was also renovated over 30 years ago and experiences the same maintenance and repair issues described for PS 1. Recently in December of 2022 there was an overflow at Pump Station 1. The aging pumps at Pump Station 2 were removed to be refreshed when the drive shaft at PS1 failed. This incapacitated both pump stations that serve 95% of the residents of Federalsburg. Approximately 500 gallons of raw sewage overflowed, some entering the Marshyhope Creek via the storm drain system. Upon failure, the pump in PS1 needed to be rebuilt, the pump in PS2 rushed back into service, and a temporary bypass system put in place temporarily. There was no backup to the backup; with the temporary diesel pump failing shortly after being made operational at PS1. This adds to the cost (diesel fuel and rental of the pump) and budgetary constraints of an unforeseen pump rebuild without having a failsafe against spillage.

Both stations are in need of replacement. The value of renovations or updating is not enough to go through that exercise. Replacement and rebuild to the current standards will ensure the stations are functional well into the future. Due to proximity to the Marshyhope Creek and the Marina Park and East Central Avenue Pumping Station Replacements Town of Federalsburg, MD floodplain, elevating the pump stations to the MDE CRAB requirements and building into additional wet wells and variable speed pumps will meet MDE requirements and reduce the negative effects on the environment. PS1 is within the special flood hazard area zone AE, with a BFE of approximately 11.7. Located within a public park with a public marina, any overflows contaminate public open space and present a public health hazard. PS2 is within the special flood hazard area zone AE, with a BFE of approximately 12.3. With both pump stations located within the flood zone, there is high potential they could be overwhelmed with a storm surge or heavy rainfall event allowing contamination of the open waterway. If this occurs, the wet wells would be inundated with flood waters causing an open mixing of the raw sewage in the pump station system and the open waters of the Marshyhope Creek. In addition, when back on-line, the WWTP would be treating floodwater; causing additional issues of increased treatment volume and affecting the mixture used to treat standard sewage.

Replacing both systems would allow for the new construction to be compliant with the Town's floodplain regulations of 2' of freeboard to provide resiliency in the case of flooding in the Marshyhope Creek. Further, the MDE CRAB model can be applied to ensure proper elevations and construction of new facilities to be resilient to mitigate the adverse effects of flooding and future sea level rise. Solar panels can be utilized on the top of the control building to provide green energy to the station, both during normal and backup operational periods.

## PART B

**PROJECT NEED/IMPACT: Describe the need for the proposed project. Include statistics and other documentation supporting the described need. Discuss how the project will make an impact on the described need? If existing infrastructure or facility, discuss past maintenance and improvements undertaken or deferred.**

The Town of Federalsburg has applied for the current round of Congressionally Directed Spending (CDS) funding to make needed repairs and upgrades at two town sanitary sewer pump stations. Over the decades, and due to deferred and delayed maintenance, the pump stations experienced several structural weaknesses and operational failures which have caused it to be inefficient, posing a potential environmental hazard to the Marshyhope Creek and Nanticoke River watersheds should either station fail completely.

Recently in December of 2022 (see attached letter dated December 9, 2022 to the MDE Compliance Program) there was an overflow at Pump Station 1. The aging pumps at Pump Station 2 were removed to be refreshed when the drive shaft at PS1 failed. This incapacitated both pump stations that serve 95% of the residents of Federalsburg. Approximately 500 gallons of raw sewage overflowed, some entering the Marshyhope Creek via the storm drain system. Upon failure, the pump in PS1 needed to be rebuilt, the pump in PS2 rushed back into service, and a temporary bypass system put in place temporarily. There was no backup to the backup; with the temporary diesel pump failing shortly after being made operational at PS1. This adds to the cost (diesel fuel and rental of the pump) and budgetary constraints of an unforeseen pump rebuild without having a failsafe against spillage.

As a small community, Federalsburg has limited resources to develop a scope of work for design and perform capital repairs and improvements. The financial assistance requested will assist the town's administration and help protect important environmental and recreational assets. I trust you see the value of the project for Federalsburg and the eastern shore.

**PART B WORKSHEET**

**NOTE: First time applicants must provide a copy of the most recent audit and copy of the most recent single audit.**

**1. As CDBG funds are "Gap" financing, did you pursue *appropriate* other funds from state, federal agencies and/or private sources? What other funding sources did you pursue for this project? What is the status of those requests?**

**2. Please provide copies of award and rejection letters. Please see attached.**

**3. Will your project require payment from beneficiaries including, but not limited to: rent, fees for services, fees for participation, and utility charges? Yes, utility charges**

**If yes, what is the estimated monthly cost? \_\_\_\_\_**

**Is the cost per person or households? Household**

**If this project improves existing facilities, housing or utilities, is the estimated cost higher than the current amount? \_\_\_\_\_**

**If yes, what is the % increase? \_\_\_\_\_**

**Discuss how new or increased costs were determined:**

**Discuss how grantee or subrecipient determined that charges are affordable to beneficiaries:**

**PART C**

**COMMUNITY SUPPORT AND INVOLVEMENT: Describe community involvement with developing this project and application. Attach current letters of support for this project and the CDBG funding. NOTE: This activity is separate from the public hearing(s).**

Over the past several years the town has pursued state funding for this project, and has not been successful. In those annual funding cycles, the condition of the pump stations and town engineer assessments were part of discussion at public meetings, and the pump stations as annual capital projects expenditures were discussed during the budget preparation, review, and adoption process. At no time was there community questioning or pushback on this project. Due to the project's cost and the current high debt load on town utility users as shown through the debt service portion of the quarterly utility bill (\$146.09\in-town residential user before any current water or sewer operational cost), all parties recognize this project requires full cost funding. Additional debt, if the town is even considered eligible for more debt, is passed along to the rate payers and functions as a regressive fee impacting low- and moderate-income users more significantly than higher income users who have a greater ability to pay.

Town staff have discussed the need for this project at numerous public meetings, and the town's elected officials have discussed this project with our state legislative delegation and executive branch departments.

Please see the attached recent letters of support from the town's state legislative delegation which were submitted in support of the March 2, 2023 request for Congressional Direct Spending (CDS) application, and a May 8, 2023 letter of support from the University of Maryland's Environmental Finance Center Program Manager.

**PART D**

**LOCAL PLANNING/GROWTH MANAGEMENT: Answer the following questions:**

1. Describe how the proposed project conforms to revitalization strategies, marketing studies, economic development strategies, capital improvement plans, housing study, a comprehensive plan or other community plan. Do *not* submit copies of the entire plan(s), but reference the name and date of the plan, the section and the page. You should ATTACH a copy of the REFERENCED portion which specifically mentions your project.
2. For economic development projects discuss any feasibility studies, economic conditions survey, financial analysis, economic impact assessment or market analysis completed in relation to the proposed activity. Provide the dates those items were completed and information on who prepared them.
3. Is your project located in a Priority Funding Area? X Yes    \_\_\_ No

**ATTACH MAP(S) OF PROJECT AREA**

**List Census Tract(s) and Block Groups for all projects:**

See attached map.

**PART E**

**NATIONAL OBJECTIVE:**

1. Using the attached "National Objective" chart, determine which national objective will be met by the proposed project.
2. Next, fill out the appropriate worksheet (A, B, C, D or E). Insert that page behind this one in your application.
3. In the space below, describe in narrative form how the project will meet at least ONE of the national objectives.

