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City Manager

CITY OF WORCESTER

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Attachment for Item # 9.40 A

December 14, 2021

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

Please find enclosed updated and revised budget recommendations for the City's American Rescue Plan Act (ARPA) Funds. As you will see, based upon the community input we have received as well as additional insights on the federal and state resources coming available, we are continuously refining priorities and funding strategies. As we receive details about other resources, additional community needs, gaps in resources, and more detailed eligibility requirements, further adjustments are likely. We have also provided some additional detail on the programs and initiatives outlined. The programmatic details will continue to be refined as we move forward and launch application processes.

The City's \$146M allocation is unprecedented for Worcester. We have an incredible opportunity to address and recover from pandemic. We also have a corresponding obligation to manage these funds in a strategic and thoughtful way so that we align community priorities, municipal needs, and federal requirements. The ideas put forward in this memorandum are an effort to capture what we have heard from the community, what we have seen impacting the City, and what we know to date from the federal government.

The Process

As stated at the beginning of this process, my goal is to be as transparent as possible and to commit to including opportunities for further community engagement. As such, as we look at the various funding categories described in prior City Council items, and in the memo to follow, we look to establish a process that seeks applications from the

community and establishes ad-hoc committees to provide insight and oversight in the prioritization of these applications. These ad-hoc committees are envisioned for specific subject areas, which will review applications with assistance from the City Administration for funding award recommendations. These committees will have meetings open to public participation. The committees will also be tasked with ensuring funding recommendations fulfill the U.S. Department of the Treasury goal that funds target the disproportionate impacts of the COVID-19 public health emergency on those hardest hit by the pandemic, especially low-income communities and communities of color. This equity lens is a guiding principle for our ARPA investments. Project / program funding applications, both from the community and administrative departments, will request information about how the project / program will create equitable outcomes. Any project which involves capital improvements to rehabilitate buildings will be asked to incorporate sustainable design and measure itself against Green Worcester Sustainability and Resilience Strategic Plan objectives. While the application forms across various categories will have some degree of variation due to the type of proposals being received, the general application form structure, the equity component and other administrative requirements will be consistent across categories. An interdepartmental team will develop the application, and we will incorporate best practices from the Executive Office of Diversity & Inclusion and the Worcester Together Logistics Committee on ensuring the application is accessible and inclusive. There will also be reporting requirements to ensure adherence to federal guidelines as well as measuring outcomes and impact. The City will submit periodic reports to the City Council and also have this data available on its website for the community to access.

The following list outlines the proposed vision for committee oversight:

Housing:	Affordable Housing Trust Fund Commission
Sustaining Housing First Grants:	Sustaining Housing First Solutions Taskforce
Community Projects / Programs:	Ad-Hoc Committee (Social Services)
Mental Health Programs:	Ad-Hoc Committee (Mental Health)
Business Assistance:	Ad-Hoc Committee (Business Assistance)
Creative Econ. / Cultural Plan:	Ad-Hoc Committee (Arts & Culture)
Worcester Arts Council Grants:	Worcester Arts Council
Job Training:	Worcester Jobs Fund Committee

We hope to start accepting nominations for members of the community to serve on any of the Ad-Hoc Committees in January. These nominations will go through my office and I will communicate my appointments for the committees' membership to the City Council.

Community Initiatives **\$52,700,000**

The Community Initiatives category includes Housing, Community-Based Projects and Programs, Business Assistance, Creative Economy, Mental Health, and Job Training. The amount recommended for Community Initiatives totals \$52,700,000. This subject area will focus on containing the pandemic and efforts to address negative economic impacts.

Housing: **\$28,000,000**

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. The administration shares this position and has doubled-down on the amount of ARPA funds allocated to this need. The total amount recommended for Housing is \$28,000,000. In addition to this recommendation of the direct local ARPA amount, the City of Worcester is also receiving \$5.9 million from Home Investment Partnership Program (HOME) ARPA funding through the U. S. Department of Housing & Urban Development (HUD). The City of Worcester also accepted an invitation by HUD to sign onto the House America initiative. This is a new federal initiative in which HUD and the U.S. Interagency Council on Homelessness (USICH) are inviting mayors, city and county leaders, tribal nation leaders, and governors into a national partnership to utilize the historic investments provided through the American Rescue Plan to address the crisis of homelessness. House America calls on state, tribal, and local leaders to partner with HUD and USICH to use American Rescue Plan resources, alongside other federal, tribal, state, and local resources, to set and achieve ambitious goals to re-house households experiencing homelessness through a Housing First approach, and to add new units of affordable housing into the development pipeline by December 31, 2022.

