

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

Approving Budget for the City of Lowell for Fiscal Year 2026.

WHEREAS, pursuant to Mass. G.L. c. 44 § 32, the City Manager submitted a proposed budget for fiscal year 2026 to the City Council on May 13, 2025 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 May 27, 2025 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 2026 for the City of Lowell, including all line items therein as if separately voted thereon, in the sum of **\$549,599,846** 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 departments receipts, grant funds, 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 2026 and appropriation of retained earnings, or other available funds, such as those from the general stabilization fund, may be required to fund the fiscal year's operations in said enterprise funds.

City of Lowell FY2026
Budget – Appropriation Order

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 raises and appropriates the following retained earnings:

Fund Description	Amount	Fund Number
1. Wastewater Enterprise Fund	\$1,000,000	6000
2. Parking Enterprise Fund	\$0.00	4450
3. Water Enterprise Fund	\$0.00	6100

And that the City Council of the City of Lowell hereby raises and appropriates the following from other funds, for the purpose of supporting the FY2026 budget for the general fund:

Fund	Amount	Fund Number
1. Vacant Foreclosed Properties	\$100,000	1109
2. Sale of Cemetery Lots	\$150,000	1723
3. Salary Stabilization	\$605,000	8398
4. Sale of City Property	\$3,547,000	1701
5. Capital Debt Service Stab.	\$103,000	8397
6. Municipal Facility Stab.	\$450,000	8396
7. PEG Access Special Revenue	\$1,144,500	1710
8. Walgreens SRF	\$20,000	1722
9. General Stabilization	\$2,858,557	8401
10. Dog Licenses	\$50,000	1714
11. Opioid Stabilization	\$392,019	8424
12. Traffic Control SRF	\$30,000	1737
13. 148A Building Fines	\$150,000	1721

And that the City Council of the City of Lowell hereby raises and appropriates the following from other funds, for the purpose of supporting the FY2026 operations of the Parking Enterprise fund:

Fund	Amount	Fund Number
14. General Stabilization	\$2,387,658.69	8401

City of Lowell FY2026
Budget – Appropriation Order

Line Number	Department	Description	FY2026 Manager Recommended Appropriation
2026-01	City Council	Personal Services	\$280,000
2026-02	City Council	Ordinary Expenses	\$6,175
2026-03	Mayor	Personal Services	\$74,035
2026-04	Mayor	Ordinary Expenses	\$26,350
2026-05	City Clerk	Personal Services	\$615,263
2026-06	City Clerk	Ordinary Expenses	\$13,237
2026-07	City Manager	Personal Services	\$1,636,617
2024-08	City Manager	Ordinary Expenses	\$5,623,393
2026-09	CASE	Personal Services	\$450,856
2026-10	Finance	Personal Services	\$397,525
2026-11	Finance	Ordinary Expenses	\$500
2026-12	Auditing	Personal Services	\$777,481
2026-13	Auditing	Ordinary Expenses	\$64,170
2026-14	Purchasing	Personal Services	\$365,223
2026-15	Purchasing	Ordinary Expenses	\$125,964
2026-16	Assessing	Personal Services	\$781,102
2026-17	Assessing	Ordinary Expenses	\$118,043
2026-18	Treasurer	Personal Services	\$790,350
2026-19	Treasurer	Ordinary Expenses	\$396,303
2026-20	Human Relations	Personal Services	\$559,974
2026-21	Human Relations	Ordinary Expenses	\$56,025
2026-22	Management Information Systems	Personal Services	\$1,423,611
2026-23	Management Information Systems	Ordinary Expenses	\$1,895,151
2026-24	Law	Personal Services	\$1,782,184
2026-25	Law	Ordinary Expenses	\$1,224,751
2026-26	Elections	Personal Services	\$456,187
2026-27	Elections	Ordinary Expenses	\$74,014
2026-28	Planning & Development	Personal Services	\$4,284,842
2026-29	Planning & Development	Ordinary Expenses	\$274,287
2026-30	Police	Personal Services	\$35,844,534
2026-31	Police	Ordinary Expenses	\$1,909,662
2026-32	Fire	Personal Services	\$27,044,803
2026-33	Fire	Ordinary Expenses	\$1,118,319
2026-34	Lowell Public Schools	Single Line	\$271,489,114
2026-35	Greater Lowell Technical School	Single Line	\$9,698,803
2026-36	Essex Agricultural High School	Single Line	\$127,194
2026-37	Public Works - General	Personal Services	\$7,614,074
2026-38	Public Works – General	Ordinary Expenses	\$13,335,116
2026-39	Public Works – City Building Utility	Ordinary Expenses	\$594,000
2026-40	Parks	Personal Services	\$2,187,189
2026-41	Parks	Ordinary Expenses	\$631,981
2026-42	Cemetery	Personal Services	\$266,809

