



CITY of LOWELL

Municipal Budget

Community Listening Session



May 9, 2024 | 5 pm - 8 pm
MCC Federal Building
50 Kearney Square

Topics Covered:

- Basic municipal budgeting
- How budget impacts city services and programs
- Q&A Session with budget experts



Come with your questions, curiosity, and ideas

WELCOME

An aerial photograph of a city, likely Erie, Pennsylvania, featuring a prominent clock tower with a green roof and a weather vane. The city is surrounded by greenery and other buildings under a blue sky with scattered clouds.

Meet Your Budget Team:

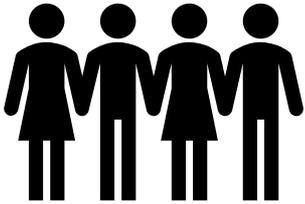
- Thomas A. Golden, Jr., *City Manager*
- Conor Baldwin, *Chief Financial Officer*
- Austin Ball, *Deputy CFO*

Agenda

- 01. The Basics
- 02. Lowell Budget Overview
- 03. Lowell's History & Budget
- 04. Budget Development
- 05. How to Engage
- 06. Questions & Answers, Listening Session

01. The Basics

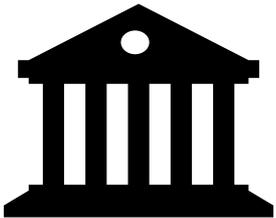
How we think about budgeting...



1. Values-focused

Inclusive process.

The City Manager, the City Council,
& the residents are all partners.



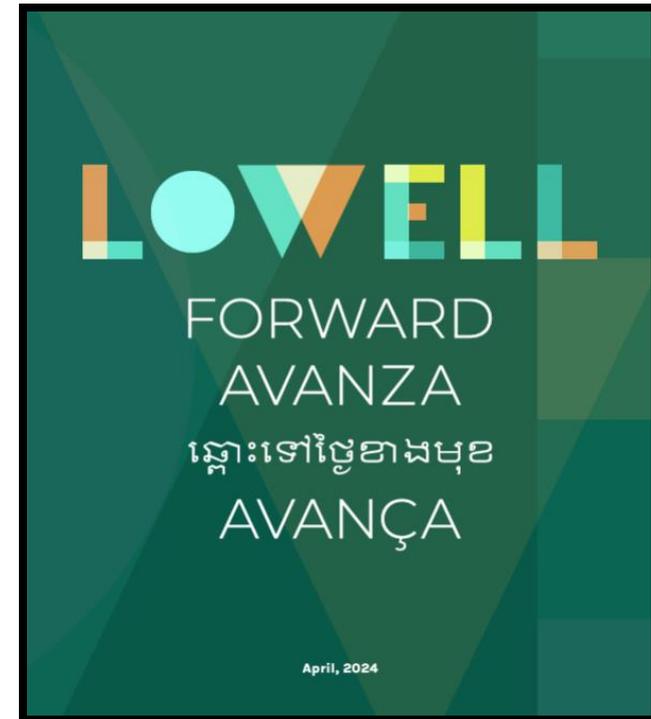
2. Fiscal Health

Spending decisions are strategic and
tied to financial metrics &
sustainability



3. Effective Government

Focus on efficiency in core services



02. Lowell Budget Overview

What makes up Lowell's spending?

The General Fund: The main operating fund

Revenues:

1. Taxes (Real Estate, Personal Property, Excises, etc.)
2. State Aid (UGGA & Chapter 70, etc.)
3. Local Receipts (Permits, Fines, Fees, etc.)

Expenditures:

1. Staffing (a.k.a. "Personal Services")
2. Supplies & Services (a.k.a. "Ordinary Expenses")
3. Special Items & Capital (a.k.a. "Capital Outlay")

Other Funds:

- Revolving Funds
- Enterprise Funds
- Special Revenue Funds
- Capital Project Funds
- Trusts/ Agency Funds

Important Concepts

**Budgeting in
Massachusetts**

More Restrictive

**Balanced
Budget**

No Deficit Spending

**Capital
Planning**

*Capital Investment Plan vs.
Budget*

**Transparency &
Accountability**

*Present goals that tie into
funding*

Fiscal Challenges for Lowell



INCREASED DEBT
SERVICE COST
(LOWELL HIGH
SCHOOL PROJECT,
CAPITAL PLAN, ETC.)