Affordable Housing Trust Fund: **\$15,000,000**

Over the course of the ARPA public outreach sessions, affordable housing issues continually came to the top of the listed priorities. While residents deferred on their priorities within affordable housing, one theme became apparent. The City would

benefit from additional tools in the toolbox to create and preserve affordable housing. The Economic Development Office consulted with Massachusetts Housing Partnership that has assisted several municipalities throughout the Commonwealth in developing affordable housing trusts. With this guidance, a public input meeting was held with the community, and the ordinance establishing the AHTF has been created.

Specific metrics will be created once the AHTF Commissioners are selected and programmatic priorities are identified. In addition to the \$15 million recommendation of ARPA funds, the goal is to create a revolving fund that will experience recapitalization, so the measured outputs can continue to grow over time. This new tool in the toolbox will help enhance equity and access to housing opportunities for low- to moderate-income residents.

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. Homeownership helps provide neighborhood stability and a pathway to wealth and equity. Providing the financial resources to help homeowners remain in place will increase stewardship and improve the quality of the housing stock. Property owners must make less than 100% of the area median income to be eligible. Funding of up to \$25,000/unit will be available citywide to eligible owner-occupied properties. In addition, the Housing Development Division will provide the technical expertise in helping the homeowners navigate the rehabilitation process including developing specifications, obtaining competitive pricing, and construction management. A ten-year residency restriction will be placed on the property to eliminate any flipping of the properties. **It is estimated that at least 100 owner-occupied properties will benefit from this program.**

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

The city's current citywide owner-occupied homeownership rate is 41% of total units. However, homeownership rates vary dramatically by census tract from a high of 82% to a low of 2%. There are 17 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 and

Black, Indigenous, and People of Color (BIPOC) 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 will be prioritized to first time homeownership development. We envision up to \$75,000 per unit will be available to provide gap funding to enable affordable homeownership per HUD sale price guidelines (current maximum single-family sales price is \$290,000). Eligible applicants for home sale cannot exceed 80% area median income (AMI). As widely discussed, COVID-19 has increased building material costs to the point that the unit's development cost is well over the affordable sales price. This funding will help bridge the gap between construction costs and affordability. **It is estimated that 33 units of first-time homeownership opportunities will be created.**

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 is led by the Worcester Housing Authority with an innovative model to resolve the homelessness crisis. Modular studio-units designed for the chronically homeless will not just address housing, but will include a multitude of services. The proposed building site at 38 Lewis Street will consist 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. The City intends to contribute \$1.5 million through this funding category in support of the 38 Lewis Street project. The remaining \$2.5 million will fund other projects supported by the Sustaining Housing First Solutions Taskforce. **It is expected that at least 75 units will result from this funding.**

Lead Abatement Program: \$1,500,000

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, including the percentage of low-income families. Worcester is considered a Gateway City, which includes a concentration of housing

stock from the industrial revolution era (1880-1920). A large percentage of the housing stock is multi-family housing. Due to 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 a total of 33,231 units (American Community Survey-5 Year Estimate) built before 1940 and 61,311 housing units built before 1978, which is 87% of the housing stock. As of 2019, 8,306 housing units were in compliance with the Massachusetts lead law. This leaves an estimated 53,005 units (84.4%) in Worcester that still need confirmation of lead abatement.

The City currently has a \$5.6 million 42-month HUD Lead Abatement Grant to remediate 238 units of housing that meet HUD guidelines including tenant household income of 50% of AMI and at least one child under six in the building. While the grant provides for children at greatest risk, its restrictions limit the ability to make a larger impact on those not meeting HUD guidelines. Lead poisoning continues to be one of the largest preventable social determinants of health to children. The Housing Development Division recommends providing \$1,500,000 in ARPA funds to help assist occupants who do not meet HUD grant guidelines. Similar to the HUD grant, ARPA funds will be used to provide up to \$15,000 per unit in testing, remediation, and temporary relocation. Although the average cost per unit based upon HUD projects is \$9,350, unit size and historic classification can lead to higher unit costs. It is proposed that ARPA funding allow lead abatement funding to rental units between 50-80% AMI and homeowners between 80-100% AMI (HUD funds are available to renters up to 50% AMI and homeowners up to 80% AMI). A five-year restriction on ownership and affordability will be placed upon the property at the conclusion of the project. **It is expected that at least 160 units will be abated through this program.**