City of Lowell FY2026
Budget – Appropriation Order

Line Number	Department	Description	FY2026 Manager Recommended Appropriation
2026-43	Cemetery	Ordinary Expenses	\$211,595
2026-44	Health	Personal Services	\$4,580,223
2026-45	Health	Ordinary Expenses	\$345,296
2026-46	Council on Aging	Personal Services	\$646,808
2026-47	Council on Aging	Ordinary Expenses	\$139,994
2026-48	Veterans'	Personal Services	\$223,024
2026-49	Veterans'	Ordinary Expenses	\$353,636
2026-50	Recreation	Personal Services	\$946,151
2026-51	Recreation	Ordinary Expenses	\$92,550
2026-52	Library	Personal Services	\$1,536,891
2026-53	Library	Ordinary Expenses	\$522,478
2026-54	Unclassified	No. Middlesex	\$43,164
2024-55	Unclassified	Debt Service	\$20,577,300
2026-56	Unclassified	Workers Comp	\$1,064,271
2026-57	Unclassified	Unemployment	\$400,000
2026-58	Unclassified	Health Insurance	\$31,425,000
2026-59	Unclassified	Retirement	\$36,927,350
2026-60	Unclassified	Medicare Tax	\$3,177,500
Subtotal	General Fund		\$499,648,441
2026-61	Wastewater	Personal Services	\$4,633,234
2026-62	Wastewater	Ordinary Expenses	\$12,362,944
2026-63	Wastewater	Debt Service	\$9,209,677
Subtotal	Wastewater Enterprise Fund		\$26,205,855
2026-64	Parking	Personal Services	\$615,205
2026-65	Parking	Ordinary Expenses	\$5,086,058
2026-66	Parking	Debt Service	\$5,157,726
Subtotal	Parking Enterprise Fund		\$10,858,990
2026-67	Water	Personal Services	\$3,214,300
2026-68	Water	Ordinary Expenses	\$5,075,130
2026-69	Water	Debt Service	\$4,597,129
Subtotal	Water Enterprise Fund		\$12,886,560
Grand Total All Funds			\$549,599,846

City of Lowell FY2026
Budget – Appropriation Order

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 Number	Description	FY2026 Manager Recommended Appropriation
2026-70	General Fund - Cherry Sheet Assessments	\$53,034,204
2026-71	General Fund - Provision for Abatements & Exemptions (<i>Overlay</i>)	\$700,000
2026-72	Indirect costs of the enterprise funds	\$14,021,781

FY2026 Transmittal Letter from City Manager Thomas A. Golden, Jr.



The City of **LOWELL** *Alive. Unique. Inspiring.*

Thomas A. Golden, Jr., City Manager

May 13, 2025

To the Honorable Mayor Daniel P. Rourke and Members of the Lowell City Council:

In accordance with the requirements of the Massachusetts General Laws (M.G.L. c. 44 § 32) and the Charter of the City of Lowell, I herewith transmit the proposed **\$617,355,830** Fiscal Year 2026 ('FY2026') operating budget for the city's general fund and three enterprise funds, beginning on July 1, 2025, and the **\$33,717,295** Capital Budget associated with the city's five-year capital improvement plan ('CIP') for FY2026 through FY2030.

