

FISCAL YEAR 2021 PROPOSED BUDGET

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CITY OF
LOWELL
THERE'S A LOT TO LIKE.

MAYOR John J. Leahy

CITY COUNCILORS
Sokhary Chau
David Conway

John Drinkwater
Rodney Elliott
Rita Mercier

Vesna Nuon
Daniel Rourke
William Samaras

City of Lowell FY21 Budget

THE BUDGET CALENDAR

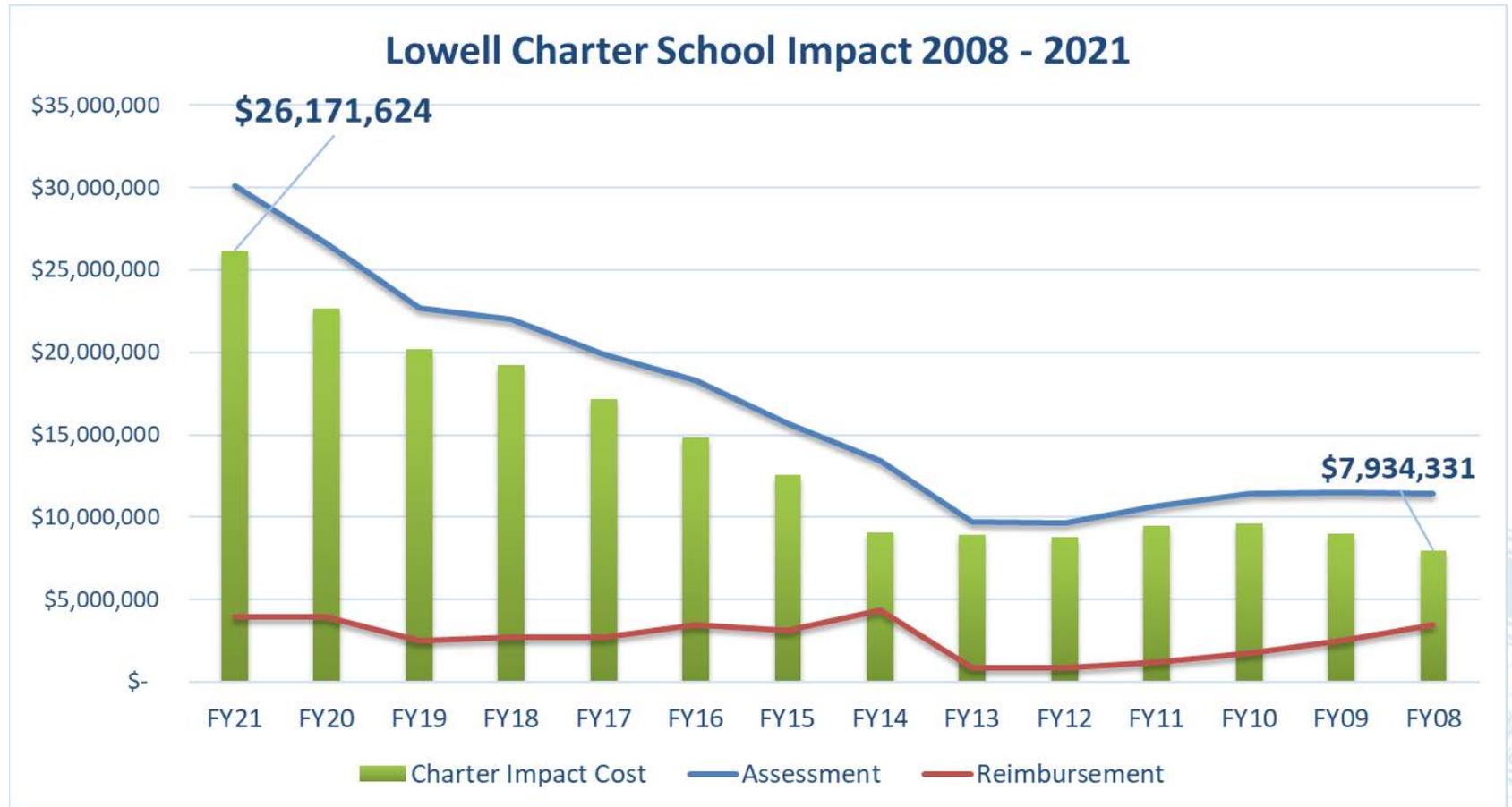
January 7, 2020	Budget Instructions and financial sheets distributed to Department Heads.	May 12, 2020	Joint meeting of the City Council Finance Subcommittee and School Finance Subcommittee to discuss fiscal impact
January 22, 2020	Governor Baker releases \$44.6 billion FY2021 state budget proposal, including \$12.8 million (7.8%) increase to Chapter 70 for LPS.	May 12, 2020	City Council voted to move forward with so-called "One Twelfth Budget", upon recommendation of City Administration and Finance Subcommittee
February 7, 2020	All department budget requests (financials) submitted to the Finance Department for review.	May 12, 2020 To May 21, 2020	Finance Department and Department Heads compile July budget request to continue City operations through 7/31
February 10, 2020 to February 21, 2020	Finance Department worked with department budget staff to compile document and revise requests.	May 26, 2020 To August 25, 2020	Continuing Appropriation Budgets presented to City Council for July, August & September, and referred to public hearings.
February 22, 2020 To March 10, 2020	City Manager and Finance Department close a \$15.64 million funding gap to balance the 2021 spending plan.	July 1, 2020	Begin Fiscal Year 2021.
March 13, 2020	City Manager announces that City Hall and all city buildings would be closed to the public due to evolving concerns related to COVID-19.	September 8, 2020	Full Year "9/12th" budget presented to the City Council, referred to public hearing on September 22, 2020
April 1, 2020	City Manager implements fiscal controls, including hiring freeze, expenditure controls, and OT freeze	October 1, 2020	Begin full "9/12th" FY2021

