

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

Adopting the Minimum Residential Factor for Fiscal Year 2023.

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 2023 which will shift the share of the Levy to the Commercial, Industrial and Personal Property classes.



Thomas A. Golden, Jr.
City Manager

November 22, 2022

Mayor Sokhary Chau
And
Members of the Lowell City Council

RE: FY2023 Vote to set the Minimum Residential Factor

Mayor Chau and Members of the City Council,

The attached vote will establish the Minimum Residential Factor ('MRF') for fiscal year 2023. It will therefore provide 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 ('CIP') for example—grows at a slower pace than that of 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 FY23 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 6, 2022. With this letter, I am transmitting to you my recommendation for the required vote necessary to minimize taxes on residential properties.

Property taxation is strictly governed under state law, as is the growth each year in the tax levy. The property tax levy is the revenue a community can raise through real and personal property taxes. Proposition 2 ½ places constraints on the amount of the levy raised by the city and on how much the levy can be increased from year to year, but the levy in Lowell has not historically kept pace with inflation and Lowell has built up what is commonly referred to as 'excess levy capacity'. This is evidenced by the approximately \$14.1 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 limits prescribed by Proposition 2 ½ Lowell is and the importance placed by the Lowell City Council on affordability for the residents.



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Here is a review of some of what the FY2023 residential tax dollars will pay for:

- **Investment in curb appeal (paving/ sidewalks/ other street projects)**
 - The City Council has made a significant invest in paving, sidewalks, and curbing repairs on Lowell’s roadways. By leveraging the FY2023 ‘Chapter 90’ roadway apportionment from the state, the Council has maximized the amount of paving money available during the construction season, in FY2023 this collectively amounted to **\$4.9 million**.
 - The City Council also appropriated **\$835,500** of local funding for accessibility improvements across the city to comply with the American’s with Disabilities Act (‘ADA’) and **\$400,000** to support traffic improvements citywide.
- **Continued support for public safety**
 - The City Council invested **\$725,000** of local funding to outfit the Lowell Police Department’s sworn personnel with body worn cameras, to match a \$430,000 grant from the Bureau of Justice Assistance (‘BJA’). The city is currently in the final stages of negotiating a contract with the vendor and will be rolling out this program—of approximately 215 cameras—later this fiscal year.
 - This City Council has made an unprecedented investment in the apparatus of the Lowell Fire Department. In FY2023, the Council authorized matching funds and approved a FEMA Assistance for Firefighters (‘AFG’) grant to purchase a replacement fire engine. This will complement the allocation of American Rescue Plan Act (‘ARPA’) funds of **\$10 million** and the **\$1.1 million** appropriated by this City Council for the purchase of a new aerial ladder truck, earlier this past spring, which has since been ordered.



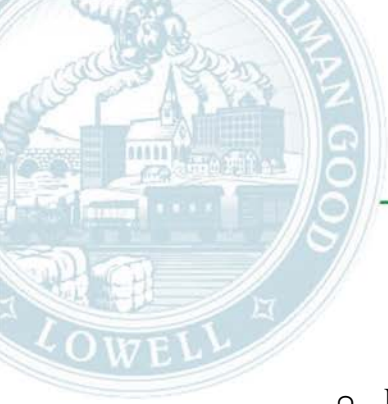
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- **Funding for Education and Investment in School Facilities**

- The City of Lowell has exceeded the required spending level set by the Commonwealth by **\$6.4 million** in the most recent year certified by DESE (FY2021). The funding reported to DESE for FY2022 continued this commitment to education and is estimated to surpass the spending requirement by \$8.6 million. For FY2023, the city is again projected to exceed net school spending.
- In the FY2023 Capital Budget, the Council appropriated **\$2.3 million** for building improvements to various schools throughout the city. To date, the DPW has procured a new boiler at the McAvinnue School, fire alarm upgrades at the Washington School, a new chiller for the J. G. Pyne School, exterior ramp repairs to the LeBlanc School, heating improvements at the Reilly School, and window replacements for various schools throughout the district.
- The City continues to apply and qualify for the MSBA's Accelerated Repair Program. Under the program 80% of the costs are covered by the MSBA and the City authorizes the remaining 20%. On October 26th, the MSBA invited the City of Lowell into the feasibility study stage to conduct a Schematic Design Study at the B.F. Butler Middle School for a potential boiler replacement project, at the Bartlett Community Partnership School for a potential boiler replacement project, at the Henry J. Robinson Middle School for a potential boiler replacement project, at the John J. Shaughnessy Elementary School for a potential roof replacement project, and at the Joseph McAvinnue School for a potential boiler replacement project.
- In October of FY2023, the City took the lead in applying for an HVAC and Air Quality improvement grant through DESE for City schools in the amount of **\$4.2 million**.
- The City Council supported the allocation of **\$7 million** from ARPA funding to additional municipal building improvements in air quality and HVAC systems, much of which will be spent in the city school buildings.

- **Economic Development/ Quality of Life/ Social Impact**

- The City continues to support City-wide infrastructure and has made investments towards the Central Street Bridge (**\$2,000,000**), Improvements to “Cambodia Town” (**\$250,000**), parks and open space improvements (**\$700,000**) and implementation of recommendations from the Master Plan regarding wayfinding in business districts (**\$250,000**).



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- Lastly, but perhaps most important were the investments by the City Council to address economic and social injustice through the allocation of ARPA funding. Through the social impact program category of expenditure, the City will expend over **\$13.4 million** towards addressing equity in Lowell through education and training programs for underserved populations, public health programs for underserved populations, social & economic equity, growing generational wealth, and affordable housing initiatives.

The City Council is to be commended for continued funding of these key priority areas. Several fiscal challenges in FY2023 have made this, at times, an arduous task. Among those most notable were: the increase in “cherry sheet” charges/ assessments from the Commonwealth of \$4.7 million over FY23 including another significant increase to the city’s Charter School assessment, a \$1.6 million increase in the city’s pension assessment; over \$300,000 in new expenses related to contaminated recycling, and a \$1.5 million increase in health insurance and \$6 million in contractually obligation COLA salary increases. 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 \$12.9 million in capital investments in the city’s infrastructure, parks, and municipal buildings.

Sincerely,

Thomas A. Golden, Jr.
City Manager

Cc: Conor Baldwin, Chief Financial Officer
Ellen Brideau, Chief Assessor