



**CDC Operating Support Fund**

**Program Manual**

**12-14-18**

## Overview

The SBGP Board of Directors has made \$900,000 available to support **three local Community Development Corporations** (CDCs) by covering a portion of their **operating expenses** over a period of **three years**. This will allow these organizations to spend less of their time fundraising for basic needs, and more of their time crafting creative, community-driven real estate projects.

Each recipient is eligible for up to **\$300,000**, with an anticipated funding schedule of up to \$150,000 in Year 1, up to \$100,000 in Year 2, and up to \$50,000 in Year 3.

This focus on CDCs is rooted in SBGP's Strategic Plan, which calls for us to make meaningful and measurable change in the topic of Community Development and Revitalization. Our goal is to help neighborhoods to attract the kind of investment that they are looking for, and this in turn requires stable institutions working at the local level to drive the market in accordance with community aspirations.

While administered as a grant, these funds exist outside of the regular established cycle of Community Grants. In the future, the Board may elect to add additional funds to this program, but for now it is both time and resource limited.

## Eligible Recipients

In order to be eligible, applicants:

1. Must be a **nonprofit 501c3 organization**. Private businesses and government organizations are not eligible.
2. Must be **governed by a board of directors** composed of community residents, business, and civic leaders.
3. Must be neither controlled by, nor under the direction of, individuals or entities seeking to derive **profit or gain** from the organization.
4. Must be able to properly receive, manage, track, and **account for funds**;
5. Must be a **local organization** working in one or more District neighborhoods. National-, state-, or city-wide organizations are not eligible.
6. Must work in District neighborhood(s) facing **chronic disinvestment**.
7. Must have (or demonstrate a substantial organizational commitment to building) a **significant program area focused on developing local real estate**, either on their own or in partnership with other for-profit or non-profit real estate developers.
  - a. For these purposes, real estate development means **redeveloping vacant or underused buildings or lots within disinvested neighborhoods in accordance with community aspirations**. It does NOT include:
    - i. Constructing a nonprofit headquarters or other facility for your own programmatic use or operation; or
    - ii. Neighborhood beautification, recreation programs, service programs, or community advocacy.
8. Must have (or demonstrate a substantial organizational commitment to building) the **capacity to manage real estate development projects**; and
9. Must either **be, or have the support of, community organization(s)** representing the neighborhood(s) in which it works.

## Uses of Funds

This program is designed to provide **operating support**. Common examples (but not an exhaustive list) include the following:

- Staff salaries and benefits.
- Rent, utilities, and other costs of office space.
- The purchase or rental costs of office equipment.
- Technology and information systems (i.e telephone, hardware and software)
- The purchase of supplies.
- Staff or Board trainings, Board recruitment and development
- Workshops and learning opportunities that complement the capacity building project
- Community engagement and collaboration development
- Marketing and communications costs.
- Professional services, such as legal and accounting.
- Resource development (i.e., fundraising and business planning)
- Consultants or professional services secured to augment staffing, to perform technical tasks for which staff are not qualified, or to function as contract employees. However, consultants shall be chosen through full and open competition and must possess the ability to perform successfully under the terms and conditions of the proposed activity with price and other facts considered. Consultant pricing shall be fair, reasonable and comparable to pricing of other entities providing similar services. Note that MBE/WBE goals (described below) may apply to discretionary consulting costs.

Grant funds may NOT be used for the following costs:

- Major capital expenditures, such as land or building purchase, the construction of facilities, or the purchase of vehicles.
- Dues for lobbying activities.
- Bad debts.
- Contributions and donations.
- Electioneering.
- Fines, penalties and judgments.
- Interest and other financing costs.
- Costs of idle facilities.

- Housing & personal living expenses.
- Personal gain for the Board of Directors.
- Any illegal purpose.
- One-time events that do not build long-term capacity (e.g., fundraising event sponsorships)

## **MBE/WBE Requirements**

All SBGP expenditures over \$50,000 are subject to MBE/WBE requirements. These requirements apply not just to items paid for by SBGP, but the entirety of the project or budget in question. In this case, these requirements are likely to apply to the entirety of the applicant's operating budget.

