



Eric D. Batista
City Manager

CITY OF WORCESTER

Attachment for Item #

8.39 A

January 23, 2024

TO THE WORCESTER CITY COUNCIL
COUNCILORS:

I respectfully submit the following update on the administration of American Rescue Plan Act (ARPA) funding for the information of your Honorable Body.

I am proud of the work that has been done with this influx of federal resources to help our community respond to the negative effects of the pandemic. We have launched dozens of new programs, supported hundreds of organizations, and are providing assistance to thousands of Worcester residents and families. I am grateful for the many community-based partnerships that have been bolstered by this funding, the work that is happening every day in the community to support our families, and I look forward to the work in progress. Our ARPA investments have been driven through a commitment to equity, prioritizing investments and resources to communities disproportionately impacted by the pandemic.

In addition to the narrative update, enclosed with this item is a budget update as well as an expenditure tracker. In addition to **expenditures** (cash disbursed), we also include a column for **encumbered** (contractually obligated) dollar amounts, which then leaves the current unencumbered balance. It should be noted that while a line item may show an unencumbered balance it could have a contract in process (and is not necessarily available for reallocation).

Over the course of 2024, my Administration will be carefully tracking the progress of contracts for the various ARPA categories budgeted, as the ARPA legislation established a **deadline for all funds to be obligated by December 31, 2024**. As the ARPA budget has been a fluid process with periodic modifications throughout the last three years, we will continue to take that approach into 2024 in case any further adjustments need to be

made throughout the year. We will also continue to keep the council updated with additional communications and reports in 2024.

COMMUNITY INITIATIVES**\$67,775,764**

The Community Initiatives category includes broad investments and programs across the categories of Housing, Community Projects and Programs, Business Assistance, Creative Economy, Mental Health, Job Training, Food Security, Utility Assistance, and more. All of the programs and projects in this category relate to the ARPA eligibility of responding to the negative effects of the pandemic. Consistent with the City Administration's commitment to equity and continued community involvement in the ARPA process, the Executive Office of Economic Development (EOED) have engaged with the ad hoc committees as well as the Affordable Housing Trust Fund board to draft program guidelines and recommendations for award, as applicable. Our commitment to equity has also resonated through this process by prioritizing disproportionately impacted communities including low-income families, residents and businesses located in qualified census tracts, and disproportionately impacted races/ethnicities.

Housing:**\$28,771,237**

The pandemic highlighted the challenge of Housing quality and instability, and the community input relative to Housing as a critical, urgent need was abundantly clear. Nine (9) programs have been developed and launched addressing needs related to affordable housing production, preservation, homeowner assistance, tenant assistance, and sustaining housing first solutions.

*Affordable Housing Trust Fund:**\$17,400,000*

Through the additional resources provided by ARPA, the City Administration, with support of the City Council, was able to add a new tool to the housing development toolbox. After the ARPA funds are exhausted, the Affordable Housing Trust Fund (AHTF) will be capitalized by the Community Preservation Act funds, Payments in Lieu through Inclusionary Zoning, and other sources as identified.

The AHTF provides grants of up to \$150,000 per affordable housing unit developed, or up to 25% of the total development cost, whichever is less. Bonus funding is possible for projects including units restricted at 30% Area Median Income (AMI) and/or projects

exceeding the 10% minimum threshold for ADA accessible units. The AHTF Board, with the help of City staff, launched the Request for Proposals (RFP) last year and has been accepting applications on a rolling basis.

With the conditional grant awards provided to-date, **all of the initial \$15 million has been committed to projects**. Most of these projects are still awaiting their final closing on project financing, and staff are monitoring project timelines closely.

The ARPA dollars from the AHTF are **leveraging over \$370 million in total investment**. These projects are estimated to create approximately **321 new affordable housing units – 76 units at 30% AMI, 182 units at 60% AMI, and 63 units at 80% AMI**. Twenty-eight (28) of the 80% AMI units are **affordable homeownership opportunities**. In addition, these projects will create at least **72 new ADA accessible units**. So far, the AHTF has exceeded expectations from what we hoped to accomplish with the initial \$15 million.

Owner-Occupied Housing Rehabilitation: \$2,500,000

In 2020, there were 5,754 housing code violation complaints issued to city residential owners. Many of these complaints were issued due to deferred maintenance concerns that had been put off by owner-occupants who could not afford the necessary work. Providing the financial resources to help homeowners remain in place will increase stewardship and improve the quality of the housing stock.

The ARPA Owner-Occupied Housing Rehabilitation program provides grants of up to \$30,000 per unit to address code violations. Eligible properties range from single-family to 4-unit and includes a 5-year owner-occupancy restriction. The Housing Development staff also assist with the development of project scopes, bidding, and project oversight. **To date, 21 owners have been awarded \$1,232,350 in funding with an additional 4 applications in process.**

First-time Homeownership Development: \$2,500,000

Homeownership rates across the city's census tracts vary dramatically from a high of 82% to a low of 2%. There are 16 Census tracts that have less than a 30% homeownership rate. Most of these census tracts are in the city's inner core neighborhoods, which contain most of the oldest housing stock as well as many of our lower income households. Developing new energy efficient homes in these census tracts will provide an opportunity

for homeownership and wealth creation. Additionally, city-owned land disposition in these census tracts have been prioritized to first time homeownership development.