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Major Fiscal Challenges

- \$1.47 million increase in the city's pension assessment over FY20;
- \$3.5 million increase in “Cherry Sheet” charges for Charter Schools, the single largest increase;
- \$725,000 increase in budgeted amount for trash/ recycling collection. Increased cost due to contaminated recycling.
- Other fixed cost increases (health insurance, electricity, etc.) and increased debt service costs, as well as loss of grant offsets for salaries in Health Department, LPD & LFD
- Most notably, the declaration of the COVID 19 pandemic and the financial havoc wrought upon the City of Lowell.

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Charter School Impact – 5-year History

	FISCAL YEAR 2017	FISCAL YEAR 2018	FISCAL YEAR 2019	FISCAL YEAR 2020	FISCAL YEAR 2021
CHARTER SCHOOL ASSESSMENT	\$19,901,774	\$21,977,227	\$22,712,612	\$26,581,213	\$30,094,618
CHARTER SCHOOL REIMBURSEMENT	\$2,716,394	\$2,728,228	\$2,530,513	\$3,922,994	\$3,922,994
“NET CHARTER COST”	\$17,191,380	\$19,248,999	\$20,182,099	\$22,658,219	\$26,171,624
INCREASE OVER PRIOR YEAR	\$2,332,192	\$2,057,619	\$933,100	\$2,476,120	\$3,513,405

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- COVID 19 – Potential Financial Impact
 - Local Aid (UGGA and Chapter 70) limited to level funding from FY2020, with inflation on the Chapter 70 funds
 - Forecasting an impact of loss on some local receipts
 - Expecting the need of Stabilization funds to balance budget
- Mitigating the fiscal challenges imposed by COVID 19
 - Hiring freeze
 - Tightened purchase order restrictions
 - Holding projects that are not in progress or under contract
 - Budget reduction program
 - Diligent tracking of funds qualifying for FEMA or CARES Act reimbursement
 - Working with third party to help forecast revenue impact of five year forecast