**1. Benefit to Low and Moderate Income Persons:**

**Area Benefit (LMA)**  % Determined by survey or census (Attach Survey Approval Ltr)

**Housing (LMH)**  Single Family  Multi-Family

Financial Assistance

Water and Sewer Connections

**Limited Clientele (LMC)**  Presumed

51% of clientele are persons whose family is LMI

Nature and location conclude area is primarily LMI

Removal of architectural barriers

**Jobs (LMJ)**  Job Creation

Job Retention

Total estimated # of beneficiaries \_\_\_\_\_ CDBG \$ per beneficiary \$ \_\_\_\_\_

Total estimated # of LMI beneficiaries \_\_\_\_\_ CDBG \$ per LMI beneficiary \$ \_\_\_\_\_

% of LMI beneficiaries to total \_\_\_\_\_ %

**2. Elimination of Slum and Blight:**  Area Basis  Spot Basis

**NATIONAL OBJECTIVE CHART**

		<b>Test</b>		<b>Examples</b>	
<b>Nat. Objective</b>	<b>Subcategory</b>	<b>Definition</b>			
Low/Moderate Income Persons	Area Benefit (LMA)	Activity benefits all residents in an area where at least 51% of the residents are LMI	<ul style="list-style-type: none"> <li>* Census - 51% of persons residing in the service area are LMI, determined by using the most recent data provided by State for cities or towns</li> <li>* Survey - applicant may do a survey of residents in the service area. The results must meet statistical reliability standards and be approved by DHCD.</li> </ul>	<ul style="list-style-type: none"> <li>* water and sewer lines</li> <li>* neighborhood facilities</li> <li>* roadway improvements</li> </ul>	
Low/Moderate Income Persons	Limited Clientele (LMC)	Activity that benefits a limited number of people as long as at least 51% of those served are LMI	<p>Activity must qualify under one of the following:</p> <ul style="list-style-type: none"> <li>* Presumed Clientele - benefit to a group presumed to be principally LMI: abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant workers; or</li> <li>* Require documentation on family size and income in order to show that at least 51% of the clientele are LMI; or</li> <li>* Be of such a nature and in such a location that it can be concluded that clients are primarily LMI</li> </ul>	<ul style="list-style-type: none"> <li>* construction of senior center</li> <li>* services for the homeless</li> <li>* meals on wheels for the elderly</li> <li>* construction of job training facilities for the disabled</li> <li>* construction of Head Start Center</li> </ul>	
Low/Moderate Income Persons	Housing Activities (LMH)	Activity that is undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI persons	<ul style="list-style-type: none"> <li>* Structures with one unit must be occupied by LMI persons</li> <li>* If structure contains more than 1 unit, at least 51% must be LMI occupied</li> <li>* 2-unit structures must have at least one unit occupied by a LMI household</li> <li>* Rental buildings under common ownership and management located on the same or contiguous properties may be considered as a single structure</li> </ul>	<ul style="list-style-type: none"> <li>* rehabilitation of owner-occupied housing</li> <li>* conversion of non-residential structures into permanent housing</li> <li>* infrastructure for new housing</li> </ul>	
Slum/Blight	Area Basis (SMA)	Activity that aids in the prevention or elimination of slums or blight in a designated area	<ul style="list-style-type: none"> <li>* Delineated area in which the activity occurs must meet definition of slum, blighted, deteriorated or deteriorating area under state or local law; and</li> <li>* Substantial number of deteriorated or deteriorating buildings or public improvements in the area, and the activity must address one or more of the conditions which contributed to the deterioration of the area; and</li> <li>* Documentation must be maintained by recipient on the boundaries of the area and the conditions that qualified the area at the time of its designation</li> </ul>	<ul style="list-style-type: none"> <li>* public facilities or improvements</li> <li>* elimination of safety hazards</li> </ul>	
Slum/Blight	Spot Basis (SBS)	Activity that eliminates specific conditions of blight or physical decay on a spot basis not located in a slum or blighted area	<ul style="list-style-type: none"> <li>* Only acquisition, clearance, relocation, historic preservation and building rehabilitation activities qualify for this national objective</li> <li>* Rehabilitation is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety</li> </ul> <p>NOTE: Must demonstrate code enforcement actions taken by the local government</p>	<ul style="list-style-type: none"> <li>* elimination of damaged retaining wall creating danger for pedestrians</li> <li>* demolition of vacant, deteriorating building</li> </ul>	
Low/Moderate Income Persons	Jobs (LMI)	Activity that results in the creation and/or retention of jobs	<ul style="list-style-type: none"> <li>* At least 51% of jobs must be taken by LMI persons</li> <li>* At least 51% of jobs must be retained by LMI persons</li> <li>* Permanent, full-time jobs only</li> <li>* LMI status is determined by income of the family</li> </ul>	<ul style="list-style-type: none"> <li>* acquisition of land to construct a distribution center</li> <li>* extension of water and sewer service to land to be developed for a business(s)</li> <li>* acquisition of equipment</li> </ul>	



**Low/Moderate Income Benefit  
Worksheet A  
Area Basis (LMA)**

If you have determined that the proposed project will meet the national objective of benefit to low and moderate income (LMI) persons through area benefit (LMA) activities, please fill out this form and attach it to Part E of your application.

1. **Estimated Total Beneficiaries** \_\_\_\_\_ (*Count by Persons*)
2. **Estimated Total LMI Beneficiaries** \_\_\_\_\_ (*Count by Persons*)
3. **FOR THOSE WITH AN APPROVED SURVEY ONLY** – Provide race and ethnicity data for persons in the service area. The following is required for Civil Rights reporting.

	<i>RACE</i>	<i>Ethnicity (Hispanic or Latino)</i>
Count for all estimated persons in the service area:		
a. Total White	_____	_____
b. Total Black or African American	_____	_____
c. Total Asian	_____	_____
d. Total American Indian or Alaska Native	_____	_____
e. Total Native Hawaiian or Other Pacific Islander	_____	_____
f. Total American Indian or Alaska Native and White	_____	_____
g. Total Asian & White	_____	_____
h. Total Black or African American & White	_____	_____
i. Total American Indian or Alaska Native & Black or African American	_____	_____
j. Other Multi-Racial	_____	_____
Total ( number of all by <u>Race</u> must be the same as #1 above)	_____	_____

4. **Total Number of Female-Headed Households** 448 (45%)

5. **Total Number of Disabled** \_\_\_\_\_

6. Describe the proposed accomplishments of the project: There was a recent overflow due to aging units in the existing pump stations. The pump in Station 2 was sent out for repairs when the drive shaft in Station 1 broke. This incapacitated both stations at the same time. Without replacement, this incidence rate will increase, thus contaminating the Marshyhope Creek adjacent to both pump stations. When overflows occur, the raw sewage runs through the public areas which introduces E. coli, fecal coliform, and nitrates above the drinking water MCL to the public spaces and Marshyhope Creek. New pump stations built to MDE CRAB standards and with improved pumps, wet wells, and state of the art designs will mitigate contamination in the open waterways.

When overflows occur, the raw sewage runs through the public areas which exposes those that enjoy recreation activities on the Marshyhope to be exposed to PFAS/Emerging Contaminants in the environment. With the Marshyhope discharging into the Nanticoke River, downstream contaminants can also occur.