Down Payment Assistance: \$1,500,000

Our team heard a lot of feedback about the need to increase homeownership opportunities in addition to rental housing. 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 buyers face a challenging, competitive environment where multiple offers are placed upon affordable 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 uncertainty of buyer with a small down payment. Providing additional down payment to first time homebuyers is an equitable solution to help even the playing field for these buyers. Eligible applicants earning up to 110% of AMI can receive up to \$10,000 in down payment assistance. The 110% AMI is in line with the MassHousing down payment assistance program. Priority will be given to applicants from historically disenfranchised groups who have been systematically marginalized due to the legacy of racism and discrimination in housing. Buyers receiving down payment assistance must agree to a 5-year residency commitment. **It is expected that 150 first-time homebuyers will be assisted through this program.**

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 has a number of capital improvement projects that could be addressed to enhance the facilities for our public housing residents. A total of \$750,000 is recommended for capital improvements at WHA properties. Metrics will be created for the activities funded and the outcomes will be reported.

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. Low- to moderate-income owners will be prioritized. **It is expected that at least 150 homeowners will benefit from this assistance.**

Community-Organization Projects and Programs: **\$10,000,000**

In our initial recommendations over the summer, I committed to setting aside \$10,000,000 for projects to be carried out by the community. Through the community input sessions, we heard a lot about community needs that should be addressed. Some of those needs, like affordable housing, infrastructure, small business assistance, cultural programming, job training, and public health are addressed in their own

respective categories. This category dedicated to projects and programs carried out by community-based organizations will involve a Request for Proposals process for activities that further address the negative impacts of the pandemic. The criteria and evaluation will prioritize projects and programs that ranked high through the community input process, like human services, food security, childcare, transportation, etc. In addition, projects and programs that advance equitable principles and outcomes, as well as intentional support of communities of color will be highly rated. The Request for Proposals application will include language relative to these priorities and ask the proposer to address them. It is also expected that there will be criteria and parameters for both capital projects as well as programmatic support. Staff from the Neighborhood Development Division will assist with reviewing and administering the RFP with oversight from the Ad Hoc Committee of community members.

Local Business Assistance and Marketing: \$6,000,000

The total funding recommended for local, small business assistance and marketing assistance for the travel and tourism economy is \$6,000,000. Small businesses are the backbone of the local economy and important job creators, and many are owned by members of the BIPOC community. The City's previous Resiliency Grant Program as well as the state and federal programs were a lifeline during the hardest times of the pandemic, but our locally owned small businesses are still suffering. These businesses are also negatively affected by the impact on travel and tourism caused by the pandemic. Fewer people have been visiting the city over these last two years. Businesses were also inundated with information and application forms for various financial assistance, and the support of our community-based organizations in helping businesses navigate those processes was critical to their survival and success. The recommended programs in this category are as follows:

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

This program will provide continued relief for underserved businesses that are still struggling with the negative impact of the pandemic. We want to ensure that all of our small businesses have been able to access the relief they need. In addition, in the face of trying to survive the effects of the pandemic, businesses have also had to make investments to comply with public health requirements and other improvements to their commercial spaces. Grants will be provided to help offset the costs of these public

health related investments. **It is estimated that at least 100 businesses will be helped through this funding.**

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 like the Southeast Asian Coalition and the Latin American Business Organization 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. We are recommending \$1,000,000 over phases through a Request for Proposals process to support the costs for community-based organizations to provide this critical technical assistance. Preference will be given to proposals prioritizing support for marginalized owners. **It is estimated that 3 to 5 organizations will receive funding from this program, and over 100 business clients will be served.**

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

The disproportionate impact of the pandemic on minority- and women-owned businesses has been widely cited. This recommended funding will help 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 at least 100 businesses will be supported through this program.**

Marketing: \$1,950,000

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 recommended funding will support Discover Central Massachusetts initiatives at \$500,000 per year for three years, as well as some support for marketing of the Worcester Regional Airport. Discover Central Massachusetts already submits reports to the City on their marketing activities,

so we will transmit those to the City Council with particular detail on how the ARPA funds are utilized.

