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City Manager



City of Worcester

August 27, 2024

Attachment #10. 39 A

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.

As we know, the ARPA legislation established a **deadline for all funds to be contracted by December 31, 2024**. We have made considerable progress towards this deadline since our last update. Enclosed with this item is a summary of our current status as of August 21st. The summary shows current **expenditures** (cash disbursed) as well as amounts that have been committed to programs or organizations that still have to be spent, which then leaves the **amount that is uncommitted, but has been earmarked for a particular purpose**. While the total amount of uncommitted funds, known as the balance to obligate, as of August 21st shows \$44,348,367, there are contracts in motion and expenditures being processed every day. We feel confident that the City of Worcester will meet the December 31st deadline to contractually obligate all funds and we will continue to communicate with the City Council over the next few months if any shifts are made to the current intended use of funds. As such, also enclosed with this item is an updated ARPA budget summary with updates since our last communication to City Council.

One of the themes we have communicated since the beginning of ARPA was that we would have a fluid budget that would respond to emerging and persistent needs in the community. Sometimes those emerging needs have resulted in changes to state and federal funding that we monitor closely. Previous response actions from the City that exemplify that theme would be the additional funds for Food Security in the wake of the supplemental, pandemic-related SNAP benefits expiring, the need for additional Fuel and Utility Assistance last year, and the need to supplement the state's Rental Assistance for Families in Transition (RAFT) with more flexible Rental Assistance that responded to the eligibility gaps we were seeing persist in the community. Notably, this updated budget reflects the initiative we announced earlier this summer to provide \$1.5

million in funding to support Youth Employment due to the budget cuts to the state YouthWorks Program.

Our communications team is also imminently reactivating and enhancing the “ARPA at Work” campaign. We understand that the information and investments related to ARPA can be convoluted and overwhelming to digest all at once, so we will be launching a number of storytelling efforts to feature the work that is happening within our City government and all across the community with dozens of partnering organizations. We are proud of this work and grateful to all of our partners that are helping us deliver on the promise of ARPA in supporting thousands of our Worcester residents and businesses. The Department of Innovation and Technology is also in the process of reconstructing the ARPA Dashboard on our website to bring it up to date and improving the user experience in navigating the information.

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**COMMUNITY INITIATIVES****\$68,775,334**

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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, Youth Employment 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 cast a light and exacerbated the challenge of Housing quality and instability, and the community input relative to Housing as a critical, urgent need was abundantly clear. In recognizing this top priority, 20% of the ARPA funds have been allocated to Housing initiatives. New 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:*

*\$17,300,000*

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) in 2022 and has been accepting applications on a rolling basis.

With the conditional grant awards provided to-date, **all of the \$17.3 million has been committed to projects**. Since our last update, over \$5 million in projects have successfully closed on their financing to proceed with construction. At this time we are still expecting the balance of funds to be successfully obligated to the respective projects before the December deadline.

The ARPA dollars from the AHTF are **leveraging over \$370 million in total investment**. These projects are estimated to create approximately **340 new affordable housing units – 76 units at 30% AMI, 182 units at 60% AMI, and 70 units at 80% AMI**. Twenty-eight (28) of the 80% AMI units are **affordable homeownership opportunities**. In addition, these projects will create at least **71 new ADA accessible units**. So far, the AHTF has exceeded expectations from what we hoped to accomplish in two short years.

*Owner-Occupied Housing Rehabilitation:*

*\$2,499,766*

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. Several approved projects are in the pipeline and are in process of being contracted.

*First-time Homeownership Development:*

*\$200,000*

To date, 1 project has been awarded a total of \$100,000 which will create 1 of new affordable first-time homeownership opportunities. This program previously had a larger budget allocation, which was folded into the Affordable Housing Trust Fund for consistency and programmatic oversight purposes.

*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 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. Abby’s House also completed a project to add 14 new permanent supportive housing units for their portfolio. SMOC is imminently closing on the financing to create 18 permanent supportive housing units on Winfield Street. **To date, 56 units have been created or are underway.**

*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.

