

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

Approving Budget for the City of Lowell for Fiscal Year 2022.

WHEREAS, pursuant to Mass. G.L. c.44 §32, the City Manager submitted a proposed budget for fiscal year 2022 to the City Council on May 25, 2021 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 June 8, 2021 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 2022 for the City of Lowell, including all line items therein as if separately voted thereon, in the sum of **\$414,618,254**, 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 2022 and appropriation of retained earnings may be required to fund the fiscal year's operations.

**City of Lowell Fiscal Year 2022 City Manager's Recommended Appropriation Order –
FY2022**

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 raise and appropriates the following retained earnings:

Fund	Amount	Fund Number
1. Wastewater Enterprise Fund	\$2,853,037	6000
2. Parking Enterprise Fund	\$2,538,310	4450
3. Water Enterprise Fund	\$3,050,322	6100

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

Fund	Amount	Fund Number
1. Property Maintenance	\$25,000	1107
2. Vacant Foreclosed Properties	\$250,000	1109
3. Community Preservation Fund	\$45,021	1713
4. PEG Access Special Revenue	\$1,200,000	1710
5. General Stabilization	\$3,570,688	8401

**City of Lowell Fiscal Year 2022 City Manager's Recommended Appropriation Order –
FY2022**

Line			FY2022 Manager Recommended Appropriation
Number	Department	Description	
2022-01	City Council	Personal Services	\$230,000
2022-02	City Council	Ordinary Expenses	\$6,475
2022-03	Mayor	Personal Services	\$50,714
2022-04	Mayor	Ordinary Expenses	\$8,250
2022-05	City Clerk	Personal Services	\$441,186
2022-06	City Clerk	Ordinary Expenses	\$15,361
2022-07	City Manager	Personal Services	\$1,885,498
2022-08	City Manager	Ordinary Expenses	\$3,854,511
2022-09	City Manager - Lowell School Syst.	Ordinary Expenses	\$50,000
2022-10	City Manager - Marketing Develop.	Personal Services	\$11,000
2022-11	City Manager - Marketing Develop.	Ordinary Expenses	\$470,000
2022-12	City Manager - Contingency	Ordinary Expenses	\$450,229
2022-13	City Manager - Contingency	Reserve for Wages	\$296,317
2022-14	City Manager - Cable Access	Personal Services	\$123,883
2022-15	City Manager - Cable Access	Ordinary Expenses	\$214,031
2022-16	City Manager - Cable Access	Transfers to Schools	\$75,000
2022-17	City Manager – CASE	Personal Services	\$113,487
2022-18	City Manager – CASE	Ordinary Expenses	\$ -
2022-19	Finance	Personal Services	\$163,942
2022-20	Finance	Ordinary Expenses	\$1,295
2022-21	Budget	Personal Services	\$91,711

**City of Lowell Fiscal Year 2022 City Manager's Recommended Appropriation Order –
FY2022**

Line			FY2022 Manager Recommended
Number	Department	Description	Appropriation
2022-22	Budget	Ordinary Expenses	\$ -
2022-23	Auditing	Personal Services	\$511,633
2022-24	Auditing	Ordinary Expenses	\$57,600
2022-25	Purchasing	Personal Services	\$252,985
2022-26	Purchasing	Ordinary Expenses	\$143,120
2022-27	Assessing	Personal Services	\$545,491
2022-28	Assessing	Ordinary Expenses	\$168,972
2022-29	Treasurer	Personal Services	\$567,773
2022-30	Treasurer	Ordinary Expenses	\$226,650
2022-31	Human Relations	Personal Services	\$412,516
2022-32	Human Relations	Ordinary Expenses	\$44,950
2022-33	Management Information Systems	Personal Services	\$749,607
2022-34	Management Information Systems	Ordinary Expenses	\$1,124,607
2022-35	Law	Personal Services	\$1,347,480
2022-36	Law	Ordinary Expenses	\$256,100
2022-37	Elections	Personal Services	\$218,577
2022-38	Elections	Ordinary Expenses	\$86,100
2022-39	Planning & Development	Personal Services	\$2,941,977
2022-40	Planning & Development	Ordinary Expenses	\$199,586
2022-41	Police	Personal Services	\$29,039,434
2022-42	Police	Ordinary Expenses	\$1,531,345

