

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

**VOTE**

Approving Budget for the City of Lowell for Fiscal Year 2021.

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WHEREAS, pursuant to Mass. G.L. c.44 §32, the City Manager submitted a proposed budget for fiscal year 2021 to the City Council on September 8, 2020 and the appropriation order was accepted by vote of the City Council; and

WHEREAS, the City Council held advertised public hearings to consider the proposed budget on September 22, 2020 and any other dates necessary, as advertised in the public hearing notice; and

WHEREAS, upon motion the City Council accepted the budget as submitted by the City Manager, after reductions otherwise separately voted, if any.

NOW, THEREFORE, BE IT VOTED BY THE CITY COUNCIL OF THE CITY OF LOWELL:

That the City Council of the City of Lowell hereby adopts and approves the budget for fiscal year 2021 for the City of Lowell, including all line items therein as if separately voted thereon, in the sum of \$281,556,022, which sum shall be appropriated and raised by taxation and other sources, including but not limited to intergovernmental revenue, charges for services, licenses and permits, miscellaneous, etc. The full list of appropriations follows this vote.

WHEREAS, THE City of Lowell enterprise funds may have insufficient operating revenues to fund all expenditures of the funds in fiscal year 2021 and appropriation of retained earnings may be required to fund the fiscal year's operations.

**City of Lowell Fiscal Year 2021 City Manager's Recommended Appropriation  
Order**

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NOW, THEREFORE, BE IT FURTHER VOTED BY THE CITY COUNCIL OF THE CITY OF LOWELL:

That the City Council of the City of Lowell hereby raises and appropriates the following retained earnings:

<b>Fund</b>	<b>Amount</b>	<b>Fund Number</b>
1. Wastewater Enterprise Fund	1,229,606	6000
2. Parking Enterprise Fund	2,763,708	4450
3. Water Enterprise Fund	2,987,595	6100

and that the City Council of the City of Lowell hereby raises and appropriates the following from other funds:

<b>Fund</b>	<b>Amount</b>	<b>Fund Number</b>
1. Property Maintenance	200,000	1107
2. Vacant Foreclosed Properties	250,000	1109
3. Community Preservation Fund	43,977	1713
4. Salary Stabilization	1,000,000	8398
5. Pension Reserve	878,950	8399
6. Capital Debt Service Stab	1,890,688	8397
7. PEG Access Special Revenue	1,200,000	1710
8. Ballpark Capital	192,000	1741
9. General Stabilization	3,495,363	8401

**City of Lowell Fiscal Year 2021 City Manager's Recommended Appropriation Order**

<b>Line</b>			<b>FY2021 Manager</b>
<b>Number</b>	<b>Department</b>	<b>Description</b>	<b>Recommended</b>
			<b>Appropriation</b>
2020-01	City Council	Personal Services	171,923
2020-02	City Council	Ordinary Expenses	5,125
2020-03	Mayor	Personal Services	36,471
2020-04	Mayor	Ordinary Expenses	8,772
2020-05	City Clerk	Personal Services	327,089
2020-06	City Clerk	Ordinary Expenses	28,336
2020-07	City Manager	Personal Services	1,418,808
2020-08	City Manager	Ordinary Expenses	2,816,744
2020-09	City Manager - Lowell School Syst.	Ordinary Expenses	37,499
2020-10	City Manager - Marketing Develop.	Personal Services	10,000
2020-11	City Manager - Marketing Develop.	Ordinary Expenses	353,581
2020-12	City Manager - Contingency	Ordinary Expenses	274,498
2020-13	City Manager - Contingency	Reserve for Wages	-
2020-14	City Manager - Cable Access	Personal Services	92,601
2020-15	City Manager - Cable Access	Ordinary Expenses	141,773
2020-16	City Manager - Cable Access	Transfers to Schools	56,250
2020-17	City Manager – CASE	Personal Services	60,928
2020-18	City Manager – CASE	Ordinary Expenses	-
2020-19	Finance	Personal Services	121,455
2020-20	Finance	Ordinary Expenses	1,025