Creative Economy: \$4,500,000

I have often said the secret sauce in Worcester’s development agenda is the arts and creative economy. The Greater Worcester nonprofit arts and culture industry generates \$125.7 million in economic activity with \$64.5 million spent by such organizations and \$61.2 million in event-related audience spending. 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 are recommending an allocation of \$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. Considering the recent award from the National Endowment for the Arts, we have reduced this recommendation to \$300,000. Priority will be given to artists and organizations led by or primarily serving communities of color. **It is estimated that at least 60 grants will be provided through this funding.**

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 identified, which will be influenced by how the Mass Cultural Council plans to utilize their resources.

Creative/Cultural Organizations and Facilities 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 over the next few years will help organizations recover from the impact, as well as position themselves for long-term success through financial assistance to support the development and improvement of their facilities. Specific metrics and outcomes for this category are still being developed, which will be influenced by how the Mass Cultural Council plans to utilize its resources.

Community/Cultural Festival Support/Other \$250,000

Over the past two years, 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 is recommended 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 will help reduce those barriers. Priority will be given to organizations and events supporting historically underrepresented communities.

Mental Health: **\$2,000,000**

The pandemic's impact on the mental health and wellbeing of our community is far reaching. We are looking to allocate \$2,000,000 over the next few years for community-based organizations to apply for and request financial support for programs and services that will address mental health issues. These proposals will be reviewed by the City's Health and Human Services Department aligned with the work of the Mayor's Mental Health Taskforce and be recommended by the proposed Ad-Hoc Committee for this purpose.

Job Skills / Training: **\$1,200,000**

The pandemic has 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 negative in terms of unemployment and job loss, we must respond 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. These additional resources will help the Worcester Jobs Fund leverage its other funding to expand its offerings and outcomes. **It is expected that over 200 people will benefit from the training offered through these resources.**

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. During the pandemic, food security and the stabilization of food supply chains was critical to both residents and small farms within the region. The Food Hub aggregates food from local farms to purvey to hospitals, public schools, colleges, restaurants, nonprofits, and food pantries in the area. The Food Hub also donates locally sourced milk every week to the Boys & Girls Club food pantry in its Main South clubhouse. In addition, the Food Hub has wholesale relationships with a number of local organizations as well as farmers markets that accept Supplemental Nutrition Assistance Program (SNAP) benefits. The Food Hub also helps build an equitable food economy by supporting dozens of local minority-, immigrant-, refugee-, and women-owned food businesses and farms through supply chain relationships and technical assistance. Through a new grant opportunity, the Food Hub will begin free programming in 2022 to assist underrepresented entrepreneurs.

The \$1 million recommendation from ARPA will leverage approximately \$2 million more 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.

Public Health: \$5,137,495

As we carefully monitor the newest stage of the pandemic, especially with the surge nationally as a result of the delta variant, we look to both manage the current virus and eliminate future outbreaks. The City's Public Health team has done incredible work to keep residents informed throughout the pandemic and offer services and ultimately vaccinations to bring Worcester safely through the pandemic. Yet that work continues,

with the need for navigators to connect residents to medical providers and communication support to ensure an informed citizenry. ARPA also fully recognizes that mental health is a key component of individual well-being, so we are looking at funding the proposed mental health services contract through ARPA, which allows us to redirect tax levy funding to other, ARPA-ineligible areas. Within this sector, we also include key human service components that will allow our residents to not only recover but thrive in a post-pandemic world, with funding for ongoing senior services for those who are homebound, access improvements at the Worcester Public Library through book vending opportunities, and youth engagement and violence prevention through Recreation Worcester.

English for Speakers of Other Languages: \$1,050,000

This funding consists of \$350,000 per year for the next three years to continue the important work of the Worcester Public Library, the Worcester Public Schools, and other community partners in helping our Speakers of Other Languages learn English. When the state of emergency occurred and throughout the pandemic, there was a lot of critical information that our community needed to access, and that information was not always translated into the diverse languages spoken in Worcester.

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 from either public health concerns or transportation limitations. 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.

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 will build on the success of the HUB Navigator and help ensure continuity of this critical assistance.

COVID-19 Vaccine Freezer Generator: \$58,500

These dollars, which were previously recommended, have been expended in order to improve the Public Health Division's ability to safely store COVID-19 vaccines for distribution to underserved areas of the community.

Senior Center Virtual Programming: \$300,000

Throughout the pandemic, the Worcester Senior Center has delivered virtual programming to keep our senior citizens engaged. These additional resources will allow the Senior Center to continue its important virtual programming until conditions allow for a full return to in-person programming.