**City of Lowell Fiscal Year 2022 City Manager's Recommended Appropriation Order –
FY2022**

Line			FY2022 Manager Recommended
Number	Department	Description	Appropriation
2022-43	Fire	Personal Services	\$20,432,212
2022-44	Fire	Ordinary Expenses	\$778,753
2022-45	Lowell Public Schools	Single Line	
		Appropriation	\$194,284,378
2022-46	Greater Lowell Technical School	Ordinary Expenses	\$10,045,281
2022-47	Essex Agricultural High School	Ordinary Expenses	\$ -
2022-48	DPW Administration	Personal Services	\$510,246
2022-49	DPW Administration	Ordinary Expenses	\$914,477
2022-50	DPW Engineering	Personal Services	\$554,120
2022-51	DPW Engineering	Ordinary Expenses	\$ -
2022-52	DPW Land & Buildings	Personal Services	\$1,986,763
2022-53	DPW Land & Buildings	Ordinary Expenses	\$805,086
2022-54	DPW Streets	Personal Services	\$1,280,518
2022-55	DPW Streets	Ordinary Expenses	\$30,000
2022-56	Parks	Personal Services	\$1,492,965
2022-57	Parks	Ordinary Expenses	\$596,299
2022-58	Cemetery	Personal Services	\$248,641
2022-59	Cemetery	Ordinary Expenses	\$217,506
2022-60	DPW Other	Snow & Ice	\$1,350,000
2022-61	DPW Other	Street Lighting	\$322,824
2022-62	DPW Other	Waste Coll./Disposal	\$7,667,250

**City of Lowell Fiscal Year 2022 City Manager's Recommended Appropriation Order –
FY2022**

			FY2022 Manager
Line			
Number	Department	Description	Recommended Appropriation
2022-63	Health	Personal Services	\$3,105,470
2022-64	Health	Ordinary Expenses	\$336,890
2022-65	Council on Aging	Personal Services	\$361,668
2022-66	Council on Aging	Ordinary Expenses	\$91,893
2022-67	Veterans'	Personal Services	\$162,994
2022-68	Veterans'	Ordinary Expenses	\$632,417
2022-69	Recreation	Personal Services	\$845,032
2022-70	Recreation	Ordinary Expenses	\$47,830
2022-71	Library	Personal Services	\$1,003,954
2022-72	Library	Ordinary Expenses	\$375,699
2022-73	Unclassified	Debt Service	\$13,694,217
2022-74	Unclassified	Workers Comp	\$925,000
2022-75	Unclassified	Unemployment	\$500,000
2022-76	Unclassified	Health Insurance	\$24,330,000
2022-77	Unclassified	Retirement	\$30,084,564
2022-78	Unclassified	Medicare Tax	\$3,100,000
2022-79	Unclassified	Claims & Judgments	\$775,000
2022-80	Unclassified	Other Insurance	\$303,300
2022-81	Unclassified	No. Middlesex	\$35,000
Subtotal	General Fund		\$373,207,639

**City of Lowell Fiscal Year 2022 City Manager's Recommended Appropriation Order –
FY2022**

			FY2022 Manager Recommended
Line			
Number	Department	Description	Appropriation
2022-82	Wastewater	Personal Services	\$3,390,068
2022-83	Wastewater	Ordinary Expenses	\$9,540,277
2022-84	Wastewater	Debt Service	\$8,519,301
Subtotal	Wastewater Enterprise Fund		\$21,449,645
2022-85	Parking	Personal Services	\$419,926
2022-86	Parking	Ordinary Expenses	\$3,654,409
2022-87	Parking	Debt Service	\$5,165,067
Subtotal	Parking Enterprise Fund		\$9,239,402
2022-88	Water	Personal Services	\$2,640,565
2022-89	Water	Ordinary Expenses	\$4,014,487
2022-90	Water	Debt Service	\$4,066,516
Subtotal	Water Enterprise Fund		\$10,721,569
Grand Total All Funds			\$414,618,254

**City of Lowell Fiscal Year 2022 City Manager's Recommended Appropriation Order –
FY2022**

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.