When overflows occur, the raw sewage runs through the public areas into surface waters of the Marshyhope Creek. New pump stations built to MDE CRAB standards and with improved pumps, wet wells, and state of the art designs will mitigate contamination in the open waterways.

When overflows occur, the raw sewage runs through the public areas which exposes those that enjoy recreation activities on the Marshyhope to be exposed to the negative health contaminants of raw sewage. With climate change comes sea level rise and the increased possibility of flooding in the Marshyhope Creek.

Currently both pump stations are located within the Special Flood Hazard Area zone AE. Having been constructed prior to any Flood zone regulations, the FFE of the current pump stations is near the elevation of the FEMA mapped BFE. They do not meet the 2' of freeboard requirement. A 1% chance flood could easily inundate both pump stations, effectively shutting down 95% of the Town that both stations serve. (That is in addition to the pollution to the open waterway adjacent to both stations.) However, climate change is not just sea level rise. Increased rainfall intensities and volumes are occurring more frequently. If an intense storm were to drop a substantial amount of rain to the drainage area of the Marshhope, the Creek would become bankfull and potentially inundate the stations causing spills, outages, and contamination. New pump stations built to MDE CRAB standards and with improved pumps, wet wells, and state of the art designs will mitigate contamination in the open waterways.

**Low/Moderate Income Benefit  
Worksheet B  
Limited Clientele (LMC)**

If you have determined that the proposed project will meet the national objective of benefit to low and moderate income (LMI) persons through limited clientele (LMC) activities, please fill out the following form and then attach it to Part E of your application.

**N/A All Questions.**

1. **Estimated** Total Beneficiaries \_\_\_\_\_ (*Count by Persons*)
2. **Estimated** Total LMI Beneficiaries \_\_\_\_\_ (*Count by Persons*)
3. If the project benefits a group *presumed* to be low and moderate income, please identify the group:

<input type="checkbox"/> Abused Children	<input type="checkbox"/> Elderly Persons
<input type="checkbox"/> Battered Spouses	<input type="checkbox"/> Illiterate Adults
<input type="checkbox"/> Migrant Farm Workers	<input type="checkbox"/> Severely Disabled Adults
<input type="checkbox"/> Homeless Persons	<input type="checkbox"/> Person Living with AIDS
4. If the project is of such a *nature* and in such a *location* that it can be concluded that the income of the persons benefitting are primarily low and moderate income, please explain why the nature and location demonstrate this:
5. If the project requires information on family size and income, does the information demonstrate that at least 51% of the clientele served are persons from households whose income does not exceed the LMI income limits. The activity is restricted to the LMI persons. Please identify activities:

Describe the proposed accomplishments of the project:



**Slum/Blight  
Worksheet D**

If you have determined that the proposed project will meet the national objective of the elimination of slum/blight, please fill out this form and attach it to Part E of your application.

Check One:  Slum and Blight - Area Basis **OR**  Slum and Blight - Spot Basis

1. Provide property address or boundaries of blighted area. ***This activity requires a street address(s)***

N/A

2. If the project addresses slum and blight on an area basis, does the area: N/A

Have an official designation of blight by local government?  No  Yes

If yes, what is the date of designation? \_\_\_\_\_

Please provide a copy with your application.

Meet a definition of slum, blighted, deteriorated or deteriorated area under State or local law?  No  Yes

Have a substantial percentage of deteriorated buildings?  No  Yes

What is the percentage? \_\_\_%

3. Does the activity address one or more of the blighting conditions? How?  
Identify each type of improvement located within the area and its condition at the time the area was designated slum/blight.

N/A

4. Describe the proposed accomplishments of the project:

N/A

**NOTE: If your project involves the acquisition of property as an activity to eliminate blight, then the national objective should address the intended use of the property.**

N/A

**Low/Moderate Income Benefit  
Worksheet E  
Jobs (LMJ) N/A All Questions**

If you have determined that the proposed project will meet the national objective of benefit to low and moderate income (LMI) persons through job creation and/or retention activities, please fill out this form and attach it and all supporting documents to Part E of your application.

1. Will this project create new jobs? \_\_\_\_\_ Or will this project result in retention of existing jobs? \_\_\_\_\_
2. How many total jobs are estimated to be created? \_\_\_\_\_  
Of those created, how many will be taken by LMI persons? \_\_\_\_\_
3. How many total jobs are estimated to be retained? \_\_\_\_\_  
Of those jobs retained, how many are retained by LMI persons? \_\_\_\_\_

**Taken By Standard**

In cases where the businesses will demonstrate that at least 51% of the jobs created will be taken by LMI persons, in addition to information identified in the Policies and Procedures Manual, provide the following:

1. Provide a written commitment by the business that at least 51% of all the jobs created on a full time equivalent basis will be taken by LMI persons.
2. Provide a listing by job title of all employees at the time the application for assistance is submitted.
3. Provide a listing by job title of the permanent, full-time jobs to be created as a result of the CDBG assistance.
4. Provide evidence supporting the estimated number of jobs to be created.

**Retention Standard**

Retained jobs are those that would be permanently lost due to a business closing or relocating out of the area without CDBG financial assistance. In cases where the business will retain jobs that are held by persons that are at least 51% LMI, in addition to information identified in the Policies and Procedures Manual, provide the following:

1. Provide clear and objective evidence that, in the absence of the CDBG assistance, the jobs would be lost. This includes a notice provided to affected employees, a public announcement, or analysis of relevant financial records demonstrating the need for job cuts.

## Worksheet E Continued

2. Provide a written commitment from the business that they will meet the standard for retained jobs involving the employment of LMI persons.
  
3. Provide a listing by job title of the full-time, permanent jobs to be retained as a result of the CDBG assistance.

### Business Information

Please provide the following information on the business to be assisted. If more than one, please provide information for each.

1. Name of Business;
2. Ownership of Business;
3. Business Management;
4. Company History including start-up date, type of operation, progress and number of employees to date;
5. Current Location(s);
6. Product Line(s) or Service;
7. Discuss their market area(s) including geography, major customers and other Characteristics; and
8. Certificate of Good Standing from the State of Maryland if an existing business.

For projects which provide CDBG assistance as a financing measure to profit making businesses, discuss the need for financial assistance. Attach three years of historical financial statements and personal financial statement for principal owner(s) and a five year pro-forma. Explain the basis for requesting assistance (e.g., gap financing). Additional financial information may be requested.





**PART G**

**STAFFING AND PROJECT MANAGEMENT:** This section will discuss the capacity of the applicant to administer the project and how CDBG funds will be used for project administration costs. Project costs for engineering, architectural services and inspections are to be identified as separate line items in Part F.

1. Identify the primary person for the *jurisdiction* who will administer this project. Discuss their experience with CDBG regulations and requirements as well as past grant and project implementation.

Lawrence DiRe, Town Manager. Past CDBG experience includes housing unit upgrades and water and wastewater utility line expansion/replacement for a low-income neighborhood bordering the Town of St. Pauls, NC (2005-2006). Mr. DiRe has extensive grant writing and administration experience during his fifteen-year local government administration career. Most recently he administered all American Rescue Plan Act (ARPA) funding received by the Town of Federalburg totaling \$2,621,774. In spring 2023 he wrote and submitted funding requests for this pump station project (\$4,303,000), and local street paving and repairs (\$1,440,000) for Congressional Directed Spending (CDS) and all those projects moved forward as recommended for federal funding.

