



Eric D. Batista
City Manager

CITY OF WORCESTER

cm2023jun08041926

Attachment for Item #

9.40 A

June 13, 2023

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

I write to provide an update on the status of the American Rescue Plan Act (ARPA) budget. Our previous budget updates have included a status of expenditures. This update similarly includes the latest update on expenditures, but for the Council's information, we have also added a column showing funds that have been "**committed**" to projects and subrecipients to better illustrate what remains as "**uncommitted.**" As you know, the full amount of our ARPA dollars is "**allocated**" to various projects and programs. An example of "**uncommitted**" funds would be a program allocation that is still in the process of making awards to applicants, such as the Mental Health and Job Training programs that are likely to have awards announced this month.

As a result of conversations with the City Council and the community, I am also making a few budget adjustments to address urgent, acute needs in the community:

- **\$2 million for Food Security.** We are all aware of the cliff effect resulting from the expiring federal benefits for the Supplemental Nutrition Assistance Program (SNAP) that occurred in March. As a result, food insecurity is on the rise and many of our families are struggling. I have re-allocated \$2 million from the water/sewer category to address this critical need. These funds will be contracted to the United Way of Central Mass for support of Worcester-based food pantries and programs.

- **\$1 million for Rental Assistance.** Your Honorable Body unanimously approved an order requesting my Administration to recapitalize our previous efforts through the CARES Act to provide Rental Assistance to households in need, which will further support short-term housing stability. This program was further described in the recent City Council item relative to our overall Housing Strategy. The program will address unmet needs in the community based on evidence of how other Rental Assistance programs are currently being administered. I have re-allocated \$1,000,000 from the Emergency Public Health Initiatives category for this purpose. As we know, housing is one of the most critical social determinants of health.
- **\$1 million for a new Affordable Housing Preservation Program.** This program was also further described in the recent Council item relative to our overall Housing Strategy. 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. We believe this new program will be a helpful tool in mitigating this vulnerability. We have recommended re-allocating \$500,000 from Down Payment Assistance and Lead Paint Abatement for this \$1 million commitment. Those two programs were selected because we currently have dozens of pre-approved first-time homebuyers who have not been able to locate a home to purchase – inventory remains at staggeringly low levels. In addition, the City has other resources through our annual entitlement for Lead Paint Abatement. The ARPA-funded program has been providing some additional flexibility, but we believe shifting some of these dollars to the unmet need for additional affordable housing preservation is a sound strategy.

As we have consistently communicated from the start of the ARPA allocation process, our expectations were that the budget would be fluid and adjusted to meet emerging as well as persistent needs as a result of the COVID-19 pandemic. These adjustments are consistent with that theme.