Line			FY2022 Manager
Number	Department	Description	Recommended
			Appropriation
2022-91	General Fund - Cherry Sheet Assessments		\$34,773,285
2022-92	General Fund - Provision for Abatements & Exemptions		\$1,100,000
2022-93	Indirect costs of the enterprise funds		\$13,503,249
2022-94	General Fund – COVID 19		\$200,000



Eileen M. Donoghue
City Manager

May 25, 2021

Mayor John J. Leahy
And
Members of the Lowell City Council

Dear Mayor 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 **\$464,194,788** Fiscal Year 2022 ('FY2022') operating budget for the city's general fund and three enterprise funds, which begins on July 1, 2021, and the **\$13,745,294** Capital Budget associated with the city's five-year capital improvement plan.

This document represents the fourth (4th) budget of my Administration. Last year's (FY2021) budget may have been the most challenging fiscal climate this city has ever seen and it is with the experience of the COVID-19 pandemic just in our rearview mirror that we turn our attention to the future and prepare to enter the "new normal" in FY2022 and beyond. COVID-19 wreaked havoc upon our sense of normalcy and will undoubtedly leave a lasting impact in the collective memory of our city. As of May 3rd, 2021, there had been 17,308 confirmed cases of COVID-19 among Lowell residents. The City of Lowell was notified of its first positive case on March 10, 2020 and it was not until over a full year later, on April 19, 2021, that all individuals aged 16 and older became eligible to receive the vaccine. In the meanwhile, city operations shifted to a primarily remote model, including all public meetings. Public spaces were retrofitted to meet social distancing requirements and the entire business model of municipal government was transformed to meet a new paradigm for local government. Through the CARES Act, the City received \$9.8 million in federal assistance to aid in the COVID-19 response. It was not until March 1, 2021 that City Hall and other City offices resumed normal business hours and re-opened to the public. Only now, well over a year after we received our first notification of a COVID-19 positive test in Lowell and with a full rollout of vaccinations ongoing across the Commonwealth, are we able to see the light at the end of the tunnel.

The preparation of the Annual Operating and Capital Budget is generally a year-round process, however major considerations had to be taken into account especially early in the FY2022 process. The COVID-19 pandemic resulted in both significant negative financial impacts and unexpected levels of uncertainty never seen by the City within the context of the budget process. As expected, and communicated during the setting of the tax rate in fall FY2021, several key non-property tax revenues had to be adjusted lower in FY2021, and are projected to remain below historical levels for FY2022, including Parking Fund revenues, Hotel Motel taxes, Meals taxes, and other departmental revenues. Some of the one-time strategies used in FY2021 to help offset revenue shortfalls are no longer available for FY2022. Despite these challenges, however, I present to you a budget for Fiscal Year 2022 which is not only balanced in accordance with the law, but also supports the initiatives set forth by the City Council.