*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 has been 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 qualify as eligible first-time homebuyers, applicants must have an income that does not exceed 80% AML. Buyers receiving down payment assistance must agree to a 5-year residency

commitment. All of the available funding was committed to homebuyers within a short-time of launching the program.

*Affordable Housing Preservation Program*

*\$333,000*

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. We have re-allocated \$667,000 from this program to Rental Assistance, which continues to be a critical need facing our community.

*Rental Assistance*

*\$1,667,000*

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 CMHA, \$250,000 was contracted with Friendly House, and \$150,000 was contracted with Worcester Community Action Council. **Since the previous funding has been nearly exhausted, we are adding \$667,000 to this program to help address the ongoing need.** Those funds have been shifted from the Housing Preservation Program as described above.

*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:*

*\$21,470*

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.

**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:** **\$5,070,000**

Over \$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:

27% Hispanic Owned

24% White Owned

17% Black / African American Owned

9% Asian Owned

3% Other

20% No Response

Gender/Sex:

43% Female

41% Male

17% 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. Based on the pipeline of current pending applications, we expect all of the remaining balance to be obligated by the 2024 deadline.

*Technical Assistance for Small Businesses:* *\$500,000*

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, five (5) grants have been awarded to the Southeast Asian Coalition, the Latin American Business Organization, Clark University, WPI and the Mass Women of Color Coalition.

*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. The response to the availability of funds for this purpose has been successful so far – many businesses have started the certification process with the state and many grant agreements are in process. Based on the applications received, the total funding is expected to be obligated by the December 2024 deadline.

*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. The Worcester Cultural Coalition will be administering the following allocations: \$150,000 to respond to the negative pandemic impact and support sustainability of the Worcester PopUp and Jean McDonough Arts Center; \$100,000 for the recently launched Utility Box Art Project; and \$200,000 to support the sustainability and growth of the Create508 program over the next two years. The remaining \$550,000 will be contracted with the Greater Worcester Community Foundation and we will work collaboratively on administration of the funds to support further activities in alignment with the goals and strategies of the Cultural Plan over the next several months.

*Creative/Cultural Organization Grants*

*\$2,950,000*

The pandemic had an unprecedented impact on cultural organizations and facilities, as venues had to shutter their doors, operate under reduced capacity, and suffer from declining revenue as a result. In the wake of the pandemic, the negative impact has persisted with increased operational costs, inflation, and a prolonged recovery.

As the Executive Office of Economic Development started working with the ARPA Committee for the Creative Economy on crafting the application process for this program, they reviewed the process previously conducted by the Mass Cultural Council (MCC) for its Cultural Sector Recovery Grant Program and spoke to the MCC staff to understand lessons learned from that process.

Like all of the City's ARPA programs, staff also reviewed the Final Rule from the U.S. Treasury to align the program structure with the requirements set forth in the Final Rule. This program was enabled under the provision of "Assistance to Nonprofits," which specifies that beneficiaries of pandemic relief grants under this category must be issued to tax-exempt nonprofits under Section 501(c)3 of the Internal Revenue Code. Furthermore, the Final Rule states that in responding to the negative economic impact of the pandemic – such as financial hardship – that the aid provided must be commensurate and "reasonably proportional" to the extent and type of harm experienced.

Therefore, the City's Cultural Organization Grant Program was designed in alignment with these parameters, including the eligibility criteria and the following evaluation criteria as stated in the application:

- Negative financial impact of the pandemic.
- Prior pandemic relief funding from local, state or federal sources.
- Disproportionately Impacted Communities (as defined by the Final Rule):
  - Organizations located in a Qualified Census Tract.
  - Organizations led by, or organizations that primarily serve, disproportionately impacted races/ethnicities.
  - Organizations led by, or organizations that primarily serve, low-income families.
- Employment opportunities provided by the organization.
- Costs related to operating a physical space in the community.

These criteria were very much aligned with the criteria set forth in the MCC Cultural Sector Recovery Grant Program.