As I set forth in my Administration's fourth fiscal budget, I have instructed my finance team to prioritize our available resources according to the key focus areas of the Lowell City Council and to address the many issues faced by a gateway city like Lowell. Rather than allow these challenges to define us or stand as obstacles to progress, it is my intention to turn these challenges into opportunities for each of the 115,000 residents of this great city. With this budget, I am proposing a spending plan for what will be a multi-year fiscal strategy to expand the tax base by attracting businesses into the HCID and other city-wide commercial zones, further our progress in achieving the goals set forth in *Lowell Forward*, the Master Plan for the City of Lowell. During these uncertain times, using a strategic combination of investments of our available local, state, and federal resources, the FY2026 budget plan will continue the momentum to take Lowell to the next level and continue to improve and enhance service delivery to the residents. With this budget, the city is in a position to strategically use reserves as well as take advantage of our fiscal flexibility to expand city programs and key initiatives; and present a balanced, responsible budget for FY2026 that is responsive to the community and to the Lowell City Council's priorities.

If our goal is to deliver the quality of life that the residents of Lowell expect and deserve, we must continue to push forward, relentlessly. Since I took office in April of calendar year 2022, my team and I have worked collaboratively with all departments to better understand their challenges and constraints. Through many conversations, not only with the heads of each department, but also with middle-management and all other employees, I have heard success stories of quality work from existing employees and a new excitement for public service throughout the ranks. We will continue in FY2026 to invest in our workforce.

The success of those investments has stretched beyond the workplace and into the community. The historic level of investment in the infrastructure in Lowell's streets, sidewalks, bridges, has been unprecedented. As has the level of accessibility improvements and deduction of resources toward ADA compliance measures in city roads, parks, and buildings. In FY2025, the City Council appropriated \$12.4 million for paving, sidewalks, accessibility improvements, and improvements to neighborhood business districts throughout the city. The total capital investment in FY2025 was \$31 million and those projects, coupled with the investment in the parks from the American Rescue Plan Act ("ARPA") will transform the city, one neighborhood at a time. In the

FY2026 capital plan, my Administration has prepared a proposal to continue that momentum into the future, with a five-year capital plan. Using new software tools, departments will be able to use the budget software to keep residents up to date with projects funded in the capital plan.

These new components of the budget process have come as a direct result of advice from the City Council and input from the public. Leading up to the FY2026 budget proposal, my finance team and other members of the management team held additional public listening sessions. These sessions provided an opportunity to share some of the budget constraints that a Gateway City like Lowell faces each fiscal year. The conversations with the residents, the City Councilors and their collective and district priorities, the various department heads, and the senior management team; are at the essence of this funding proposal.

The common thread among all of these conversations is an overwhelming desire to improve the quality of the department, but an inability to execute meaningful change due to a lack of resources. For some departments, that means a lack of human resources because they are unable to attract and retain quality employees when jobs are posted, while for other departments there is a lack of capital resources for equipment and tools to complete projects that are so desperately needed in our community. Together with the City Council, we implemented a comprehensive wage and class adjustment program. In exchange for increased wages and other license incentives, our partners in labor have agreed to greater flexibility in the workforce. With the completion of this program comes an expectation for accountability to a higher standard of quality. The measure of that quality will be studied using data collected in the new 311 system. The data analysis and quality improvement plan will be a hallmark of the City of Lowell's "smart city" strategy.