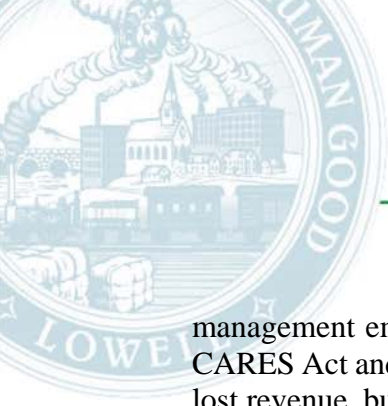
Eileen M. Donoghue
City Manager

The FY2022 total Operating Budgets for all major funds (General Fund, Parking Enterprise, Water Enterprise, and Sewer Enterprise) of **\$464,194,788** represents an increase of \$24.92 million or 5.7% over the FY2021 Adopted Budget. The overwhelming majority of this increase is accounted for within the education category, as well as within other fixed costs and state assessments. The additional funding in Chapter 70 education aid of \$11.6 million included in the FY2022 House Ways & Means version of the State budget will offset the additional appropriation and is a direct result of the Legislature's implementation of the Student Opportunity Act. Fixed costs increased significantly, including a \$1.4 million increase to the retirement assessment from PERAC and a \$1.7 million increase in debt service in the General Fund associated with capital investments. State 'Cherry Sheet' Assessments also increased, with the most significant increase to the Charter School Assessment of \$4.75 million over the 2021 final Cherry Sheet estimate. It should also be noted that the FY2021 Adjusted Budget is higher than the FY2021 Adopted Budget due to increases in operating expenditures related to City initiatives and supplemental support for programs. The FY2022 budget was developed based on strategic goals, which are detailed in the **Strategic Goals, Objectives, and Key Initiatives** section of the budget. Each FY2022 objective noted within City department budget narratives relates to one or more these City Council goals. In addition, the budget provides a plan on how to effectively allocate resources across different areas, which reflects the City Council priorities.

The overarching theme in the FY2022 budget plan is that of cautious optimism. Despite facing a host of fiscal challenges brought about by the pandemic, including significant budgetary pressure on the city's public health and public safety operations, we are confident that we will be able to *build back better*. Lowell's history is marked by resiliency—whether through the immigration story of our ancestors or throughout Lowell's many revitalizations. Each time that this city has been knocked down, it has found a way to regain its footing and reinvent itself. This time will be no different. We remain circumspect regarding the lingering impacts of the pandemic but must, at the same time, be bullish in our pursuit of opportunities to transform the way we do business. I am proud to present a funding plan to that end, which supports a continued emphasis on the key focus areas of my Administration: **Economic Development, Strong Finances, Public Safety, Equity & Inclusion, and Education.**

Economic Development

Since I took office as City Manager in 2018, 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. COVID-19 has made this year's budget especially challenging due to the reduction in anticipated local receipts for FY2022. These receipts, such as the local option meals tax, lost revenue in the parking enterprise fund, from liquor licenses, permit revenue, and other local receipts tied to the local economy, have strained the budget during COVID-19 to a point where layoffs seemed inevitable. However, thanks to the careful financial



Eileen M. Donoghue
City Manager

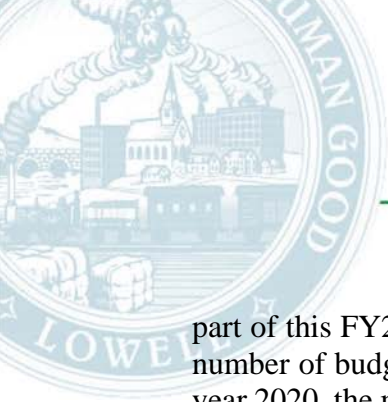
management employed by my Administration and the significant federal relief through both the CARES Act and the recently signed American Rescue Plan, Lowell will not only be able to recoup lost revenue, but make unprecedented investments in areas of critical need.

Through these targeted investment in key priority areas, the city will continue to build on the economic development success in FY2022. This will be accomplished primarily through the funding proposal of the FY2022 capital plan and those capital investments previously funded by this City Council, but also through strategic investments in the FY2022 operational budget and the coordinated efforts of the Economic Development Office in 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 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 was 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 has been meeting 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, the Economic Development Office 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 were 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 \$240,000 as of August 6, 2020.

Public Safety

Another key to 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 directly influences a company's decision to locate within the city limits. Despite the fiscal challenges, as



Eileen M. Donoghue
City Manager

part of this FY2022 budget, I am proposing the Council appropriate funding to maintain the total number of budgeted sworn officers in the Lowell Police Department ('LPD') at 250. In calendar year 2020, the most recent year of FBI reported crime statistics, there was a 8.1% decrease in total NIBRS offenses, including a 38.6% decrease in "Group B" offenses. 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. 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 2022 Capital Budget includes additional investment into the LPD Headquarters. In the FY2022 Capital Plan, my Administration is recommending funding to make repairs to the police headquarters and to the roof at the department's garage facility on Arch Street.

