

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>
City Manager	Edward M. Augustus, Jr.	Appointed by City Council
City Councilor	Joseph M. Petty *	Elected/Biennially
	Morris A. Bergman	Elected/Biennially
	Donna M. Colorio	Elected/Biennially
	Khrystian E. King	Elected/Biennially
	Gary Rosen	Elected/Biennially
	Kathleen M. Toomey	Elected/Biennially
	Sean M. Rose	Elected/Biennially
	Candy F. Mero-Carlson	Elected/Biennially
	George J. Russell	Elected/Biennially
	Sarai Rivera	Elected/Biennially
	Matthew E. Wally	Elected/Biennially
Chief Financial Officer	Timothy J. McGourthy	Appointed by City Manager
City Treasurer and Collector of Taxes	Sandra J. Flynn	Appointed by City Manager
City Auditor	Robert V. Stearns	Appointed by City Council/2 years
City Clerk	Nikolin Vangjeli	Appointed by City Council/2 years
Superintendent of Schools	Maureen Binienda	Appointed by School Committee/3 years

* *Mayor*

CORONAVIRUS (COVID-19)

COVID-19 is a respiratory disease caused by a novel coronavirus that has been impacting the world for over nine months. Since Governor Charlie Baker's March 10, 2020 state of emergency declaration in Massachusetts, the City has been working to mitigate the potential spread by limiting access to public buildings, including schools, libraries, the senior center and the City's arena and convention center, recommending strict adherence to public health standards of social distancing and encouraging remote work for those able to complete their work from home. The City continues to and expects to continue to maintain all essential functions and services.

Pursuant to M.G.L. Chapter 44, Section 31, the City Manager has set up a fund specifically related to COVID-19 expenses. The City will capture all costs related to the COVID-19 pandemic and deficit spend for these costs, including but not limited to, overtime, cleaning and medical supplies, and IT equipment. The City has been authorized by the Commonwealth for reimbursement of up to \$16,388,350 in eligible COVID-19-related costs under the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in addition to reimbursement of up to 75% for eligible COVID-19-related costs by the Federal Emergency Management Agency (FEMA). The City expects that any costs not covered by federal or state aid or other sources will be covered by City revenues within one to three years.

The virus and the resulting actions by national, state and local governments is altering the behaviour of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the City. These negative impacts are likely to include reduced collections of property taxes and other revenues, including local meals and rooms tax revenue, motor vehicle excise taxes and other fees and charges collected by the City. The City's budget relies substantially on the receipt of State aid to cities and towns. Consequently, the City could be significantly affected by any reductions in such aid resulting from reduced revenues at the State level. In addition, stock markets in the United States and globally have seen significant recent volatility largely attributable to coronavirus concerns and which could adversely affect the funding status of the City's pension funds and resulting funding schedules. The City cannot fully quantify these effects at this time. In order to help mitigate expenses, the City implemented a hiring freeze in April 2020.

The City's fiscal 2021 budget assumes a decrease in local revenues, specifically in hotel/motel and meals taxes. While the City's budget followed the Governor's originally proposed budget for fiscal 2021 local aid funding, the City now expects state aid to be level-funded to the same amounts of fiscal year 2020. This has an impact on both the municipality and the Worcester Public Schools. The budget does substantially increase the contingency to accommodate such a change and the City will be making necessary budget adjustments prior to the end of the calendar year to accommodate the decreases. Free cash, based on undesignated funds available at the end of fiscal year 2020, has been certified at \$10.2 million and plans to be allocated according to the City's Financial Integrity Plan to bond stabilization reserves, an OPEB Trust and one-time needs, including COVID-related contingency. The City continued the hiring freeze into fiscal 2021 and is holding on the expenditure of most capital outlays, as of July 1, 2020. The City Manager has the ability to overrule on a case by case basis. On a monthly basis, City Administration provides an update to City Council on the financial status and is tracking revenues, expenditures and potential shortfalls on an ongoing basis.

ECONOMIC DEVELOPMENT

The COVID-19 Pandemic is likely to have an adverse effect on the economic development activities described below. See **CORONAVIRUS (COVID-19)** above.

MAJOR DEVELOPMENT INITIATIVES

Urban Revitalization

The Worcester City Council and Worcester Redevelopment Authority (WRA) established the Downtown Worcester Urban Revitalization Plan (URP), with the approval of the Department of Housing and Community Development (DHCD) and in accordance with Massachusetts General Law Chapter 121B, for strategic portions of the City's downtown and its surrounds. The URP identifies critical properties within its boundaries that have suffered ongoing disinvestment and decay. The following projects are strategic initiatives in the URP Area. The City has completed enhanced streetscapes along Salem, Federal, Portland and Franklin Streets, and has focused its efforts on the redesign of Federal Square (Carroll) Plaza and Southbridge Street as well as on the Main Street Streetscape project. In February 2019, the WRA received DHCD's approval to enlarge the URP boundary and authorizes the acquisition of some or all of ten additional properties to facilitate the Canal District Ballpark project. In May 2019, the WRA received DHCD's approval to further expand the URP boundary and acquired two additional properties. In 2020, DHCD authorized the disposition of five surplus properties for redevelopment adjacent to the ballpark project.

