



# MEMORANDUM

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**To:** Mayor and Members of the City Council

**From:** Montique McClary, Interim City Manager  
Alicia Steward, Finance Director  
Jon Hawley, Grants Administrator

**Date:** October 21, 2022

**Re:** Consideration – Hold a Public Hearing - Amendment to CDBG-CV Award in Support of the Food Bank of the Albemarle

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***BACKGROUND:***

On December 4, 2020, the City of Elizabeth City received a \$765,000 Community Development Block Grant-Coronavirus (CDBG-CV) award the NC Department of Commerce for COVID-19 response. The City collaborated with the Albemarle Area United Way to implement a short-term assistance program known as the Coronavirus Care Collaborative (CVCC). The CVCC continues to provide valuable assistance to Low- to Moderate-Income (LMI) households, but the City and the AAUW project it will not expend all grant funds.

Over this summer, City staff explored potential additional uses for CDBG-CV funds that would maximize the investment of grant dollars in our community while complying with grant requirements and timelines. On August 8, 2022, City staff presented a potential project amendment to fund the Food Service Enhancement (FSE) Program, through which the Food Bank of the Albemarle proposed to purchase a delivery van, refrigeration equipment, and food for distributions to LMI households throughout Elizabeth City and Pasquotank County.

Council directed nonprofits be more broadly solicited; in short, this process led to the Council approving a subrecipient agreement on September 26, 2022, to allow the River City Community Development Corporation to provide CVCC assistance alongside the AAUW. As of this memo's writing, Commerce has not yet approved the subrecipient agreement, nor has it approved a complementary request to ease CVCC eligibility criteria.

At the October 10, 2022, Council meeting, Councilors also endorsed a modified version of the FSE, and called for a public hearing during the October 24, 2022, regular session to present and finalize this proposal before its submission to Commerce.

***ANALYSIS:***

During the October 10, 2022, meeting, the City Council and the Food Bank agreed to a final funding level for the FSE of \$230,000. At the Food Bank's request, purchase of refrigeration equipment was removed. The final project includes two Program Elements. The first is the delivery van and reimbursement of fuel costs for deliveries, totaling \$80,000. The second is \$150,000 for bulk food purchases. (In one minor change, the Food Bank is now proposing to use the \$150,000 for purchase of chicken, fresh produce, and "shelf-stable" food items, rather than only meat purchases. Food purchases shall be reimbursed based on appropriate documentation, such as invoices and delivery logs.)

With the amendment's details finalized, City staff is now comfortable holding a public hearing that meets grant requirements. CDBG public hearings require a clear and detailed explanation of the proposed grant-funded activities, as well as background on the CDBG program. They also require certified minutes showing the public hearing was held and all public comment was recorded.

At the beginning of the public hearing, the Grants Administrator requests to read a description of the amendment into the record. The hearing may then be held as normal.

At the close of the public hearing, if Council wishes to submit the amendment to the Department of Commerce for consideration, it must also approve minutes of the public hearing; full meeting minutes would still be prepared and presented later as is normal procedure. Draft public hearing minutes are included in this memo; they reflect the Grants Administrator's written description. If there are minimal additions or corrections needed to the minutes, they could be adopted during the October 24 meeting. This would allow City staff to more promptly submit its amendment.

***AT THE CONCLUSION OF THE PUBLIC HEARING:***

***STAFF RECOMMENDATION:***

By motion, authorize City staff to submit the proposed amendment, authorize the execution of any and all necessary documents, and adopt the proposed public hearing-specific minutes, with any necessary revisions.

**Draft Public Hearing Meeting Minutes**  
**Community Development Block Grant-Coronavirus Program**  
**Proposed Amendment for the Food Service Enhancement Program**

**October 24, 2022**  
**City of Elizabeth City**

The City of Elizabeth City held a public hearing on October 24, 2022, to provide an explanation and description of the 2020 North Carolina Department of Commerce Community Development Block Grant-Coronavirus Program. **Members present were: Mayor Kirk Rivers, Mayor Pro Tem Kem Spence, and Councilors Joseph Peel, Johnson Biggs, Javis Gibbs, Rose Whitehurst, Katherine Felton, Johnnie Walton, and Barbara Baxter.**

Jon Hawley, Grants Administrator for the City, was present to discuss the purpose of the public hearing for the City of Elizabeth City's CDBG-CV proposed amendment. Mr. Hawley said the purpose of the public hearing was to obtain citizens' views and to allow response from the public to funding proposals and answer any questions posed by citizens. He said the public hearing would cover the City of Elizabeth City's community development needs, development of the proposed activities, and a review of program compliance before the submission of the City's CDBG-CV funding application to the state of the North Carolina. The City of Elizabeth City has an active CDBG-CV award, grant number 20-V-3513, that funds the Coronavirus Care Collaborative Program, or CVCC; the hearing was to propose and discuss an amendment to this grant award to fund expanded food distribution and delivery.

Mr. Hawley said the purpose of the CDBG-CV Program is to help a non-entitlement community, meaning an incorporated municipality under 50,000 or a county under 200,000 in population, to prepare, prevent, or respond to the health and economic impacts of the Coronavirus Disease 2019 (COVID-19). The North Carolina Department of Commerce, Rural Economic Development Division, is administering these funds, and the division made available approximately \$27.5 million in grant funding. Applications were accepted starting September 1, 2020, on a first-come, first-served basis. The maximum grant award was \$900,000. The City of Elizabeth City was awarded \$765,000.

The CDBG-CV Program establishes the following funding priorities, classified by eligible activity types:

- **Public Service:** The priority in this category is subsistence payments to prevent evictions and utility disconnections. Food distribution, testing and diagnosis, and employment training for health care workers on the frontlines are also prioritized.
  
