

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

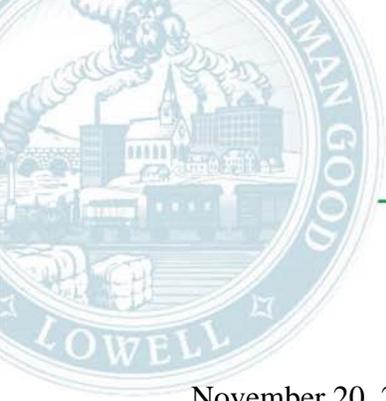
Adopting the Minimum Residential Factor for Fiscal Year 2020.

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IT IS VOTED BY THE CITY COUNCIL OF THE CITY OF LOWELL as follows:

To adopt the minimum residential factor of \_\_\_\_\_ percent for Fiscal Year 2020 which will shift the share of the Levy to the Commercial, Industrial and Personal Property classes.

V:minresfactor2020



Eileen M. Donoghue  
*City Manager*

November 20, 2019

Mayor William J. Samaras  
And  
Members of the Lowell City Council

**RE: Minimum Residential Factor**

Mayor Samaras and Members of the City Council,

The attached vote will establish the Minimum Residential Factor ('MRF') for fiscal year 2020. This action will provide for the maximum tax relief to residential homeowners under the Massachusetts statute permitting the classification of properties. Each year, a natural shift of values occurs in the real estate market and if any one particular class- like the commercial, industrial, or personal property classes for example—grows at a slower pace than the single family or multi-family properties; the tax burden falls more heavily upon the class with the greatest amount of growth. By adopting the MRF, however, Lowell can protect residential homeowners from being unduly burdened by taxes to the maximum amount allowed by law.

The establishment of the FY20 property tax rate by the Board of Assessors, subject to the approval of the Massachusetts Department of Revenue ('DOR'), is the final step in the fiscal process that begins in the spring with the submission of the annual budget to the City Council. The MRF determination and vote are the remaining components of establishing this year's rate. I am recommending that this matter be referred to a public hearing on December 10, 2019. With this letter, I am transmitting to you my recommendation for the required vote necessary to minimize taxes on residential properties. In addition, a memorandum from my finance team is forthcoming with a more in-depth analysis of the facts and figures pertaining to the 2020 tax levy after it is approved by the DOR.

The City has been able to successfully control budget growth and property tax levy increases, while at the same time expanding services and adding resources to support the City Council's priority areas. This is evidenced by the approximately \$20+ million in 'excess levy capacity' available under the primary levy limit. This number is significant in that it is a measure of how far under the taxation limitation prescribed by Proposition 2 ½ Lowell is and the importance placed by the Lowell City Council on affordability for the residents. The average single family tax bill in Lowell, based on preliminary data, will remain significantly below other municipalities in Massachusetts, at approximately \$1,730 less than the average.



Eileen M. Donoghue  
City Manager

Here is some of what the FY2020 residential tax dollars will pay for:

- **Investment in curb appeal (paving/ sidewalks/ other street projects)**
  - The city continues to invest in paving, sidewalk, and curbing repairs. We continue to leverage the matching of the Chapter 90 annual apportionment with local funding to maximize the amount of paving money available during the construction season.
  - An additional \$4.3 million was appropriated in local funding to state funding to completely reconstruct the Lord Overpass and the Thorndike Street corridor. An additional \$2.14 million was appropriated to continue the city's aggressive paving program to reconstruct the major thoroughfares throughout the city, matching the state's Chapter 90 funding.
  - The city has also appropriated \$200,000 of local funding for ADA Compliance and traffic calming efforts on Andover Street. And another \$1.2 million to advance the city's ADA ("Americans with Disabilities Act") accessibility plan, to make the city's parks, roads, and sidewalks more accessible for our citizens with disabilities.
  
- **Continued support of public safety**
  - By maintaining the highest staffing levels in decades in the Lowell Police Department, crime rates have decreased according to data reported to the FBI. In FY20, The City Council also fulfilled its commitment to public safety by fully funding the Fire Department at 213 sworn personnel, despite the loss of significant grant funding from FEMA.
  - The City Council continues to support the upgrade of the public safety communications equipment to ensure the safety of the City's residents. Phase II of this project includes new equipment for the police and fire departments to which \$6.3 million of local funding has been appropriated.
  - The Council authorized \$580,000 in funding to The Lowell Fire Department for the replacement of Engine #7, which is over 22 years old and requires frequent service and repair.
  - The reconfiguration of the police department's public safety strategy, including the creation of a new, downtown sector known as the "Charlie Sector". This new presence in the downtown central business district will be anchored by a new downtown substation in the heart of the busy downtown commercial region;



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*City Manager*

- **Funding of the Lowell Education System**

- The city has exceeded the required spending level set by the Commonwealth of Massachusetts by over \$7.14 million in the most recent year certified by DESE (FY18). The projected funding for FY2020 continues the City Council's commitment to education.
- In FY2020, over \$9.7 million was appropriated in additional funding to the Lowell Public Schools between local funding and Chapter 70 aid tax levy support.
- An additional \$1.4 million was appropriated for LHS roof repair project on the 1922 building.
- Over \$4 million expended on school department capital improvements throughout the city's school buildings including: HVAC repairs, heating improvements, and critical building envelope repairs.
- Over \$2,300 work orders completed in School buildings by the city's DPW.
- Over \$300,000 appropriated to complete detailed architectural studies at several school buildings to unlock millions in construction dollars from the MSBA's Accelerated Repair ("ARP") program, 80% of which will be reimbursed to the district.

- **Economic Development/ Quality of Life**

- \$4.5 million in capital investment by the city to facilitate the relocation expenses associated for, amongst other things, a plan to effectuate maximum efficiency in city departments. In FY2020 the Lowell City Council approved a lease to bring the consolidated Health and Human Services department into the downtown for more effective service delivery.
- The Council approved \$1.5 million in funding to further the Tanner Street alignment project in the Ayers City Industrial Park. Phase II provides funding to the infrastructure needs of the district.
- The construction phase of the HCID garage is funded and moving ahead. \$1 million of additional funding to support the National Park Land Service Swap which will facilitate the land transaction to open up the largest developable parcels of the Hamilton Canal Innovation District (HCID). The City Council's has also allowed for \$100,000 in funding improving the canalway alongside the new garage for passageway to the HCID.



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*City Manager*

The City Council is to be commended for continued funding of these key priority areas. Several fiscal challenges in FY2020 have made this, at times, an arduous task. Among those most notable were: the increase in “cherry sheet” charges/ assessments from the Commonwealth of \$1.7 million over FY19, including another increase to the city’s Charter School assessment; a \$1.7 million increase in the city’s pension assessment; and over \$700,000 in new expenses related to contaminated recycling, a function of the city’s new contract with Waste Management. In addition to these fixed cost challenges, in FY20 the city continues to absorb losses in grant funding for firefighters from the federal government, as well as costs previously shared by the school department budget. However, through various fiscal controls and constant collaboration between departmental management and the administration, we have been able to withstand these challenges and make over \$25.3 million in capital investments in the city’s infrastructure, parks, and municipal buildings.

Sincerely,

Eileen M. Donoghue  
City Manager

Cc: Conor Baldwin, Chief Financial Officer