Canal District

- **Ballpark Project** – On October 30, 2018, the City approved the establishment of the Canal District Ballpark District Improvement Financing District and authorized the borrowing of \$100.8 million to pay costs of constructing a Triple-A baseball stadium (the "Ballpark") and making ancillary improvements in the vicinity of the Ballpark, which is expected to be leased to Major League Baseball's Boston Red Sox Triple-A affiliate, presently located in Pawtucket, Rhode Island (the "Team"). The Team expects to move to Worcester for the start of the 2021 baseball season.

When originally announced, the cost to construct the ballpark itself was estimated to be between \$86.0 million and \$90.0 million. In early 2020, that cost estimate was increased to \$99.4 million, with the City contributing an additional \$9.4 million. The cost to complete the Ballpark is now estimated to be between \$115 and \$118 million, with the overage to be covered by the Team. The City Administration has sought local city council approval to borrow \$14 million to be repaid by an increase in Team Rent Contributions, with a net of \$10M going directly toward ballpark overages, while the Team has committed to making an equity payment to the City/Worcester Redevelopment Authority to cover the remainder. The cost estimate for constructing the Ballpark has increased primarily due to more extensive architectural solutions for unique site grade issues and COVID-19-related costs. In addition, it was initially anticipated that the total cost of land acquisition, environmental remediation, soils removal, tenant relocation, roadway and other site improvements in the vicinity of the Ballpark would total \$8.5 million. That cost is now estimated to be \$29.2 million. Capitalized interest and other financing costs are estimated at \$4.3 million. In accordance with the Letter of Intent between the City and the Team dated August 17, 2018, as most recently amended on March 10, 2020, the City will contribute a maximum of \$56.1 million to the cost of the Ballpark, and the Team

will be responsible for the repayment of debt service on \$43.3 million of bonds issued by the City to fund costs of the Ballpark project, and will also be responsible for all costs of the Ballpark project in excess of \$99.4 million. The Team expects to meet its debt service repayment obligations through annual lease payments and a facility fee to be charged on a per ticket basis.

On January 10, 2020, the City Manager requested an additional \$32.0 million loan authorization from the City Council to meet the increased costs of the project, bringing the total estimated cost of the project to \$132.8 million. The City Council voted its approval on March 17, 2020.

From April 3rd through May 18th, the City Manager, in response to the Governor's COVID-19 emergency declaration, ordered a halt to construction on the ballpark. Since May 18th, the City's construction team has been working diligently to make up for lost time and move the project forward to completion and the project team continues to expect the substantial completion of the project in April 2021. The project team is isolating project costs attributable to COVID-19 for potential reimbursement through state and federal recovery programs. (See **CORONAVIRUS (COVID-19)** herein). In January 2021, the City Manager requested City Council approval for an additional \$14 million loan authorization on behalf of the Team as part of the Team's financing plan for approximately \$17 million in additional costs.

The City of Worcester has also signed the First Amendment to the Amended and Restated Letter of Intent ("Amended LOI") with Madison WG Holdings, LLC ("Madison") relative to the private development program within the Ballpark District. This Amended LOI updates certain terms of the previous LOIs with Madison, mostly centered on the impact of COVID-19. The only change to the scope of the Madison development program at this time is the contraction of the hotel project. The total room count has been reduced from an estimated 262 rooms to 125 rooms. The projected occupancy date for the hotel has changed from May 1, 2022 to May 1, 2024. The two market-rate residential buildings are still conceived at a total of 350 units; both buildings are delayed approximately 1 year. The first residential building is now planned for occupancy by September 1, 2022 and the second building is planned for occupancy by December 31, 2023. The Left Field Building, intended to be commercial office space, has been delayed 2 years from April 1, 2021, to April 1, 2023; the scope of that building has not changed. Madison's commitment to deliver the lab building has also been delayed 1 year from December 31, 2023 to December 31, 2024; however, Madison would commence this building on an accelerated timeline if they are successful in landing an anchor tenant. Madison is currently marketing the opportunity for both the lab building and Left Field Building to prospective tenants. The Worcester Redevelopment Authority ("WRA") is working on final designs for the parking garage, which will be built within the District with a MassWorks grant from the Commonwealth of Massachusetts. The final estimate on parking spaces is projected to be 340 spaces. Madison will be leasing the entirety of the garage from the WRA/City. As a result of the Amended LOI, the City of Worcester and WRA are in the process of finalizing the Land Disposition and Development Agreement with Madison. In addition, the WRA has also taken title to the land from Madison upon which the Ballpark sits.

The City had anticipated that new property tax revenue from the Madison project would offset the City's share of general obligation debt service related to the Ballpark project. At this time, no assurance can be given as to precisely when Madison's proposed development will commence, be completed and added to the City's property tax rolls. The City believes that it has adequate alternatives for managing the repayment of debt service on its share of the Ballpark project until such time as the Madison project elements are added to the City's property tax rolls.

- **Green Island Initiative** – The City has committed \$3,000,000 over five years, beginning with fiscal year 2020, through the Community Development Block Grant (CDBG) Program to the Green Island Neighborhood. The Initiative's activities include: infrastructure, housing rehabilitation (rental & owner occupied), economic development and public facility improvements. All housing projects that utilize federal funding will have an affordable housing restriction (AFH) placed on them ensuring long-term affordability in the area. This allows for units to not only be rehabilitated and code compliant, but it also mandates that affordability be preserved within the neighborhood. The City began resurfacing certain roadways, and reconstructing the related sidewalks in 2020. This project is estimated to commit approximately \$873,000 in CDBG for the 2019-2020 program year.