This program provides grants up to \$100,000 per unit developed for eligible first-time homebuyers, or up to 25% of the total project cost. The sale price cannot exceed the city's Median Sale price less the ARPA funding provided. Projects have a 5-year owner occupancy requirement, secured by an affordable housing restriction and mortgage.

To date, 1 project has been awarded a total of \$100,000 which will create 1 of new affordable first-time homeownership opportunities. Moving forward, we are recommending that this program no longer be limited to 1-4 unit projects to expand eligibility and align better with the state's CommonWealth Builder Program. For consistency and programmatic oversight purposes, we are folding this program into the AHTF, bringing the new budgeted total for the AHTF to \$17,400,000.

Sustaining Housing First Solutions: \$4,000,000

In 2018, the City of Worcester created the Sustaining Housing First Solutions Taskforce. The taskforce was charged with taking an in-depth look at the community needs, assessing valuable resources, and developing a long-term, sustainable plan for permanent supportive housing for the chronically homeless. The hard work and support of our stakeholders and partners led to the "A Place to Live" housing development. The "A Place to Live" project was led by the Worcester Housing Authority (Building Futures, Inc.) with an innovative model to resolve the homelessness crisis. The WHA recently completed the project at 38 Lewis Street, which consists of twenty-four studio units featuring bathroom, kitchen, heating and air conditioning. The building itself will feature a shared common room for meetings and counseling, a shared laundry facility and a resident manager unit. **A total of \$3,906,165 has been committed five (5) projects, which are expected to create 97 units of permanent supportive housing.**

Lead Abatement Program: \$1,000,000

Worcester continues to be ranked among Massachusetts' municipalities at the highest risk for childhood lead poisoning by the Massachusetts Department of Public Health. Among the criteria used to determine risk are the age of the existing housing stock and other socio-economic factors. Worcester is considered a Gateway City, which includes a concentration of its housing stock from the industrial revolution era (1880-1920). Due to

the age and deferred maintenance on these properties, there is a need to continue rehabilitating this housing stock to ensure a healthy and safe environment. Current data shows that the majority of housing units in Worcester still need confirmation of lead abatement.

This program has helped expand the reach of the City's existing lead abatement program, which is funded through the Department of Housing and Urban Development (HUD) and has several restrictions. This program provides up to \$15,000 per unit in testing, remediation, and temporary relocation. Eligible properties range from single-family to 4-units. A 5-year restriction for owner-occupancy and affordability will be placed upon the property at the conclusion of the project. **To date, 23 units have been completed or contracted at a total funding amount of \$495,405.**

Down Payment Assistance: \$1,000,000

Homeownership provides a pathway to building equity and generational wealth; an opportunity in which communities of color are too often underrepresented. However, accessing homeownership is difficult for individuals with little savings and limited incomes. First-time homebuyers face a challenging, competitive environment where multiple offers are placed upon properties. While FHA and MassHousing offer programs with small down payments, first time buyers are at a competitive disadvantage when a seller is given the choice between a buyer with a large down payment and streamlined loan or the uncertainty of a buyer with a small down payment and other financing conditions. Providing additional down payment to first-time homebuyers is an equitable solution to help even the playing field for these buyers.

This program is administered by Worcester Community Housing Resources (WCHR) and provides eligible homebuyers with up to \$25,000 in down payment and closing cost assistance. In addition to qualifying as eligible first-time homebuyers, applicants must have an income that does not exceed 80% AMI. Buyers receiving down payment assistance must agree to a 5-year residency commitment. This program was one of the more recent ARPA housing programs launched. **To date, 12 first-time homebuyers have successfully purchased a home, totaling \$295,331 in assistance.**

Affordable Housing Preservation Program \$1,000,000

This program was conceived and announced in conjunction with our comprehensive Housing Strategy submitted to the City Council in 2023. One of the most vulnerable contributors to our affordable housing stock is the “naturally occurring” affordable housing in our 2-4 family properties throughout the city. These units are referred to as “naturally occurring” because they do not have deed restrictions and, thus, are not part of the official affordable housing stock measured by the Subsidized Housing Inventory (SHI). The lack of deed restrictions makes these units vulnerable to significant rent increases, putting these households at risk of displacement. This program is an innovative approach to help mitigate this vulnerability. Applications recently launched in September and have been accepted on a rolling basis. To date, applications have been limited. Feedback received is that the initial funding amount of \$15,000 per unit in exchange for a 15-year deed restriction was not a strong enough incentive to offset the opportunity cost for current owners. Moving forward, we are adjusting the program to provide for \$15,000 for a 10-year restriction, or \$25,000 for a 15-year restriction.

Rental Assistance

\$1,000,000

Rental Assistance has been an important lifeline throughout the COVID-19 pandemic. The federal government launched the Emergency Rental Assistance Program (ERAP) which was administered locally by Central Mass Housing Alliance (CMHA). That program stopped accepting applications in April 2022. The Commonwealth of Massachusetts also offers the Rental Assistance for Families in Transition (RAFT) program. However, the RAFT program requires the landlord to have started the eviction process to become eligible for state assistance. Having a Notice to Quit will come up on an eviction history, which most landlords obtain when considering new tenants. Evictions are costly, which influences landlords to choose a tenant that does not have an eviction history. Therefore, waiting for a Notice to Quit to obtain rental assistance can impact a tenant’s ability to secure future housing opportunities. In addition, once a landlord spends the time and money on initiating the eviction process, they are less likely to negotiate with tenants.

