

THE COMMONWEALTH OF MASSACHUSETTS
CITY OF LOWELL

In City Council

LOAN ORDER
(General Fund Capital Improvements)

To borrow \$32,504,800 to pay costs of the various capital improvements and purchases as described below, any related architectural and engineering services in connection therewith and all other costs incidental and related thereto.

IT IS ORDERED BY THE CITY COUNCIL OF THE CITY OF LOWELL BY A TWO-THIRDS VOTE OF ALL OF ITS MEMBERS, as follows:

Ordered: That the sum of \$1,825,000 is appropriated to pay costs of the following ADA related planning, re-construction, construction and improvements to various city buildings, parks, and sidewalks/ pavement and other infrastructure to meet compliance with the Americans with Disabilities Act (“ADA”).

Further Ordered: That the sum of \$12,017,300 is appropriated to pay costs of the following building planning, re-construction, construction and improvements: various school building improvements, improvements to various fire houses, improvements to Cawley Stadium, improvements to the facility located at 50-68 Dracut Street, 223 & 245 University Avenue, and improvements to the Lowell Police Headquarters and Sign Shop garage.

Further Ordered: That the sum of \$13,615,000 is appropriated to pay costs of the following roadway, paving, sidewalks and/or bridge planning, re-construction, construction and improvements: various city-wide paving, sidewalks, and bridge improvements; various urban renewal infrastructure improvements in the JAM neighborhood, urban renewal planning actions, city-wide culvert and drainage improvements, and “heat island” mitigation planning and improvements.

Further Ordered: That the sum of \$1,192,500 is appropriated to pay costs of the following acquiring items of departmental equipment: cybersecurity improvements hardware/ equipment upgrades and fire department emergency equipment replacement.

Further Ordered: That the sum of \$1,150,000 is appropriated to pay costs of environmental remediation planning, re-construction, construction and improvements at various sites in the City of Lowell.

Further Ordered: That the sum of \$500,000 is appropriated to pay costs of acquiring interests in land in certain sidewalk vaults throughout the city underneath certain sidewalks and public rights of way.

Further Ordered: That the sum of \$650,000 is appropriated to pay costs of the following park planning, re-construction, construction and improvements: city manager

“pocket park” improvement program at various park sites, and open space and recreation plan updates at various open spaces in the City of Lowell.

Further Ordered: That the sum of \$775,000 is appropriated to pay costs of various traffic signalization improvement projects throughout the City of Lowell.

Further Ordered: That the sum of \$780,000 is appropriated to pay costs of the following vehicle replacements: light vehicle replacement in the Lowell Fire Department (“LFD”) and light and heavy vehicle replacement in the Department of Public Works (“DPW”)

Further Ordered: That to meet the appropriations described herein, the Treasurer, with the approval of the City Manager, is authorized to borrow \$32,504,800 and to issue bonds or notes therefor under G.L. c. 44 or any other enabling authority; that the City Manager is authorized to contract for and expend any federal or state aid available for the projects; that the City Manager is authorized to take any action necessary to carry out the projects; and that the Treasurer is authorized to file an application with the Municipal Finance Oversight Board to qualify any or all of the bonds under G.L. c.44A and to provide such information and execute such documents as such board may require for these purposes.



Conor Baldwin
Chief Financial Officer

Austin Ball
Deputy CFO

MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager

FROM: Conor Baldwin, Chief Financial Officer 

CC: Austin Ball, Deputy CFO

DATE: May 21st, 2024

SUBJECT: FY2025 – FY2029 Five Year Capital Improvement Plan

This plan lays out the capital priorities for the City of Lowell for the next five years, but the projects proposed for funding are solely within the current fiscal year (FY2025). All additional projects are presented here for discussion purposes only and will be reassessed depending on future funding needs and fiscal realities. Also, three other major capital investments are occurring or are near completion since the presentation of FY2024's capital plan: the TIGER bridge project, Lord Overpass construction, and the Lowell High School project. TIGER is funded primarily through a federal TIGER grant, the Lord Overpass was substantially completed in October of 2023 and the LHS is in phase 2 of construction and will be entering phase three later this year. While the financing for these projects undoubtedly impacts the future operations of the city and carry significant budgetary considerations, the scale of these three projects and the size of funding other than city bond proceeds warrant separate discussion, outside of the capital improvement plan. The debt service impact is included in all forecast models for budget planning purpose.