**City of Lowell Fiscal Year 2021 City Manager's Recommended Appropriation Order**

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<b>Line</b>			<b>FY2021 Manager</b>
<b>Number</b>	<b>Department</b>	<b>Description</b>	<b>Recommended</b>
			<b>Appropriation</b>
2020-21	Budget	Personal Services	53,358
2020-22	Budget	Ordinary Expenses	-
2020-23	Auditing	Personal Services	372,713
2020-24	Auditing	Ordinary Expenses	4,098
2020-25	Purchasing	Personal Services	188,448
2020-26	Purchasing	Ordinary Expenses	108,918
2020-27	Assessing	Personal Services	405,471
2020-28	Assessing	Ordinary Expenses	41,246
2020-29	Treasurer	Personal Services	465,055
2020-30	Treasurer	Ordinary Expenses	150,400
2020-31	Human Relations	Personal Services	244,839
2020-32	Human Relations	Ordinary Expenses	41,123
2020-33	Management Information Systems	Personal Services	553,357
2020-34	Management Information Systems	Ordinary Expenses	878,610
2020-35	Law	Personal Services	916,838
2020-36	Law	Ordinary Expenses	199,584
2020-37	Elections	Personal Services	56,253
2020-38	Elections	Ordinary Expenses	-
2020-39	Planning & Development	Personal Services	2,150,513
2020-40	Planning & Development	Ordinary Expenses	91,518

**City of Lowell Fiscal Year 2021 City Manager's Recommended Appropriation Order**

<b>Line</b>			<b>FY2021 Manager</b>
<b>Number</b>	<b>Department</b>	<b>Description</b>	<b>Recommended</b>
			<b>Appropriation</b>
2020-41	Police	Personal Services	22,178,167
2020-42	Police	Ordinary Expenses	1,031,073
2020-43	Fire	Personal Services	14,906,698
2020-44	Fire	Ordinary Expenses	598,780
2020-45	Lowell Public Schools	Single Line	
		Appropriation	137,844,749
2020-46	Greater Lowell Technical School	Ordinary Expenses	6,875,241
2020-47	Essex Agricultural High School	Ordinary Expenses	-
2020-48	DPW Administration	Personal Services	366,266
2020-49	DPW Administration	Ordinary Expenses	591,093
2020-50	DPW Engineering	Personal Services	329,774
2020-51	DPW Engineering	Ordinary Expenses	-
2020-52	DPW Land & Buildings	Personal Services	1,433,193
2020-53	DPW Land & Buildings	Ordinary Expenses	476,570
2020-54	DPW Streets	Personal Services	930,313
2020-55	DPW Streets	Ordinary Expenses	13,849
2020-56	Parks	Personal Services	1,114,632
2020-57	Parks	Ordinary Expenses	392,465
2020-58	Cemetery	Personal Services	188,086
2020-59	Cemetery	Ordinary Expenses	156,671

**City of Lowell Fiscal Year 2021 City Manager's Recommended Appropriation Order**

<b>Line</b>			<b>FY2021 Manager</b>
<b>Number</b>	<b>Department</b>	<b>Description</b>	<b>Recommended</b>
			<b>Appropriation</b>
2020-60	DPW Other	Snow & Ice	995,667
2020-61	DPW Other	Street Lighting	218,300
2020-62	DPW Other	Waste Coll./Disposal	4,953,366
2020-63	Health	Personal Services	2,448,110
2020-64	Health	Ordinary Expenses	262,683
2020-65	Council on Aging	Personal Services	329,127
2020-66	Council on Aging	Ordinary Expenses	71,780
2020-67	Veterans'	Personal Services	122,345
2020-68	Veterans'	Ordinary Expenses	470,487
2020-69	Recreation	Personal Services	78,441
2020-70	Recreation	Ordinary Expenses	34,226
2020-71	Library	Personal Services	672,296
2020-72	Library	Ordinary Expenses	118,294
2020-73	Unclassified	Debt Service	3,434,538
2020-74	Unclassified	Workers Comp	603,421
2020-75	Unclassified	Unemployment	393,749
2020-76	Unclassified	Health Insurance	17,712,500
2020-77	Unclassified	Retirement	21,907,282
2020-78	Unclassified	Medicare Tax	2,112,499
2020-79	Unclassified	Claims & Judgments	349,761