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Highlights & Initiatives

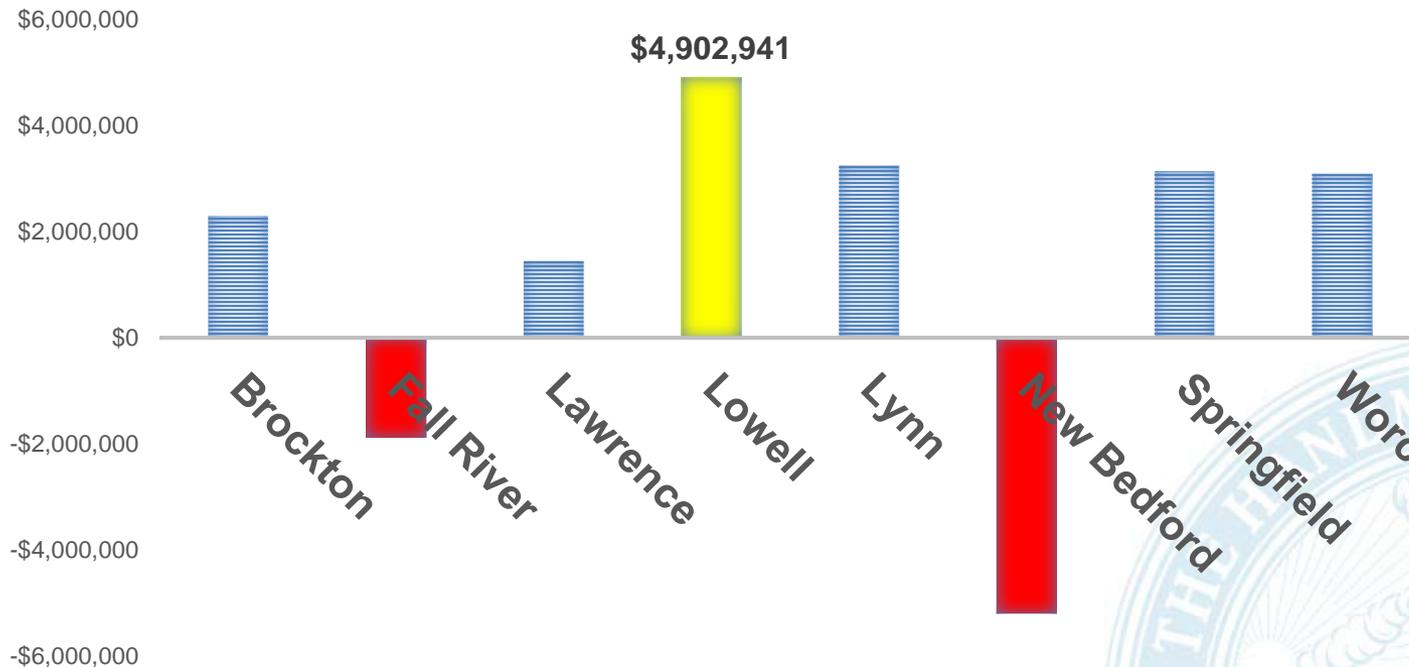
- Continuing to exceed the net school spending requirement over \$4.9 million in additional funding to the LPS between local taxes and Chapter 70 aid;
- The creation of a Homelessness Coordinator position in the Department of Planning and Development and the creation and implementation of a Coordinated 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”.
- Capital investments of approximately **\$6.7 million** in infrastructure, public safety, and community development projects. Much progress has been made with the Hamilton Canal Innovation District Garage with completion expected in October 2020.

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School Funding Comparison

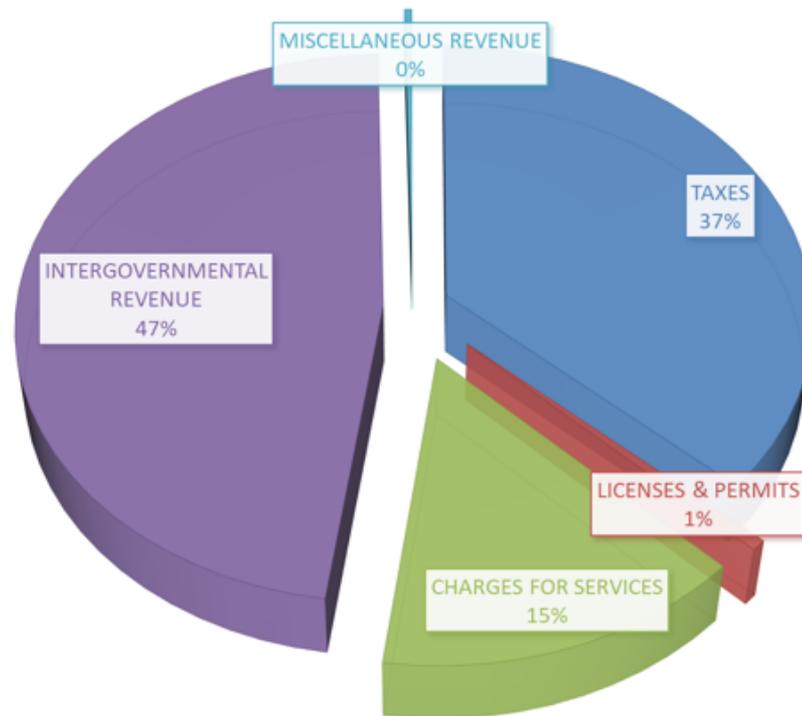
Compliance with “Net School Spending Requirement” for Gateway Cities as of FY2019

2019 DOLLARS OVER NET SCHOOL SPENDING
GATEWAY CITIES W/ ENROLLMENT > 10,000



Revenue by Source

FY21 REVENUE BY SOURCE



TOTAL OPERATING BUDGET: \$439,272,583

**Operating Budget Total includes State “cherry sheet” assessments, which are not appropriations pursuant to Department of Revenue regulations*

City of Lowell – Tax Facts

	2018 Assessed Valuation ("EQV") per Capita	2020 Avg. Single Fam. Tax Bill	Free Cash Total as of 7/1/2019	Stabilization Fund(s) Balances (FY2020)	Debt Service as a % of Total Expenditures (FY2020)	Tax Levy as % of Budget	State Aid as % of Budget
Median	\$150,638	\$5,368	\$1,906,129	\$1,642,075	5.51%	76.4%	10.6%
Lowell	\$73,368	\$4,168	\$7,462,706	\$13,521,175	7.23%	34.0%	48.2%