This Rental Assistance program helps address the limitations of RAFT by opening eligibility to tenants that yet to have a Notice to Quit. The Housing Development Division opened a Request for Qualifications in the summer of 2023 to identify community-based partners for administration of the program. As a result, \$500,00 was contracted with to CMHA, \$250,000 was contracted with Friendly House, and \$150,000 was contracted with

Worcester Community Action Council. **To date, 99 tenant households have been assisted totaling \$399,437 in funding.**

Worcester Housing Authority Capital Projects: \$750,000

Our public housing stock is a critical piece of the affordable housing ecosystem and an essential safety net and resource for our community. The Worcester Housing Authority was allocated \$750,000 for capital improvement projects, which they are looking to designate for the second phase of the Curtis Apartments redevelopment project.

Home Flood Insurance Assistance: \$250,000

Climate change has disproportionately affected marginalized homeowners throughout the city's flood zones. Housing located in flood zones includes the increased burden of flood insurance that averages approximately \$2,500 per property annually. Many of these properties bear the increased burden of climate change in the form of damage caused by frequent flooding. There are approximately 311 total structures identified in the 100-year floodplain and 247 properties (79%) currently have insurance policies. This program provided for 50% reimbursement of annual flood insurance premiums to property owners meeting ARPA eligibility guidelines. To date a total of 26 owners have been assisted totaling \$21,237 in funding. Extensive outreach was conducted by Housing Development staff including multiple direct mailings to residential properties in the city's flood plains. Since applications for this program have been open for nearly two (2) years, we are shifting the balance of \$228,763 to other ARPA programs.

Community Projects and Programs: **\$11,737,082**

In response to the overwhelming response and requests for funding, earlier in 2023, we increased the budget for this program from \$10 million to \$11.737 million. This category has supported proposals from our community-based non-profit organizations for both programmatic purposes as well as capital projects. Thousands of residents disproportionately impacted by the pandemic will be supported through these programs, and eleven (11) community-based organizations will be better positioned for long-term success and impact through these capital investments. The majority of these contracts have been executed, and the Neighborhood Development staff are actively communicating with grantees to wrap up the remaining contracts outstanding.

Local Business Assistance and Marketing: \$5,570,000

Over \$5.5 million has been dedicated to programs and initiatives supporting our small business community, with a particular focus on disadvantaged and underserved businesses.

Business Safety Net and COVID Improvements: \$2,500,000

This program provided additional relief for small, disadvantaged businesses that continue to struggle with the negative impact of the pandemic. The application process took place in 2022. Nearly \$2 million was awarded through that process to approximately 225 small businesses. The demographic breakdown of those owners consisted of the following:

Race/Ethnicity:	Gender/Sex:
27% Hispanic Owned	43% Female
24% White Owned	41% Male
17% Black / African American Owned	17% No Response
9% Asian Owned	
3% Other	
20% No Response	

The remaining funds in this program have been used to bolster our existing portfolio of small business financial assistance programs, enabling us to expand our reach and increase funding amounts to respond to the rising costs of equipment, inventory, and other business expenses.

Technical Assistance for Small Businesses: \$1,000,000

The pandemic cast a light on the disproportionate access to technical assistance providers and subject matter experts for businesses. Our community-based organization partners were instrumental in providing culturally sensitive assistance to business owners who were trying to navigate and apply for various grant programs. That need for technical assistance is not unique to the pandemic. In order for our diverse and underrepresented business owners to thrive, they need the support network to enhance their ability to succeed. To date, four (4) grants have been awarded to the Southeast Asian Coalition, the Latin American Business Organization, Clark University and WPI.

Minority/Women Business Enterprise Fund: \$550,000

The disproportionate impact of the pandemic on minority- and women-owned businesses has been widely cited. This funding is being utilized to advance the implementation of the City's Minority/Women Business Initiative. The focus of the initiative is to grow the pool of certified businesses and help those businesses be positioned for contracting opportunities with governmental entities, institutions, and other businesses. It is estimated that approximately 100 businesses will be supported through this program.

Marketing / DCM: \$1,520,000

The travel and tourism industry has been one of the hardest hit by the pandemic. The travel and tourism activity in the city not only supports the hotels and the entertainment attractions like the DCU Center, but it also supports our local businesses through the economic spinoff and local spending activity that results. This funding is supporting Discover Central Massachusetts initiatives at approximately \$500,000 per year for three years.

Creative Economy: **\$4,500,000**

According to recent studies, the Greater Worcester nonprofit arts and culture industry generates over \$125 million in economic activity. Artistic expression is also a proven benefit for mental health and wellbeing. Yet these organizations were heavily impacted by COVID-19 and the closures and occupancy limitations required due to pandemic. We have dedicated \$4,500,000 to support the following programs and initiatives:

Worcester Arts Council Grants: \$300,000

The Worcester Arts Council has 30 years of experience managing grants to support the local artist and creative community. This funding enabled the WAC to expand their reach and impact with their grantmaking.