STABILIZATION FUND USED
TO KEEP PROPERTY TAXES
ARTIFICIALLY LOW



INCREASE IN FIXED
COSTS (RETIREMENT/
INSURANCE)



DECLINING AID FROM
THE FEDERAL
GOVERNMENT
("ARPA")



INCREASED NET
SCHOOL SPENDING &
THE STUDENT
OPPORTUNITY ACT
("SOA")



INCREASED
RESERVES &
FINANCIAL POSITION

Property Taxes

Discussion of Property Taxes

Proposition 2 ½ (1980)

- \$184,920,460 FY24 Levy Limit;
- \$172,422,044 FY24 Tax Levy;
- \$12,498,416 "Excess Levy Capacity"

TAX LEVY COMPUTATION

	Fiscal Year				
	2020	2021	2022	2023	2024
Amounts to be Raised:	\$376,366,067	\$399,109,869	\$421,071,458	\$473,682,136	\$503,207,423
Appropriations(1)					
Other Local Expenditures(2)	777,403	1,874,470	504,162	323,901	536,115
State and County Assessments	29,061,793	30,478,667	34,839,738	41,228,874	45,135,833
Overlay Reserve	1,135,655	961,646	1,064,024	1,111,541	986,631
Gross Amount to be Raised	407,340,917	432,424,652	457,479,382	516,346,452	549,866,002
Offsets:					
State Aid(3)	196,127,351	200,374,711	215,443,608	244,927,183	272,093,696
Local Receipts	70,847,169	76,519,970	79,630,673	79,589,628	92,957,233
Free Cash	84,118	2,151,258	3,656,222	17,780,512	7,860,448
Other Available Funds	1,950,637	8,445,317	5,182,588	9,617,074	4,532,581
Total Offsets	269,009,274	287,491,255	303,913,091	351,914,397	377,443,958
Tax Levy	\$138,331,643	\$144,933,397	\$153,566,291	\$164,432,055	\$172,422,044

(1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget, but prior to the setting of the tax rate. Also includes the wastewater department budget.

(2) Primarily includes state aid offsets and snow and ice deficits.

(3) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments.



Massachusetts FY2024 Average Single-Family Tax Bill



State Average Single-Family Tax Bill	State Average Single-Family Value	State Number of Single-Family Parcels	Number of Cities & Towns Included
\$7,400	\$665,208	1,439,875	350