	Excess Levy Capacity ⁴	Free Cash ⁵	Stabilization Account(s)	Available Resources ⁶	Available Resources as % of Budget
Median	\$120,980	\$1,891,081	\$1,464,399	\$3,462,255	9.5%
Lowell	\$20,573,596	\$7,462,706	\$13,521,175	\$41,557,477	10.2%

FY2020 Tax Levy (DOR certified) = \$138,331,643

FY2021 Proposed Tax Levy Increase = \$143,173,250

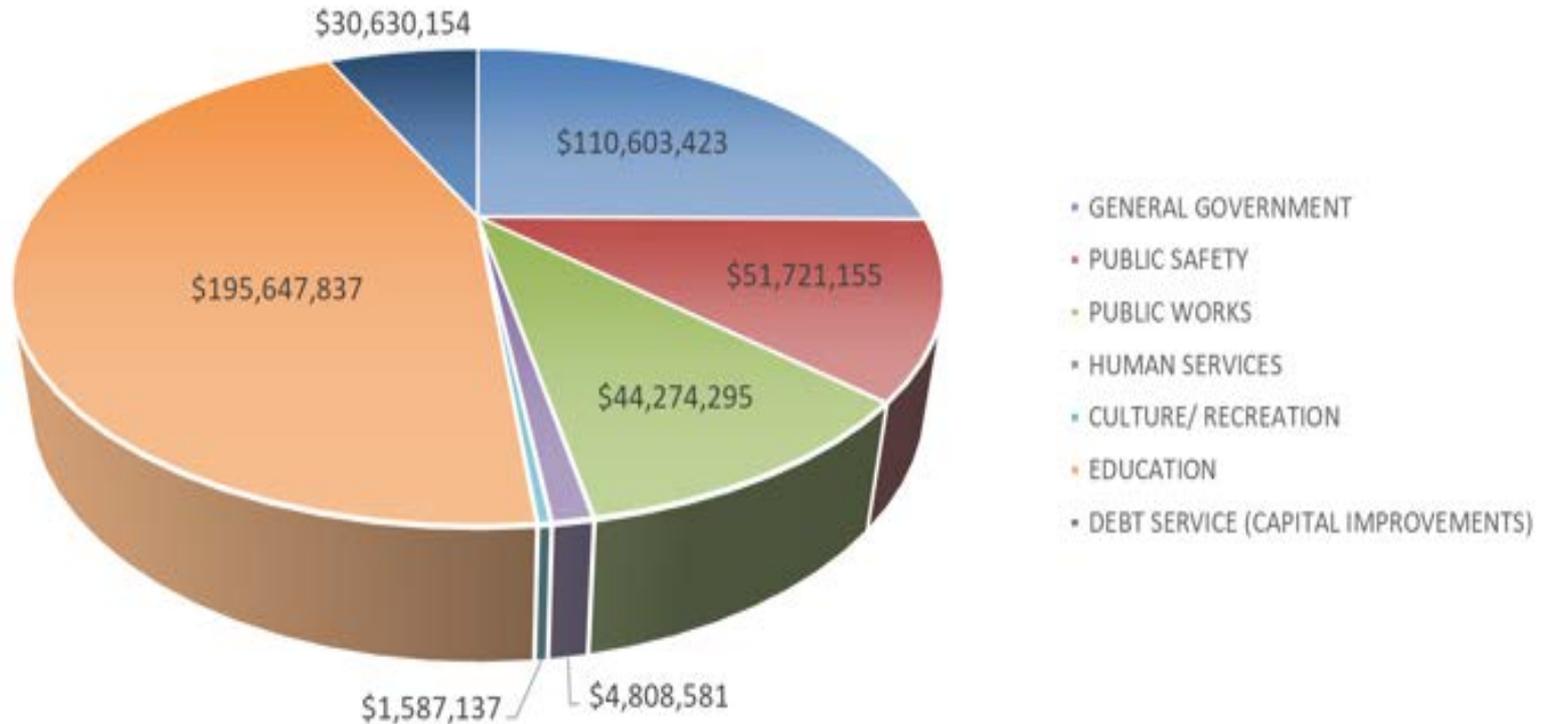
FY2021 New Growth Estimate = \$2,100,000

Estimated Impact to the Average Single Family Home = \$36.47/ quarter

FY2020 avg. value = \$312,007

Appropriations by Category (All Funds)

2021 Appropriations by Category



Questions/ Comments