Cultural Plan Implementation: \$1,000,000

In 2018-2019, the City of Worcester, Worcester Cultural Coalition, and Greater Worcester Community Foundation led the development of a 10-year Cultural Plan for the City of Worcester. The values guiding the plan include: working together; imagining possibilities; including the diversity of people and ideas; grounding community work; and sharing spaces. Those values and the community input resulted in several goals and action items for the implementation of the Cultural Plan. A list of the Top 20 Priorities was also

developed, which includes diversity, equity and inclusion initiatives. This funding will support creative community organizations in the implementation of the plan as a tool to recover from the negative economic impacts of the pandemic. Specific metrics and outcomes are still being formulated at this time.

Creative/Cultural Organization Grants

\$2,950,000

The pandemic has had an unprecedented impact on cultural organizations and facilities, as venues have had to shutter their doors, operate under reduced capacity, and fewer attendees due to the lack of individual comfort in crowded settings. This funding of \$2,950,000 will help organizations recover from the negative pandemic impact. Staff in the EOED and Cultural Development Division have drafted an application with feedback from the ad hoc ARPA committee for this category. **I am pleased to share that this program application will be launched on Tuesday, January 30th.**

Community/Cultural Festival Support/Other

\$250,000

During the pandemic, a number of festivals and cultural gatherings were canceled due to the state of emergency and/or out of an abundance of caution. In order to help these community organizations get back on their feet to restart their events, a fund of \$250,000 was created to help offset the cost of hosting these public events. These costs have also been a barrier for certain organizations to offer their events successfully, or at a level that they envision. These new resources helped reduce those barriers. Priority was given to organizations and events supporting historically underrepresented communities. All of the funding has been committed, and nearly all of it has been expended, which supported over 20 community events. As a result of the program success, we would like to identify future funding to offer this opportunity again in the future.

Job Skills / Training:

\$1,198,184

The pandemic caused tremendous impacts and disruptions in the labor market. It is affecting every sector – public, private, for-profit, non-profit. While much of the impact has been detrimental, we are responding to the opportunity to help Worcester residents get skilled, re-skilled, or up-skilled in the industries where jobs are growing. These new career pathways present opportunities for living wages and improved quality of life. The Worcester Jobs Fund has a track record over the last 5+ years of delivering job training that meets the needs of employers in growing industries as well as being accessible and inclusive for residents of all backgrounds. Through an RFP process in the spring of 2023,

the Jobs Fund awarded 16 grants to organizations providing these services including career opportunities in the trades, healthcare and social services.

Worcester Regional Food Hub: \$1,000,000

The Food Hub was founded in 2015 through a collective initiative by the Worcester Regional Chamber of Commerce, Regional Environmental Council, Worcester County Food Bank and The Health Foundation of Central Massachusetts. The Food Hub has been helping address food security, providing support for the agricultural economy, and removing barriers to food entrepreneurship.

The \$1 million ARPA allocation is leveraging over \$3 million from other sources to support the Food Hub's permanent move to Union Station. In addition to increasing capacity for both food aggregation and shared kitchen users, the new location will be much more accessible at the central intermodal bus hub. The Food Hub successfully secured its lease from the Worcester Redevelopment Authority, finished the design plans and construction documents, and recently advertised the project for pricing. Construction is expected to begin in early 2024.

Food Security: \$2,000,000

We are all aware of the cliff effect resulting from the expiring federal benefits for the Supplemental Nutrition Assistance Program (SNAP) that occurred in March 2023. As a result, food insecurity has been on the rise and many of our families are struggling. In response, last year we allocated an additional \$2 million to help address this critical need in our community. These funds were contracted to the United Way of Central Mass for support of Worcester-based food pantries and food security programs. The first phase of granting was completed by the United Way totaling approximately \$667,000.

Utility Assistance: \$1,000,000

With the rising utility rates in the winter of 2022-2023, many families in Worcester became even more vulnerable. To address this acute need in the community, we contracted \$1,000,000 in utility assistance with the Worcester Community Action Council. These funds were put to good use immediately as all of the funds have been spent.

Mental Health: \$1,999,261

The pandemic's impact on the mental health and wellbeing of our community is far reaching. Applications were accepted last spring from community-based organizations seeking financial support for programs and services that will address mental health needs in the community. The proposals were reviewed by staff and the ad hoc committee for this category. The ad hoc committee's recommendations were submitted to the City Council in the summer and staff have been working with the eleven (11) organizations awarded funding to process contracts. Only a few contracts remain outstanding, and work is actively ongoing to complete that process.

WPS ADA Compliance Integration: \$10,000,000

Capital improvements and maintenance are some of the most pressing issues facing the Worcester Public Schools. In addition, many of the WPS facilities are several decades old, which creates challenges for accessibility. We have dedicated \$10 million in ARPA funds to address accessibility improvements at school facilities. The projects under design and under contract include upgrades at Harlow Street School, Thorndyke Elementary, Lincoln Street School, the Gerald Creamer Center on Granite Street, and Columbus Park School.

PUBLIC HEALTH \$3,499,690

The City's Health and Human Services team accomplished incredible work to keep residents informed throughout the pandemic and offer services and ultimately vaccinations to bring Worcester safely through the pandemic. A number of investments and initiatives are planned utilizing ARPA dollars to support the work of the Health and Human Services Department as well as the Worcester Public Library.