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 pandemic-related work in the community and in remote settings.

Coalition for a Healthy Greater Worcester: \$75,000

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: \$300,000

We have a continued need to conduct COVID testing. This recommendation of \$300,000 will allow the City to continue its contracted services for COVID testing.

Emergency Public Health Initiatives: \$2,000,000

The pandemic is still here within our community – we are battling the Delta variant and the emerging Omicron variant. We don't know what the next few years will present in terms of additional emergency public health response measures. We recommend

setting aside \$2,000,000 for this category to have the resources needed to continue our response efforts and address any unforeseen challenges.

Infrastructure and Public Assets: **\$37,955,000**

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 public facility improvements in response to the pandemic.

Water/Sewer Infrastructure **\$22,500,000**

Improvements to water and sewer infrastructure is one of four primary purposes of the ARPA legislation. During the budget process, City Council discussed the significant capital investment that 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. The City Administration has set aside \$22.5M in ARPA funds to address discrete projects and move us forward in our effort to ensure a healthy, sustainable, and affordable water and sewer system. Among those projects, we intend to match the recent state commitment of \$500,000 ARPA funds with \$1,500,000 of these local funds to install a forebay system at Salisbury Pond. The purpose of the forebay is to substantially reduce the loading of sediment, phosphorus and other contaminants from entering Salisbury Pond. In addition, ARPA funds will be used to address Green Island neighborhood flooding through engineering design and implementation of selected projects, investigate, design and implement drainage system improvements to address local flooding issues, assist homeowners with water and sewer service replacement, repair key water transmission mains and interceptor sewers and further address Worcester's combined sewer system. Most of these projects have been identified in the 2019 Integrated Water Resources Management Plan as being high priority. ARPA funds will allow implementation to proceed ahead of the Plan's schedule. Water and Sewer ARPA projects will be targeted to Environmental Justice areas. These areas meet certain low income, minority population percentages, and English language proficiency targets. Currently over 80% of the City of Worcester qualifies as an environmental justice area, with many areas meeting more than one of the indicators.

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 park and open space that serves low-income populations in dense neighborhoods without access to private open spaces or resources. Targeted to Qualified Census Tracts (see attached map), the City plans to utilize ARPA funds to provide welcoming and safe areas for residents to experience, improving recreational opportunities as well as physical and mental health. The initial project recommendations include:

Tacoma Street Playground: \$5,300,000

The Tacoma Street playground improvements include installation of a spray park, which will be the third in the City; a rectangular field, synthetic turf, lights, seating, ADA access; a building a parking lot; and security cameras.

Mulcahy Field: \$525,000

Mulcahy Field improvements center on a new basketball court and security cameras.

Grant Square: \$1,350,000

Grant Square improvements will include a community garden, basketball court lights, walkway lights, and security cameras.

Vernon Hill Little League: \$1,000,000

The Vernon Hill Little League improvements will include Little League building rehabilitation, softball building rehabilitation, baseball building rehabilitation, as well as security cameras at each of those facilities.

South Worcester Playground – Camp Street: \$850,000

South Worcester Playground improvements will include rehabilitation to the community building, a basketball court, a handball court, sports lighting, and security cameras.

Bell Pond Beach: \$1,500,000

Plans for Bell Pond include improvements to the beach, including ADA access, improvements to the building, the parking lot and lighting, as well as security cameras.

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

In 2019, the City Council passed a resolution declaring climate change an emergency. Earlier this year, the City Council supported the adoption of the Green Worcester Sustainability and Resilience Strategic Plan. 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. We recognize that COVID and pandemic conditions were exacerbated by negative climate conditions – forced indoor time due to both heat and cold, decreased air quality restricting outdoor activity, water quality impacts limiting opportunities for both recreation and resource use. Specific metrics and outcomes relative to the \$2,500,000 allocation are currently under development and will be aligned with the priorities identified under the legislation and within the Plan.

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. The coordination and design of improvement is ongoing. Most of the funds in this \$2,000,000 recommendation will focus on the vault work, with the potential for some smaller, but necessary improvements to the facility as well. We want to ensure that the facility continues to be available and fully operational to meet any of the emergency needs of the community.