2. Identify others who will assist in the administration of this CDBG project.

Kristy Marshall, Town Treasurer

3. Amount of funds requested for Project Administration, if any: \$0.00

4. If Project Administration funds requested for staffing, please identify the following: N/A

Person	# Hours Anticipated to Work on Project	Hourly Wage	Total Funds

5. If planning to use Project Administration funds for other expenses other than staffing, identify those expenses and estimated costs. N/A

Expenses	Estimated Costs

**PART H**

**PROJECT SCHEDULE:** Using the anticipated month of grant award as the start of the activities, list all project activities and the anticipated dates for the start and end of specific activities. A CDBG grant agreement provides a 24-month implementation period so all activities to be paid for with CDBG funds must occur within this timeframe. If an activity is completed prior to application or award, indicate the actual dates.

**EXAMPLE:** For a Community Development application, CDBG funds are being requested for site acquisition and construction. The applicant provided the following schedule:

<u>Activity</u>	<u>Begin</u>	<u>Completion</u>
Grant Award	July 22, 2023	
Environmental Review	July 23	October 5
Preliminary Engineering	Completed	
Site Acquisition	October	November
Bidding & Selection Engineering	December	January 2023 <sup>4</sup>
Meeting 180 Day Expenditure Requirement	January 18, 2024	January 18, 2024
Engineering	February	June
Bidding & Selection Construction	June	August
Construction	September	July 31, 2025

**NOTE:** *An Environmental Review is the first step for every funded grant after award date*

Empty box for project schedule entry.

**PART I**

**DAVIS BACON/BUILD AMERICA BUY AMERICA:**

1. Do Davis-Bacon wage rates apply to the project?  Yes  No
2. If yes, do cost estimates reflect use of Davis-Bacon rates?  Yes  No
3. Will your project use iron and steel products?  Yes  No

**1. Discuss Davis-Bacon rates and their impact on the project.**

**2. Explain how you calculated the rates into your cost estimates.**

**3. Explain how you factored in Build America Buy America requirements for iron and steel, if applicable.**

**PART J**

**ACQUISITION / RELOCATION:**

1. Has site control been secured?  Yes  No If yes, explain how:

N/A All Questions.

2. Has an option been secured?  Yes  No If yes, explain how:

3. Estimated cost of acquisition:  \$	4. Sources of funds for acquisition:
---	--------------------------------------

5. Number of parcels to be acquired: Residential: _____ Business: _____	6. Will acquisition be done with eminent domain if needed?  <input type="checkbox"/> Yes <input type="checkbox"/> No
---	--

7. Is acquisition of easements required?  Yes  No  
If yes, did applicant include costs associated with the Uniform Act?  Yes  No

8. Has anyone been forced to move from the site within the three months prior to the initial application for funds?  Yes  No  Unknown  
If yes, explain:

9. Estimated cost of relocation:  \$	10. Sources of funds for relocation:
--	--------------------------------------

# Units in Property(s) _____	Number of Units Occupied at time of application		Number of Occupants to be Displaced	Number of Occupants to Remain	
	Owner	Tenant		Total	Temporarily Relocated
Residential					
Business					

10. Do the activities of this project trigger the one-for-one replacement housing requirements?  Yes  No  
If yes, discuss how you plan to meet these requirements.

11. If property is to be leased, describe lease terms.

**PART K**

**FAIR HOUSING/EQUAL OPPORTUNITY: Applicants certify that a grant will be conducted and administered in conformity with applicable federal fair housing and equal opportunity laws and regulations. Complete the following to show what steps have been taken by the jurisdiction in these areas in recent years.**

1. Does the jurisdiction have written employment and personnel policies and practices with equal opportunity guidelines?  X Yes  No
  
2. In the past three years, have any complaints of discrimination in employment been filed against the jurisdiction by employees regarding employment? X  Yes  No If yes, please explain: A former employee accused a supervisor of gender-based discrimination. The employee voluntarily left town employment and filed a complaint. The Town conducted an internal investigation and found no wrong-doing on the supervisor's part. The Town's risk management agent conducted an investigation and found no wrong-doing on the supervisor's part. The Maryland Commission on Civil Rights conducted an investigation and found no probable cause of violation on any claims made by the former employee against the supervisor.
  
3. Has the jurisdiction adopted a fair housing ordinance?  Yes X  No
  
4. Has the jurisdiction taken any actions to affirmatively further fair housing through activities such as land development, zoning, site selection policies or programming or needs assessment?  Yes X  No If yes, please describe:
  
5. Are there fair housing advocates or agencies that work in your county? If yes, who are they? Have they informed you of either public or private issues or complaints regarding discrimination?
  
6. Are all buildings owned or occupied by the jurisdiction that are open to the public in compliance with the Americans with Disabilities Act? If not, which ones, and what are the plans to bring them into compliance?

**PART L**

**ENVIRONMENTAL IMPACT: Complete the following information related to your overall project to the best of your knowledge. Provide copies of letters or other information received to date from state and/or federal agencies about these issues related to your project. Schedule and budget should account for any mitigation or corrective actions to be taken.**

- 7. Will your project involve the renovation of a building that is at least 50 years old or is located in a national historic register district?  X Yes-located in a NHR district  No
- 8. Will your project involve or impact an archaeological site?  Yes  No
- 9. Will your project impact any wildlife that is threatened or endangered?  Yes  No
- 10. Will your project involve the abatement or removal of asbestos from a building?  
 Yes  No
- 11. Will your project involve the abatement or removal of lead-based paint from a building?  
 Yes  No
- 12. Is your project new construction?  Yes  X No

If you answered YES, is the proposed project located in any of the following:

- Special Flood Hazard Area – an area that is lower than the base flood elevation level and has special flood or mudflow, and/or flood related erosion hazard
- 100 Year Floodplain – an area that has a 1 in 100 or 1% probability of a flood event occurring in a given year
- Regulatory Floodway – an area beside a river or other watercourse that has certain restrictions placed on it related to discharging moving floodwaters downstream
- Coastal High Hazard Area – an area along the coast subject to high velocity wave action from storms or seismic sources
- 500 Year Floodplain – an area that has a 1 in 500 or .02% probability of a flood event occurring in a given year
- Non-Special Flood Hazard Area – an area that has a moderate to low risk of flooding

Comments:

Project sites, PS-1 and PS-2, are located within existing structures in the floodplain and this is discussed in PART B.

**PART M**

**PROCUREMENT: All procurement must comply with the requirements and processes identified in the CDBG Financial and Procurement Manual.**

**REMINDER – For existing contractual agreements with an engineering firm, the applicant must be able to demonstrate that they hired the specific firm through a competitive process AND that the contract was for no more than a three year period with an option to extend twice for one year periods for a total of five years. Additionally, the contract must have identified all potential projects to be undertaken during the three to five year period including the one included in this application.**

**1. Will your project use CDBG funds for professional services?  X Yes  No**

**If yes, is it for new services?  Yes  No**

**If yes, will services be under a new contract?  Yes  No**

**If no, please explain:** The town's consulting engineering firm, GMB, works under a task order system from the mayor and town council as recommended by staff for specific projects. Please see attached Request for Proposals and documentation from Mayor and Town Council meetings where the engineering firm was selected.