Based on feedback from the community on previous ARPA programs offered by the City, we wanted to ensure that all eligible applicants were able to access funding. So, instead of having organizations request and apply for a specific grant amount, the total funding allocated to this program was distributed among the eligible applicants and tiered through the lens of the evaluation criteria stated above.

As the application launched, the Cultural Development Division conducted significant and targeted outreach to organizations with intentionality to reach smaller, BIPOC-led organizations. A technical assistance workshop was also held at the Worcester Public Library, which was recorded and posted with the application for on-demand access for anyone that could not attend

in-person. The application deadline was also extended by a few days as staff had heard from some organizations that needed a little extra time.

Through past engagement with the community, we know that grant application processes can lead to inequitable outcomes when organizations are disqualified for omitting answers to questions or some required documentation. In order to address this, our team followed up with organizations to obtain any missing materials after the deadline, so they could still be considered.

Staff from the Executive Office of Economic Development and Cultural Development Division met several times with the members of the Creative Economy ARPA committee both in advance of the program being launched for review of the application details as well as through the evaluation process. Members of that committee are Worcester residents from diverse backgrounds and the committee process was a commitment we made during the initial ARPA outreach process to ensure there was continued engagement from community as the grant-making process for various programs unfolded.

Last week, the following grant awards for this program were announced:

• EcoTarium:	\$125,000
• Hanover Theatre:	\$125,000
• Mechanics Hall:	\$125,000
• Worcester Art Museum:	\$125,000
• Mass Symphony Orchestra / Tuckerman Hall:	\$125,000
• Worcester Center for Crafts:	\$120,000
• Pakachoag Music School:	\$120,000
• Technocopia:	\$120,000
• Joy of Music Program:	\$120,000
• Music Worcester:	\$120,000
• Worcester Historical Museum:	\$120,000
• American Antiquarian Society:	\$110,000
• Arts Worcester:	\$110,000
• Creative Hub:	\$110,000
• WCUW Radio:	\$95,000
• Worcester Youth Orchestra:	\$95,000
• Crocodile River Music:	\$80,000
• Worcester Children's Chorus:	\$80,000

• Worcester Chamber Music Society:	\$80,000
• Preservation Worcester:	\$80,000
• Worcester Youth Center:	\$60,000
• The Village Afrocentric Cultural Center:	\$60,000
• Pride Productions:	\$60,000
• Worcester County Poetry Association:	\$60,000
• Worcester Caribbean Am. Carnival Assoc.:	\$40,000
• Salisbury Singers:	\$40,000
• Guardians of Tradition:	\$40,000
• Worcester Community Light Opera Co.:	\$40,000
• Centro:	\$40,000
• Jubilee Career Center for Performing Arts:	\$40,000
• Southeast Asian Coalition:	\$40,000
• Edward Street Child Services:	\$40,000
• Boys and Girls Club:	\$30,000
• OurStory Edutainment:	\$20,000
• Liberian Association of Worcester:	\$20,000
• Studio Theatre Worcester:	\$20,000
• African Community Cultural Center:	\$20,000
• 4th Wall Stage Company:	\$20,000
• Mass Audubon:	\$20,000
• Master Singers of Worcester:	\$20,000
• Clemente Course Worcester:	\$20,000
• Latino History Project:	\$15,000

The wide range in dollar amounts associated with the grant awards was driven by two primary reasons: we had made a commitment that the total funding allocated for this program would be fully utilized and distributed among the eligible applicants, and the federal requirements that the amount of aid must be commensurate to the economic harm experienced by the organization. We recognize that inherently leads to a trend of larger organizations receiving larger dollar amounts as they have significantly higher cost structures. The evaluation criteria (modeled after the MCC process, which we understood to be widely viewed as a successful process), did reflect the fact that a larger organization weathering the pandemic while maintaining comparatively higher employment levels, significant costs for its physical space (rent/mortgage, utilities, maintenance,

etc.), and inherently experienced a comparatively larger negative financial hardship as a result of the pandemic than smaller organizations. Again, our team modeled this criteria and process in close alignment to the MCC grant program, which we understood to be widely viewed as a successful process. We also want to encourage organizations in the creative sector to engage with our team regarding upcoming opportunities through the Cultural Plan Implementation funding in partnership with the Greater Worcester Community Foundation.