Respectfully submitted,

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

Eric D. Batista
City Manager

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

BUDGET UPDATE

June 2023

Description	Previous Budget	Change +/-	Proposed Budget
Community Based Initiatives:			
Housing:			
Housing - Affordable Housing Trust Fund (AHTF)	\$ 15,000,000.00		\$ 15,000,000.00
Housing - Owner-Occupied Housing Rehab	2,500,000.00		2,500,000.00
Housing - First-Time Homeownership Development	2,500,000.00		2,500,000.00
Housing - Sustaining Housing First Solutions	4,000,000.00		4,000,000.00
Housing - Lead Program	1,500,000.00	(500,000.00)	1,000,000.00
Housing - Down Payment Assistance	1,500,000.00	(500,000.00)	1,000,000.00
Housing - Affordable Housing Preservation Program	-	1,000,000.00	1,000,000.00
Housing - Rental Assistance	-	1,000,000.00	1,000,000.00
Housing - Worcester Housing Authority	750,000.00		750,000.00
Housing - Home Flood Insurance Assistance	250,000.00		250,000.00
Total Housing	\$ 28,000,000.00	1,000,000.00	\$ 29,000,000.00
Local Business Assistance & Marketing:			
Business Safety Net & COVID Improvements	\$ 2,500,000.00		\$ 2,500,000.00
Technical Assistance for Underserved Business	1,000,000.00		1,000,000.00
Minority / Woman Business Enterprise Fund	550,000.00		550,000.00
Marketing / DCM	1,520,000.00		1,520,000.00
Total Local Business Assistance & Marketing	\$ 5,570,000.00	-	\$ 5,570,000.00
Creative Economy:			
Worcester Arts Council Grants	\$ 300,000.00		\$ 300,000.00
Cultural Plan Implementation	1,000,000.00		1,000,000.00
Creative/Cultural Organizations and Facilities Grants	2,950,000.00		2,950,000.00
Community/Cultural Festival Support/Other	250,000.00		250,000.00
Total Creative Economy	\$ 4,500,000.00		\$ 4,500,000.00
Job/Skills Training (Worcester Jobs Fund)	\$ 1,200,000.00		\$ 1,200,000.00
Worcester Regional Food Hub	\$ 1,000,000.00		\$ 1,000,000.00
Mental Health Services	\$ 2,000,000.00		\$ 2,000,000.00
WPS ADA Compliance Integration	\$ 10,000,000.00		\$ 10,000,000.00
Community Projects & Programs	\$ 11,737,082.00		\$ 11,737,082.00
Utility Assistance	\$ 1,000,000.00		\$ 1,000,000.00
Food Security	\$ -	\$ 2,000,000.00	\$ 2,000,000.00
Total Community-Based Initiatives	\$ 65,007,082.00	\$ 3,000,000.00	\$ 68,007,082.00
Public Health:			
HUB Navigator	\$ 273,000.00		\$ 273,000.00

COVID -19 Vaccine Freezer Generator	\$ 58,500.00		\$ 58,500.00
Senior Center Virtual Programming	\$ 300,000.00		\$ 300,000.00
Library Lockers and Book Vending Machines	\$ 1,002,000.00		\$ 1,002,000.00
ESOL Programs	\$ 1,050,000.00		\$ 1,050,000.00
Other			
DPH-Software	\$ 54,495.00		\$ 54,495.00
DPH/HHS Technology	24,500.00		24,500.00
DPH - Coalition for a Healthy Greater Worcester	75,000.00		75,000.00
COVID Testing Contract	300,000.00		300,000.00
Emergency Public Health Initiatives	2,000,000.00	(1,000,000.00)	1,000,000.00
Total Other	\$ 2,453,995.00	\$ (1,000,000.00)	\$ 1,453,995.00
Total Public Health Initiatives	\$ 5,137,495.00	\$ (1,000,000.00)	\$ 4,137,495.00
Public Asset & Infrastructure Improvements:			
DCU Center Improvements (Electrical Vault)	\$ 2,000,000.00		\$ 2,000,000.00
Green Worcester Plan Implementation	\$ 2,500,000.00		\$ 2,500,000.00
Public Facility Improvements			
City Hall Touchless Facilities	\$ 180,000.00		\$ 180,000.00
RECC HVAC Upgrades	250,000.00		250,000.00
Total Public Facilities Improvements	\$ 430,000.00		\$ 430,000.00
Park Improvements			
Park Capital Improvements (QCT)	\$ 11,875,000.00		\$ 11,875,000.00
Total Parks Improvements	\$ 11,875,000.00	\$ -	\$ 11,875,000.00
Water/Sewer Related Infrastructure Improvements			
Water/Sewer Infrastructure	\$ 22,500,000.00	(2,000,000.00)	20,500,000.00
Total Water/Sewer Related Infrastructure Improvements	\$ 22,500,000.00	\$ (2,000,000.00)	\$ 20,500,000.00
Total Public Asset & Infrastructure Improvements	\$ 39,305,000.00	\$ (2,000,000.00)	\$ 37,305,000.00
Technology Improvements:			
Enterprise Resource Planning System (ERP)	\$ 14,966,624.00		\$ 14,966,624.00
Technology Improvements	288,418.00		288,418.00
Total Technology Improvements	\$ 15,255,042.00	\$ -	\$ 15,255,042.00
Administrative Overhead:			
Staffing, Indirect Rate, Other	\$ 3,625,963.00		\$ 3,625,963.00
Total Administrative Overhead	\$ 3,625,963.00	\$ -	\$ 3,625,963.00
Revenue Recovery:			
General Fund	\$ 11,596,458.87		\$ 11,596,458.87
DCU Center	2,339,846.00		2,339,846.00
Parking	1,853,218.13		1,853,218.13
Total Revenue Recovery	\$ 15,789,523.00		\$ 15,789,523.00
Premium Pay:			
General Fund	\$ 2,514,500.00		\$ 2,514,500.00