I am pleased to report that the FY2026 budget is a balanced, responsible budget that continues this momentum and includes several highlights, such as:

1. **Continued Improvement in Financial Management** - The entire FY2026 budget is predicated on the Administration's and the Council's fiscal policies, and continues the momentum of the city, which recently resulted in a credit upgrade from Moody's. We have increased our savings account (a.k.a. the "rainy day" fund) to just over \$17 million, a level never before attained by the City of Lowell. Furthermore, we have again reduced the reliance on reserves and one-time funds in this budget below that of last year, in an effort to work towards a more sustainable budget. I am so incredibly proud of the work of the finance team and good financial management is embedded in all decisions made as part of the budget process and is ingrained in the fabric of every decision we make in the operating and capital budget planning process.
2. **Integrated Water/ Wastewater Utility** - The FY2026 budget includes the first steps towards a reorganized Water and Sewer Utility departments into a single, integrated utility department, which will better accommodate the service needs of the community and enhance the city's cybersecurity posture. The Wastewater Utility has a long-running history of successful program management, effective operations, and proactive maintenance of its wastewater facilities. After an in-depth review of the two existing utilities, my Administration believes there is a strong organizational case for an integrated wastewater/ water utility. Utility integration would capitalize on the current strengths of the two utilities: strong leadership and a technically-trained staff at the Wastewater Utility would be merged with a capable and dedicated staff at the Drinking Water Utility. An integrated utility would have the ability to adopt common standards and achieve similar goals by leveraging the skills and experience of the current staffs and sharing that expertise between both utilities. Utility integration would create better opportunities for professional development and advancement through cross-training, job-sharing, and organizational re-structuring. Job-sharing and expanded roles would be valuable in three primary areas: maintenance, laboratory, and engineering. Re-structuring would require cross-training, with enhanced compensation and advancement opportunities. These components will come in later phases of the reorganization, but in FY2026 we will begin this transition and work with our partners in labor to achieve a mutually beneficial outcome. Ultimately, FY2026 will kick off our 5-year strategy to implement the best practices from the 2019 Hazen & Sawyer report, which recommended such an integration in the city's utility departments.

3. **Enhanced & Reorganized Office of Cultural Affairs, Special Events, and Marketing ("CASE")** - Special events and the celebration of Lowell's cultural fabric are at the essence of Lowell's vitality. For the past three years of my Administration, with the support of the City Council we have used ARPA funding and other grants to enhance and bolster the cultural vitality of the downtown and the various neighborhoods, and increased the number of cultural events. The FY2026 budget builds upon this foundation by including funding to support the maintenance of our public murals and other public art installations, enhanced festival funding, and a funding stream for our partners at Mosaic Lowell. Additionally, the FY2026 budget will include adjustments to the organization to better enhance and streamline the CASE Office under the leadership of Melissa Desroches and assist in building out the marketing department to further promote Lowell and all the wonderful things going on in the city, to areas well beyond the Merrimack Valley.
4. **Reorganization of the Parks/ Streets Departments** - In the waning days of F2025 and thanks to the support of the City Council with an appropriation from free cash last year, the DPW Commissioner and members of the finance team engaged the Matrix Group, a consulting firm, to conduct an analysis and feasibility study for combining certain functions within the Parks and Streets Divisions of the Department of Public Works ("DPW"). Several of the recommendations from the study have been included in the funding requests and the organizational tables included in the FY2026 budget, including a new manner of management in the parks department, one which will be based on a theory of district ownership, using a system comprised of "team leaders" who will be responsible for all aspects of their designated section of the City. We have also invested in FY2026 in training and documenting procedures for the various seasonal tasks using industry standards, to achieve equity across all neighborhoods for parks amenities like baseball fields and other park features. It is so incredibly important that we standardize the maintenance plan for all of our open spaces, considering the historic investment made in the parks and open space by this City Council using the city's ARPA allocation. The FY2026 budget supports this standardization, as well as further invests in education and training for employees in safety through OSHA training, continuing education for commercial driver's licenses ("CDL"), and for other skilled labor.
5. **Creation of Lowell's first Facilities Department** - Perhaps one of the most notable goals of this FY2026 budget plan is also in the DPW. At the end of FY2025, the City Council took a vote to consolidate maintenance functions, formally, with the school department, to further enhance and improve the physical environment for Lowell's students. This fiscal year (FY2026) will be the start of a multi-year plan to create a true facilities department, which will change the organizational structure of DPW to better service the future of Lowell. Included in this newly formed division will be dedicated professionals to focus on the advanced building management systems ("BMS") and controls of the new Lowell High School building, and will have a dedicated account for outside contracts for professionals to help preserve the \$381 million asset that is the new Lowell High School building.