*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. Only one grant agreement is still pending execution, all others have been executed.

**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. Construction is now underway.

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**Food Security:** **\$2,000,000**

Pandemic related benefits under the Supplemental Nutrition Assistance Program (SNAP) expired in March 2023 and created a cliff effect for many families. As a result, food insecurity was, and continues to be, on the rise for many of our families. 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.

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**Utility Assistance:** **\$999,567**

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.

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**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 year 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 and eleven (11) awards were made. All contracts have been executed except for one.

**Youth Employment****\$1,500,000**

Earlier this summer, due to unexpected cuts to the state-funded summer youth employment program YouthWorks, there was an anticipated 70% budget reduction impacting summer 2024 opportunities for youth in Worcester and Southern Worcester County. The cut would eliminate roughly more than 600 opportunities for youth aged 16-22 and curb the hiring ability of nearly 100 employer partners in the region. As a result, \$1,500,000 was allocated from ARPA in order to mitigate the anticipated impacts and ensure Worcester youth continued to have access to youth employment this summer.

**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 have been designed and include upgrades at Harlow Street School, Thorndyke Elementary, Lincoln Street School, the Gerald Creamer Center on Granite Street, and Columbus Park School. The Department of Public Facilities is releasing the combined bid for these projects in September 2024.

**PUBLIC HEALTH****\$2,940,756**

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:**

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Since the Senior Center programming has returned to in-person offerings, these funds have been re-allocated to other purposes.

#### **Library Lockers and Book Vending Machines:** **\$804,000**

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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:** **\$1,000,000**

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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. The Worcester Public Schools has seen recent growth in the need to expand these services, so funding has been increased for this purpose to \$1,000,000 in total.

#### **HHS Software and Technology:**

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Since the software and technology solutions that were intended for ARPA funding are subscription-based and needed long-term, they have been incorporated in the HHS Ordinary Maintenance budget. As such, the ARPA funds previously budgeted for this purpose have been re-allocated.

**Coalition for a Healthy Greater Worcester:** **\$199,945**

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:** **\$205,315**

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:** **\$404,000**

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. The previous budget of \$1,500,000 reflected funds anticipated utilized to support costs for the temporary shelter at the former Registry of Motor Vehicles. As we proceeded through the winter, we received confirmation of available state funding to support much of the costs related to shelter operations, so those ARPA funds were available to re-allocate.

***INFRASTRUCTURE AND PUBLIC ASSETS*** ***\$37,733,487***

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** **\$19,002,555**

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 include the lower Cambridge Street sewer interceptor, Shrewsbury Street sewer rehab, and Paine/Gilman/Vinton Street sewer. DPW&P has also assisted qualified homeowners with water/sewer service line repairs. The budget for this category has been reduced because the Salisbury Pond forebay project was recategorized under Parks.

### **Parks Improvements**

**\$14,045,286**

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. This budget was recently increased as a result of recategorizing the Salisbury Pond forebay project, which was previously listed under Water/Sewer Infrastructure, as well as funds to support improvements at Vernon Hill Park.

### **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. These funds have been dedicated to support the implementation of investments aligned with that plan. So far, the initial investments have been related to the City's lakes and ponds program, additional infrastructure projects are in process, and approximately \$400,00 is targeted to be used for tree plantings in heat island neighborhoods.

### **DCU Center Improvements**

**\$1,871,163**

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**

**\$250,064**

ARPA is not intended for general capital investment, however targeted improvements designed to better prepare public facilities for pandemic conditions are allowed. The \$250,064 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.

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

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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.

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

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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.

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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. This report was intended to focus primarily on the status of programs and investments as we approach the December deadline to obligate all funds. As we move forward with future communications to the City Council relative to ARPA, and as mentioned earlier in this report, our team will be focused on sharing stories of positive impact and reporting further on final outcomes to the Council and community.