- **Public Facilities:** The priority in this category is broadband services and enhancing internet access that supports increased connectivity to schools, jobs, and healthcare. This category also includes building rehabilitation or improvements to support activities such as repurposing buildings into patient treatment centers.

- **Economic Development:** The priority in this category is to provide financial assistance to businesses with 100 or fewer employees, including microenterprises with five or fewer employees. The focus is to support businesses that manufacture medical supplies, and to help small businesses impacted by COVID-19 create and retain jobs.

Mr. Hawley said the City of Elizabeth City is proposing an amendment that would reallocate funding from the CVCC to establish the Food Service Enhancement Program. He said the CVCC is offered in collaboration with subrecipient organizations and performs a Public Service by providing subsistence payments to low- to moderate-income Pasquotank County residents to prevent evictions and utility disconnections. He reported the CVCC to date has served more than 200 LMI households and disbursed approximately \$300,000 in assistance, but the City and the AAUW project that the CVCC will not use all grant funds before the CDBG-CV award's closeout deadline of June 17, 2023. He said the City proposes the CVCC allocation for subsistence payments be reduced from \$720,000 to \$490,000, and that the CVCC allocation for administration remain \$45,000. The City would propose to serve 315 total LMI households following these reallocations.

Mr. Hawley continued that the proposed reallocations would leave \$230,000 in grant funds that could be repurposed. He said the City proposes to reallocate this amount for a collaboration with the Food Bank of the Albemarle, a 501(c)(3) nonprofit organization, to establish the Food Service Enhancement Program. He said the FSE will provide a Public Service through providing food distribution and the equipment, materials and supplies necessary for that service. The FSE consists of two program elements, namely: purchase of a food delivery van and reimbursement for fuel expenses, at a cost of \$80,000; and bulk purchases of nutritious food items, such as chicken and fresh produce, for distribution to eligible clients in Pasquotank County, at a cost of \$150,000. He said the City and the Food Bank project that at least 815 LMI households will be served over an approximately six-month project timeline. One hundred percent of CDBG-CV funding will be used to benefit LMI households.

Mr. Hawley said the Food Bank will have direct responsibility for implementing the FSE, with oversight and support by the City of Elizabeth City. The Food Bank will collect all data necessary for program compliance, including but not limited to delivery logs, invoices, and eligible client data. He said the City will verify eligibility of all expenditures before releasing payments to the Food Bank, and thereafter will seek reimbursement/drawdown of CDBG-CV funds.

The range of activities covered by the CDBG-CV funds for the FSE include

- Food Distribution
- Supplies, Equipment, and Materials

Mr. Hawley said that, as an CDBG-CV recipient, City of Elizabeth City is required to adhere to federal procurement requirements, other federal regulations, and state regulations. If this amendment is approved, the Food Bank will enter into agreement with the City to abide by these requirements, including but not limited to:

- Conflict of Interest
- Citizen Participation Plan,

- Program Income
- Administration of Project
- Audits/Compliance
- Procurement
- Equal Opportunity
- Fair Housing
- Language Access Plan
- Local Economic Benefit (Section 3)
- Environmental Review
- Floodplain Certification
- Section 504 of the Rehabilitation Act of 1973
- Residential Anti-displacement and Relocation Assistance Plan
- Lead-Based Paint Hazards
- Reporting
- Monitoring
- Financial Management Requirements
- SAM.gov registration
- Use of NC Licensed Professionals

Mr. Hawley continued that the State of North Carolina further requires that, as a condition of CDBG-CV funding, the City certifies its compliance with the requirements of the general displacement and relocation policy for CDBG funding. This policy assists low to moderate income people with costs associated with relocation or displacement, should such relocation become necessary due to the project activities. CDBG funds can be used for those costs, if necessary. He continued that, if no displacement and relocation will occur as a result of the proposed CDBG grant activity, then the City of Elizabeth City confirms that during this public hearing.

Mr. Hawley also noted that, in the past, the City has applied for and received funding for the following completed CDBG projects:

- 2014 Elizabeth City Middle School Renovations
- 2015 Road Street water and sewer improvements
- 2017 Raw Water Transmission Main Replacement Project, Phase II

Mr. Hawley said the City will submit this CDBG-CV application after October 24, 2022, and no later than October 31, 2022. He said the proposed amendment will be available for review during normal business hours at 302 East Colonial Avenue, Elizabeth City. Additional information is available from the Grants Administrator in the Finance Department office, reachable at 302 East Colonial Avenue, or by phone or email at 252-621-7352 and [jhawley@elizabethcitync.gov](mailto:jhawley@elizabethcitync.gov), respectively. He said that, should anyone have any complaints or grievances regarding the subject public hearing, they should be addressed to the addressee mentioned above within 10 business days or by November 3, 2022, and a written response to the written complaints and/or grievances will be sent by the City within 10 business days, where practicable.

Mr. Hawley requested that the floor be opened for public questions and comments about the CDBG-CV Program and/or the proposed amendment.

Mayor Rivers opened the public hearing at 7:XX p.m. The Mayor was advised there were no speakers. The Mayor closed the public hearing at 7:XX p.m.

Councilor [Surname] moved to authorize the submission of the proposed FSE amendment, the execution of any and all necessary documents to that end, and adoption of minutes specific to the public hearing. Councilor [Surname] seconded. The Mayor asked if there was any further discussion. Hearing none, he called for the vote. The motion passed unanimously.

Following consideration of other, unrelated business, Mayor Rivers adjourned the meeting at 8:XX p.m.

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Mayor

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City Clerk