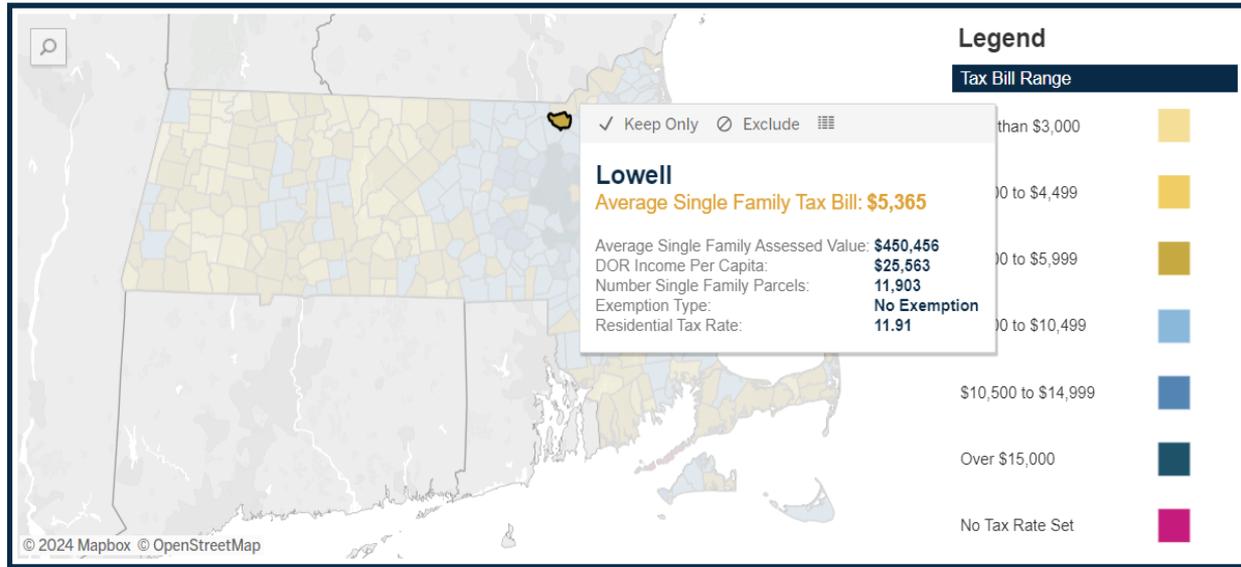
Municipality

351
Report

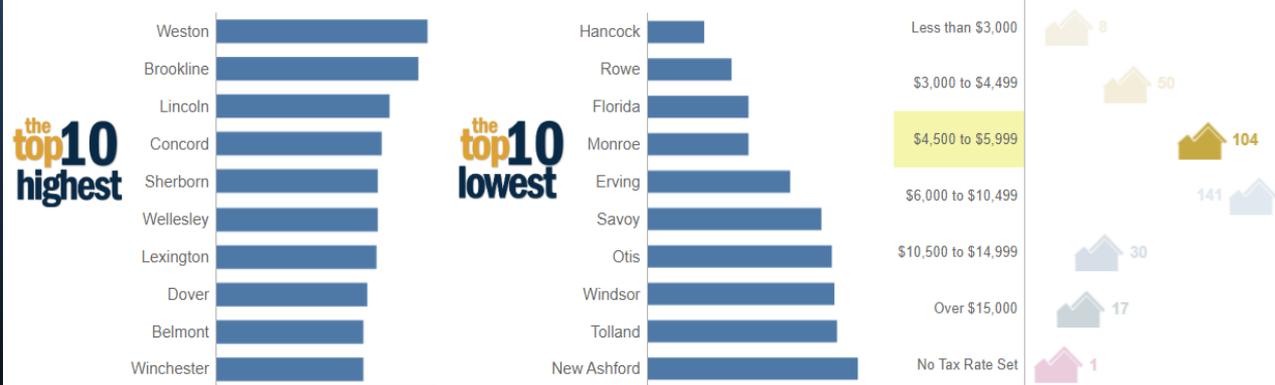
Statewide - \$7,400

Lowell - \$5,365

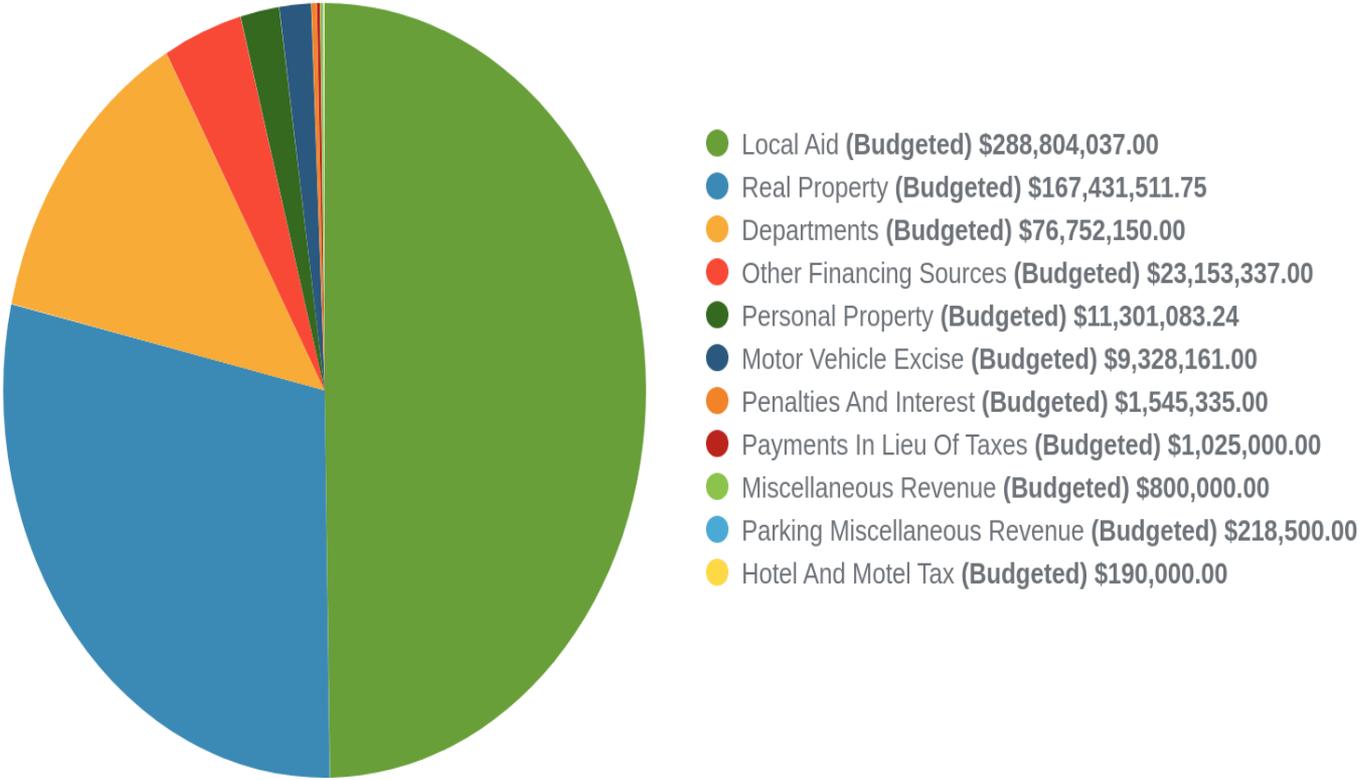
Discussion of Property Taxes



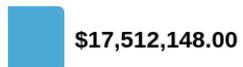
Cities/Towns with the Highest and Lowest Average Single-Family Tax Bill Number of Cities/Towns in Tax Bill Range