In February of CY2021 the LPD achieved State Certification from the Massachusetts Police Accreditation Commission ('MPAC'). The Department's certification efforts spanned 29 months and involved a self-review and subsequent assessment by the Commission's team of subject matter experts. Certification is considered a significant step toward accreditation, which requires departments to meet additional standards in order to achieve MPAC's highest honor for police departments. In FY2022, the LPD's goal is to continue towards accreditation from MAPC, implement the Body Worn Camera program, and implement the changes as detailed in the new State Police Reform laws. The budget enclosed herewith supports the funding necessary for the department to accomplish these important objectives.

The FY2022 appropriation in the operating budget for the Lowell Fire Department ('LFD') meets the call of the City Council to reduce company closings, or so-called "brown outs". Pursuant to two motions passed by the City Council in January of FY2021, have agreed on a plan to reduce company closings to a maximum of one company per 24 hour period, with a goal of keeping all companies open on the evening shift. We will accomplish this by first, maintaining the ranks for fire protection and public safety by fully funding the number of firefighters and following the civil service process to fill vacant, but funded positions. Second, an amount of \$1.1 million is proposed in the LFD overtime account, as well as a new, Ordinance position in the LFD administrative division of a grant writer. With this new position, the fire department will be able to pursue various funding opportunities to add additional state and/or federal funding to aid in maximizing the city's fire protection. In FY2022, my Administration is also proposing significant capital investments in the LFD, specifically to fund building repair projects in the ageing fire houses. The FY2022 Capital Plan includes \$300,000 to fund such repairs.

Equity and Inclusion

At the direction of the City Council, my Administration and appropriate City departments have worked actively to implement initiatives intended to promote diversity, equity and inclusion both within the City's workforce and in relations between the City and the community. This City Council has made a clear commitment towards equity and inclusion initiatives. Much work was accomplished over the course of the last fiscal year (FY2021) and continues, through several



Eileen M. Donoghue
City Manager

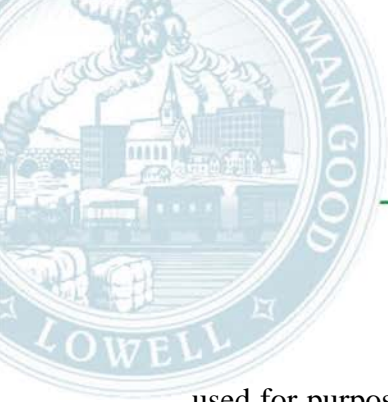
targeted initiatives in the FY2022 budget. The most notable item in the FY2022 budget is the funding for an Officer of Diversity and Inclusion in the budget. The details of the position, including the duties and responsibilities will be recommended for creation by the Council in an Ordinance, after the completion of the audit and informed by its results.

Over the course of the past year, the Council and City Administration have embarked on a series of equity initiatives. On July 28, 2020, the City Council passed an ordinance chartering a Citizen Advisory Committee to the Lowell Police Department, intended to provide a formal channel for community input on matters pertaining to public safety and law enforcement to be conveyed to the Police Department. The City engaged in extensive efforts to promote the opportunity to serve on the committee.

Last June (CY2020), the City Council requested a report on the costs of an audit to assess the city's human resources practices that would provide recommendations to ensure a diverse and inclusive workforce. A request for proposals ('RFP') for a human resources audit was publicly advertised by the City in July. The costs that were quoted by the responding firms were prohibitive given the City's current budget constraints, ranging in cost up to \$160,000. Following the receipt of these responses, and at the direction of the Council, we have considered methods to modify the previously posted RFP to reflect a more limited scope of services. By eliminating less critical sections of the scope of services, we have developed a revised RFP that we are hopeful will produce more cost-effective proposals for an audit that still meets the intent put forward by the Council. A revised RFP immediately posted. Simultaneous to this effort, the finance department worked actively to explore potential methods to fund the audit. While no outside funding sources were identified at the time, the Council acted swiftly to appropriate funds from the Manager's contingency so the work could begin. The Greater Lowell Community Foundation later came forward to present two grant in the amount of \$45,000, greatly relieving the taxpayers of the financial obligation. Recognizing the potential value of a human resources audit in guiding the City's efforts to recruit and retain a talented and diverse workforce, the Council moved swiftly to put the funding in place for these efforts.