**City of Lowell Fiscal Year 2021 City Manager's Recommended Appropriation Order**

			<b>FY2021 Manager</b>
<b>Line</b>			<b>Recommended</b>
<b>Number</b>	<b>Department</b>	<b>Description</b>	<b>Appropriation</b>
2020-80	Unclassified	Other Insurance	57,982
2020-81	Unclassified	No. Middlesex	-
<b>Subtotal</b>	<b>General Fund</b>		<b>259,659,694</b>
2020-82	Wastewater	Personal Services	2,446,692
2020-83	Wastewater	Ordinary Expenses	5,805,209
2020-84	Wastewater	Debt Service	2,882,163
<b>Subtotal</b>	<b>Wastewater Enterprise Fund</b>		<b>u11,134,064</b>
2020-85	Parking	Personal Services	358,892
2020-86	Parking	Ordinary Expenses	2,402,027
2020-87	Parking	Debt Service	1,504,305
<b>Subtotal</b>	<b>Parking Enterprise Fund</b>		<b>4,265,224</b>
2020-88	Water	Personal Services	1,942,272
2020-89	Water	Ordinary Expenses	2,673,536
2020-90	Water	Debt Service	1,881,232
<b>Subtotal</b>	<b>Water Enterprise Fund</b>		<b>6,497,040</b>
<b>Grand Total All Funds</b>			<b>281,556,022</b>

**City of Lowell Fiscal Year 2021 City Manager’s Recommended Appropriation Order**

Furthermore, the following projected needs are costs to the City, but according to accounting rules established by the Department of Revenue, are not to be included in the appropriation order.

		<b>FY2021 Manager</b>
<b>Line</b>		<b>Recommended</b>
<b>Number</b>	<b>Department</b>	<b>Amount</b>
2020-91	General Fund - Cherry Sheet Assessments	32,520,668
2020-92	General Fund - Provision for Abatements & Exemptions	1,000,000
2020-93	Indirect costs of the enterprise funds	9,989,799
2020-94	General Fund – COVID 19	217,000



Eileen M. Donoghue  
City Manager

September 1, 2020

To Mayor John J. Leahy and Members of the Lowell City Council:

In accordance with the requirements of the Massachusetts General Laws and the Charter of the City of Lowell, I herewith transmit the proposed **\$439,272,583** FY2021 operating budgets for the city's general fund and three enterprise funds, which begins on July 1, 2020, and the **\$6,771,100** capital budget associated with the city's five-year capital improvement plan.

This document represents the third (3<sup>rd</sup>) fiscal budget of my Administration and has been, without question, the most challenging to date—namely due to the multi-faceted impact that COVID-19 has wrought upon the city. The situation facing the City of Lowell is unlike anything we have experienced before. Customarily, my proposed budget is brought forth in May for the City Council's consideration and adoption before the beginning of the new fiscal year on July 1. The arrival of a worldwide pandemic, however, has resulted in widespread illness and death, and has plunged the United States into a severe recession. Lowell has, however, responded skillfully to this crisis. I am grateful for the City Council's active support over the last several months and for standing behind the City's residents, who have responsibly and admirably adjusted their daily lives. Nevertheless, the COVID-19 pandemic has inflicted tremendous loss and hardship within the city. As of August 7, 2020, one hundred and fifty one Lowell residents have died from the virus, more than 3,000 have tested positive, and hundreds of our residents have fallen ill. According to the U.S. Bureau of Labor Statistics, as of May 2020, the City's unemployment rate stood at 16.1%, up from a historical low of 3.2% before the onset of the pandemic<sup>1</sup>, the volume of home sales was down by 14%, statewide, in comparison with 2019, and local revenue had declined substantially. Behind these numbers are our neighbors, who have suffered the loss of jobs or even family members. There is also considerable uncertainty about the future. While the city has begun cautious movement toward allowing businesses and other activities to reopen, the pandemic rages elsewhere and it will assuredly affect our daily lives in the years to come. These themes have set the stage upon which the 2021 fiscal budget has been crafted and against which all financial decisions must be weighed.