Respectfully submitted,

Eric D. Batista  
City Manager



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

**BUDGET UPDATE**

August 2024

<b>Description</b>	<b>Previous Budget</b>	<b>Change +/-</b>	<b>Proposed Budget</b>
Community Based Initiatives:			
Housing:			
Housing - Affordable Housing Trust Fund (AHTF)	\$ 17,400,000.00	(100,000.00)	\$ 17,300,000.00
Housing - Owner-Occupied Housing Rehab	2,500,000.00	(233.48)	2,499,766.52
Housing - First-Time Homeownership Development	100,000.00	100,000.00	200,000.00
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	(667,000.00)	333,000.00
Housing - Rental Assistance	1,000,000.00	667,000.00	1,667,000.00
Housing - Worcester Housing Authority	750,000.00		750,000.00
Housing - Home Flood Insurance Assistance	21,237.00	233.48	21,470.48
Total Housing	\$ 28,771,237.00	0.00	\$ 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	(500,000.00)	500,000.00
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	(500,000.00)	\$ 5,070,000.00
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)	\$ 1,198,184.00		\$ 1,198,184.00
Worcester Regional Food Hub	\$ 1,000,000.00		\$ 1,000,000.00
Mental Health Services	\$ 1,999,261.00		\$ 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	\$ (430.03)	\$ 999,569.97
Food Security	\$ 2,000,000.00		\$ 2,000,000.00
Youth Employment	\$ -	\$ 1,500,000.00	\$ 1,500,000.00
Total Community-Based Initiatives	\$ 67,775,764.00	\$ 999,569.97	\$ 68,775,333.97

## Public Health:

HUB Navigator	\$ 273,000.00		\$ 273,000.00
Senior Center Virtual Programming	300,000.00	(300,000.00)	-
Library Lockers and Book Vending Machines	1,002,000.00	(198,000.00)	804,000.00
ESOL Programs	641,318.00	358,682.00	1,000,000.00
DPH-Software	54,495.00		54,495.00
DPH/HHS Technology	24,500.00	(24,500.00)	-
DPH - Coalition for a Healthy Greater Worcester	200,000.00	(54.61)	199,945.39
COVID Testing Contract	373,500.00	(168,185.00)	205,315.00
Emergency Public Health Initiatives	1,500,000.00	(1,095,999.54)	404,000.46
Total Public Health Initiatives	\$ 4,368,813.00	\$ (1,428,057.15)	\$ 2,940,755.85

## Public Asset &amp; Infrastructure Improvements:

DCU Center Improvements (Electrical Vault)	\$ 2,000,000.00	\$ (64,418.25)	\$ 1,935,581.75
Green Worcester Plan Implementation	\$ 2,500,000.00	\$ -	\$ 2,500,000.00
Public Facility Improvements			
RECC HVAC Upgrades	250,000.00	64.69	250,064.69
Total Public Facilities Improvements	\$ 250,000.00	\$ 64.69	\$ 250,064.69
Park Improvements			
Park Capital Improvements (QCT)	\$ 11,875,000.00	\$ 2,170,285.74	\$ 14,045,285.74
Total Parks Improvements	\$ 11,875,000.00	\$ 2,170,285.74	\$ 14,045,285.74
Water/Sewer Related Infrastructure Improvements			
Water/Sewer Infrastructure	\$ 20,500,000.00	\$ (1,497,445.00)	\$ 19,002,555.00
Total Water/Sewer Related Infrastructure Improvements	\$ 20,500,000.00	\$ (1,497,445.00)	\$ 19,002,555.00
Total Public Asset & Infrastructure Improvements	\$ 37,125,000.00	\$ 608,487.18	\$ 37,733,487.18

## 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
Unallocated Funding	\$	180,000.00	\$ (180,000.00) \$ -
Total	\$	146,634,605.00	\$ 146,634,605.00

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City of Worcester  
American Rescue Plan Act of 2021 (ARPA)  
Project Expenditure Tracker  
as of 08/23/2024