FY25 Budget Revenues - General Fund & Enterprise

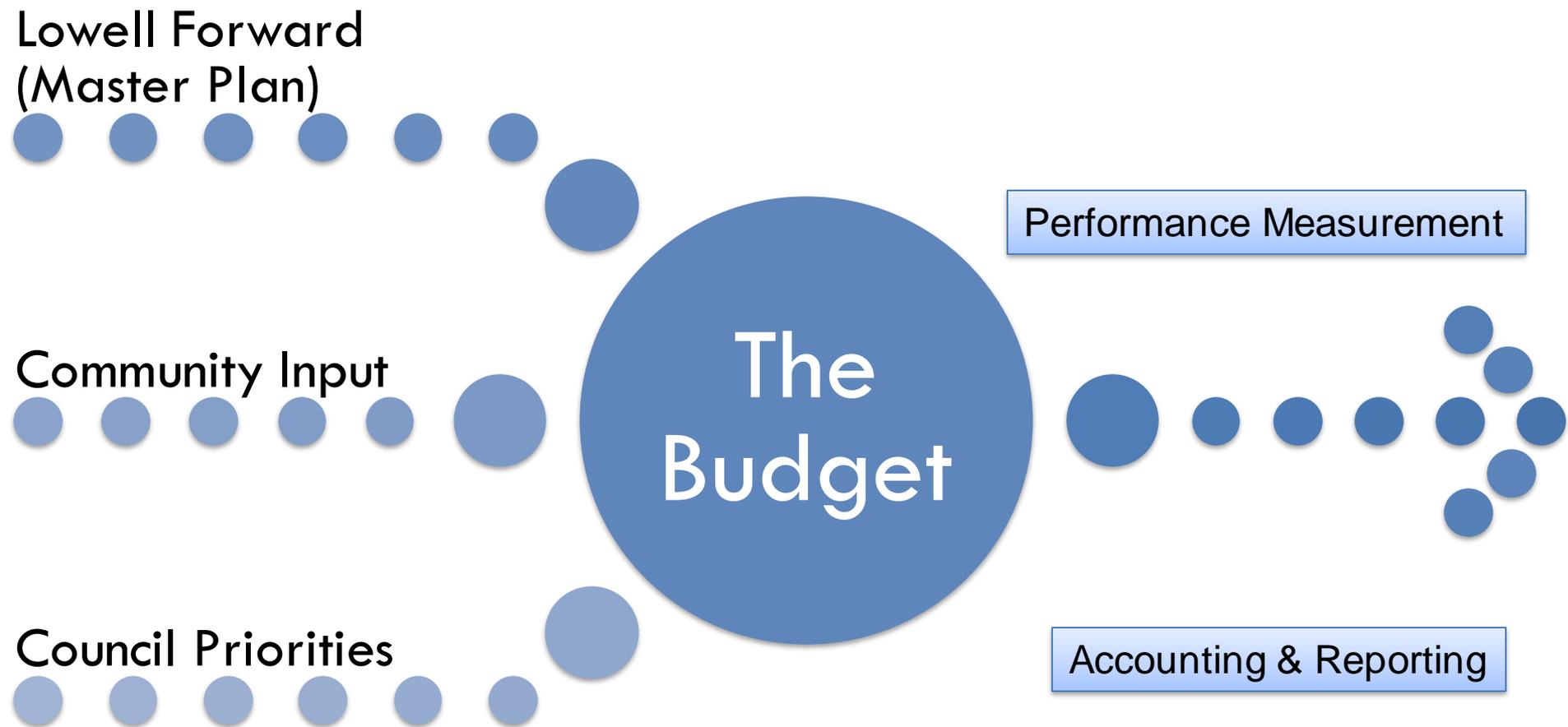


FY2025 Budgeted Expenses

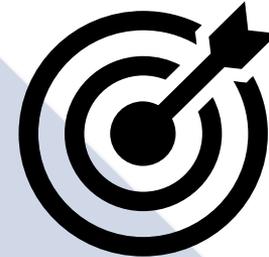
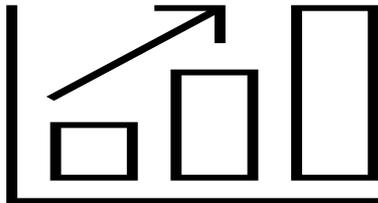