The pandemic's impact has demanded a complete transformation of the city's short-term financial plan, primarily due to a loss of economic activity, locally, and concerns at the State level of potentially \$6-\$8 billion loss in tax revenue. The financial books on the previous fiscal year (FY2020) were closed on June 30<sup>th</sup>, but because of the uncertainty surrounding the State budget picture, the city has since operated using three successive, one-month interim budgets. It was not until the final days of July that the Legislature announced a commitment to fund the two major local aid accounts—Chapter 70 education aid and Unrestricted Aid—at an amount equal to the FY2020 funding level. This announcement gave my finance team sufficient information to retool what had previously been a balanced budget based on the Governor's local aid proposals. The task of rebalancing a full year's budget after the fiscal year had begun and with a

<sup>1</sup> [https://www.bls.gov/eag/eag.ma\\_lowell\\_nd.htm](https://www.bls.gov/eag/eag.ma_lowell_nd.htm)



Eileen M. Donoghue  
*City Manager*

cloud of uncertainty still remaining on several key financial data points has been a challenge. Especially difficult has been the need to balance the rising costs associated with essential services, with the fragile economy and desire to maintain Lowell's relative affordability for the average single family tax bill. Such a balance can only be achieved through prudent fiscal policies and careful attention to ongoing practices in financial management. This document represents the city's plan to allocate resources to meet the most pressing current and future needs of the community, as well as City Council priorities.

Since the moment I took office as City Manager, the cornerstone of my administration has been economic development. In order to strengthen and develop the Lowell economy for the betterment of all residents of the city, we must improve each of the pillars upon which economic development stands. One pillar is a balanced budget based on sound fiscal policies. This budget document communicates the financial strategy for each and every municipal service provided by the city. Arriving at a balanced budget is never an easy task. This year, with COVID-19 driving all municipal decisions in some respect, balancing the budget has been an exercise in prioritization. Each budget I have presented as City Manager has been lean, and this year is no different. There are no frills or non-essential items funded in the budget and I truly believe that the financial plan before you is the most responsible means by which to provide funding for essential services and to accomplish the goals set forth by the City Council and my Administration. Fiscal management and economic development are intrinsically tied, as the city's ability to borrow money to fund capital projects critical to expanding the tax base is reliant upon our credit rating. With several large-scale capital investments on the horizon—most notably the Lowell High School project—maintaining and improving the city's credit rating and adhering to the principles of good fiscal management is more important than ever.

Another pillar in advancing economic development is public safety. If we do not have a safe city, we cannot attract new families nor can we retain the families who have called Lowell home for generations. Public safety is of utmost importance to a gateway city's development, as it is directly influences a company's decision to locate within the city limits. Despite the fiscal challenges, as part of this FY21 budget, I am proposing the Council appropriate funding to maintain the total number of budgeted sworn officers in the Lowell Police Department. The City Council's commitment to public safety has been proven through the numbers. In calendar year 2019, the most recent year of FBI reported crime statistics, there was a 23% decrease in total NIBRS offenses, including a 19% decrease in motor vehicle theft, an 8% decrease in crimes associated with property destructions, and a 14% decrease in burglary. These results have been coupled with a commitment by the LPD to increase community collaboration, foot patrols and integration of the officers within the fabric of the community. Additional neighborhood precincts have been opened or re-opened throughout the city, including a new downtown precinct and a precinct in the newly opened Thorndike Exchange facility. The men and women of the Lowell Police Department work tirelessly to ensure the safety of the residents and businesses in the city and, as such, deserve the adequate resources to carry out their essential duties. In addition to the aforementioned funding in the operating budget, the 2021 capital budget includes long overdue investment into the city's public safety facilities. In the FY2021 Capital Plan, my Administration is recommending funding to make repairs to the police headquarters



Eileen M. Donoghue  
City Manager

building, including improvements to the evidence storage area and repairs to the roof at the department's garage facility.