Description	Budget	Expenditures	Open Encumbrances	Balance to Obligate
Community Based Initiatives:				
Housing:				
Housing - Affordable Housing Trust Fund (AHTF)	\$ 17,300,000.00	(910,289.17)	\$ (5,274,839.83)	\$ 11,114,871.00
Housing - Owner-Occupied Housing Rehab	2,499,766.00	(671,117.43)	(831,930.00)	996,718.57
Housing - First-Time Homeownership Development	200,000.00	(100,000.00)	(100,000.00)	-
Housing - Sustaining Housing First Solutions +WHA	4,750,000.00	(2,199,102.02)	(407,062.98)	2,143,835.00
Housing - Lead Program	1,000,000.00	(318,675.00)	(264,625.00)	416,700.00
Housing - Down Payment Assistance	1,000,000.00	(872,712.02)	(127,287.98)	-
Housing - Affordable Housing Preservation Program	333,000.00	(175,000.00)	-	158,000.00
Housing - Rental Assistance	1,667,000.00	(989,760.87)	-	677,239.13
Housing - Home Flood Insurance Assistance (CLOSED)	21,470.48	(21,470.48)	-	(0.00)
Total Housing	\$ 28,771,236.48	\$ (6,258,126.99)	\$ (7,005,745.79)	\$ 15,507,363.70
Local Business Assistance & Marketing:				
Business Safety Net & COVID Improvements	\$ 2,500,000.00	(1,985,163.57)	(62,336.43)	\$ 452,500.00
Technical Assistance for Underserved Business	500,000.00	(130,218.88)	(185,328.12)	184,453.00
Minority / Woman Business Enterprise Fund	550,000.00	(40,000.00)	(35,000.00)	475,000.00
Marketing (Massport & Discover Central MA)	1,520,000.00	(1,520,000.00)	(0.01)	(0.01)
Total Local Business Assistance & Marketing	\$ 5,070,000.00	\$ (3,675,382.45)	\$ (282,664.56)	\$ 1,111,952.99
Creative Economy:				
Worcester Arts Council Grants	\$ 300,000.00	(270,651.60)	(19,348.40)	\$ 10,000.00
Cultural Plan Implementation	1,000,000.00	(150,000.00)	-	850,000.00
Creative/Cultural Organizations and Facilities Grants	2,950,000.00	-	-	2,950,000.00
Community/Cultural Festival Support/Other	250,000.00	(249,539.02)	-	460.98
Total Creative Economy	\$ 4,500,000.00	\$ (670,190.62)	\$ (19,348.40)	\$ 3,810,460.98
Job/Skills Training (Worcester Jobs Fund)	\$ 1,198,184.00	\$ (100,479.91)	\$ (878,848.09)	\$ 218,856.00
Worcester Regional Food Hub	\$ 1,000,000.00	\$ (314,753.20)	\$ (685,246.80)	\$ -
Mental Health Services	\$ 1,999,261.00	\$ (210,958.95)	\$ (1,702,394.05)	\$ 85,908.00
WPS ADA Compliance Integration	\$ 10,000,000.00	\$ (519,021.09)	\$ (1,324,978.91)	\$ 8,156,000.00
Additional Community - Based Projects: e.g. Food Security, Childcare, etc.	\$ 11,737,082.00	\$ (2,196,039.23)	\$ (5,606,258.77)	\$ 3,934,784.00
Fuel and Utility Assistance (CLOSED)	\$ 999,569.97	\$ (999,569.97)	\$ 0.00	\$ -
Food Security	\$ 2,000,000.00	\$ (1,333,580.68)	\$ (666,419.32)	\$ -
Youth Employment	\$ 1,500,000.00	\$ -	\$ (1,400,000.00)	\$ 100,000.00
Total Community-Based Initiatives	\$ 68,775,333.45	\$ (16,278,103.09)	\$ (19,571,904.69)	\$ 32,925,325.67
Public Health:				
HUB Navigator	\$ 273,000.00	(165,094.60)	-	\$ 107,905.40
COVID Testing Contract	205,315.00	(205,315.00)	-	-
Senior Center Virtual Programming (CLOSED)	-	-	-	-
Library Lockers and Book Vending Machines	804,000.00	(309,578.14)	(202,790.82)	291,631.04
ESOL Programs	1,000,000.00	(10,499.24)	(151.39)	989,349.37
Other				
DPH-Software	\$ 54,495.00	(1,220.00)	-	\$ 53,275.00
DPH/HHS Technology	-	-	-	-
DPH - Coalition for a Healthy Greater Worcester	199,945.39	(99,972.38)	(99,973.01)	-
COVID -19 Vaccine Freezer Generator	-	-	-	-
Emergency Public Health Initiatives	404,000.46	(347,454.01)	(56,546.45)	(0.00)
Total Other	\$ 658,440.85	\$ (448,646.39)	\$ (156,519.46)	\$ 53,275.00
Total Public Health Initiatives	\$ 2,940,755.85	\$ (1,139,133.37)	\$ (359,461.67)	\$ 1,442,160.81
Public Asset & Infrastructure Improvements:				
DCU Center Improvements (Electrical Vault)	\$ 1,935,581.75	\$ (1,935,581.75)	\$ -	\$ (0.00)