HUB Navigator: \$273,000

The HUB Navigator program provides important outreach and connections for our at-risk populations to connect them to the services they need. This has proven an even greater need with the increase in challenges, but also the increase in services and resources during the pandemic. These additional resources are building on the success of the HUB Navigator and help ensure continuity of this critical assistance.

Senior Center Virtual Programming: \$300,000

Throughout the pandemic, the Worcester Senior Center has delivered virtual programming to keep our senior citizens engaged. The need for that flexibility continues. These additional resources will allow the Senior Center to enhance its virtual programming.

Library Lockers and Book Vending Machines: **\$1,002,000**

The Worcester Public Library has been a critical resource for those seeking community and escape after the isolation of the pandemic. The Book Vending Machines will act as branches of the Worcester Public Library, allowing for lending and returning of materials from the library in select locations. This service will bring resources to those underserved neighborhoods where access to a physical WPL location is a barrier. The Library Lockers Initiative will create a safe and secure way of lending materials and position the library to expand available hours without adding considerable staffing costs. Both of these programs are designed to solve long-term needs of WPL and position it towards growth that will match the growing community.

English for Speakers of Other Languages: **\$641,318**

This funding supports the ongoing need to provide ESOL services in our municipal government and the public schools. As part of our goal to foster a welcoming, inclusive environment, ensuring information and resources are translated into multiple languages is a necessity. This programming has not been as robust as initially planned in 2021, so the total funding has been reduced.

DPH/HHS Software and Technology: **\$76,995**

Technology and software improvements for the Department of Health and Human Services and Division of Public Health. These will help the department/division better conduct its work in the community and in remote settings.

Coalition for a Healthy Greater Worcester: **\$200,000**

The Coalition for a Healthy Greater Worcester leads the development of the Community Health Assessment and Community Health Improvement Plan. The CHIP also includes specific intention regarding health equity and racial equity, an issue profoundly highlighted by the pandemic. These additional resources will help the Coalition continue its important work across sectors and throughout the community.

COVID Testing: **\$373,500**

While the height of the COVID pandemic is behind us, we are still living with the virus. This funding has allowed the City to continue its contracted services for COVID testing.

Emergency Public Health Initiatives: **\$1,500,000**

This funding has been dedicated to support ongoing and persistent emergency public health activities in the community. needed to continue our response efforts and address any unforeseen challenges. Much of this funding is currently being utilized to support the temporary shelter at the former Registry of Motor Vehicles.

INFRASTRUCTURE AND PUBLIC ASSETS **\$37,305,000**

This project category includes water/sewer infrastructure upgrades consistent with the City's Integrated Water Resources Management Plan, public park improvements, Green Worcester Plan implementation, necessary DCU Center improvements, and other infrastructure improvements.

Water/Sewer Infrastructure **\$20,500,000**

Improvements to water and sewer infrastructure is one of four primary purposes of the ARPA legislation. Significant capital investment will be necessary in Worcester over the next decade to meet Federal regulations and improve the reliability of our water, sewer and storm water systems. While that number is substantial, any investment now on key projects will help alleviate the burden on rate payers in the future and address these improvements quicker. These investments are being guided by the 2019 Integrated Water Resources Management Plan, the ARPA Qualified Census Tracts, as well as Environmental Justice areas. Projects planned include investments in the lower Cambridge Street sewer, Green Island, the Salisbury Pond forebay, and more. DPW&P is also working to launch the program for assisting homeowners with water/sewer service line repairs.

Parks Improvements **\$10,525,000**

The pandemic cast a light on the critical importance of accessible outdoor space for residents. ARPA offers the City an opportunity to invest and improve parks and open spaces that serve our community. Targeted to Qualified Census Tracts, the Parks

Division is currently working on improvements to Tacoma Street Playground, Mulcahy Field and Grant Square. Depending on those final project costs, ARPA dollars may support other planned Parks improvements as well.

Green Worcester Plan Implementation **\$2,500,000**

In 2019, the City Council passed a resolution declaring climate change an emergency. The City Council then supported the adoption of the Green Worcester Sustainability and Resilience Strategic Plan, and in the fall of 2023 adopted the specialized “opt-in” stretch code. The development of the plan included significant public participation and engagement. The City of Worcester is committed to the implementation of the plan, and these additional resources will help us achieve that. So far, the initial investments have been related to the City’s lakes and ponds program, and additional projects are under consideration at this time.

DCU Center Improvements **\$2,000,000**

We saw first-hand during the state of emergency how critical the DCU Center is as a public facility. The DCU Center pivoted to become the first overflow field hospital in the Commonwealth of Massachusetts. The electrical vault at the DCU Center has been a facility operations risk for some time due to the potential for water infiltration and limited accessibility. We want to ensure that the facility continues to be available to meet any of the emergency needs of the community and this project has helped us do that.

Public Facility Improvements **\$250,000**

ARPA is not intended for general capital investment, however targeted improvements designed to better prepare public facilities for pandemic conditions are allowed. The \$250,000 has been allocated to assist with necessary HVAC upgrades to our Emergency Communications Center to ensure uninterrupted operations.