Total Premium Pay	\$ 2,514,500.00		\$ 2,514,500.00
Total	<u>\$ 146,634,605.00</u>	<u>\$ -</u>	<u>\$ 146,634,605.00</u>

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

EXPENDITURE TRACKER

Description	Budget	Expenditures (as of 3/31/23)	Committed	Uncommitted Balance
Community Based Initiatives:				
Housing:				
Housing - Affordable Housing Trust Fund (AHTF)	\$ 15,000,000.00	-	(5,069,463.00)	\$ 9,930,537.00
Housing - Owner-Occupied Housing Rehab	2,500,000.00	(1,590.00)	(993,255.00)	1,505,155.00
Housing - First-Time Homeownership Development	2,500,000.00	-	(100,000.00)	2,400,000.00
Housing - Sustaining Housing First Solutions	4,000,000.00	(241,166.97)	(3,664,998.03)	93,835.00
Housing - Lead Program	1,000,000.00	(2,295.00)	(47,705.00)	950,000.00
Housing - Down Payment Assistance	1,000,000.00	-	-	1,000,000.00
Housing - Affordable Housing Preservation Program	1,000,000.00	-	-	1,000,000.00
Housing - Rental Assitance	1,000,000.00	-	-	1,000,000.00
Housing - Worcester Housing Authority	750,000.00	-	(750,000.00)	-
Housing - Home Flood Insurance Assistance	250,000.00	(13,552.66)	(14,542.98)	221,904.36
Total Housing	\$ 29,000,000.00	\$ (258,604.63)	\$ (10,639,964.01)	\$ 18,101,431.36
Local Business Assistance & Marketing:				
Business Safety Net & COVID Improvements	\$ 2,500,000.00	(954,500.00)	(441,500.00)	\$ 1,104,000.00
Technical Assistance for Underserved Business	1,000,000.00	-	-	1,000,000.00
Minority / Woman Business Enterprise Fund	550,000.00	-	-	550,000.00
Marketing / DCM	1,520,000.00	(492,059.66)	(1,027,940.34)	-
Total Local Business Assistance & Marketing	\$ 5,570,000.00	\$ (1,446,559.66)	\$ (1,469,440.34)	\$ 2,654,000.00
Creative Economy:				
Worcester Arts Council Grants	\$ 300,000.00	(105,200.00)	(134,800.00)	\$ 60,000.00
Cultural Plan Implementation	1,000,000.00	-	-	1,000,000.00
Creative/Cultural Organizations and Facilities Grants	2,950,000.00	-	-	2,950,000.00
Community/Cultural Festival Support/Other	250,000.00	-	(250,000.00)	-
Total Creative Economy	\$ 4,500,000.00	\$ (105,200.00)	\$ (384,800.00)	\$ 4,010,000.00
Job/Skills Training (Worcester Jobs Fund)	\$ 1,200,000.00	-	-	\$ 1,200,000.00
Worcester Regional Food Hub	\$ 1,000,000.00	-	(1,000,000.00)	\$ -
Mental Health Services	\$ 2,000,000.00	-	-	\$ 2,000,000.00
WPS ADA Compliance Integration	\$ 10,000,000.00	-	(10,000,000.00)	\$ -
Community Projects & Programs	\$ 11,737,082.00	-	(11,737,082.00)	\$ -
Utility Assistance	\$ 1,000,000.00	-	(1,000,000.00)	\$ -
Food Security	\$ 2,000,000.00	-	(2,000,000.00)	\$ -
Total Community-Based Initiatives	\$ 68,007,082.00	\$ (1,810,364.29)	\$ (38,231,286.35)	\$ 27,965,431.36
Public Health:				
HUB Navigator	\$ 273,000.00	(78,823.57)	(194,176.43)	\$ -
COVID -19 Vaccine Freezer Generator	58,500.00	-	-	58,500.00
Senior Center Virtual Programming	300,000.00	-	-	300,000.00
Library Lockers and Book Vending Machines	1,002,000.00	-	(109,200.00)	892,800.00
ESOL Programs	1,050,000.00	(9,384.25)	(1,826.01)	1,038,789.74