Using the applicant's operating budget as a guide, the Baltimore City Office of Minority & Women-Owned Business Enterprise will determine what subcontracting and procurement goals to apply. Elements of the operating budget that cannot be subcontracted to certified MBE/WBE firms (e.g. tasks that must be performed by staff, volunteers, or uniquely-qualified contractors for which there is no certified replacement) will likely be exempted. Elements that can be performed by certified firms will have participation goals assigned to them (typically 27% MBE / 10% WBE).

## Application Process

This program is operated under a multi-stage process.

1. **Letter of Interest.** Interested organizations will have an opportunity to submit a Letter of Interest (LOI).
  - a. **Rolling Basis.** LOIs will be received and reviewed on a rolling basis during an open application period. This means that each letter will be reviewed as it comes in, rather than all at one time.
  - b. **Deadline.** The deadline for submitting LOIs will be proposed by staff and set by the Strategic Planning Committee. The anticipated deadline for the first round will be January 31, 2019. The Committee may later establish additional rounds, as described below.
  - c. **Public Notice.** Staff will publicize this availability, along with the deadline and the Eligibility Criteria listed above.
  - d. **Submission.** LOIs will be collected over Submittable.
  - e. **Content.** Each LOI must be no longer than two pages, and must concisely describe how the applicant meets each of the Eligibility Criteria described above.
  - f. **Disclosure of Conflicts of Interest.**
    - i. During this entire review process, the Strategic Planning Committee will adopt the definitions, procedures, and standards of practice followed by the Program Committee regarding conflicts of interest.
    - ii. The Board Chair and/or Strategic Planning Committee Chair may, at their discretion, require a Reviewer to recuse themselves OR a Reviewer must recuse himself or herself from the decision making process for any application, if they:
      1. Helped prepare or submit the funding request (other than providing general guidance available to the public at large);
      2. Received (or expect to receive) anything of value, including a gift, from the applicant in the recent past;
      3. Might be paid by the applicant, Partnership, or a third party if the project is approved;

4. Are related to the applicant by birth or marriage; or
  5. Suspect that your participation would violate the Baltimore City Ethics Code.
  6. Are friends, coworkers, or colleagues with the applicant;
  7. Provided a letter of support for the proposal;
  8. Live or work in the affected community (unless the project equally affects the entire district);
  9. Are personally affected by the project; or
  10. Are, by their nature, position, or behavior, likely to cause the appearance or reality of a conflict of interest.
  11. Anyone may recuse themselves at any point if their conscience tells them that it is the right thing to do.
- iii. Confidentiality: Maintaining confidentiality throughout the review process is essential to allow for the candid evaluation and discussion among the review team. Confidentiality in the review process prohibits a peer reviewer member from:
1. Sharing applications, proposals or meeting materials with anyone who has not been designated by the Strategic Planning Committee Chair to participate in the review process.
  2. Disclosing, in any manner, information about staff or committee deliberations, discussions, evaluations or documents
  3. Using the information contained in an application or proposal for his/her personal benefit or making such information available for the personal benefit of any other individual or organization.
  4. Disclosing award status or application information prior to the award of a grant agreement.
- iv. Upon receipt of each LOI, Staff will promptly alert the Strategic Planning Committee of the application. Committee members will then have 48 hours to disclose any real or perceived conflicts of interest to the Committee Chair.

g. **LOI Review.**

- i. Staff will review the LOIs and evaluate them against the Eligibility Criteria using the checklist in this Manual, generally within 48 business hours.
- ii. In doing so, Staff will balance SBGP's obligation to safeguard public resources with the goal of helping to build up small organizations that may not yet have an established track record of success.
- iii. Staff will promptly notify the Committee of its decision, providing a summary of their findings. Committee members will also be able to read the LOIs.

h. **Invitation.** Staff will provide a prompt written notice to applicants who have submitted letters. This invitation will expire 120 calendar days after it is made, so that funds can be reallocated to organizations that are more ready to proceed. Staff may include in the invitation letter a list of any additional questions or clarifications that must be addressed in the application.

i. **Optional Resubmission.** If an organization has been rejected, they may resubmit a revised LOI within the remaining time window. To the extent that organizations need help in complying with criteria or better communicating their eligibility, Staff will provide support and assistance.