The FY2021 appropriation in the operating budget for the Lowell Fire Department will continue the City Council's commitment to maintaining the ranks for fire protection and public safety. The fire department is a key component of Lowell's neighborhoods and the school system. In FY2020, over 6,000 children and adults received fire safety instruction from the uniformed members of the Lowell Fire Department. The LFD has also been on the front lines of the opiate epidemic. A firefighter was dedicated to the City CO-OP Team to assist overdose victims and over the past year the department has worked with the Health Department and the School Department to educate high school and middle school children on the dangers of opiates and other illegal drugs. The Chief and members of his Command Staff will continue to participate in the Mayor's Opiate Epidemic Crisis Task Force, the District Attorney's Opiate Epidemic Task Force, and the Homelessness Sustainable Housing Council. The City Council's continued funding commitment has allowed the Chief to keep more companies open and, in 2020, the fire department had forty-one fewer company closings or "brownouts" as compared to the prior year. The total fire department uniformed personnel will be maintained, even though a significant federal grant has ended and the amount paid by the tax levy will increase. In FY2021 the entire department will be fully funded by the tax levy, demonstrative of the commitment of the City Council. In 2021, the city will make significant capital investments in the LFD, as well. The FY2021 Capital Plan includes the requisite city match for a grant application to purchase two new pieces of fire apparatus, an engine and an aerial ladder, for a total funding commitment of over \$1.5 million. The City Council has also committed, through a vote in June of 2020, to allocate an additional \$650,000 in federal community development block grant ("CDBG") funding to purchase another fire truck.

A third pillar is partnerships. The City of Lowell has been fortunate to have so many partners in the private and public sector; partners willing to work with the city to accomplish larger goals. Government cannot do everything on its own and must leverage every resource and partnership we have; we must nurture those partnerships with both businesses and nonprofits. In fiscal year 2020, those partnerships were fortified as progress was made towards addressing the opioid epidemic and the homelessness crisis in the city. The city has set the framework for solutions on substance abuse through the Mayor's Opioid Epidemic Crisis Task Force, a collaborative effort that brings all stakeholders together on a regular basis. Through this effort, the Lowell City Council has demonstrated its commitment to funding these solutions in the public safety departments, as well as through the substance abuse division of the Health Department. In FY2020, Lowell continued to serve as the lead community addressing the opioid epidemic through a collaborative agreement with the City of Lowell and the Towns of Billerica, Chelmsford, Dracut, Westford, Wilmington, and Tewksbury via the Massachusetts Opioid Abuse Prevention Collaboration (MOAPC) Coalition. The division also has conducted life skills trainings curriculum trainings for educational staff and professionals working with youth surrounding addiction issues. Additionally, the Health Department has implemented the "*Strategic Plan for the Partnership for Success*" grant which is working to implement key strategies to work with high school athletes, and their parents and coaches to decrease the misuse of prescription medication in this population.



Eileen M. Donoghue  
*City Manager*

On the issue of homelessness, much progress has been made over the last year, thanks to funding previously appropriated by the City Council and the creation of a Homelessness Coordinator position in the Department of Planning and Development (“DPD”). This position has been able to serve as a point person for the city and strengthen partnerships with other area non-profits and human service agencies, as well as other city departments, to address the issue of homelessness in a more succinct, holistic way. In FY2020 the city saw the creation and implementation of a Coordinated Outreach and Engagement Team (COET) that is bringing together a multidisciplinary team to reach individuals living in areas not meant for human habitation, including the encampments and so-called “rough sleepers”. The group has created the “Lowell Connector,” a by-name list, created to identify a housing pathway for individuals experiencing homelessness in Lowell. By coordinating with South Middlesex Opportunity Council (“SMOC”) on the urban agenda grant for economic and employment development at the Lowell Transitional Living Center, the COET has created a more robust set of resources for individuals experiencing homelessness. And through coordination with the Department of Housing and Community Development (“DHCD”) around the transition of the Lowell Continuum of Care (“CoC”) into the Balance of State, the city has been instrumental in increasing accountability for city, state, and federal tax dollars by monitoring visits for sub-grantees to ensure compliance and improve outcomes for the Notice of Funding Availability (“NOFA”).