The preparation of the annual operating and capital budget is more than a single meeting in spring. Rather, it is a year-round process. Major revenue decisions, however, had to be made late into the FY2026 process due to some uncertainty at the federal level and with the FY2026 state budget process, which at the time of writing was with the State Senate. Some of the one-time strategies used in FY2023, FY2024, and FY2025 to help offset revenue shortfalls had to be replicated in FY2026, such as the use of the stabilization fund to mitigate the increase to the tax levy. I am pleased to report, however, that the use of reserves is at an amount less than in the prior year and the Administration has successfully replenished all funds used into the reserve account, so as not to negatively impact the city's reserve position. The primary reason for this necessity is to combat the financial pressures of increases to fixed costs and to absorb negotiated salary increases from the successor contracts with the city's union partners. In order to hold the line on taxes and maintain an increase of 2.5% to the tax levy in FY2026, the temporary use of the stabilization fund was required. However, I am again committed to replenishing any reserves used when free cash is certified for FY2026 (7/1/2025) and to reducing the city's reliance on so-called "one-time" revenue sources over the course of my Administration. Despite the aforementioned challenges, however, I present to you a budget for Fiscal Year 2026 which is not only balanced in accordance with the law, but also supports the initiatives set forth by the City Council.

The FY2026 operating budgets for all major funds (General Fund, Parking Enterprise, Water Enterprise, and Sewer Enterprises) of **\$617,355,830** represents an increase of \$34.3 million, or 5.9% over the prior year (FY2025). 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 \$18.4 million, included in the FY2026 House Ways & Means ("HWM") version of the State budget, is another significant, consecutive increase for the school districts and is a direct result of the Legislature's implementation of the Student Opportunity Act (SOA Legislation [☑](#)). Fixed costs increased significantly in FY2026, in the aggregate, including a \$1.4 million increase to the retirement assessment from the Public Employee Retirement Administration Commission ("PERAC"). State 'Cherry Sheet' Assessments also increased, with the most significant increase to the Charter School Assessment of \$2.37 million over the 2025 final Cherry Sheet estimate. These challenges are more fully detailed within the digital budget book.

I am confident that this City Council's spending decisions will have a direct, positive impact on Lowellians' quality of life. 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 is no different. We remain circumspect regarding the omnipresent challenges in the greater economy, but at the same time, we are bullish in our pursuit of opportunities for transform the way we do business. I am proud to present a funding plan to that end; one that supports the four (4) key priority areas of the City Council and my administration, as follows:

1. Investment in Infrastructure
2. Focus on Quality of Life
3. Economic Development
4. Commitment to Sustainability

A strong, sustainable local government operation, however, cannot succeed without strong finances. A solid financial foundation is the bedrock upon which any municipality is built and must be at the forefront of any and all decisions. This budget is built on those principles and, despite the host of financial challenges faced by all Gateway Cities, as well as those particular to Lowell, this budget achieves the delicate balance between quality service delivery and affordable fees for our residents. The audited financial results from FY2024 and year-end projections for FY2025 prove-out these decisions according to the sustained fund balance in the General Fund at a level higher than Lowell has seen in many years. At the end of FY2025, the undesignated fund balance in the General Fund was \$28.2 million. This represents a \$5.5 million increase in the undesignated fund balance of the general fund over the prior year (FY2024). According to the latest draft of the audited basic financial statements, the total fund balance for all governmental funds was estimated to be \$64.4 million. For comparison, in FY2022, the year prior to my appointment as City Manager, the combined fund balance was The level of fund balance at year end is also well above the prior five-year average.