TECHNOLOGY IMPROVEMENTS **\$15,255,042**

The City’s Department of Innovation and Technology was absolutely critical to Worcester’s management of the pandemic. Without the department’s immediate and comprehensive approach to building a remote infrastructure, the City family would have experienced significantly more COVID outbreak and loss. Early Federal funds were

essential to our ability to procure computers, remote systems, and other technical advancements that allowed us to function, but in certain core areas that was not possible in a remote environment. A key liability in our ability to maintain continuity of operations in a remote environment is our thirty-year old financial management and human resource systems, which remain place- and paper-based. The City's new Enterprise Resource Planning system ensures the City's technology capabilities are prepared for pandemic and other emergency conditions.

REVENUE RECOVERY**\$15,789,523**

Revenue recovery is another of the four primary purposes of the ARPA legislation. Like every organization, the pandemic had a significant impact on City of Worcester revenues – revenues that are critical to maintaining our infrastructure, educating our children, and keeping our homes and streets safe. A unique aspect of ARPA is the allowance for cities and towns to recover revenues lost during the pandemic. In the City's case, this relates to reduced local revenues such as permit fees, hotel/meals taxes, and motor vehicle excises as well as the impact of closures on municipal facilities such as the convention center and parking facilities. The total amount of Revenue Recovery so far that has supported the City's recent FY budgets is \$15,789,523.

PREMIUM PAY**\$2,514,500**

In accordance with the ARPA legislation, the City was able to offer premium pay to municipal employees that reported to work during the height of the pandemic. Previous reports to Council detailed how the premium pay offering was structured and implemented. This category is considered complete.

ADMINISTRATIVE OVERHEAD**\$3,625,963**

The ARPA funding comes with a responsibility to ensure that funds are spent in a timely manner, and in accordance with all of the relevant federal requirements. Staffing and administration is a necessary allocation. This amount represents approximately 2.5% of the total funding.

I want to express my continued appreciation for the hard work of our team - including the Executive Office of Economic Development, Administration & Finance, Auditing, the Law Department, Health and Human Services, the Worcester Public Library – as well as the community members volunteering on the ad hoc committees and our community partners that have engaged in this process and partnered with us to address the negative effects of the pandemic. These federal resources have already provided a significant benefit to our community and I look forward to the continued work ahead.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Eric D. Batista". The signature is stylized with large, overlapping loops and a long horizontal stroke at the end.

Eric D. Batista
City Manager

City of Worcester
American Rescue Plan Act of 2021 (ARPA)

BUDGET UPDATE

January 2024

Description	Previous Budget	Change +/-	Proposed Budget
Community Based Initiatives:			
Housing:			
Housing - Affordable Housing Trust Fund (AHTF)	\$ 15,000,000.00	2,400,000.00	\$ 17,400,000.00
Housing - Owner-Occupied Housing Rehab	2,500,000.00		2,500,000.00
Housing - First-Time Homeownership Development	2,500,000.00	(2,400,000.00)	100,000.00
Housing - Sustaining Housing First Solutions	4,000,000.00		4,000,000.00
Housing - Lead Program	1,000,000.00		1,000,000.00
Housing - Down Payment Assistance	1,000,000.00		1,000,000.00
Housing - Affordable Housing Preservation Program	1,000,000.00		1,000,000.00
Housing - Rental Assistance	1,000,000.00		1,000,000.00
Housing - Worcester Housing Authority	750,000.00		750,000.00
Housing - Home Flood Insurance Assistance	250,000.00	(228,763.00)	21,237.00
Total Housing	\$ 29,000,000.00	(228,763.00)	\$ 28,771,237.00
Local Business Assistance & Marketing:			
Business Safety Net Grants	\$ 2,500,000.00		\$ 2,500,000.00
Technical Assistance for Underserved Business	1,000,000.00		1,000,000.00
Minority / Woman Business Enterprise Fund	550,000.00		550,000.00
Marketing / DCM	1,520,000.00		1,520,000.00
Total Local Business Assistance & Marketing	\$ 5,570,000.00	-	\$ 5,570,000.00
Creative Economy:			
Worcester Arts Council Grants	\$ 300,000.00		\$ 300,000.00
Cultural Plan Implementation	1,000,000.00		1,000,000.00
Creative/Cultural Organization Grants	2,950,000.00		2,950,000.00
Community/Cultural Festival Support/Other	250,000.00		250,000.00
Total Creative Economy	\$ 4,500,000.00		\$ 4,500,000.00
Job/Skills Training (Worcester Jobs Fund)	\$ 1,200,000.00	\$ (1,816.00)	\$ 1,198,184.00
Worcester Regional Food Hub	\$ 1,000,000.00		\$ 1,000,000.00
Mental Health Services	\$ 2,000,000.00	\$ (739.00)	\$ 1,999,261.00
WPS ADA Compliance Integration	\$ 10,000,000.00		\$ 10,000,000.00
Community Projects & Programs	\$ 11,737,082.00		\$ 11,737,082.00
Utility Assistance	\$ 1,000,000.00		\$ 1,000,000.00
Food Security	\$ 2,000,000.00		\$ 2,000,000.00
Total Community-Based Initiatives	\$ 68,007,082.00	\$ (231,318.00)	\$ 67,775,764.00
Public Health:			
HUB Navigator	\$ 273,000.00		\$ 273,000.00