Aside from DPD, other city departments have joined the partnership to address homelessness. The Mayor’s Office has worked with area nonprofit organizations and private donors to help reduce youth homelessness in the City. In FY2020, the Lowell Police Department increased its capacity to patrol hard to reach areas such as the Homeless Encampments and Dracut State Forest through the acquisition of a Utility Task Vehicle (“UTV”). Personnel in the Fire Department have participated in the Homelessness Sustainable Housing Council and in FY2021, a stated goal of the Lowell Council on Ageing is to participate and build capacity in the services community for seniors including homeless seniors. The Veteran’s Service Office is also a partner in addressing this issue and this year’s budget provides for funding in order for payments made on behalf of qualified veterans to prevent homelessness through payment of rent to landlords for arrearages.

The opportunity for partnerships exists in many nexus points within the city budget. Under my Administration, the City will continue to foster these relationships, as well as create new partnerships in FY2021. Relationships like those between the Health and Human Services Department and the Cambodian Mutual Assistance Association, whether with their after school and summer programs or with their senior citizen programs. Those partnerships can bring kids into healthy, constructive activities through the Recreation Department, and can strengthen and improve the community relations with the city’s seniors through programming at the Council on Aging. By working together, the city can unlock state and federal grant opportunities for those agencies that can carry out specific missions unable to be advanced by city staff alone. Another partnership evident in the budget document is our commitment to working with nonprofit groups that provide community events focusing on the diverse arts and cultures of all residents. The Arts and Culture groups have a positive impact on the economic development within the city. Community outreach is at the heart of each of these partnerships. Funding for these cultural and special



Eileen M. Donoghue  
*City Manager*

event activities is included in the FY2021 budget. And while the impacts of COVID-19 will undoubtedly affect the types of activities that result from these partnerships, it will not be a barrier to their existence.

The final and, perhaps most important pillar to successful development of any city is its commitment to education in its school district. For most Gateway Cities, the primary source of funding for education comes via the Chapter 70 funding formula from the Commonwealth in the fiscal budget. In this, Lowell is no different. However, for those communities whose funding for schools is disproportionately comprised of Chapter 70 revenue, their ability to increase funding from the tax levy is severely limited. This is where Lowell sets itself apart from its peers and, despite the impact of COVID-19 on city finances, the FY2021 budget affords funding for the Lowell Public Schools sufficient to meet the net school spending requirement by the Commonwealth. The City of Lowell exceeded its Net School Spending requirement by approximately \$4.9 million in FY19—the most recent year that has been certified by DESE—and is projected to exceed the funding requirement FY2020. This spending certification does not include, however, the additional appropriations by the City Council which are currently being expended on projects to replace roofs and boilers at eight (8) schools in Lowell for a total cost of \$13.6 million. Public works will renew its effort to maintain and repair Lowell's schools through daily operations, but the projects submitted to the MSBA for funding in the Accelerated Repair Program will make significant progress in raising the standard for the physical education environment in the city's school buildings. Despite the fact that the debt service associated with these capital repairs cannot be credited towards the city's Net School Spending requirement and must be absorbed by the city's operational budget; this City Council has made it abundantly clear that the focus of capital funding must be directed towards the maintenance and upkeep school facilities.