- State Assessments (Budgeted)
- Miscellaneous (Budgeted)
- General Government (Budgeted)
- Public Safety (Budgeted)
- Education (Budgeted)
- Public Works (Budgeted)
- Various (Budgeted)
- Health & Human Services (Budgeted)
- Culture & Recreation (Budgeted)
- Debt Services (Budgeted)

05. A Budget Informed by Consensus



05. Budget Development Process



Level Service Costs

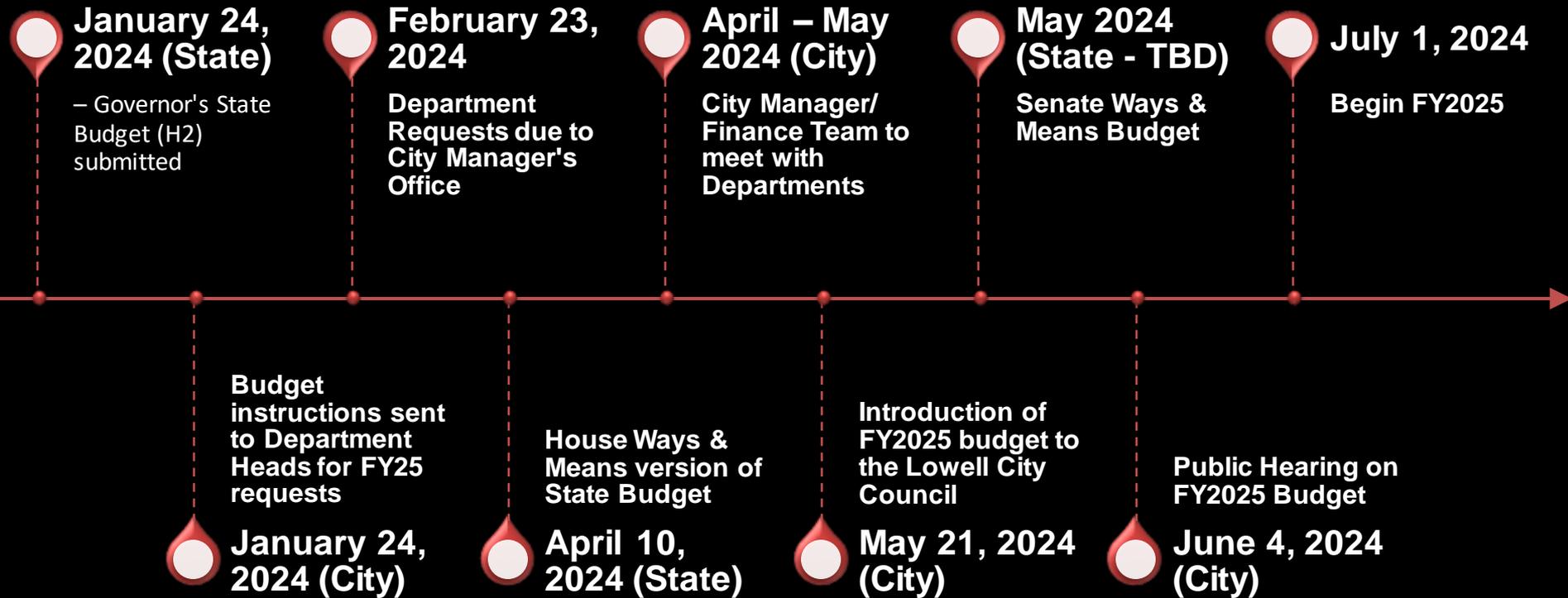
- First, Department Heads estimate the spending needs of their department, to continue to provide existing services to residents, inclusive of cost increases, economic trends cost of salaries & wages (COLA), etc.

Program Improvements/ Efficiencies

- Then, the Department Heads and their budget staff meets with the City Manager, CFO, and budget director to discuss service levels, funding needs, and opportunities for operational efficiencies.

Ch. 44, Sec. 31A and Ch. 41, Sec. 59 require **department heads** to submit budget estimates (both expenditure & revenue) for the ensuing fiscal year. Budgets are developed at the Department Level!