Description	Budget	Expenditures	Open Encumbrances	Balance to Obligate
Green Worcester Plan Implementation	\$ 2,500,000.00	\$ (448,308.12)	\$ (7,675.00)	\$ 2,044,016.88
Public Facility Improvements				
City Hall Touchless Facilities	\$ -	\$ -	-	\$ -
RECC HVAC Upgrades	250,064.69	(241,192.19)	(8,872.50)	-
Total Public Facilities Improvements	\$ 250,064.69	\$ (241,192.19)	\$ (8,872.50)	\$ -
Park Improvements				
Park Capital Improvements (QST)	\$ 14,045,285.74	\$ (4,301,158.07)	(6,518,569.66)	\$ 3,225,558.01
Total Parks Improvements	\$ 14,045,285.74	\$ (4,301,158.07)	\$ (6,518,569.66)	\$ 3,225,558.01
Water/Sewer Related Infrastructure Improvements				
Water/Sewer Infrastructure	\$ 19,002,555.00	\$ (5,196,314.56)	(12,426,547.78)	\$ 1,379,692.66
Total Water/Sewer Related Infrastructure Improvements	\$ 19,002,555.00	\$ (5,196,314.56)	\$ (12,426,547.78)	\$ 1,379,692.66
<b>Total Public Asset &amp; Infrastructure Improvements</b>	<b>\$ 37,733,487.18</b>	<b>\$ (12,122,554.69)</b>	<b>\$ (18,961,664.94)</b>	<b>\$ 6,649,267.55</b>
Technology Improvements:				
Enterprise Resource Planning System (ERP)	\$ 14,966,624.00	\$ (10,729,619.75)	\$ (3,777,396.25)	\$ 459,608.00
Technology Improvements	288,418.00	(47,306.00)	(95,808.30)	145,303.70
Total Technology Improvements	\$ 15,255,042.00	\$ (10,776,925.75)	\$ (3,873,204.55)	\$ 604,911.70
Administrative Overhead:				
Total Administrative Overhead	\$ 3,625,963.00	\$ (899,261.93)	\$ -	\$ 2,726,701.07
Revenue Recovery:				
General Fund	\$ 11,596,458.87	\$ (11,596,458.87)	-	\$ (0.00)
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)	\$ -	\$ (0.00)
Premium Pay:				
General Fund	\$ 2,514,500.00	\$ (2,514,500.00)	-	\$ -
Total Premium Pay	\$ 2,514,500.00	\$ (2,514,500.00)	\$ -	\$ -
		\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 146,634,604.48</b>	<b>\$ (59,520,001.83)</b>	<b>\$ (42,766,235.85)</b>	<b>\$ 44,348,366.80</b>