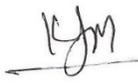




Conor Baldwin
Chief Financial Officer

MEMORANDUM

TO: Kevin J. Murphy, City Manager 

FROM: Conor Baldwin, Chief Financial Officer 

DATE: March 23, 2018

SUBJECT: **VERBAL REQUEST – C. Leahy:** Req. City Manager provide a cost benefit analysis regarding hiring additional staff in the Engineering Department to increase Chapter 90 apportionment from the Commonwealth (Follow-up to report of 3/5/18, “Street Acceptance Schedule and Ch. 90 Implications”)

In response to a request by Councilor Leahy, the Finance Department has conducted a cost/benefit analysis to determine the most effective use of city resources towards road paving and securing Chapter 90 apportionments from the Commonwealth to maximize the impact of capital investments supported by local property taxes. In FY2019, the apportionment for Lowell is \$1,860,170

Currently, there are seven (7) employees in the Engineer’s Office, including one (1) clerical position and the City Engineer. Of the remaining 5 employees, the calculated total employment cost based on the average of existing employee costs including salary, overtime, and overhead (health insurance, retirement, taxes, etc.) equals \$102,094.94 per year for a new employee. According to the report authored by the City Engineer, the city currently has 50 miles of unaccepted streets and is working at a pace of accepting 0.61 miles of roadway each year. At this rate, in order to secure the total additional \$208,000 from accepting all 50 miles, it would take 83 years with approximately \$2,529.28 of additional state money each year. Even if the acceptance rate were tripled, the city would only increase funding each year to \$7,488.

A more effective strategy may include appropriating funds in the Engineering budget for professional services to be used in assisting the staff engineers with some surveying work required to accept streets. This hybrid approach would afford the existing staff to more effectively utilize their time and would impact the budget much less.