04. Budget Development



05. How to Engage

Understanding community priorities is essential to creating a budget that meets community needs. The City Manager, City Council, and City staff gather public input year-round as they engage with constituents, local businesses, community partners, and other stakeholders and listen to their goals and needs. What they learn at meetings, events, discussions, and more helps shape budget decisions. But May & June are another good time to get involved. Beyond attending this workshop to learn about the budget and share your priorities, you can offer feedback in other ways:

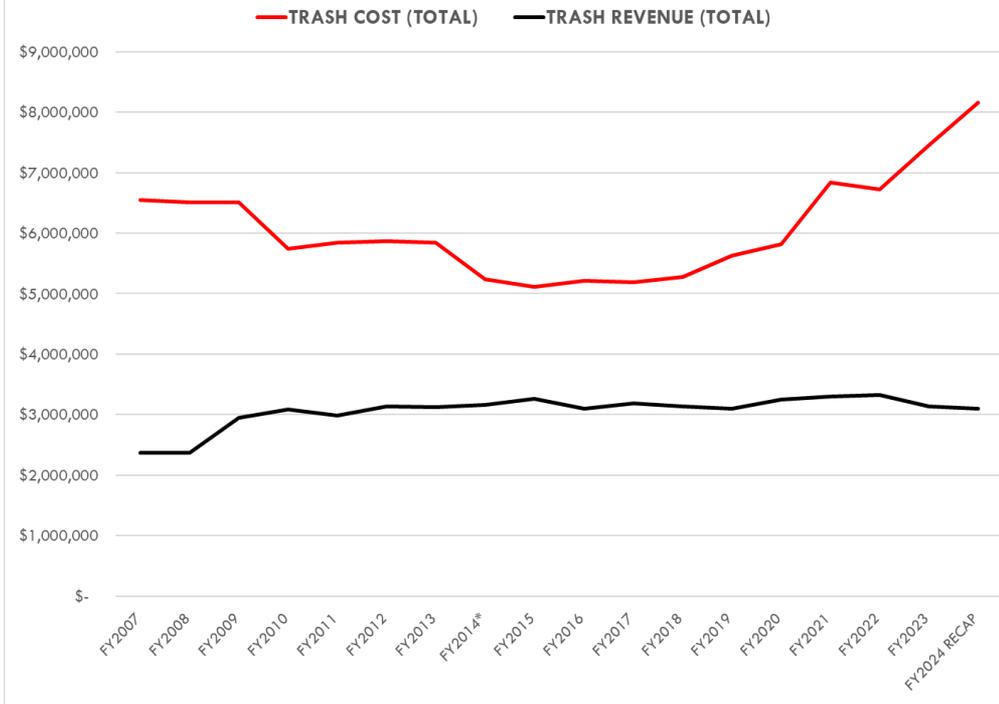
- Starting **May 22**, you can email aball@lowellma.gov or if you do not have access to email, call the City Manager's Office at 978-674-4402.
- Testify at the budget public hearing in June. More details on date and time will be shared when they are finalized. The Public Hearing is typically held on the first Tuesday at 7:00 PM in the City Council Chambers in Lowell City Hall.
- Watch the budget hearings live or later via streaming at www.LTC.org and on LowellTeleMedia (LTC) on Comcast Channel 6.
- Meetings are also posted to the LTC YouTube channel a for later viewing.