This healthy fund balance will indicate to the ratings agencies, such as Standard & Poor's and Moody's that Lowell's financial outlook is strong and worthy of investment. It is important that the city maintain a strong financial position through the adherence to strong fiscal policies. I would invite the reader to review the City of Lowell's comprehensive financial policies in the Appendix section of the Digital Budget Book, which can be accessed by: [Clicking Here \[☑\]\(#\)](#). The adherence to strong, sustainable fiscal policies by this Lowell City Council has begun to pay dividends. Just this past November, the rating agency, Moody's upgraded the city's credit from Aa3 to A1. Aside from the obvious symbolic benefit to having a major, third party credit rating endorse the city's good financial management, there are real, hard benefits to such a rating action, like a more competitive sale on debt obligations to be issued by the city to finance major capital projects like the LHS construction project and the \$175 million in Sewer separation work and the \$99 million in water infrastructure work to occur over the next five years. Additionally, the credit upgrade is a signal to developers in the region and across the United States that Lowell is "open for business" and is a worthwhile investment.

While the financial management in Lowell is strong, as recognized by the ratings agencies and the Department of Revenue and the rating agencies, there still exist several looming fiscal issues which must be addressed. Those issues can be found on the balance sheet in the city's long-term liabilities. Both the pension and other post-employment benefits ("OPEB") liabilities are staggering at \$296,080,487 (net pension liability - as of 1/01/2023) and \$622,020,157 (net OPEB liability - as of 6/30/2024), respectively. To address these long-term issues, my Administration will continue to fund the OPEB Trust and build reserves, pursuant to the city's policies. Addressing structural deficits in the budget will also be a priority for my finance team, as well as strengthening internal controls and making city government more transparent.

Economic Development & Quality of Life

Without question, the cornerstone of my Administration is economic development. FY2026 is an exciting year for Lowell's economic development, as we stand together on the precipice of an exciting future for all Lowellians. Perhaps the banner achievement and most exciting development on Lowell's horizon is the recently executed MOU in December of 2024 for Lowell to become the first Frontrunner City in the United States. This Frontrunner status will afford the city the to be connected to a global network of practitioners in the fields of finance, construction, design, sustainability, community engagement and community development to share knowledge, information, and bring their expertise and capital to Lowell. The FY2026 budget and capital plan contain strategic investments in DPD, as well as capital investments to support the city's endeavor to spur such development. The key aspect of the designation is to connect the city to a pipeline of global investment. The recently completed Lowell Forward Master Plan, our continuous work on improving sustainability across municipal buildings, our designation as a Geen Community, and our recent zoning changes appear in line with this program and its core pillars. This could present an opportunity for Lowell to continue advancing its goals while harnessing the support of a global initiative to support long-term sustainable development.

This coming fiscal year, the Administration will use some of the many of the tools made available to us from the City Council to address another key priority area of the City Council and the community: that of addressing the lack of quality, affordable housing and to further encourage homeownership and further propagate generational wealth to the residents of Lowell. The city provided \$1.8 million dollars in HOME funding for the creation of 19 units of housing in the Centralville neighborhood consisting of two buildings of rental housing in a highly diverse under severed low-income neighborhood. Additionally, in FY25 the city provided nine (9) first-time home buyers down payment assistance totaling \$106,200. Those programs and initiatives will continue in FY2026. By utilizing special incentive programs available through the state, and with the support of the City Council, DIP Tax Credits—State credits were awarded to two projects: the Hildreth Building: \$2.5M, which created 50 units of housing and at the Isobel Lofts, where \$2 million in credits helped to create 26 new units. Market rate housing was also created using the local TIE agreement program at 218 Middlesex Street (37 new units); 484 Merrimack Street (17 new units); and Mass Mills Phase IV.

To effect meaningful change in Lowell, we must "think big". While it is important to stabilize the community quickly and address basic needs, ARPA funds also offer the opportunity to innovate. From now until the end of the ARPA eligibility period in December 2026, the Administration and the City Council must think beyond restoring Lowell to a pre-pandemic status-quo. Rather, we should consider programs and services to accelerate opportunities for sustainable equity and mobility. ARPA funds will allow us to implement strategies that reduce income and wealth inequities and give all Lowell residents a "leg up" for opportunities. It makes sense to think about the broad picture and pursue policies that improve residents' well-being. Particularly in difficult economic climates, we must ensure the best quality of life for our community members, including accurate, courteous and efficient delivery of services. At the end of the day, making life better for the people who live and work in this city is our primary task.