**2. Will your project use CDBG funds for construction?  Yes  No**

**If yes, will construction be under a new contract(s)?  Yes  No**

**If no, is it for a change order?  Yes  No If the answer is yes, please contact CDBG staff to discuss further.**

## STATEMENT OF ASSURANCES AND CERTIFICATIONS

The applicant hereby assures and certifies that it:

1. has adopted and maintains a written Citizen Participation Plan in accordance with the citizen participation requirements for the Community Development Block Grant (CDBG) Program at the Code of Federal Regulations 24 Part 570.486; and
2. held a public hearing and provided appropriate notice to ensure participation of citizens in the development the project and of this application for CDBG funding; and
3. assures that all reasonable steps have been taken to minimize the displacement of persons as a result of CDBG assisted activities identified in this application; and
4. in the event that our project does trigger displacement of persons, we will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49CFR Part 24 and it has in effect and is following a Residential Anti-Displacement and Relocation Assistance Plan required under Section 104(d) of the Housing and Community Development Act of 1974, 42 U.S.C. § 5304(d), as amended, in connection with any activity assisted with funding under the CDBG Program; and
5. will not attempt to recover any capital costs of public improvements assisted with CDBG funds, by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if CDBG funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than with CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment; and
6. will conduct and administer grant in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations and agrees to take action to affirmatively further fair housing; and
7. has adopted and is enforcing or will adopt if a new applicants:
  - a) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
  - b) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.
8. will certify, to the best of the certifying official's knowledge and belief, that:
  - a) no Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a



Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement; and

- b) if any funds other than Federal funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress with this Federal contract, grant, loan or cooperative agreement, it will complete and submit Standard Form- LLL, Disclosure Form to Report lobbying in accordance with its instructions; and
  - c) it will require that the language of paragraphs (a) and (b) of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
9. will adhere to federal and state Code of Conduct or Conflict of Interest standards relative to conflict of interest restrictions and financial disclosure requirements for local elected officials and candidates; and
10. will prevent fraud, waste and abuse of federal funds and ensure that funds are expended on activities that are reasonable and necessary;
11. will comply with the requirements of the Build America, Buy America Act which was included in the federal Infrastructure Investment and Jobs Act which was signed into law on November 15, 2021;
12. will comply with the requirements of the Right to Report Crime and Emergencies from One's Home which was included in the Violence Against Women Act Reauthorization Act of 2022;
13. will comply with the provisions of Title I of the Housing and Community Development Act of 1974, 42 U.S.C. § 5301 et seq., as amended, Title 24 CFR Part 570, and with other applicable State and Federal laws if awarded this grant; and
14. will ensure that, if applicable, any subrecipient, developer or business will comply with all regulations, policies and laws that govern this grant.

I declare that I am duly authorized to make these certifications on behalf of the applicant and certify that the above actions have or will be taken.

Kimberly Abner, Mayor  
Typed Name and Title  
Chief Elected Official

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**RESOLUTION NO. 2023-06**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF FEDERALSBURG AUTHORIZING THE SUBMITTAL OF AN APPLICATION FOR COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS IN THE AMOUNT OF \$800,000 FOR THE FEDERALSBURG PUMP STATIONS PROJECT**

WHEREAS, State of Maryland through the Department of Housing and Community Development has solicited applications from eligible jurisdictions to apply for funding under the Maryland Community Development Block Grant Program; and

WHEREAS, The Town of Federalsburg is eligible to apply for funds from the Maryland Community Development Block Grant program through the Maryland Department of Housing and Community Development; and

WHEREAS, the Mayor and Council have held the required public hearing related to the formulation of the Town of Federalsburg's Block Grant Application; and

WHEREAS, the Mayor and Council understand and acknowledge that they would be responsible for completion of grant activities and any corrective actions including the repayment of funds if necessary;

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and Council authorize the submittal of an application for Community Development Block Grant funds in the amount of \$800,000 this 15th day of May 2023 for the following project:

Federalsburg Pump Stations

BE IT FURTHER RESOLVED, that the mayor is authorized and empowered to execute any and all documents required for the submission of the application.

BE IT FURTHER RESOLVED, this 15th day of May, 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

## **MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM CITIZEN PARTICIPATION PLAN**

The Town of Federalsburg has adopted this Citizen Participation Plan to meet the citizen participation requirements of 24 CFR 570.486 and 24 CFR 91.115(e). Regulations require that each unit of general local government receiving or expecting to receive Maryland Community Development Block Grant Funds:

- Furnish citizens with information related to the availability of CDBG funding including the amount the State makes available under each state fiscal year, the eligible CDBG activities, and the eligible uses of CDBG funds;
- Provide for and encourage citizen participation, particularly by low- and moderate-income persons who reside in slum or blighted areas and areas in which CDBG funds are proposed to be used;
- Ensure that citizens will be given reasonable and timely access to local meetings, information and records relating to the unit of general local government's proposed and actual use of CDBG funds;
- Provide technical assistance to groups representative of persons of low and moderate income that request assistance in developing proposals in accordance with procedures developed by the State. Such assistance need not include providing funds to such groups;
- Provide for a minimum of two public hearings, each at a different stage of the project, for the purpose of obtaining citizen's views and responding to proposals and questions;
- Provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities in an application to the State and, for grants already made, activities which are proposed to be added, deleted, or substantially changed from the application to the State. Substantially changed means changes made in terms of purpose, scope, location or beneficiaries as defined by criteria established by the State;
- Provide citizens with the Town of Federalsburg Residential Anti-Displacement and Relocation Assistance Plan if proposed applications to be submitted will likely result in displacement of persons or businesses from their homes or businesses;
- Provide citizens the contact address, email address, phone number and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days where practicable.
- Provide information and seek comment from potential beneficiaries that are outside the jurisdiction that may benefit from CDBG funded activities.

### **PROVISION OF INFORMATION, PUBLIC HEARINGS AND COMMENTS**

The Town of Federalsburg will provide reasonable access to records and information on the proposed and actual use of CDBG funds during regular business hours of 8:30 am-4:30 pm at the following location: Town Hall 118 N. Main Street Federalsburg, MD 21632.

Where possible, the Town of Federalsburg will provide copies of documents or access to copying services to citizens or groups requesting information at their own expense.

The Town of Federalsburg will hold at least one public hearing to receive input by citizens on the housing and community development needs of the jurisdiction and to discuss the development of proposed activities. This hearing will be held in conjunction with a regularly scheduled meeting of the elected public officials prior to submission of an application for CDBG funds.

If the MD CDBG Program funds the activity, a second hearing on program performance must be held at some point during the grant period after the activity has been initiated.

The MD CDBG Program requires that notice of a public hearing be published in a newspaper of general local circulation no less than five (5) days in advance of the hearing. Hearings will be held at times and locations convenient to actual or potential beneficiaries and at locations accessible to the disabled. Documentary evidence that the required notices are published and public hearings are held in accordance with the plan will be maintained. Written minutes of the hearing and an attendance roster will be maintained by Kristy Marshall, Town Clerk at the following location: Clerk's Office, Town Hall 118 N. Main Street Federalsburg, MD 21632.

The MD CDBG Program requires applicants to make draft copies of applications to be submitted available for public comment. The information as to how the public may access the draft plan will be included in the public hearing notice and discussed during the hearing.

Additional information to citizens about the CDBG Program, potential projects and public hearings will be provided through government and other websites, through articles in local newspapers, newsletters or community bulletins, mailings or at presentations made at community meetings.