Through these targeted investment in key priority areas, the city will continue to build on the economic development success in FY2020. This will be accomplished primarily through the funding proposal of the FY2021 capital plan, but also through strategic investments in the FY2021 operational budget and the coordinated efforts of the Economic Development Office of DPD. During these unprecedented times, the city's role in economic development has shifted, significantly, as the DPD not must only focus its efforts as much on business retention as on attracting new businesses. The Governor's Executive Order closing businesses across the Commonwealth has put an incredible strain on Lowell's many businesses, especially those in the hospitality sector, whose doors were forced closed for months after the shutdown in March. Immediately following the closure, at the request of the City Council, the City convened a Lowell Business Recovery Task force to centralize resources for the Lowell business community and to effectively assist local businesses. The purpose of the group is threefold: (1) respond to the emergency; (2) stabilize the local economy; and (3) work collaboratively towards economic recovery and revitalization for the City of Lowell. The Lowell Business Recovery Task Force meets virtually on a weekly basis. In the immediate wake of the pandemic, the Lowell Business Recovery Task Force worked diligently and collaboratively to maximize the resources available, across a variety of mediums and in multiple languages, to all businesses in Lowell. In addition, the city coordinated its marketing efforts to directly support restaurants and small businesses who remained open. Also, with a state Earmark secured by Representative Tom Golden, the Economic



Eileen M. Donoghue  
City Manager

Development Office has provided free technical assistance, education and training to our target group in the form of individual, one-on-one consultation or in a classroom/workshop setting on the following topics: accounting, financing, budgeting, marketing and store layout. Workshops are free to participants of the target group and will provide them with the tools they need to stay competitive. After completing the workshop, businesses received grants of \$2,500-\$10,000 for sign and facade improvements. Finally, the Lowell Economic Development Office made \$150,000 available in for a grant program to assist Lowell's small, independently owned, brick-and-mortar retailers, restaurants, and personal service businesses that have been most significantly impacted by the COVID-19 pandemic. The Lowell *Small Business Emergency Relief Grant Program* was funded through the Community Development Block Grant Program ("CDBG") from the U.S. Department of Housing & Urban Development ("HUD"). However, due to the overwhelming number of applications, we were able to supplement the available funds by re-appropriating FY20 earmark funding, totaling \$240,000 as of August 6, 2020.

Among the other chief priorities advocated for by the City Council has been the investment in infrastructure and the city's municipal facilities. The 2021 Capital Budget makes key investments in the city's roadways and sidewalks and continues the Administration's strategy to match funding provided through the sale of bonds with the annual Chapter 90 roadway grant from the Commonwealth to maximize the amount of paving the city is able to contract for each fiscal year. That amount in FY2021 will be approximately \$3.23 million between the two funding sources. Among the other building and infrastructure projects funded in the capital budget include the repair of the Newhall Street bridge, replacement of the turf at Cawley Stadium, a final component of the Concord River Greenway project, and a continuation of the city's commitment to make the city more accessible for our residents with disabilities through accessibility improvements to roadways, parks, and buildings. These investments are critical and must continue, despite the economic pressures of COVID-19. The current rate environment in the municipal bond market remains strong and, thanks to the good credit of the city, we are able to borrow money at historically low interest rates to fund these projects. The debt service associated with the improvements has been analyzed and is layered into the operating budget in such a way as to not overly burden the tax levy on a year-to-year basis. Also, if capital improvements are further delayed or suspended, the city will face increasing maintenance costs associated with these assets' depreciation.

Because Lowell has created a fertile environment for economic development through its continuous investments, companies who are coming to Massachusetts from all over the country are looking to Lowell because of its affordability, its amenities, and because of certain indefinable qualities that set Lowell apart from other Massachusetts Gateway Cities. To date, the epicenter of this economic boom has been centered tightly on Boston and Cambridge. However, as is the case during any period of sustained economic growth, areas of early concentration quickly price-out residents and business alike, in time. If Lowell continues to position itself as it has, the city can—and will—find itself as the next stop for bio-tech or other emerging technology companies. Companies will see Lowell's ever expanding infrastructure, both in the Hamilton Canal Innovation District ('HCID') and in other opportunity zones like the Ayer's City Industrial District, as prime locations for relocation or expansion. These factors, coupled with Lowell's history, cultural



Eileen M. Donoghue  
*City Manager*

diversity, and unique charm, will make the Mill City an even more attractive location. My Administration's key focus areas will allow for development that provides economic opportunity for everyone from young children to the elderly. Investing in these key focus areas will only increase the return on investment for future generations.