Investment in Infrastructure and Commitment to Sustainability

The FY2026 budget answers the call to increase our investment in infrastructure. Also, embedded within the funding decisions made to formulate the annual plan of action for the city is a commitment to sustainability. Sustainability is more than a choice; it's a responsibility — a commitment to safeguarding our City's future, ensuring that generations to come inherit a thriving, vibrant environment. The notion of sustainability applies to both sustainable operations and to sustainable practices, such as energy management and environmental stewardship. This commitment has been solidified by this City Council last year through the creation of a Sustainability Division of the Department of Public Works

This past year, DPW partnered with multiple entities to secure \$590,442 in grant funding to advance energy efficiency and decarbonization efforts in the community, has secured \$4,992,760 in grant funding to advance sustainability priorities. The projects which have been funded are projected to save: 101,918 kWh; 13,498 therms; and \$41,972. These projects leveraged an additional \$198,504 in utility incentives. For FY2026, the Division of Sustainability has applied for \$10,265,317 in grant funding to advance energy efficiency and decarbonization in buildings. If successful, these projects are projected to save: 1,301,475 kWh; 12,450 therms; and \$252,940. If successful, projects would leverage an additional \$825,148 in utility incentives. As FY2026 is just beginning, the Sustainability Division plans to apply for additional grants worth a total of \$22,800,000.

The residents and businesses of Lowell deserve the highest quality services; and the employees of the city deserve the best possible work environment. These principles have guided the first three fiscal years of my Administration and are a beacon for the approach to improving the quality of life for everyone in our community in an environment of excellence while maintaining a strong financial position, including awareness of the impact on taxpayers. We must equip our employees with the proper tools to provide the appropriate level. This budget proposal for FY2026 makes those important funding choices in equipment through both the operating and capital budgets. This is a critical element to sustaining and preserving the historic level of capital investment which has been made by this Council and will continue beyond FY2026. Over the past year, the increase in spending on roads, bridges, and sidewalks can not be overstated. This spending has been necessary to begin to restore the quality of our roadways and transportation system to support economic development and the quality of life in the city. The investments made have been strategic, however, with much of the spending on a newly activated roadway preservation program which has employed engineering methods such as crack sealing and micro-surfacing, which are relatively inexpensive as compared to full reconstruction of roadways, but help to preserve the investments made previously by extending the useful life of the pavement throughout the city's 235 miles of accepted roadway.

The capital budget for fiscal year 2026 continues the commitment to infrastructure. The total FY2026 capital plan proposal represents an investment of \$33,717,295 to address long-term aims and interests and provide the means to achieve them in the coming years. The projects proposed in the capital plan are included within the digital budget book and presented in a way to bring additional information to the public and increase transparency and accountability with our initiatives. This way, the public can see their dollars at work. In the capital budget, funding is proposed for Council priorities such as: ADA related improvements (\$1,035,020), municipal building improvements, including the city's various school buildings (\$18,400,000), traffic improvements (\$400,000), cybersecurity infrastructure investments for security and connectivity for municipal and school buildings to provide high-speed internet access for the schools and municipal departments (\$2,739,000), the downtown sidewalk/ vault abandonment program (\$500,000), park improvements in neighborhoods throughout the city (\$3,000,000), vehicle replacements (\$600,000). Perhaps most importantly is a continuation of the historic level of funding for street paving and bridge construction (\$7,043,275).

We are finally making headway in attacking the dire needs of our infrastructure and the funding plan laid out in the FY2026 budget continues the trajectory of investments demanded by the residents and advocated for by this City Council. It also approaches those investments in a sustainable manner such that those investments are targeted and viable for generations to come.

