



Edward M. Augustus, Jr.  
City Manager

CITY OF WORCESTER

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Attachment for Item # 9.29 C

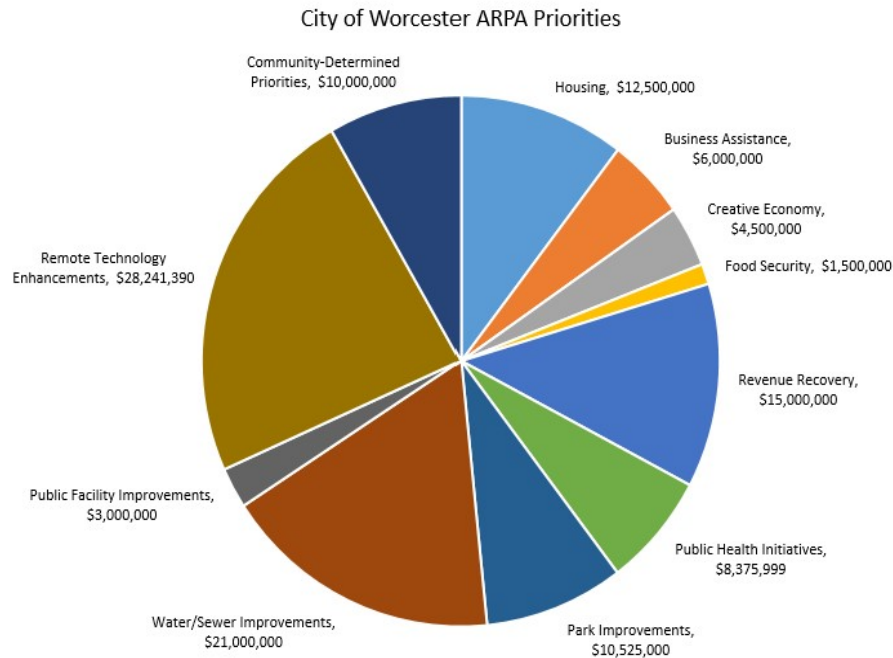
August 10, 2021

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

I write to provide additional information relative to the proposed budget for the initial portion of American Rescue Plan Act of 2021 (ARPA) Coronavirus State and Local Fiscal Recovery Funds.

As highlighted in the July 20, 2021 memo, the City has received approximately \$55M of a direct allocation of approximately \$110M from the U.S. Department of the Treasury. We also anticipate additional funds via the Commonwealth in lieu of a commitment to Worcester County. While the Federal guidance on the funding continues to evolve, the City Administration has proposed a distribution that focuses on the core purposes of public health and community assistance programs as well as one-time municipal costs related to technology and infrastructure that will enable government and our residents to accommodate current and future pandemic conditions. In addition, **I am committed to utilizing \$10M for projects and initiatives to be identified based solely on community-determined priorities** – both through an online survey being developed by my Administration as well as listening sessions being scheduled for August and September. The following chart illustrates the primary distribution of the proposed funding, as submitted to City Council in July:



**Housing:** It is important to note that ARPA contains significant sums focused on housing. Outside of the City’s direct allocation, the Act provided \$30B toward rental assistance, \$10B toward mortgage assistance, and \$5B toward housing and legal assistance. This is in addition to direct support for households which came in the form of stimulus checks, unemployment enhancements, expansion of the Supplemental Nutrition Assistance Program (SNAP), and the expansion of the child tax credit. The City Administration looks to build on existing housing and household support networks and provide funding for new affordable units, safer housing for children, and household support opportunities. Funds for the Worcester Housing Authority will support investments in public housing infrastructure and new unit development. Funds will support the City’s lead remediation program – a critical effort to make Worcester’s aging housing stock safer for young and old alike. Finally, funds will serve as an initial investment in an Affordable Housing Trust – a vehicle for community-driven priorities in housing to move forward with local contributions facilitating State and Federal investments. In addition to the ARPA funding recommendations for housing, the City is also receiving an estimated \$5.9M in HOME Funds that will further the efforts to create and preserve affordable housing. **The proposed ARPA and HOME Funds would combine for a total local investment of \$18.4 million in housing.**

These investments are in addition to the \$6.1M already received through the CARES Act to provide housing services to the city’s most vulnerable residents through direct rental assistance, eviction prevention, housing system navigators, and homeless

services. The City allocated \$1.9M in CARES Act funds for direct rental assistance, distributed through five non-profit agencies (Central Mass Housing Alliance, Worcester Community Housing Resources, Worcester Community Action Council, Friendly House, and Open Sky). These funds, along with Rental Assistance for Families in Transition (RAFT) and Emergency Rental and Mortgage Assistance (ERMA) as provided by the State, offer an eviction safety net to ensure residents do not face dislocation due to the pandemic.