The City of Lowell is positioned well to solidify its revitalization and through strategic investments in education, public safety, and infrastructure. By doing so, Lowell will jump-start the next wave of investment in our most valuable resource: our residents. The proposed investments in roads, buildings, public safety, and parks and recreation amenities dovetail nicely with available state and federal dollars destined for the city. Through this plan we are making a significant investment in building and infrastructure improvements. The City Council has made it one of their top priorities for this administration to enhance the state of the school's, municipal building as well as various park and open space improvements and through this plan we will begin to continue to gain some much needed progress.

Older mill cities face unique challenges in combating urban decay and Lowell has, time and again, shown its leadership by encouraging redevelopment of historic buildings throughout the city. Unfortunately, the main thoroughfares of the city have continued to deteriorate and recent engineering studies of our Pavement Condition Index (PCI) have shown that repaving and repairing using only the funding allocated from the Commonwealth through the Chapter 90 program is insufficient. That is why the City Manager included an amount of \$12 million to be included in this capital plan request to the City Council. This is in addition to the approximately \$1.8 million appropriated by the Commonwealth through Chapter 90 for a total of \$13.8 million



Conor Baldwin
 Chief Financial Officer

in FY2025. The supplemental City appropriation allows us to also focus on unaccepted streets, providing greater flexibility for what streets can be paved and repaired. **Austin Ball**
 Deputy CFO

While every project submission from Department Heads was worthy of consideration and deserving in its own right, our funding capacity is limited by the Administration’s desire to keep any increase in residential and commercial taxes minimal. In FY2025 proposed operating budget we saw an increase in the debt service cost rise from \$13.1 million in FY2024 to \$17.5 million in FY2025. This drastic increase to the operating budget was a significant challenge on the general fund, and this increase can be predominately tied to the High School construction. The Finance team has attached a chart to show the overall projected costs to the general fund to finance the remaining part of the construction. The City Administration and the Finance Team is acutely aware of the well needed and long over due investments in our roads, schools, municipal buildings, parks, vehicles and other MISC. priorities from the respective department heads. I am confident that this plan reflects the balancing act of including a set of capital requests and initiatives that represent the priorities of the Administration and will not significantly burden the operating budget.

Requesting Department	Project Description	Amount	Category
City Manager	Paving, Sidewalks, and Bridges	\$12,000,000	Infrastructure
DPW	Various School Building Improvements - Capital Projects	\$3,500,000	Infrastructure
Lowell Fire Department	Various upgrades to Fire Houses	\$3,000,000	Public Safety
DPD	Cawley Stadium Master Plan - Building & Field	\$2,000,000	Community Main/ Dev
City Manager	School Department - New School Building Improvements	\$2,000,000	Infrastructure
City Manager	ADA Plan Improvements (Building, Infrastructure, and Parks)	\$1,825,000	Infrastructure
DPW	Various Municipal Building Improvements - Capital Projects	\$1,375,000	Infrastructure
DPD	Environmental Remediation	\$1,150,000	Environmental
MIS	Cybersecurity Improvements (Hardware/ Equipment Upgrades)	\$1,000,000	Public Safety
DPD	Various Traffic Improvements - Signalization & Site Improvements	\$775,000	Community Main/ Dev
DPD	Various Urban Renewal Infrastructure work (JAM)	\$715,000	Community Main/ Dev
City Manager	Various Vehicle Replacement - (DPW)	\$500,000	Vehicle Replacement
DPD	Sidewalk Vault Abandonment Program	\$500,000	Community Main/ Dev
City Manager	Neighborhood "Pocket Park" Program (Various Park Improvements)	\$500,000	Community Main/ Dev
DPD	Various Urban Renewal Planning Actions (JAM)	\$450,000	Community Main/ Dev
Lowell Fire Department	Various Vehicle Replacement	\$280,000	Vehicle Replacement
City Manager	City Wide Culvert and Drainage Improvements	\$250,000	Infrastructure
DPD	Heat Island Mitigation Planning	\$200,000	Community Main/ Dev
Lowell Fire Department	Fire Department Emergency Equipment Replacement	\$192,500	Public Safety
DPD	Open Space and Recreation Plan Update	\$150,000	Community Main/ Dev
Lowell Police Department	Lowell Police Department Building Improvements	\$142,300	Public Safety

Total: **\$32,504,800**



Thomas A. Golden, Jr.
City Manager

May 21st, 2024

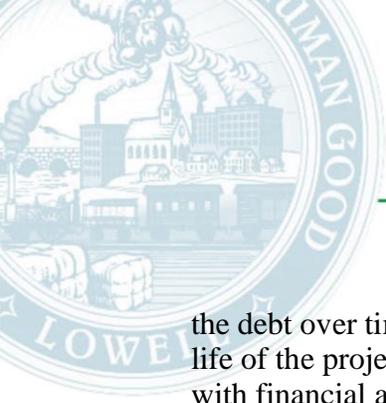
Mayor Daniel Rourke
And
Members of the Lowell City Council