Description	Budget	Expenditures (as of 3/31/23)	Committed	Uncommitted Balance
Other				
DPH-Software	\$ 54,495.00	(1,220.00)	-	\$ 53,275.00
DPH/HHS Technology	24,500.00	-	-	24,500.00
DPH - Coalition for a Healthy Greater Worcester	75,000.00	-	(75,000.00)	-
COVID Testing Contract	300,000.00	(173,500.00)	(200,000.00)	(73,500.00)
Emergency Public Health Initiatives	1,000,000.00	(192,396.52)	(179,803.48)	627,800.00
Total Other	\$ 1,453,995.00	\$ (367,116.52)	\$ (454,803.48)	\$ 632,075.00
Total Public Health Initiatives	\$ 4,137,495.00	\$ (455,324.34)	\$ (760,005.92)	\$ 2,922,164.74
Public Asset & Infrastructure Improvements:				
DCU Center Improvements (Electrical Vault)	\$ 2,000,000.00	(1,842,957.86)	(119,082.89)	\$ 37,959.25
Green Worcester Plan Implementation	\$ 2,500,000.00	(187,152.74)	(194,279.98)	\$ 2,118,567.28
Public Facility Improvements				
City Hall Touchless Facilities	\$ 180,000.00	-	-	\$ 180,000.00
RECC HVAC Upgrades	250,000.00	(53,327.57)	(155,055.43)	41,617.00
Total Public Facilities Improvements	\$ 430,000.00	(53,327.57)	(155,055.43)	\$ 221,617.00
Park Improvements				
Park Capital Improvements (QCT)	\$ 11,875,000.00	(663,934.70)	(454,183.73)	\$ 10,756,881.57
Total Parks Improvements	\$ 11,875,000.00	(663,934.70)	(454,183.73)	\$ 11,211,065.30
Water/Sewer Related Infrastructure Improvements				
Water/Sewer Infrastructure	\$ 20,500,000.00	-	-	\$ 20,500,000.00
Total Water/Sewer Related Infrastructure Improvements	\$ 20,500,000.00	-	-	\$ 20,500,000.00
Total Public Asset & Infrastructure Improvements	\$ 37,305,000.00	\$ (2,747,372.87)	\$ (922,602.03)	\$ 34,089,208.83
Technology Improvements:				
Enterprise Resource Planning System (ERP)	\$ 14,966,624.00	(6,333,706.19)	(8,040,980.81)	\$ 591,937.00
Technology Improvements	288,418.00	-	(143,114.30)	145,303.70
Total Technology Improvements	\$ 15,255,042.00	\$ (6,333,706.19)	\$ (8,184,095.11)	\$ 737,240.70
Administrative Overhead:				
Staffing, Indirect Rate, Other	\$ 3,625,963.00	(105,025.43)	(3,204,222.07)	\$ 316,715.50
Total Administrative Overhead	\$ 3,625,963.00	\$ (105,025.43)	\$ (3,204,222.07)	\$ 316,715.50
Revenue Recovery:				
General Fund	\$ 11,596,458.87	(11,596,458.87)	-	\$ -
DCU Center	2,339,846.00	(2,339,846.00)	-	-
Parking	1,853,218.13	(1,853,218.13)	-	-
Total Revenue Recovery	\$ 15,789,523.00	\$ (15,789,523.00)	\$ -	\$ -
Premium Pay:				
General Fund	\$ 2,514,500.00	(2,514,500.00)	-	\$ -
Total Premium Pay	\$ 2,514,500.00	\$ (2,514,500.00)	\$ -	\$ -
Total	\$ 146,634,605.00	\$ (29,755,816.12)	\$ (51,302,211.48)	\$ 66,030,761.13