

**CITY OF WORCESTER
COMMUNITY DEVELOPMENT BLOCK GRANT
FIRST YEAR ACTION PLAN / PROGRAM YEAR 41
SUBSTANTIAL AMENDMENT III
July 1, 2015 – June 30, 2016**

DRAFT



April 20, 2016

The City of Worcester is proposing to substantially amend its Consolidated Submission for Community Planning & Development (2015-2020), First Year Action Plan, July 1st, 2015 – June 30th, 2016 to fund:

1. Worcester Fire Department – Fire Station Rehabilitation Project (\$350,000)
2. Worcester Senior Center – Phase II Rehabilitation Project (\$675,000)
3. Executive Office of Economic Development - City of Worcester Small Business Grant Program (\$150,000)

Please Note: The allocation amounts provided above are based upon estimates and are subject to change once formal bids are received. Final allocation amounts will be subject to 2 CFR 200.00 et. seq. (entitled “Uniform Administrative Requirements for Federal Awards”) for requirements formerly set forth in O.M.B. Circular A-122 and satisfaction of additional Community Development Block Grant (CDBG) program eligibility criteria.

SUBSTANTIAL AMENDMENT TO THE FISCAL YEAR 2015-2016 ACTION PLAN:

CDBG REPROGRAMMING

INTRODUCTION

The City of Worcester Fiscal Year 2015-16 Annual Action Plan was submitted to the U.S. Department of Housing and Urban Development (HUD) on June 22, 2015 and received preliminary approval on August 18, 2015, and final approval on September 24, 2015.

Contained herein, is the proposed third amendment, which stems from the City's resolution and official closeout of its Office of Inspector General (OIG) audit, which began in October of 2012.

The original OIG audit figures identified ineligible / unsupported activities totaling \$6,490,212.00. Due to the efforts of EOED staff, local organizations that received funding over the three year period of the audit, and the HUD Offices, the City was able to reduce the financial exposure by \$3,509,020.00, leaving a final OIG audit exposure of \$2,981,192.00. However, during the audit resolution period, EOED staff and HUD identified additional activities in the amount of \$436,975.00 that were deemed as non-compliant and would require a future repayment to HUD. Due to the identification of these additional items, the City elected to include the additional financial exposure amount into the overall repayment. The final repayment figure agreed upon by the City, HUD Region I, and the OIG is \$3,418,167.00. The City has repaid HUD and closed the audit officially, and Treasury has returned the full amount of the audit repayment to the City of Worcester's line of credit, which means the city has an additional \$3,418,167.00 in CDBG funding to reallocate. The City respectfully submits this substantial amendment for your review and consideration.

Title 24 Section 91.505 of the Code of Federal Regulations stipulates that participating jurisdictions shall amend their approved plans whenever they make one of the following decisions:

1. To make a change in its allocation priorities or a change in the method of distribution of funds;
2. To carry out an activity, using funds from any program covered by the Consolidated Plan (including Program Income) not previously described in the action plan; or
3. To change the purpose, scope, location, or beneficiaries of an activity.

The Regulation (CFR 91.505) further requires that a jurisdiction identify in its Citizen Participation Plan the criteria they will use for determining what constitutes a substantial amendment. Consistent with these requirements, the Citizen Participation Plan adopted by the City of Worcester as a component of its 2015 – 2020 Consolidated Five Year Plan identifies three criteria that will require a substantial amendment:

The Executive Office of Economic Development (EOED) will amend the City of Worcester Five-Year Consolidated Submission for Community Planning and Development whenever it makes one of the following changes:

1. To make a change in its allocation priorities or a change in the method of distribution of funds;
2. To carry out an activity, using funds from any program covered by the consolidated plan (including program income), not previously described in the action plan; or
3. To change the purpose, scope, location, or beneficiaries of an activity.

CITIZEN PARTICIPATION

In accordance with 24 CFR 91.105(c)(3) for local governments, the substantial amendment Public Notice for the use of CDBG funds was released for citizen review and comments on April 20, 2016 in the Worcester Telegram & Gazette. During the 30-day public comment period from April 21, 2016 through May 20, 2016 the Draft Substantial Amendment (contained herein) is made available during regular business hours between 8:30 a.m. and 5:00 p.m., Monday through Friday, in at least one of the following two locations:

1. Neighborhood Development Division, 455 Main Street, 4th Floor, City Hall, Worcester, MA 01608
2. The City of Worcester website, Neighborhood Development Division documents page

The City of Worcester Executive Office of Economic Development (EOED) – Neighborhood Development Division will hold a public hearing on Thursday, at 5:30 p.m., in the Levi Lincoln Conference Room, 455 Main Street 3rd Floor, Worcester, MA 01608.

PROPOSED ACTIVITY AMENDMENTS

The proposed amendments will allow the city to fund three (3) CDBG eligible activities utilizing repayment funds resulting from the Office of Inspector General (OIG) audit.

1. Worcester Fire Department (\$350,000) – This activity will allow the Worcester Fire Department to perform significant rehabilitation to a number of fire houses situated in low-mod neighborhoods throughout the city. The CDBG activity eligibility determination is Public Facilities and Improvements 24 CFR 570.201(c) / low mod area 24 CFR 570.208 (a) (1). The renovations and scopes of work for each eligible fire station include (but are not limited to):

McKeon Road Fire Station

- SITE: repairs to damaged asphalt and drainage, stabilize subgrade, perform storm water utility upgrades to improve drainage, extension of concrete apron at apparatus bay doors.
- DECK: replace decking and railing with a maintenance free product.
- CARPET: replace carpet and base in second floor corridor.
- VAVs: repair or replace VAVs due to controls issues.
- ECM PUMPS: replace existing pumps with more energy efficient pumps.