Dear Mayor Rourke and Members of the Lowell City Council,

The FY2025 capital plan submission represents the first year of a revamped five-year capital improvement plan (“CIP”) under my Administration. The City's Finance Team, has worked with the Umass Boston Collins Center to update and enhance the city's capital plan. Some of these recommendations have been implemented in this year's capital plan with the remaining recommendations and improvements to come in future years. Based on the feedback we have received from the Collins Center it is my intention to shift the focus of our attention and resources towards several key areas including economic development, “curb appeal”, infrastructure improvements, fiscal management, public safety, education, schools and quality of life in all city neighborhoods. This document and the recommendations for investments included herein are the first step in moving the City of Lowell forward. Capital assets are expensive: from planning, to construction, to operations and maintenance. Therefore, maintaining capital infrastructure in the condition necessary to preserve and enhance your community’s vitality and quality of life takes forethought and planning. This plan is a best practice in long-range capital planning, budgeting, and asset maintenance planning, which will be used by the City as a foundation to build a better Lowell for generations to come.

A capital improvement program provides a blueprint for planning a community's capital expenditures and is one of the most important responsibilities of local government officials. It coordinates community planning, financial capacity, and physical development. Decisions made during this process will have an impact on the City of Lowell and taxpayers for years to come. In order to glean the most efficient outcome from this task and arrive at decisions which include expertise from all areas and lastly, based on the recommendations from the Collins Center, I have established a Capital Improvement Committee – comprised of the Chief Financial Officer, Deputy CFO, Assistant City Manager/ DPD Director, DPW Commissioner, City Engineer School Business Manager, Police Superintendent, and Fire Chief. They have met to ensure citywide needs are addressed adequately through this plan. The city uses its five-year financial projections for revenue and expenditures, in addition to its five-year capital plan, to formulate budget guidelines for departments. The City has established a debt management and capital investment policy to guide the five-year plan and a copy of the policy is included each year in the presentation of the annual budget. The Committee has taken into account all relevant policy guidelines in this submission to the City Council.

The funding for the capital budget is different than that of the Annual Operating Budget. Rather than revenue from the tax levy, intergovernmental aid (such as Chapter 70 Education Aid from the Commonwealth), and other local receipts; projects funded in the capital budget are financed primarily through the sale of bonds. Typically, these bonds are issued for time periods ranging from five to 30 years, over the course of which the City of Lowell pays off the debt principal and interest, annually, from the general fund and are budgeted within each Annual Budget. Paying



Thomas A. Golden, Jr.
City Manager

the debt over time has the advantage of allowing capital expenditures to be amortized over the life of the projects. Careful analysis is performed each year by the finance department, in concert with financial advisors and bond counsel, prior to any debt issuance.

Other financing sources, however, are also part of the overall financing plan for the capital plan. The City of Lowell has had great success securing various state and federal grants for infrastructure improvements and other capital investments. These grants from other funding sources outside of the city help mitigate the impact to the Lowell taxpayers for improvements to roads, bridges, and buildings. Without these outside funding sources, Gateway Cities like Lowell would be unable to pursue an aggressive capital campaign without overly burdening the residential taxpayers. These other funding sources, however, are not presented within the capital plan submission for approval by the City Council and the only appropriation authority requested is through the loan order for the city's share capital improvements in FY2025, specified in this submission. Other funding sources are presented for informational purposes only.

I am thankful for the diligent efforts of my staff to coordinate this worthy endeavor. Capital planning is critical component of municipal governance. Buildings, infrastructure, technology, and major equipment are the physical foundation for providing services to Lowellians. The procurement, construction, and maintenance of capital assets all require careful planning and therefore a prescribed process for prioritization of the many projects must be followed. A properly prepared capital plan one which contains recommendations from subject matter experts at City Hall and balances fiscal realities with the desires of the residents and the direction of the City Council is essential to the future financial health of the organization.

A message from Chief Financial Officer, Conor Baldwin analyzes the financial impact of the proposed plan on the City's operating budget. While it will not be possible to fund all necessary projects in an accelerated time frame, it is important to at least consider them. In the short term, we may have to spend more from our operating budget on repair and maintenance of our equipment, vehicles and buildings. We may also need to amend the priorities of this plan as it is being implemented. It is imperative that we monitor these situations carefully and shift priorities if it appears that maintenance costs are too high relative to replacement costs.

Sincerely,

Thomas A. Golden, Jr.
City Manager

CC: Conor Baldwin, Chief Financial Officer