2. **Application.** Invited organizations will have an opportunity to formally apply for funding.

a. **Deadline.** Organizations are welcome to submit applications at their own pace, as they are ready, within the 120 day window.

b. **Submission.** Applications will be collected over Submittable.

c. **Content.** Each application must provide the following:

i. **Narrative.** (Max 5 pages, excluding attachments and appendices). A description of the scope of work to be performed, including:

1. **Goals.** What specific goals do they wish to achieve, broken out by year?

2. **Outcomes and Deliverables.** What specific outcomes and deliverables do they wish to accomplish, broken out by year?
  3. **Uses.** What specific uses do they want to put the funds towards?
- ii. **Budget.** A 3-year budget, broken out by year, further detailing the uses described in the narrative.
  - iii. **Timeline.** A 3-year timeline, broken out by year, further detailing their plan for generating the outcomes and deliverables, and achieving the goals, described in the narrative.
  - iv. **Attachments.** Applicants must provide:
    1. **IRS 501c3 Letter.**
    2. **Letter of Support.** Letters must be provided from **each neighborhood** in which they operate. Applicants may not provide their own letter. They must find another organization that **credibly represents the interests** of the neighborhood(s) in question.
    3. **Answers to Questions.** If the Staff or Strategic Planning Committee has specific questions that come out of the LOI review, the applicant must respond to them in writing.
- d. **Application Review.** Staff will review the applications and evaluate them using the process detailed below in this Manual. In doing so, they will balance SBGP's obligation to safeguard public resources with the goal of helping to build up small organizations that may not yet have an established track record of success.
- i. After review, Staff will present to the Strategic Planning Committee, describe the application and the evaluation, and make a recommendation. In doing so, Staff will give the Committee members access to the application itself if they wish to read it.
  - ii. The Committee will have an opportunity to discuss the matter, ask questions, and seek clarifications. If the Committee is not prepared to vote on the matter, it may

request additional information, including an in-person interview with the applicant or site tour.

- iii. Once the Committee has the information it needs, it will vote on whether to approve or deny the application.
  - iv. During this review process, the Strategic Planning Committee will continue to adopt the definitions, procedures, and standards of practice followed by the Program Committee regarding conflicts of interest. Conflicted members, for example, must leave the room during any discussions, must recuse themselves from all voting, and must not lobby others. (Please see the SBGP Grants Manual for more information).
  - v. Staff may elect to meet personally with applicants or schedule site tours in order to better understand the organization and its work.
3. **Board Vote.** The Strategic Planning Committee will recommend applicants for approval to the full Board for affirmative vote. This recommendation may include specific contingencies or requirements for the recipient.
- a. No funds may be transferred, and no award will be final, without a written grant agreement between SBGP and each recipient detailing the more specific requirements and terms of the award.
  - b. The grant agreement shall incorporate, with appropriate updates and clarifications, the Goals, Outcomes and Deliverables, Uses, Budget, and Timeline articulated by the applicant. It shall also specify reporting requirements.
4. **Additional Rounds.** If at any point the Committee believes that less than three interested parties are likely to be approved by the Board, they may begin additional rounds of LOI solicitations.

## Minimum Baseline Professional Standards

Ideally, each recipient would come into this program meeting the minimum baseline standards that the Partnership would expect any professionally-managed organization of this type to maintain. However, we are aware that small or young organizations may need time to build up their systems to the point where they achieve this level of performance.

After receiving an award, SBGP expects each recipient to make steady progress towards achieving the following professional standards.