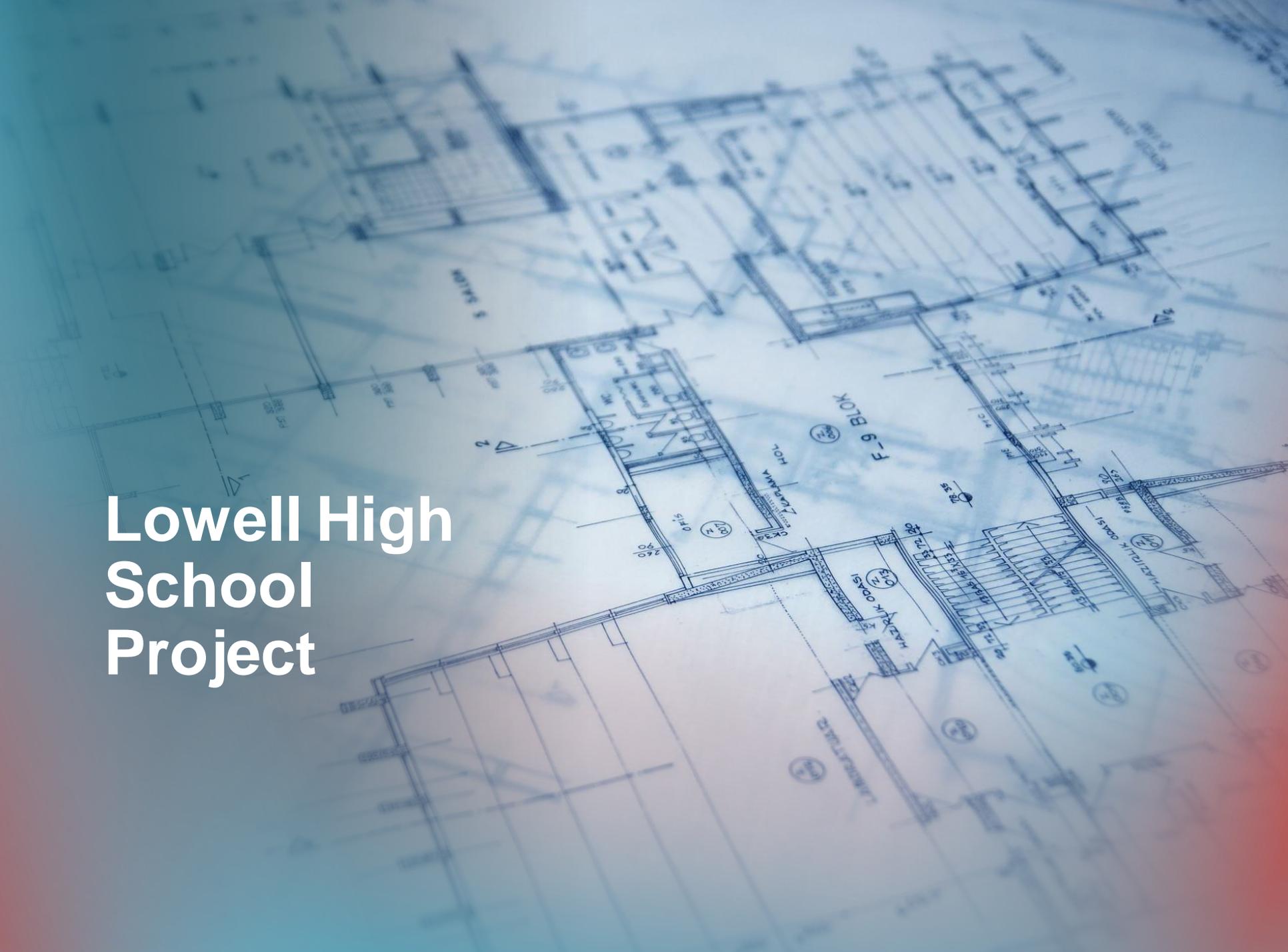
A close-up photograph of a person's hand dropping a green plastic bottle into a recycling bin. The bin is grey with a yellow opening. In the background, another bin with a blue opening is visible. The scene is outdoors with green foliage in the background.

Trash & Recycling

**General Fund
Subsidy = \$5M
(FY24)**

COMPARISON OF COST AND REVENUE



The background of the image is a detailed architectural blueprint of a school building project. The drawing shows a complex layout of rooms, corridors, and structural elements. Key labels include 'F-9 BLOK' in the center, 'KAZLIK OOKSI' in two locations, and 'KAZLIK OOKSI' at the bottom. There are also various technical annotations such as '0.15', '0.2', '0.3', '0.4', '0.5', '0.6', '0.7', '0.8', '0.9', '1.0', '1.1', '1.2', '1.3', '1.4', '1.5', '1.6', '1.7', '1.8', '1.9', '2.0', '2.1', '2.2', '2.3', '2.4', '2.5', '2.6', '2.7', '2.8', '2.9', '3.0', '3.1', '3.2', '3.3', '3.4', '3.5', '3.6', '3.7', '3.8', '3.9', '4.0', '4.1', '4.2', '4.3', '4.4', '4.5', '4.6', '4.7', '4.8', '4.9', '5.0', '5.1', '5.2', '5.3', '5.4', '5.5', '5.6', '5.7', '5.8', '5.9', '6.0', '6.1', '6.2', '6.3', '6.4', '6.5', '6.6', '6.7', '6.8', '6.9', '7.0', '7.1', '7.2', '7.3', '7.4', '7.5', '7.6', '7.7', '7.8', '7.9', '8.0', '8.1', '8.2', '8.3', '8.4', '8.5', '8.6', '8.7', '8.8', '8.9', '9.0', '9.1', '9.2', '9.3', '9.4', '9.5', '9.6', '9.7', '9.8', '9.9', '10.0'. The drawing is rendered in blue ink on a light-colored paper, with a blue gradient overlay on the left side and a red gradient on the bottom right corner.