**Business Assistance:** As we all know, small businesses were significantly affected by the pandemic and the mandated closures. Through initial CARES Act funding, the City was able to provide funding support to 271 Worcester businesses as they attempted to navigate the pandemic. Out of these 271 businesses, 59% were minority-owned and 43% were women-owned. Private donations from the Worcester Business Development Corporation, UniBank, and Fidelity Bank allowed the City to launch the Outdoor Dining Grant program this season to increase opportunities for outdoor social distancing, and create safe and functional environments for outdoor dining. Thirty-one food establishments were awarded grants. In addition to these programs, the City continues to support businesses in efforts to improve and expand in the City through the ongoing Community Development Block Grant (CDBG) Financial Assistance Programs, which consist of façade improvements, small business grants and microloans. These funds complemented the direct Federal efforts such as the Small Business Administration's Paycheck Protection Program (PPP). Despite the pandemic taking a heavy toll, there is significant reason for optimism to do business in the City. ARPA funds, however, are focused on reclaiming customer confidence, providing pandemic-related customer safety improvements, and rebuilding the customer base. The Federal government has funded \$25B specifically for restaurants and bars and \$7.25B for expansion of the PPP. Funds cannot be used for general economic development. The City Administration is enhancing our existing business grant programs to accommodate these purposes as well as recapturing Worcester's tourism market with support for Worcester Regional Airport and Discover Central Massachusetts marketing efforts to revitalize the industry locally.

**Creative Economy:** Our not-for-profit and creative industry is one of the cornerstones of Worcester's success. While eligible for certain Federal and State programs, the City Administration looks to support institutions, community organizations, and individual

artists alike. We have set aside \$4.5M, for both direct distribution as well as enhanced funding for the Worcester Arts Council, to draw visitors back to our cultural organizations, promote cultural festivals and activities, and provide artists with resources to recover and build on their work throughout the pandemic. An important element is reengaging our cultural communities with the City and each other, similar to the work we do regularly on Worcester Common. I am working with the Cultural Development Office on a program to provide financial support to broad-based cultural events that draw residents and visitors to Worcester and reconnect our communities after too long a period of isolation. With the loss of revenue opportunity in 2020, many organizations and festivals are challenged to reconvene and reopen this year.

**Food Security:** Worcester has been a leader in the discussion of and attempts to address food security. Pioneering work by the Worcester Food Policy Council and its membership has made food access and quality a key consideration of our public health team. The pandemic – and the resultant gaps in even basic grocery items – brought home both the fragility and interdependency of our food systems. We're recommending \$1.5M to support local foods and healthy eating, including the expansion of the Worcester Regional Food Hub at Union Station – a facility that will provide a shared commercial kitchen for food business entrepreneurs as well as serve as a place of aggregation and wholesale for local farmers and food producers targeting food subsidy-eligible residents of the city.

**Revenue Recovery:** 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 lost revenues 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. As of December 31, 2020, the City is eligible for approximately \$12M in revenue recovery funds, much of which relate to the DCU Center and Off Street Parking Board. These funds will be allocated during the fall budget adjustment process. 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.

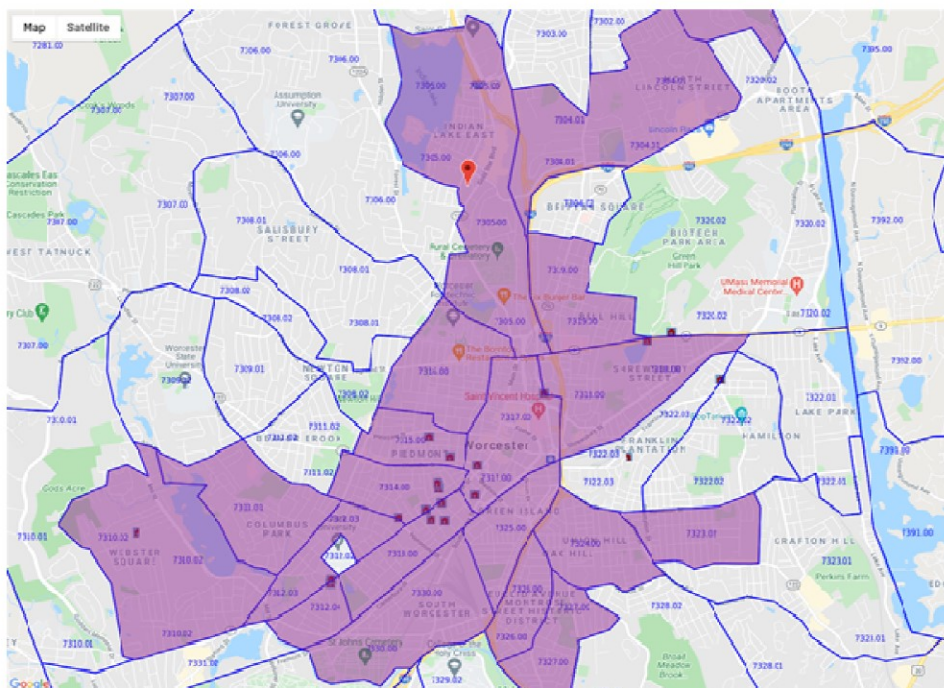
**Public Health Initiative:** As we carefully monitor the newest stage of the pandemic, especially with the surge nationally as a result of the delta variant, we look to both manage the current virus and eliminate future outbreaks. The City's Public Health team has done incredible work to keep residents 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, job training through the Worcester Jobs Fund for those impacted by business loss, and youth engagement and violence prevention through Recreation Worcester.