The recipient must:

1. Have a mission and vision statement.
2. Maintain nonprofit 501c3 status.
3. Maintain a certificate of good standing.
4. Maintain an active and engaged board of directors composed of community residents, business, and civic leaders. The board must:
  - a. Contain enough members to adequately represent the interests in the community where the work is performed.
  - b. Provide fiduciary oversight over expenditures.
  - c. Provide management oversight over staff and consultants.
  - d. Meet regularly, make decisions, and generally remain informed about the activities of the organization.
  - e. Serve without payment.
5. Not be used by any party to derive profit or gain from the organization (other than through routine expenditures such as staff salaries).
6. Maintain an effective communication vehicle (such as a website or newsletter) describing its activities, its board members, its staff members, a phone number, an email address, and a physical address (if applicable).
7. Maintain a professional bookkeeping, expenditure-tracking, and record-keeping system that provides reasonable assurance that the recipient is managing its funds in compliance with all applicable laws,

regulations, and Generally Accepted Accounting Principles (GAAP). This means at a minimum that the organization must:

- a. Maintain records that identify adequately the source and application of funds for organizational activities.
  - b. Provide accurate, current and complete disclosure of the financial results of each project or program.
  - c. Be able to produce reports in accrual accounting. If a recipient maintains its records on other than an accrual basis, the recipient shall not be required to establish an accrual accounting system. These recipients may develop such accrual data for their reports on the basis of an analysis of the documentation on hand.
  - d. Maintain effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
  - e. Maintain accounting records including cost accounting records that are supported by source documentation (invoices, etc.).
  - f. Take reasonable measures to safeguard protected personally identifiable information and other sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.
  - g. Secure a financial audit at least once every two years, which is provided to SBGP and made publicly available (such as on its website).
  - h. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
8. Refrain from making prohibited expenditures, as defined above.
  9. Comply with all MBE/WBE requirements, as determined by the MWBOO office.
  10. Ensure that consultants are chosen through full and open competition and must possess the ability to perform successfully under the terms and conditions of the proposed activity with price and other facts considered. Consultant pricing shall be fair, reasonable and comparable to pricing of other entities providing similar services. Note that MBE/WBE goals may apply to discretionary consulting costs.

11. Have staff (either full-time, part-time and/or contract employees) with experience relevant to the proposed projects or programs and must be responsible for their day-to-day organizational duties. The recipient may not rely solely on the use of volunteers, donated staff, board members or consultants.
12. Not change its mission, policies, or location in a manner that would violate its eligibility, as described above.
13. Not engage in illegal activity (including violations of fair housing law) or fail to respond to illegal activity committed by its staff or board members.

## Ongoing Engagement

SBGP shall remain engaged in an ongoing basis with each recipient.

1. **Regular Communication.** Staff shall talk with recipients regularly, to maintain an understanding of their progress and provide additional support where possible.
2. **Quarterly Reports.** Recipients shall provide quarterly reports describing:
  - a. Progress towards the stated goals in their grant agreement, and
  - b. Progress towards meeting Minimum Baseline Professional Standards.
3. **Meetings and Site Visits.** Committee members and staff may elect to meet personally with applicants or schedule site tours in order to better understand the organization and its work.

## Regular Review and Determination of Funding Continuation

Although the goal of this program is to cultivate successful local organizations with whom we share an ongoing partnership, the Partnership has a fiduciary obligation to make sure that the funds being spent are producing their intended results. Therefore, funding for each recipient will be contingent upon a regular review process.

1. **Committee Review.** No less than annually:
  - a. The Strategic Planning Committee shall use quarterly reports, staff recommendations, and ongoing conversation to evaluate whether each recipient is making progress towards:
    - i. The stated goals in their grant agreement, and
    - ii. Minimum Baseline Professional Standards.
  - b. In doing so, the Committee shall make best efforts to recognize genuine progress made in good faith.
  - c. Staff and Committee members shall also make best efforts to identify problems as early as possible, communicate those concerns to the recipient, and work together to resolve them.
  - d. If at all possible, recipients should receive advance notice of any likely recommendations to modify or terminate funding, so that this does not come as a surprise.
2. **Committee Recommendation.**
  - a. No less than annually, the Strategic Planning Committee shall recommend to the Board whether to **continue, modify, or terminate** funding to each recipient, based upon the recipient's ability to maintain minimum organizational criteria and its good faith progress towards stated goals.
  - b. This recommendation may include specific conditions or requirements.
3. **Board Vote.** The Board shall then make a final decision by affirmative vote.