If necessary, the Town of Federalsburg will make arrangements for a translator when it is expected that non-English speaking persons will participate. Similarly, a signer shall be provided for a deaf or mute participant. If special accommodations are necessary, however, requests should be made to [kmarshall@federalsburg.org](mailto:kmarshall@federalsburg.org). At least five days advance notice is requested.

### **TECHNICAL ASSISTANCE**

When requested to provide technical assistance to groups representative of persons of low and moderate income, the Town of Federalsburg will assist if possible. Files shall document meetings between the group and the local government. If staff capacity to assist does not exist, the Town of Federalsburg may offer a referral to the State or to a consultant who can provide the necessary expertise.

### **COMPLAINTS AND GRIEVANCES**

Citizens who wish to submit a complaint or grievance may do so by calling or writing:

Town Manager  
Town of Federalsburg  
118 N. Main Street  
Federalsburg, MD 21632  
(410) 754-8173

The Town of Federalsburg shall make reasonable effort to provide a response in writing to written complaints or grievances within 15 working days.

**AMENDMENTS TO APPLICATIONS OR GRANTS**

The Town of Federalsburg will provide citizens notice of, and opportunity to comment on, substantial changes to grants already made, including changes in the purpose, scope, location or beneficiaries. This can be achieved through public notice describing the change and establishing a comment period or through public hearing.

This Citizen Participation Plan is hereby adopted by the Mayor and Council of Federalsburg on May 15, 2023. It is effective for a 5-year period until May 15, 2028.

\_\_\_\_\_  
CHIEF ELECTED OFFICIAL

\_\_\_\_\_  
WITNESS

3/2023

**RESOLUTION NO. 2023-07**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF  
FEDERALSBURG ADOPTING AN ELECTION PLAN AND ELECTION  
DISTRICT MAP FOR THE TOWN OF FEDERALSBURG 2023  
ELECTION**

WHEREAS, the Mayor and Council of Federalsburg have broad home rule authority to conduct elections for the Town of Federalsburg; and

WHEREAS, the Mayor and Council of Federalsburg have spent the last seven (7) months thoroughly reviewing the Town's election system and discussing amendments to that system; and

WHEREAS, the Mayor and Council of Federalsburg adopted Resolution 2023-04 which, among other things, established two election districts with two Councilmembers in each district and provided that the Mayor and Council would adopt an election district map by Resolution; and

WHEREAS, after thoroughly examining the proposed election district map submitted to the Town by William Cooper, demographer for the ACLU, the Mayor and Council determined it is in the best interest of the Town to adjust two census blocks to use major roads in Town as dividing lines between the districts which include Bloomingdale Avenue, Main Street, and Reliance Avenue; and

WHEREAS, the Mayor and Council have further determined that constituents in each election district shall have a fair opportunity to elect representatives of their choice at the September 2023 election; and

WHEREAS, to provide a fair opportunity to elect candidates of their choice at the upcoming election, the Mayor and Council have determined that all Council seats will be up for election in September 2023 such that the constituents of election District 1 shall elect two Councilmembers that reside within District 1 and the constituents of election District 2 shall elect two Councilmembers that reside within District 2; and

WHEREAS, the Mayor and Council of Federalsburg have determined that it is desirable and in the best interest of the Town to adopt an Election Plan and Election District Map attached hereto as Exhibit 1.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF FEDERALSBURG that the Election Plan for the September 2023 election shall be as follows:

On the fourth Tuesday in September 2023 an election shall be held between the hours of 7:00 a.m. and 7:00 p.m. for the election of the Mayor and two (2) Councilmembers that reside in District 1 and two (2) Councilmembers that reside in District 2. The Councilmember from District 1 that receives the highest number of votes shall be elected to a 5-year term. The Councilmember from District 1 that

receives the second highest number of votes shall be elected to a 3-year term. The Councilmember from District 2 that receives the highest number of votes shall be elected to a 5-year term. The Councilmember from District 2 that receives the second highest number of votes shall be elected to a 3-year term. The Mayor shall be elected to a 5 year term. The terms of the Councilmembers that are elected to a 3-year term shall expire on the first Tuesday in November 2026, at which time an election shall be held for election of one Councilmember from District 1 and one Councilmember from District 2. The Councilmembers elected in 2026 shall have a four (4) year term and an election for two (2) Councilmembers each from a different district shall occur every two (2) years thereafter.

All residents seeking to become a candidate for Mayor or Councilmember shall file with the Clerk of Federalsburg by Friday, September 1, 2023, a written statement of candidacy, accompanied by a petition signed by at least 10 duly qualified voters nominating such candidate, which statement shall be substantially in the form provided in Section C2-1 of the Federalsburg Town Charter.

BE IT FURTHER RESOLVED, the Election District Map attached hereto as Exhibit 1 shall hereby be adopted.

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**

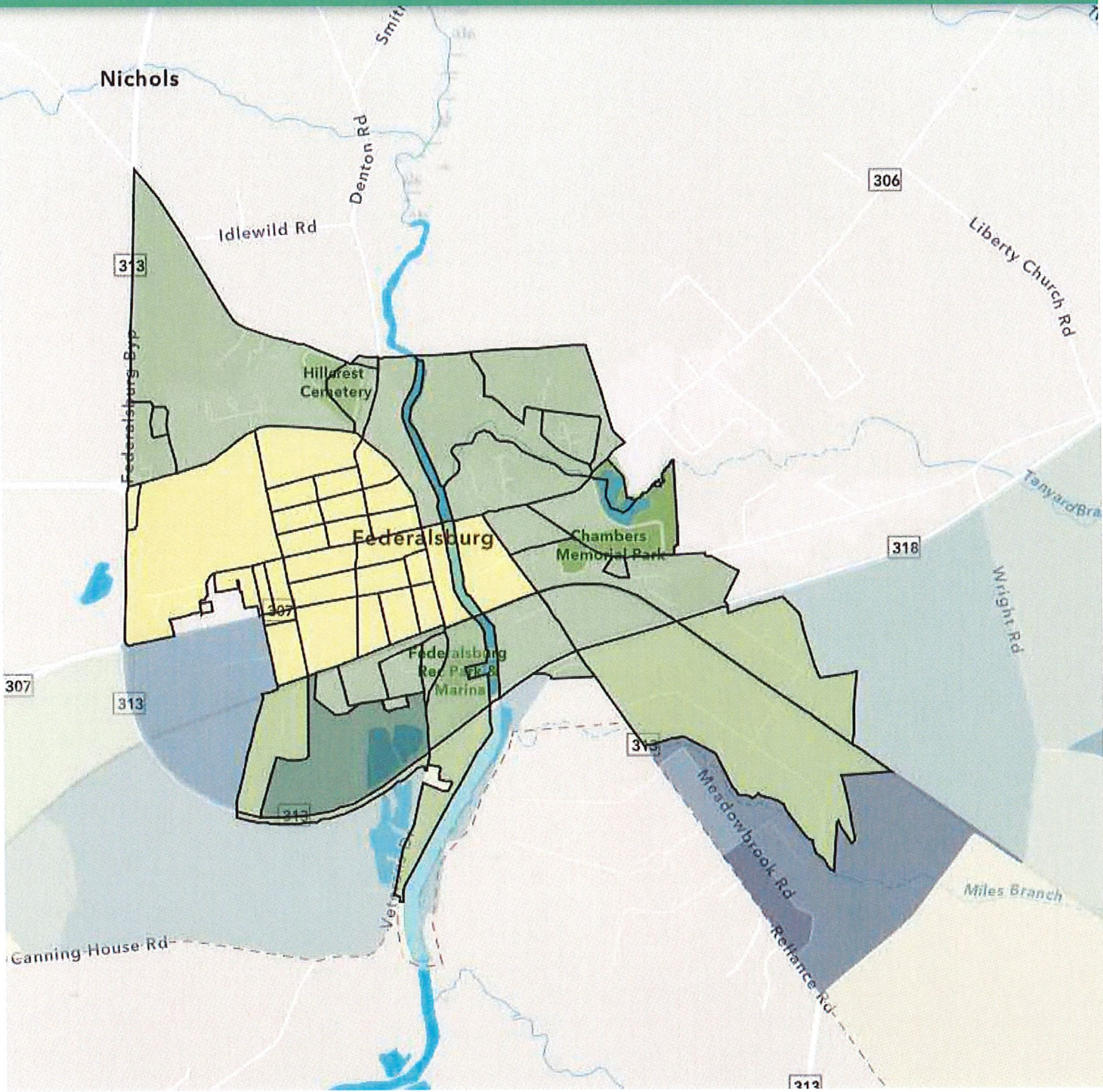
\_\_\_\_\_  
Kristy L. Marshall, Clerk-Treasurer