Public Facility Improvements**\$430,000**

ARPA is not intended for general capital investment, however targeted improvements designed to better prepare public facilities for pandemic conditions are allowed. As you know, City Hall and other City facilities were open throughout the pandemic in order to accommodate core municipal functions that could not be managed remotely. As a result, City staff were often in relatively close proximity to one another and touching the same equipment, door knobs, etc. The \$430,000 will support upgrades to fixtures to enable touchless operation, as well as necessary HVAC upgrades to our Emergency Communications Center to ensure uninterrupted operations.

Technology Improvements: **\$18,926,624**

The City’s Technical Services Department was absolutely critical to Worcester’s management of the pandemic in 2020. Without TS’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. The pandemic also cast a light on the digital divide in our community. Accessible, affordable broadband connectivity is an important investment for our community and our future.

Enterprise Resource Planning (ERP) System: **\$12,966,624**

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. As you know, we are procuring a new, cloud-based system that will allow us to manage transfers and approvals remotely. This system has significant implementation costs that will subside into lower annual subscriptions. The ability to use ARPA funds to cover these initial costs will mitigate putting the burden on the taxpayers and also ensure the City’s technology capabilities are prepared for pandemic and other emergency conditions.

Broadband Infrastructure: **\$5,960,000**

The City of Worcester, along with several community partners, is committed to bridging the digital divide that significantly impacted the community, particularly our disadvantaged community members. Our youth had challenges accessing their remote education, many residents had challenges accessing their health care providers through telehealth opportunities, and others had challenges accessing their employment through telework. This category has been reduced since our previous recommendation, not because it is less of a priority, but because we expect to see resources available through state and federal sources. The state has included broadband infrastructure in their ARPA recommendations and the federal infrastructure bill is expected to address this need as well. We are still recommending a significant allocation of about \$6 million because we would like to continue to focus on solutions and potential enhancements of state and federal resources that might be coming our way.

Revenue Recovery:

\$15,789,523

Revenue recovery is another of the four primary purposes of the ARPA legislation. Like every organization, the pandemic has 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. Our current estimate on total revenues to be recovered is approximately \$15.8 million. The City Council recently approved the recommendations for allocating the initial \$7,096,458.98 of ARPA revenue recovery. We will look to recoup future funds according to the ARPA formula as of December 31 each year based on eligibility, although the expectation is that this will decline substantially in future years as the economy returns to normal.

Premium Pay:

\$2,500,000

We are currently running budget estimates on scenarios to offer premium pay to municipal employees that reported to work during the height of the pandemic. While we do not have a final recommendation, we believe a reasonable estimate at this time to carry in the budget is \$2,500,000. We envision some level of a progressive scale for the premium pay to be offered.

Administrative Overhead:

\$3,312,348

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 2.3% of the total funding.

Unbudgeted Allocation:

\$10,313,615

In an effort to maintain a level of flexibility over the nearly four-year period of the grant as well as respond to future community needs, we recommend reserving the remaining funds, which represents approximately 7% of the total funding.

Attached to this item is a visual representation of the budget recommendations. I look forward to continued dialogue with the City Council, our community, and our anticipated

committees to mobilize these resources for our ongoing response and recovery from the pandemic.

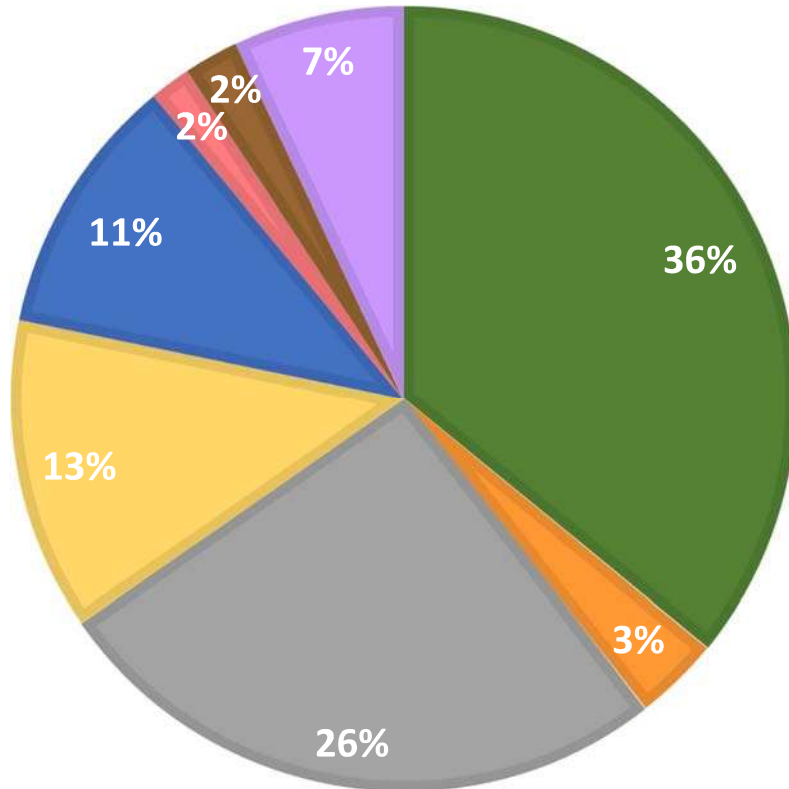
Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Edward M. Augustus, Jr.", written in a cursive style.