COVID -19 Vaccine Freezer Generator	58,500.00	(58,500.00)	-
Senior Center Virtual Programming	300,000.00		300,000.00
Library Lockers and Book Vending Machines	1,002,000.00		1,002,000.00
ESOL Programs	1,050,000.00	(408,682.00)	641,318.00
DPH-Software	54,495.00		54,495.00
DPH/HHS Technology	24,500.00		24,500.00
DPH - Coalition for a Healthy Greater Worcester	75,000.00	125,000.00	200,000.00
COVID Testing Contract	300,000.00	73,500.00	373,500.00
Emergency Public Health Initiatives	1,000,000.00	500,000.00	1,500,000.00
Total Public Health Initiatives	\$ 4,137,495.00	\$ 231,318.00	\$ 4,368,813.00
Public Asset & Infrastructure Improvements:			
DCU Center Improvements (Electrical Vault)	\$ 2,000,000.00		\$ 2,000,000.00
Green Worcester Plan Implementation	\$ 2,500,000.00		\$ 2,500,000.00
Public Facility Improvements			
City Hall Touchless Facilities	\$ 180,000.00	\$ (180,000.00)	-
RECC HVAC Upgrades	250,000.00		250,000.00
Total Public Facilities Improvements	\$ 430,000.00		\$ 250,000.00
Park Improvements			
Park Capital Improvements (QCT)	\$ 11,875,000.00		\$ 11,875,000.00
Total Parks Improvements	\$ 11,875,000.00	\$ -	\$ 11,875,000.00
Water/Sewer Related Infrastructure Improvements			
Water/Sewer Infrastructure	\$ 20,500,000.00		\$ 20,500,000.00
Total Water/Sewer Related Infrastructure Improvements	\$ 20,500,000.00	\$ -	\$ 20,500,000.00
Total Public Asset & Infrastructure Improvements	\$ 37,305,000.00	\$ -	\$ 37,125,000.00
Technology Improvements:			
Enterprise Resource Planning System (ERP)	\$ 14,966,624.00		\$ 14,966,624.00
Technology Improvements	288,418.00		288,418.00
Total Technology Improvements	\$ 15,255,042.00	\$ -	\$ 15,255,042.00
Administrative Overhead:			
Staffing, Indirect Rate, Other	\$ 3,625,963.00		\$ 3,625,963.00
Total Administrative Overhead	\$ 3,625,963.00	\$ -	\$ 3,625,963.00
Revenue Recovery:			
General Fund	\$ 11,596,458.87		\$ 11,596,458.87
DCU Center	2,339,846.00		2,339,846.00
Parking	1,853,218.13		1,853,218.13
Total Revenue Recovery	\$ 15,789,523.00		15,789,523.00
Premium Pay:			
General Fund	\$ 2,514,500.00		\$ 2,514,500.00
Total Premium Pay	\$ 2,514,500.00		\$ 2,514,500.00
Total	\$ 146,634,605.00	\$ -	\$ 146,454,605.00

City of Worcester
American Rescue Plan Act of 2021 (ARPA)