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





**Districts**



<b>Ward</b>	<b>Adjusted Population</b>	<b>Deviation</b>	<b>% Deviation</b>	<b>Any Part Black</b>	<b>% Any Part Black</b>	<b>NH White</b>	<b>% NH White</b>
1	1473	44	3.08	955	64.83%	433	29.46%
2	1385	-44	-3.08	377	27.2%	894	64.55%
Total	2858		6.16%	1332	46.60	1327	46.43



LARRY HOGAN  
Governor  
BOYD K. RUTHERFORD  
Lt. Governor  
KENNETH C. HOLT  
Secretary  
OWEN MCEVOY  
Deputy Secretary

June 22, 2022

The Honorable Kimberly M. Jahnigen Abner  
Mayor  
Town of Federalsburg  
118 North Main Street  
Federalsburg, MD 21632

Dear Mayor Abner:

This is to advise you that the Maryland Sustainable Community designation for the Town of Federalsburg will sunset on 8/21/2023. The community was first designated on 8/21/2013 and the designation must be renewed every five years. Sustainable Communities Program is a place-based designation offering a comprehensive package of resources that support holistic strategies for community development, revitalization, and sustainability.

Sustainable Community designation is a threshold requirement for certain State of Maryland revitalization programs. Other programs offer additional points or consideration in the application review process for projects located in Sustainable Communities. Without a current Sustainable Community designation, the community will not be eligible to receive funding through certain programs.

The program encourages your community to begin the outreach and planning process as soon as possible. Staff at the Maryland Department of Housing and Community Development's Division of Neighborhood Revitalization are available to work with you to complete and submit the application required to renew the community's Sustainable Community designation. Please respond as soon as possible to discuss the community's designation status or if you have any questions.

Thank you very much for your attention. We look forward to continuing work with the Town of Federalsburg on revitalization initiatives.

Sincerely,

Carter Reitman  
Sustainable Communities Program Manager

Cc: Garland Thomas, DHCD  
Olivia Ceccarelli-McGonigal, DHCD



SUSTAINABLE MARYLAND ACTIONS

Action	Potential Points	Completed Points	Status	Documentation Sent
<b>Community Action</b>				
<u>Green Team</u>				
Participate in SMC Green Team Training	5			
Create a Green Team	10 (MANDATORY)		Completed	
Complete a Green Team Action Plan	10 (MANDATORY)		Completed	
Conduct Community Barriers & Benefits Assessment	15			
Build SMC Resource Center	5			
Participate in MD Green Schools	10			
Innovative Demonstration Projects	5 to 20			
<b>Sub Total</b>		<b>0</b>		
<b>Community Based Food System</b>				
<u>Local food consumption</u>				
Local food fair	10			
Local food consumption & preservation classes	5 per class			
Establish a local Farmer's Market	5			
<u>Local food production</u>				
Community Gardens	15*			
Spring Plant Transplant Sale	10			
Fall plant transplant sale	10			
Establish CSA drop-off location	10			
Innovative Demonstration Projects	5 to 20			
<b>Sub Total</b>		<b>0</b>		
<b>Energy</b>				
Municipal Energy Audits	10*			
Residential Energy Efficiency	5 to 25			
Wind energy project	15			
Innovative Demonstration Projects	5 to 20			

	Sub Total		0	
<b>Greenhouse Gas</b>				
Municipal Carbon Footprint (pre-requisite)	15*			
Community Carbon Footprint (pre-requisite)	15			
<u>Climate Planning</u>				
Climate Action Plan	10 to 25			
Climate Change Adaptation Element	5			
Innovative Demonstration Projects	5 to 20			
<b>Sub Total</b>			<b>0</b>	
<b>Health and Wellness</b>				
Let's Move	15			
<u>Workplace Wellness</u>				
Join Healthiest Maryland Businesses	5			
Workplace Wellness Program	5 to 15			
Living Well Program	5 per class			
Innovative Demonstration Projects	5 to 20			
Innovative Demonstration Projects	5 to 20			
Innovative Demonstration Projects	5 to 20			
<b>Sub Total</b>			<b>0</b>	
<b>Local Economies</b>				
<u>Buy Local</u>				
Establish Local Business Directory	10			
Promote Local Business Directory	5			
Buy Local Campaign	15			
Local Business Roundtable	5 per			
Local Business Procurement Notices	10			
Economic Analysis of Procurement Practices	15			
Local Purchasing Preference Policy	10			
<u>Green Business Recognition</u>				
Join Maryland Green Registry	5			
Green Business Certification Program	15			

<u>Green Purchasing</u>							
Green Purchasing Policy (Pre-requisite)		15*					
Evaluate Current Purchasing Practices (pre-requisite)		10					
Vendor Preference Statement (pre-requisite)		10					
Purchase Recycled Products		10					
Purchase Environmentally Preferable Products		10					
Implement Waste Reduction Program		10					
Innovative Demonstrative Projects		5 to 20					
				0			
<b>Natural Resources</b>							
<u>Watershed Stewardship</u>							
Implement Watershed Stewardship/Pollution Prevention Outreach Program(s)		10					
Facilitate Engagement in Existing Watershed Stewardship Opportunities		5 per event					
Provide Voluntary Opportunities for Citizen Engagement in Watershed Stewardship		10					
Provide Incentives for Watershed Stewardship on Private Lands		15					
Create a Watershed Plan		20					
<u>Stormwater Management</u>							
Stormwater Management Program		15*					
Stormwater Manager/Coordinator		15					
Stormwater Fee Structure		20					
<u>Septic Management</u>							
Septics System Assessment and Inventory		15					
Septics System Management Plan		20					
Dedicated Septic System Fund		20					
<u>Water Conservation</u>							
Develop a Water Conservation Plan		15					
Develop a Water Conservation Outreach Program		10					
Tree City USA		15					



TO: Mayor & Council Members  
FR: Larry DiRe, Town Manager  
DT: May 15, 2023  
RE: Fiscal Year 2023 – 2024 Budget Update and Real Property Tax Rate