Grafton Street Fire Station

- ROOF LEAKS: determine the nature of the leaks and replace to correct issues
- PAINTING: paint living areas including watch-room, locker room, day room and kitchen.
- WINDOWS / DOOR: replace existing windows throughout and one sliding door, including window treatments.
- PATIO WALL: repair freestanding brick patio wall.
- BATHROOM HEATER: install heat in the watch room bathroom.
- ECM PUMPS: replace existing pumps with more energy efficient pumps.

Franklin Street Fire Station

- BOILERS: replace boilers and circulators with more energy efficient equipment.

Park Avenue Fire Station

- ROOF: replace shingle roofing
- SITE: repairs to damaged asphalt, extension of concrete apron at apparatus bay doors.
- KITCHEN: replace cabinets, counter, and television shelf. Patch quarry tile. Include CO shutoff.
- PAINT: patch and paint walls and ceiling of apparatus bay, including stairwell.
- LIGHTING: modify lighting in rear parking lot for additional illumination.

2. Worcester Senior Center Rehabilitation Project - Phase II (\$675,000) – This activity will allow the Worcester Senior Center to perform significant rehabilitation which will enhance the services offered to the elderly clientele that utilize the center on a daily basis. The CDBG activity eligibility is Public Facilities and Improvements 24 CFR 570.201(c) / low mod area 24 CFR 570.208 (a)(1). The renovations and scope of work being proposed as part of the Worcester Senior Center Rehabilitation Project (Phase II) includes (but is not limited to):

- HVAC REPLACEMENT
 - EMERGENCY GENERATOR INSTALLATION
 - CLINIC RELOCATION / REHABILITATION
 - REPOINT EXTERNAL FAÇADE
 - CRAFT ROOM UPGRADES / REHABILITATION
 - DISHWASHER PURCHASE & INSTALL
3. Worcester Executive Office of Economic Development - City of Worcester Small Business Grant Program (\$150,000) – This activity will assist a minimum of ten (10) small businesses that will create a minimum of ten (10) full-time jobs (or full-time equivalent) for low-to-moderate income Worcester residents. The CDBG eligibility provision to classify this project is 24 CFR 570.203(b): assistance to a private for-profit business, including, but not limited to grants, loans, loan guarantees, interest supplements, technical assistance, and other forms of support, for any activity where the assistance is appropriate to carry out an economic development project. The National Objective for this project is Job Creation or Retention under 24 570.208 (a)(4).

The City of Worcester has established the Small Business Grant Program to assist in the creation of new businesses or the physical expansion of existing businesses in targeted commercial corridors in the Worcester Commercial Area Revitalization District (CARD) and Quinsigamond Village that stimulate the revitalization of these areas, create jobs for Worcester residents, and enhance the economic vitality within the city. This initiative will assist entrepreneurs and business owners interested in opening or expanding a commercial establishment by providing a forgivable loan to qualified applicants.

Eligible applicants shall be entrepreneurs and business owners creating or expanding restaurants and retail establishments in first floor/street-level storefronts in commercial or mixed-use buildings located in the Worcester CARD or Quinsigamond Village areas. Eligible applicants shall also include entrepreneurs and business owners creating or expanding businesses of the creative economy in first floor/street-level storefronts in commercial or mixed-use buildings in the Downtown CARD Sub-District.

Funding can be used for interior renovations or to purchase equipment or merchandising components. The funding amount per project is based upon the total new square footage to be occupied by the entrepreneur or business owner. The maximum funding amount per project is not to exceed 50% of the total project cost.

This reimbursement program is designed as a loan with payments deferred for a maximum term of two (2) years. The full loan amount will be forgiven and conveyed as a grant to the applicant if the following conditions are met at the end of the two (2)-year term:

- The business must be operating at the location approved by the City at the time of the disbursement of funds or another location within the Worcester CARD or Quinsigamond Village approved by the City in advance
- The applicant must create at least one, new permanent full-time job or full-time equivalent at the subject property for a low to moderate-income Worcester resident(s) as defined by HUD
- The applicant must also be in compliance with all other HUD requirements
- The business and property owner, if applicable, must be, and remain, current with all Federal, State, and local taxes

Contracts for all above activities will be executed once formal scopes of work have been reviewed and determined to be cost reasonable per 2 CFR 200.00 et. seq. (entitled “Uniform Administrative Requirements for Federal Awards”) for requirements formerly set forth in O.M.B. Circular A-122 and satisfaction of additional Community Development Block Grant (CDBG) program eligibility criteria and appropriate Environmental Reviews have been completed per 24 CFR Part 58.

Attachment 1: Proposed CDBG Program Funding Reallocation

2015 – 2016 CDBG Program Funding Reallocation

2015-2016 Project Name	Original Year 41 Funding Allocation	New Allocation
Worcester Fire Department – Fire Station Rehabilitation Project	\$0	\$350,000.00
Worcester Senior Center Phase II Rehabilitation Project	\$0	\$675,000.00
Executive Office of Economic Development – City of Worcester Small Business Grant Program	\$0	\$150,000.00