While I am proud of the initiatives presented in this budget, planning for the FY2021 fiscal cycle was not without its substantial challenges, even prior to the prolonged financial implications of COVID-19. The onset of the economic shocks to the local economy have only exacerbated the challenge. Fixed costs continue to rise including a \$1.47 million increase in our pension assessment. As of the date of this letter, "Cherry Sheet" assessments from the Commonwealth will increase by a substantial amount in FY2021 as well, largely due to a \$3.5 million increase to the city's assessment for charter tuition. When the Legislature committed to an FY2020-level of funding, this impacted only the two major revenue accounts: Chapter 70 and UGGA, not the charter school reimbursement revenue that was scheduled to increase for Lowell pursuant to the Student Opportunity Act. Because that amount, which was budgeted at an increase of \$2.3 million in the Governor's January proposal, has been cut by the State, our budget took a loss commensurate with the loss of revenue, in addition to the increase in the assessment. No other, non-fixed cost expense increase is more onerous, however, than the costs associated with trash and recycling collection. As part of the current contract with Waste Management, the city must pay for so-called "contaminated recycling" and must assume the full impact of approximately \$725,000 in the budget based on the city's current contamination level. However, an aggressive campaign in the DPW and Development Services comprised of a combination of education and enforcement is aimed to curb contamination and therefore reduce costs to the city. Without an increase to the trash fee, the increased cost will be borne by the tax base in FY2021. The only potential mitigating factor is in behavior of Lowell residents to keep a careful eye on items thrown into the recycling bin on a weekly basis. Personnel cost increases are fixed based on the last year of the current contracts in effect with the various unions and were structured in a way so that the final COLA component does not impact the budget until after the end of the current fiscal year. The contracts for all 17 city-side bargaining units do expire, however, at the end of fiscal year 2021. All of these fixed costs, combined with our financial commitment to our key focus areas, limited our ability to expand any discretionary funding for the various city departments. In fact, many line items were not just level-funded, but reduced. These necessary cuts in expenses were spread evenly across the departments and were focused on limiting any disruption to service delivery. While I'm confident in my department heads' ability to continue to do the great work they do each year with less, it is worth noting that these departments are as lean as they have ever been.

Many of the aforementioned initiatives and challenges represent a serious cost, but my administration has worked tirelessly to limit the impact to the taxpayer. This budget includes a levy increase of 3.5%. While above the standard 2.5% marker, this increase is consistent with taking on debt service associated with projects overwhelmingly supported by the community, like the Lowell High School construction project. As was discussed and planned at the time of the vote of the \$343.4 million loan order on May 8, 2019, the Administration will do everything possible to phase-in the impact to mitigate the tax impact. As history has shown, Lowell functions best with continuous, modest increases to the levy in order to fund the rising costs



Eileen M. Donoghue  
*City Manager*

of goods and services, while not considerably raising taxes any single year. This fact is evidenced by the over \$20.5 million in excess levy capacity; the amount of money below the tax levy limit prescribed by Proposition 2 1/2. In the coming years, we must continue to find creative ways to increase revenue streams. Lowell is more heavily reliant on state aid than most Massachusetts municipalities, as approximately two-thirds of the entire city budget comes from the State budget.

This budget is the result of months of work by my finance team in conjunction with the City's department heads. While we were not able to meet every request, we tried to be as reasonable and fair with each department while still maintaining fiscal discipline. The result is a budget that addresses the City's fiscal difficulties while investing in key programs and initiatives. It is my hope that this budget will be a major first step toward my goal of improving the economic vitality of the city through sound fiscal planning, increased public safety, and strategic partnerships. I would like to thank Chief Financial Officer Conor Baldwin, Deputy CFO Allison Chambers, Chief Information Officer Mirán Fernandez, Human Relations Director Mary Callery, all of the Department Heads whom played an integral role in developing and producing this budget. I also thank the City Council for its vision and support; the residents are lucky to have leadership of this caliber at the local level. Finally—and most importantly—I wish to thank the city's greatest resource, its citizens; it is truly a pleasure to serve as your City Manager.

Sincerely,

Eileen M. Donoghue

City Manager

Cc: Conor Baldwin, Chief Financial Officer