



City Manager

CITY OF WORCESTER

cm2021jul16124527

Attachment for Item # 10.29 A

July 20, 2021

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

I respectfully submit a proposed budget for the initial portion of American Rescue Plan Act of 2021 (ARPA) Coronavirus State and Local Fiscal Recovery Funds received by the City. This budget provides funding for various community needs to aid Worcester in our recovery from the economic and public health impacts of COVID-19. The goal of this budget is to reinvigorate our community and public assets through thoughtful and targeted spending based on current eligibility criteria. It is our hope that these funds will assist in the recovery of our local economy and the furtherance of municipal initiatives impacted by the pandemic.

On June 22, 2021, this Honorable Body voted to accept the City's direct allocation of \$110,617,389.00 in ARPA funds from the U.S. Department of the Treasury (Treasury). Funds are distributed in two equal payments; the first received in June 2021 and the second anticipated to be received in June 2022. We are also awaiting confirmation and receipt of an additional State-directed allocation of approximately \$36M. While Treasury has released guidance to further define eligibility under the four main spending categories (Public Health & Economic Recovery, Revenue Replacement, Premium Pay, and Water/Sewer/Broadband), there are still questions that require clarification before final recommendations can be made. For this reason, the below budget proposal represents the first tranche of the funding. These funds will provide this Administration with the opportunity to make initial investments while gaining additional insight into the eligibility of certain projects and priorities.



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<b>American Rescue Plan Act of 2021 (ARPA)</b>			
<b>Community Based Initiatives:</b>	<b>Initial Phase</b>	<b>Future</b>	<b>Total</b>
Housing (WHA, Lead & Housing Safety Net)	5,500,000	7,000,000	12,500,000
Local Business Assistance & Marketing	2,000,000	4,000,000	6,000,000
Creative Economy	1,500,000	3,000,000	4,500,000
Food Security	500,000	1,000,000	1,500,000
<b>Total Community Based Initiatives</b>	<b>9,500,000</b>	<b>15,000,000</b>	<b>24,500,000</b>
<b>Revenue Recovery:</b>			
General Fund	4,000,000	1,000,000	5,000,000
DCU Center	6,000,000	1,500,000	7,500,000
Parking	2,000,000	500,000	2,500,000
<b>Total Revenue Recovery</b>	<b>12,000,000</b>	<b>3,000,000</b>	<b>15,000,000</b>
<b>Health and Human Services</b>			
Mental Health Services	1,000,000	2,000,000	3,000,000
HUB Navigator	90,000	180,000	270,000
DPH Staff Support	250,000	500,000	750,000
COVID-19 Vaccine Freezer Generator	60,000	-	60,000
Senior Center Virtual Programming	100,000	200,000	300,000
Library Lockers and Book Vending Machines	350,000	700,000	1,050,000
Job Training	400,000	800,000	1,200,000
Recreation Worcester/Youth Violence Prevention	300,000	600,000	900,000
Other	150,000	695,999	845,999
<b>Total Public Health Initiatives</b>	<b>2,700,000</b>	<b>5,675,999</b>	<b>8,375,999</b>
<b>Public Asset &amp; Infrastructure Improvements:</b>			
DCU Center Improvements	2,000,000	-	2,000,000
Public Facility Improvements	500,000	500,000	1,000,000
Parks Improvements	3,500,000	7,000,000	10,500,000
Water/Sewer Related Infrastructure Improvements	7,000,000	14,000,000	21,000,000
<b>Total Public Asset &amp; Infrastructure Improvements</b>	<b>13,000,000</b>	<b>21,500,000</b>	<b>34,500,000</b>
<b>Technology Improvements:</b>			
Enterprise Resource Planning System (ERP)	11,000,000	5,241,390	16,241,390
Technology Improvements/Broadband	6,000,000	6,000,000	12,000,000
<b>Total Technology Improvements</b>	<b>17,000,000</b>	<b>11,241,390</b>	<b>28,241,390</b>
<b>Total</b>	<b>54,200,000</b>	<b>56,417,389</b>	<b>110,617,389</b>

Based on the guidance received to date, this budget proposal includes a range of investments that we consider to be eligible and address the needs of our community. The most critical spending category in this budget is our **investment into our local community** to combat the negative impacts COVID-19. We are budgeting approximately \$9.5M annually (\$28M total), or roughly 25% of our total ARPA allocation, in community-based initiatives that include the Worcester Housing Authority, the Affordable Housing Trust Fund, lead remediation efforts, and other affordable housing projects, local business grants and marketing funding, creative economy initiatives, and food security programs such as the proposed Food Hub. It is our hope that local businesses and community partners will collaborate with the City to bolster our economy to pre-pandemic levels.

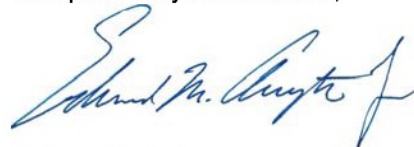
Another critical investment area of this budget is in **public health related initiatives**, for which we plan to allocate \$2.7M in this initial effort. This funding will be used for important purchases and programs such as mental health services, funding a HUB Navigator position, supporting our Division of Public Health, funding continued virtual programming at the Worcester Senior Center, expansion of the Worcester Jobs Fund, youth violence prevention efforts, and investing in technologies at the Worcester Public Library. These technologies include the purchase of book vending machines that will be in various locations throughout the City and allow for continued social distancing while still being able to access the Library's collection. A portion of funding under this category has been set aside for unforeseen public health needs that may arise.

Through the COVID-19 pandemic, we have recognized the need for additional **improvements to public assets and infrastructure** that provide vital services to residents. We plan to invest approximately \$13M in ARPA funds in projects that keep these assets safe and accessible in times of need. Some of the projects we plan to fund include upgrades to the DCU Center to ensure it can be remobilized as our area field hospital if another public health emergency were to occur, upgrades to outdated HVAC systems in various public buildings to ensure proper air quality, investments in touchless access systems for public buildings, and investments in park improvements in Qualified Census Tracts to provide the public with clean, safe outdoor space. We also plan to invest ARPA funds in water and sewer projects to make necessary upgrades to maintain and improve these vital systems. We have earmarked a portion of funding for street and sidewalk work that will be used in conjunction with water and sewer upgrades.

Funds will also be used for the adoption and implementation of a new enterprise resource planning system (ERP) and related technologies to enable the City's financial systems to function in remote environments. Additionally, the City will use these funds to invest in analyzing the feasibility of municipal broadband and/or internet access to the community through the Municipal Broadband Task Force and Master Plan. This \$17M **investment in technology** will keep the City's systems secure and bring them up to date. They will also allow the City to operate remotely if another pandemic or public health crisis were to occur.

As we work to implement the programs and projects included in this budget proposal, adjustments may need to be made during the course of the year as we receive additional guidance. In addition, we are putting aside \$10M as we seek community interests and needs through multiple listening sessions for further investment in our neighborhoods. We will plan on providing this Honorable Body with a future budget proposal for the additional ARPA funding once further guidance is available and programs and initiatives are off the ground.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Edward M. Augustus, Jr.", with a stylized flourish at the end.

Edward M. Augustus, Jr.  
City Manager