## Miscellaneous

1. **Reallocation of Funds.** In the event that funds are withheld or unspent, the Strategic Planning Committee shall recommend to the Board how best to reallocate these funds. The Board will then make a decision by affirmative vote. The Board may elect to allocate these funds to other recipients, issue another solicitation, or recapture these funds for other purposes.
2. **Updates.** SBGP may elect to update or revise this Manual from time to time.
3. **Disclaimer.** In establishing this program and making awards, the Partnership makes no commitment to fund any organization beyond the timeframe and terms established herein. The Board may elect to increase the amount of funding, or the number of years of funding, at a later date by affirmative vote.

## Letters of Interest: Internal Staff Review Checklist

Staff will review submitted letters of interest using the following Eligibility Criteria, completing a checklist and providing feedback regarding each criteria met/not met in applications, using the Submittable web portal.

The Applicant must meet all eligibility requirements:

- ✓ A **nonprofit 501c3 organization**. Private businesses and government organizations are not eligible.
- ✓ **Governed by a board of directors** composed of community residents, business, and civic leaders.
- ✓ Neither controlled by, nor under the direction of, individuals or entities seeking to derive **profit or gain** from the organization.
- ✓ Able to properly receive, manage, track, and **account for funds**;
- ✓ A **local organization** working in one or more District neighborhoods. National-, state-, or city-wide organizations are not eligible.
- ✓ Works in District neighborhood(s) facing **chronic disinvestment**.
- ✓ Has (or demonstrates a substantial organizational commitment to building) a **significant program area focused on developing local real estate**, either on their own or in partnership with other for-profit or non-profit real estate developers.
- ✓ Has (or demonstrates a substantial organizational commitment to building) the **capacity to manage real estate development projects**; and
- ✓ **Is, or has the support of, community organization(s)** representing the neighborhood(s) in which it works.

## Application Evaluation Scoresheet

Applications will be assessed according to the following criteria, using a scale of 1 to 5 to grade each application on each criteria (1+ weak, incomplete, or poor to 5+ strong, complete or excellent). Because applications may come in individually over time, making apples-to-apples comparisons difficult, scoring will principally be used to guide committee' discussion.

### 1. **Narrative.**

- a. **Specific and Appropriate Goals, Broken Out by Year.** (1-5 Points)
- b. **Specific and Appropriate Outcomes and Deliverables, Broken Out by Year.** (1-5 Points)
- c. **Specific and Appropriate Uses of Funds.** (1-5 Points)

### 2. **Specific and Reasonable Budget, Broken Out by Year.** (1-5 Points)

### 3. **Specific and Reasonable Timeline, Broken Out by Year.** (1-5 Points)

### 4. **Attachments.** Applicants must provide:

- a. **IRS 501c3 Letter.**(No points; reject if not provided).
- b. **Letter of Support from another organization that credibly represents the interests of the neighborhood(s) in question.** (No points; reject if not provided).
- c. **Answers to Any Follow-Up Questions.** If the Strategic Planning Committee has specific questions that come out of the LOI review, the applicant must respond to them in writing. (No points; reject if not provided or if answers are nonresponsive).

### 5. **Overall Rating:**

The organization, program or project is:

- 5=Overall excellent in all criteria with no major weaknesses or failings in the strict context of that criteria
- 4=Very good in all criteria or excellent in almost all, with perhaps no more than one major area requiring attention, correction, or major improvement
- 3=Good/average in all criteria, or very good in some areas but weak in others with at least one or more criteria requiring attention
- 2=Weak in several areas, but not necessarily absent of some merit in some areas

1=Very weak in almost all areas of the criteria

6. **Analysis.** Provide a brief analysis of the application.

7. **Staff Recommendation**