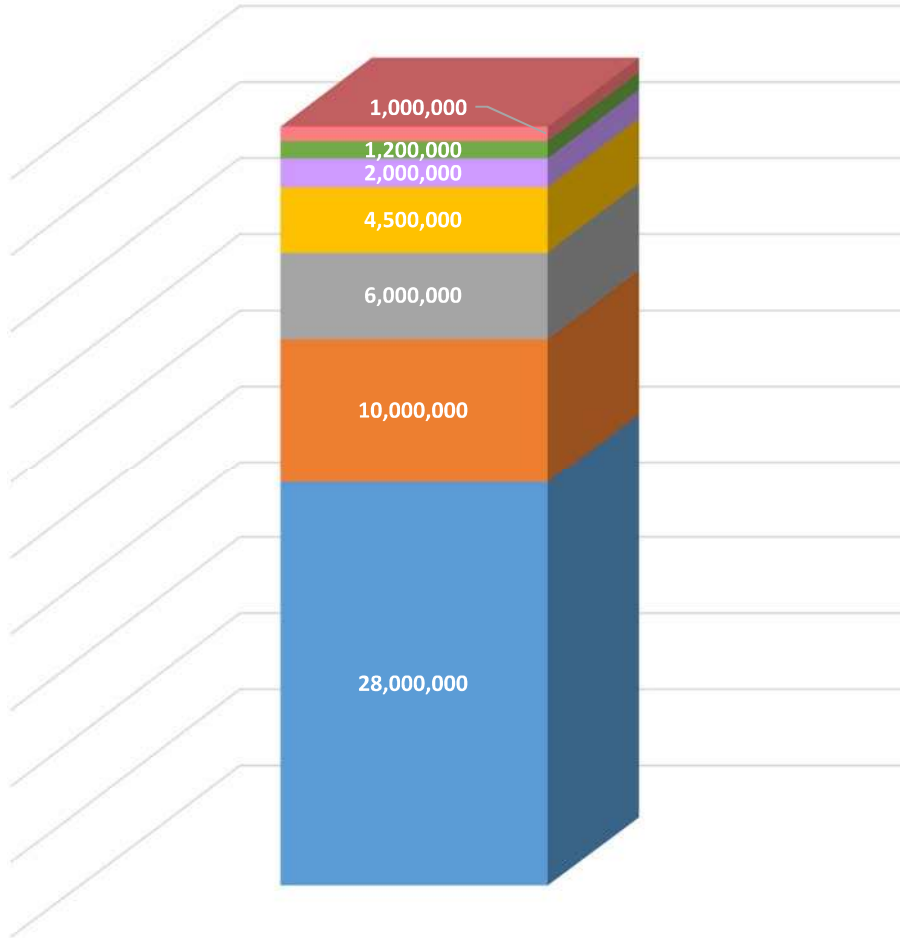
Edward M. Augustus, Jr.
City Manager

FUNDING CATEGORIES

- Community-Based Initiatives
- Public Health
- Public Assets / Infrastructure
- Technology Improvements
- Revenue Recovery
- Premium Pay
- Administrative Overhead
- Unbudgeted



Community Based Initiatives Breakdown \$52,700,000



- Housing
- Business / Marketing
- Mental Health
- Food Hub
- Community / Service Projects
- Arts & Culture
- Job Training

FUNDING BY ARPA LEGISLATIVE CATEGORIES

- Addressing Negative Pandemic Effects
- Water, Sewer, Broadband
- Revenue Recovery
- Unbudgeted
- Administration & Overhead
- Premium Pay