**Park Improvements:** A key lesson of the pandemic, and the need to isolate, was the 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 without access to private resources. Focused on Qualified Census Tracts (see below map), the City can utilize ARPA funds to provide welcoming and safe areas for residents to experience. At this time, we are recommending \$10.5M in park improvements. Initial recommendations for priority projects include:

- Tacoma Street Playground (\$5,300,000.00)
  - Installation of a spray park (the third such facility in the City)
  - Rectangular field, synthetic turf, lights, seating, ADA access
  - Building and parking lot
  - Security cameras
- Mulcahy Field (\$525,000.00)
  - Basketball court
  - Security cameras
- Grant Square (\$1,350,000.00)
  - Community Garden

- Basketball court lights
- Walkway lights
- Security cameras
- Vernon Hill Little League (\$1,000,000.00)
  - Little League building rehab and security cameras
  - Softball building rehab and security cameras
  - Baseball building rehab and security cameras
- South Worcester Playground – Camp Street (\$850,000.00)
  - Community building rehab
  - Basketball court
  - Handball court
  - Sports lighting
  - Security cameras
- Bell Pond Beach (\$1,500,000.00)
  - Beach
  - Building
  - ADA access to beach
  - Parking lot with lighting
  - Security cameras

*City of Worcester Qualified Census Tracts*



**Water/Sewer Improvements:** While ARPA guidance continues to evolve, a clear allowance is an investment in water and sewer infrastructure. 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. While that number is substantial, investment now on key projects will help alleviate the burden on rate payers in the future. The City Administration has set aside \$21M 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 into the future.

**Public Facility Improvements:** ARPA is not intended for general capital or infrastructure 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 door knobs, utilizing the same equipment, and occupying the same facilities. Additionally, the DCU Center was utilized as a field hospital for a good portion of the pandemic, and will continue to serve as an emergency center in future similar scenarios. Yet to ensure its uncompromised availability and accessibility, key upgrades in utilities and access are paramount. The City Administration looks to make targeted upgrades in these and other facilities to make sure we minimize staff contact while maximizing facility reliability.

**Remote Technology Enhancements:** 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 significant more 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 factor was our thirty-year old financial management and human resource systems, which remain place- and paper-based. As you know, we are looking to procure 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; ARPA funds will help cover these initial costs. Additionally, a key allowance under ARPA was improvements to the nation's broadband system, recognizing that a remote environment demands a healthy

broadband system to allow access and online. The Administration has set aside up to \$12M for study and implementation of key broadband improvements to benefit city residents struggling with poor broadband access and speeds.

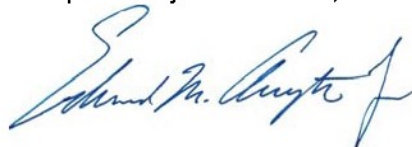
**Community-Determined Priorities:** As referenced, I recognize the value of listening to and identifying priorities based on neighborhood observations and needs. I am committing \$10M in funds to community-driven projects – those that improve neighborhood vitality and quality of life. We are scheduling three community meetings for August and September to solicit ideas and feedback on neighborhood priorities.

- **Quinsigamond Community College – Monday, August 23, 6:00pm**
- **Boys & Girls Club – Thursday, September 9, 6:00pm**
- **Senior Center – Thursday, September 16, 6:00pm**

In an effort to reach as many residents as possible and allow for maximum citizen participation, we will be distributing flyers (example attached) and there will also be a virtual feedback/community needs input mechanism to allow individuals that cannot attend one of the community meetings to participate and voice their opinions. The survey will go live prior to the first meeting and remain available through the conclusion of the meeting series.

While ARPA funding provides opportunities through December 2024, it is critically important that we move forward with key items quickly, as larger projects – park improvements, water and sewer investments, technology implementation – often require significant lead time and go through multiple stages of design, permitting, mobilization, construction, and demobilization. We look for City Council’s concurrence and support as we put these dollars to work for Worcester and its residents.

Respectfully submitted,



Edward M. Augustus, Jr.  
City Manager





The City of  
**WORCESTER**



# **COMMUNITY INPUT SESSIONS: FEDERAL FUNDING FROM THE AMERICAN RESCUE PLAN ACT**

**Monday, August 23, 6 p.m.**

**Harrington Learning Center, Room 109**

**Quinsigamond Community College, 670 West Boylston St**

**Thursday, September 9, 6 p.m.**

**Boys & Girls Club, 65 Boys & Girls Club Way**

**Thursday, September 16, 6 p.m.**

**Worcester Senior Center, 128 Providence St**

Share your thoughts on priorities for community-driven projects that will help improve neighborhood vitality and quality of life.