In October of the last fiscal year, a proposal was presented to the City Council defining the composition and functions of the newly established Diversity, Equity, and Inclusion Task Force to be chaired by the Mayor. According to the mission statement, the task force will focus on developing long-term and short-term solutions to address inequities in community systems and city policies related to diversity, equity and inclusion. Once formally initiated, the task force will provide an inclusive and accessible platform for members of the community to communicate their experiences and perspective on these important topics to the City. The membership of the task force is to be appointed by the Mayor.

In November of FY2021, the City Council established a special purpose stabilization fund for racial equity purposes under M.G.L. c. 40 s. 5B, which was unanimously approved. Residents can now make voluntary contributions to the fund via the City website . This funding source will be



Eileen M. Donoghue
City Manager

used for purposes that, as articulated by the resolution adopted by the Council on July 28, 2020, “augment efforts to curb social injustice and assist minority communities.” As gifts and grants are received, appropriations will be recommended to the Council in FY2022 and in future years.

Funding in the FY2022 budget will further support the efforts of the City Administration to increase the frequency with which diversity trainings are offered to employees in order address important matters such as cultural awareness, racial equity and inclusion, unconscious bias, and macroaggression with members of our workforce.

Education

The final and, perhaps most important pillar to successful development of any city is its commitment to education in its school district. The recommended appropriation for the Lowell Public School District for FY2022 is \$194,284,378. For most Gateway Cities, the key financing source for education is the Chapter 70 funding formula from the State. In this, Lowell is no different. However, for those communities whose funding for schools is disproportionately comprised of state 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 FY2022 budget affords ample funding for the Lowell Public Schools to continue to exceed the mandated spending requirement. The City of Lowell exceeded its Net School Spending requirement by \$7.3 million in FY2020—the most recent year that has been certified by DESE—and is projected to exceed the funding requirement FY2021.

This annual spending certification does not include, however, other General Fund appropriations by the City Council on school improvement projects to replace roofs and boilers at eight (8) schools in Lowell for a total cost of \$13.6 million. The Department of Public works (‘DPW’) 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.

FY2022 Budget Highlights & Challenges

While I am proud of the initiatives presented in this budget, planning for the FY2022 fiscal cycle was not without its challenges, notwithstanding the impacts associated with COVID-19. Fixed costs continue to rise including a \$1.4 million increase in our pension assessment from PERAC. As of the date of this letter, “Cherry Sheet” assessments from the Commonwealth will increase by a substantial amount in FY2022 as well due to a \$4.8 million increase to the city’s assessment for charter tuition.



Eileen M. Donoghue
City Manager

My Administration has held the line on all discretionary spending and including funding only for contractual increases to service contracts for essential services. However no single, non-fixed cost expense increase is more onerous, than the increased cost for trash and recycling collection and disposal. By contract, the city must pay for so-called “contaminated recycling” and must assume the full impact of the cost. The increase to the DPW budget for trash is approximately \$900,000 in the FY2022 budget to absorb these costs, however the actual expense is dependent on residential behavior and could require additional appropriations. An ongoing, aggressive campaign in the DPW and Development Services departments, continues to focus on education and enforcement, aimed to curb contamination and therefore reduce costs to the city. Without an increase to the trash fee, the increase is borne by the tax base. 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 budgeted within departments and include the final COLA from the last contract period. The contracts for all 17 city-side bargaining units expire on June 30, 2021. The finance department has reserved existing available appropriations in the stabilization account for when negotiations are complete. 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.

Conclusion and Recommendation

Many of the aforementioned initiatives and challenges represent a substantial cost, but my administration has worked tirelessly to limit the impact to the taxpayer. This budget includes a planned 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 of goods and services, while not considerably raising taxes any single year. This fact is evidenced by the over \$20 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 all department heads. While unable to meet many worthwhile request, my Administration attempted to be reasonable and fair with each department while 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



Eileen M. Donoghue
City Manager

hope that this budget will be another 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 who 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.

With this transmittal letter and enclosed detailed budget documents, I further recommend approval by the City Council.

Sincerely,

Eileen M. Donoghue
City Manager

Cc: Conor Baldwin, Chief Financial Officer
Allison Chambers, Deputy CFO
Susan Hickey, City Auditor