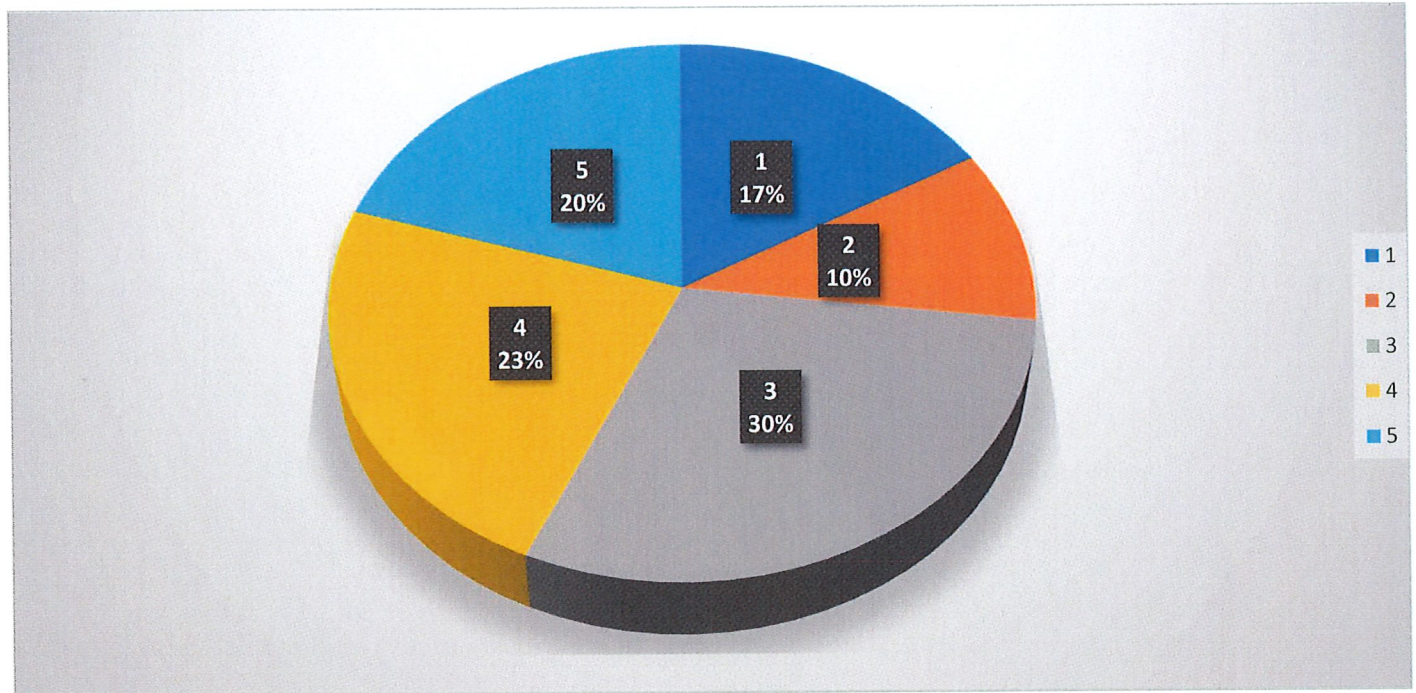
For several months staff have been developing the fiscal year 2024 draft budget, and has brought versions of that budget to the mayor and council meetings and workshops for review and discussion. As the budget development process nears completion, staff is bringing forward for review a brief narrative, graphics, and request for action. A public hearing and vote are proposed for Monday June 12, 2023. The draft budget key points are as follows:

- The real property tax rate remains constant at \$0.88 although the constant yield revenue would have a tax rate of \$0.8556.
- A real property tax rate of \$0.88 yields an additional \$41,159 over the current year's yield based on increased assessments.
- Cell tower lease revenue shows \$0.00 based on the expectation of the lease being sold before June 30, 2023.
- Highway User Fund revenue, approximately \$121,000 of which is used to pay debt service as an eligible use, shows the state's estimate of \$153,563.94.
- Building department rental license inspection fees represent pass through to the contractor, and both rental license and rental inspection fees are proposed for a \$20.00 annual increase to \$120.00 to cover increased code enforcement and police service demands.
- Solid waste collection and disposal represents pass through to the contractor and shows a monthly per unit collection fee of \$17.98 to cover the full cost of the service and the contractor's cost to supply new trash cans in the first year of the contract.
- Wastewater and water service charges, which will not be increased, show a one percent growth over current fiscal year based on the stable number of rate payers; depending on the pace of the AMI water meter replacement program water revenues may be higher due to more accurate readings.
- Wastewater and water connection charges, a user pays fee meant to provide full cost recovery, show increases over current fiscal year based on an expectation of three new connections in fiscal year 2023-2024, and a proposed connection fee increase for both utilities from the current \$3,500 to the proposed \$5,000 commencing July 1, 2023.
- Public safety expenditures account for just under one-quarter of all expenditures.
- Capital projects are limited to those having secured firm grant allocations, including ARPA-funded, and will not add to the town's current debt load.
- Debt service payments total in excess of \$770,000, or roughly one dollar out of every six dollars of revenue across all funds, meaning 100% of current government services are paid for through 83% of the revenue meant to do so.

The pie chart below shows the percentages of the total budget for the following: 1. Debt Service Payments; 2. Utilities Water; 3. Utilities Sewer; 4. Public Safety; 5. General



Government (public works, administration, finance, code enforcement, legislative and legal). The actual budgeted dollar amounts for each are as follows: Debt Service Payments - \$774,132; Utilities Water - \$485,499; Utilities Sewer - \$1,388,103; Public Safety - \$1,078,545; General Government – \$938,511.



External funding for several capital projects (pump station upgrades, sludge belt press, and Phase II street paving) is uncertain currently and so are not in the proposed budget. While the pump stations and street paving projects have been moved forward by the federal legislative delegation for direct spending, each project would require a town match of twenty-percent (20%) likely and that gap funding is being pursued through securing Community Development Block Grant (CDBG) funding. This gap funding will not add to the town's current debt load. In any event, due to the federal fiscal year and on-going federal budget process any federal support will not be received prior to October 1, 2023 and likely later or into calendar year 2024. Both the belt press and the pump stations are being considered for funding from the Maryland Department of the Environment (MDE) either through grants or grants and loans, and MDE's decision is likely in late May.

Attached are two documents previously part of the public record. The first shows the town's current and on-going annual debt service obligations by individual loan issue. The second is the constant yield property tax rate public notice for the current fiscal year, which was advertised May 5, 2022. As shown, the tax base growth for the current fiscal year was 2.82% resulting in a yield of \$39,025.02. Fiscal year 2023-2024 growth rate remains stagnant at 2.8% and is projected to yield \$41,159.

Except for tax assessment increases the town's tax base growth has been below the ARPA revenue loss standard of 4.1% annual growth for approaching a decade. That trend continues. Flat growth coupled with a high debt service percentage and inflationary pressures require a fiscally austere budget. And that is what staff presents, including holding staff furlough days as an expenditure option. Services that require full cost funding can no longer be subsidized by an ever-dwindling fund balance reserve. Deferred maintenance of public water and sewer infrastructure results in higher annual repair costs paid to external contractors and consume more staff time.

Pending further discussion provide direction to staff.