FY2026 Budget Highlights & Challenges

While I am proud of the initiatives presented in this budget, planning for the FY2026 fiscal cycle was not without its challenges. Fixed costs have risen, including a \$1.4 million increase in our pension assessment from PERAC. As of the date of this letter, "in FY2026 the increase in the Charter School tuition cost is \$2.9 million, coupled with a loss of reimbursement for charter students from the state - a cost which must be absorbed into the tax levy. There are myriad other, smaller financial challenges which may not have the same individual impact, but taken together have put budgetary constraints on our ability to fund department request and initiatives. These fixed costs are further detailed in the Digital Budget Book by the finance department in the digital budget book, available online after delivery of the budget to the City Council.

Using the newly implemented Digital Budget Book and online tools from ClearGOV, we continue to offer an enhanced level of transparency and accountability to our residents with the document itself, and throughout the budget process. I am excited for this new and improved component of our budgeting process and invite the residents, businesses, and community stakeholders to take a deep-dive through the budget using this new tool. The best place to start is the Citizen's guide to the budget, which can be accessed online. To promote the tool and further seek the input of the residents and businesses, my finance team and I held two public input sessions on the budget, one earlier in the Winter and one at the beginning of the Spring, hosted by one of the neighborhood groups. I intend to expand this further in the coming years and I have noted that it has engaged residents in a way that I have never seen before.

While the challenges noted may appear as barriers, they have not prevented us from putting forward a responsible budget with many highlights to enhance the quality of services. Those highlights include an increase in the maintenance budgets for the schools and new positions which will be dedicated to the LHS building to manage and maintain the "state of the art" equipment that has been installed as part of the \$381 million capital project, which is nearing completion and will be turned over to the city when the project is complete. The FY2026 budget also includes some reorganizations of departments to better align services to the residents. With a focus on operational efficiency in the DPW this year, my Administration is proposing consolidations of functions, like the aforementioned facilities department and integrated water/ sewer utility department.

My Administration has held the line on discretionary spending and included funding only for contractual increases to service contracts for essential services. Personnel costs have been built into the budget according to the contracts with all of our partners in labor, and we have absorbed back into the budget several positions that had previously been funded by ARPA, like staff from the Health Department and school nurses, in order to mitigate the impact next fiscal year when the ARPA eligibility period expires. Those contracts, which provided much-needed compensation adjustments to help us attract and retain quality workers, are settled through June 30, 2027, providing us with fiscal certainty for our wage costs for the next two years. All of these fixed costs, combined with our financial commitment to our key focus areas, left little-to-no room for 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 that they do each year with less, it is worth noting that these departments are as lean as they have ever been.

Conclusion and Recommendation

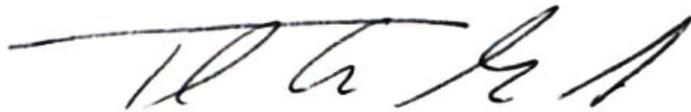
Many of the aforementioned initiatives and challenges represent a substantial cost, but my administration has worked tirelessly to limit the impact to the taxpayer. This budget includes a planned levy increase of 2.5%, plus new growth. Many difficult decisions were made to hold the line on taxes and the modest increase is driven in large part with taking on debt service associated with projects overwhelmingly supported by the community, like the Lowell High School construction project. My Administration will do everything possible to continue to phase-in the impact to mitigate the tax impact this year and next, as the full debt service comes online. 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. This fact is evidenced by the approximate \$14 million in

excess levy capacity in FY2025—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 requests, 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 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 and acknowledge: Assistant City Manager for Fiscal Affairs, Conor Baldwin, Deputy CFO Austin Ball, Assistant to the City Manager Doreen Burgess, Chief Information Officer Mirán Fernandez, City Auditor Kelly Oakes, Assistant City Manager Shawn Machado, Assistant City Manager Yovani Baez-Rose, and all the Department Heads who played an integral role in developing and producing this budget. I am sincerely thankful to 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 the honor of a lifetime to serve as your City Manager.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'T. A. Golden, Jr.', written in a cursive style.

Thomas A. Golden, Jr.
City Manager

Cc: Conor Baldwin, Assistant City Manager for Fiscal Affairs