EXPENDITURE TRACKER

Description	Budget	Expenditures (as of 12/31/23)	Encumbered	Unencumbered Balance
Community Based Initiatives:				
Housing:				
Housing - Affordable Housing Trust Fund (AHTF)	\$ 17,400,000.00	-	(738,500.00)	\$ 16,661,500.00
Housing - Owner-Occupied Housing Rehab	2,500,000.00	(399,927.43)	(832,422.57)	1,267,650.00
Housing - First-Time Homeownership Development	100,000.00	(52,740.00)	(47,260.00)	-
Housing - Sustaining Housing First Solutions	4,000,000.00	(1,466,751.51)	(1,043,078.13)	1,490,170.36
Housing - Lead Program	1,000,000.00	(47,875.00)	(447,530.00)	504,595.00
Housing - Down Payment Assistance	1,000,000.00	(82,500.00)	(917,500.00)	-
Housing - Affordable Housing Preservation Program	1,000,000.00	-	-	1,000,000.00
Housing - Rental Assitance	1,000,000.00	(290,420.47)	(699,579.53)	10,000.00
Housing - Worcester Housing Authority	750,000.00	-	(750,000.00)	-
Housing - Home Flood Insurance Assistance	21,237.00	(20,019.66)	(1,217.34)	-
Total Housing	\$ 28,771,237.00	\$ (2,360,234.07)	\$ (5,477,087.57)	\$ 20,933,915.36
Local Business Assistance & Marketing:				
Business Safety Net & COVID Improvements	\$ 2,500,000.00	(1,867,500.00)	(30,000.00)	\$ 602,500.00
Technical Assistance for Underserved Business	1,000,000.00	-	(215,547.00)	784,453.00
Minority / Woman Business Enterprise Fund	550,000.00	-	-	550,000.00
Marketing / DCM	1,520,000.00	(1,010,000.01)	(509,999.99)	-
Total Local Business Assistance & Marketing	\$ 5,570,000.00	\$ (2,877,500.01)	\$ (755,546.99)	\$ 1,936,953.00
Creative Economy:				
Worcester Arts Council Grants	\$ 300,000.00	(255,651.60)	-	\$ 44,348.40
Cultural Plan Implementation	1,000,000.00	-	-	1,000,000.00
Creative/Cultural Organizations and Facilities Grants	2,950,000.00	-	-	2,950,000.00
Community/Cultural Festival Support/Other	250,000.00	(174,975.44)	(62,414.78)	12,609.78
Total Creative Economy	\$ 4,500,000.00	\$ (430,627.04)	\$ (62,414.78)	\$ 4,006,958.18
Job/Skills Training (Worcester Jobs Fund)	\$ 1,198,184.00	-	-	\$ 1,198,184.00
Worcester Regional Food Hub	\$ 1,000,000.00	-	(1,000,000.00)	-
Mental Health Services	\$ 1,999,261.00	-	(378,870.00)	\$ 1,620,391.00
WPS ADA Compliance Integration	\$ 10,000,000.00	-	(1,829,000.00)	\$ 8,171,000.00
Community Projects & Programs	\$ 11,737,082.00	(407,436.29)	(4,621,838.71)	\$ 6,707,807.00
Utility Assistance	\$ 1,000,000.00	(999,569.97)	(430.03)	\$ 0.00
Food Security	\$ 2,000,000.00	(666,842.84)	(1,333,157.16)	-
Total Community-Based Initiatives	\$ 67,775,764.00	\$ (7,742,210.22)	\$ (15,458,345.24)	\$ 44,575,208.54
Public Health:				
HUB Navigator	\$ 273,000.00	(139,448.99)	-	\$ 133,551.01
Senior Center Virtual Programming	\$ 300,000.00	-	-	-
Library Lockers and Book Vending Machines	1,002,000.00	(54,609.20)	(157,274.27)	790,116.53
ESOL Programs	641,318.00	(10,242.25)	-	631,075.75
DPH-Software	54,495.00	(1,220.00)	-	53,275.00
DPH/HHS Technology	24,500.00	-	-	-
DPH - Coalition for a Healthy Greater Worcester	200,000.00	-	(125,000.00)	75,000.00
COVID Testing Contract	373,500.00	(205,315.00)	(168,185.00)	-
Emergency Public Health Initiatives	1,500,000.00	(325,061.25)	(1,098,926.21)	76,012.54

Description	Budget	Expenditures (as of 12/31/23)	Encumbered	Unencumbered Balance
Total Public Health Initiatives	\$ 4,368,813.00	\$ (735,896.69)	\$ (1,549,385.48)	\$ 1,759,030.83
Public Asset & Infrastructure Improvements:				
DCU Center Improvements (Electrical Vault)	\$ 2,000,000.00	(1,935,581.75)	(600.00)	\$ 63,818.25
Green Worcester Plan Implementation	\$ 2,500,000.00	(376,331.49)	(29,626.00)	\$ 2,094,042.51
Public Facility Improvements				
RECC HVAC Upgrades	\$ 250,000.00	(241,306.62)	(939.43)	\$ 7,753.95
Total Public Facilities Improvements	\$ 250,000.00	(241,306.62)	(939.43)	\$ 7,753.95
Park Improvements				
Park Capital Improvements (QCT)	\$ 11,875,000.00	(1,440,282.43)	(2,474,083.61)	\$ 7,960,633.96
Total Parks Improvements	\$ 11,875,000.00	(1,440,282.43)	(2,474,083.61)	\$ 10,434,717.57
Water/Sewer Related Infrastructure Improvements				
Water/Sewer Infrastructure	\$ 20,500,000.00	(976,317.63)	(7,954,456.42)	\$ 11,569,225.95
Total Water/Sewer Related Infrastructure Improvements	\$ 20,500,000.00	(976,317.63)	(7,954,456.42)	\$ 11,569,225.95
Total Public Asset & Infrastructure Improvements	\$ 37,125,000.00	\$ (4,969,819.92)	\$ (10,459,705.46)	\$ 24,169,558.23
Technology Improvements:				
Enterprise Resource Planning System (ERP)	\$ 14,966,624.00	(8,732,771.73)	(1,363,184.50)	\$ 4,870,667.77
Technology Improvements	288,418.00	(47,306.00)	(95,808.30)	145,303.70
Total Technology Improvements	\$ 15,255,042.00	\$ (8,780,077.73)	\$ (1,458,992.80)	\$ 5,015,971.47
Administrative Overhead:				
Staffing, Indirect Rate, Other	\$ 3,625,963.00	(311,949.90)	-	\$ 3,314,013.10
Total Administrative Overhead	\$ 3,625,963.00	\$ (311,949.90)	\$ -	\$ 3,314,013.10
Revenue Recovery:				
General Fund	\$ 11,596,458.87	(11,596,458.87)	-	\$ -
DCU Center	2,339,846.00	(2,339,846.00)	-	-
Parking	1,853,218.13	(1,853,218.13)	-	-
Total Revenue Recovery	\$ 15,789,523.00	\$ (15,789,523.00)	\$ -	\$ -
Premium Pay:				
General Fund	\$ 2,514,500.00	(2,514,500.00)	-	\$ -
Total Premium Pay	\$ 2,514,500.00	\$ (2,514,500.00)	\$ -	\$ -
Total	\$ 146,454,605.00	\$ (40,843,977.46)	\$ (28,926,428.98)	\$ 78,833,782.17