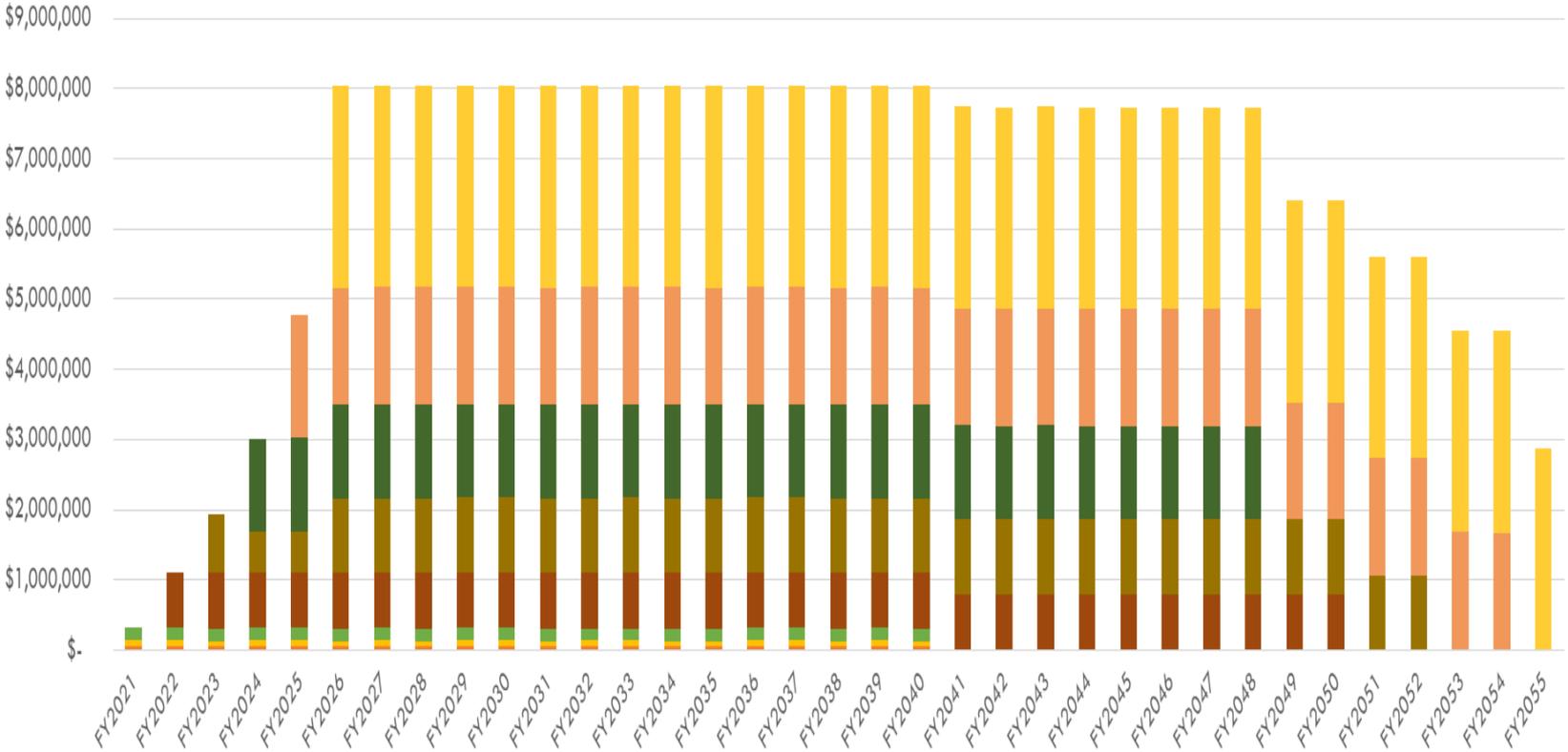
Lowell High School Project

Budget Summary – April 2024

Feasibility Study	\$2,600,000
Arch., Eng., & OPM	\$35,545,082
CM Preconstruction	\$800,000
CM Construction	\$309,444,645
Utilities, Testing & Moving	\$2,090,912
FF&E and Technology	\$12,465,671
<i>Construction Contingency</i>	\$16,968,106
<u><i>Owner's Contingency</i></u>	<u>\$2,052,815</u>
TOTAL PROJECT BUDGET	\$381,967,231

Budget Summary														
<p>Overall Project Budget Total Project Budget: \$381,967,231 Encumbered to Date: \$353,550,194 Invoiced to Date: 193,420,580</p> <p>MSBA Reimbursement to Date: \$128,463,338</p> <p>Rejected Potential Claims \$415,199 (not included in pending changes)</p>	<p>Construction Contingency Budget Amount: \$21,202,474 20 Change Orders to Date: \$4,234,368 Remaining: \$16,968,106</p> <p>Pending Change Requests: \$1,873,371</p> <hr/> <p><u>Breakdown of Change Orders to Date</u></p> <table> <tr> <td>Structural</td> <td>\$532,182</td> </tr> <tr> <td>Site</td> <td>\$342,915</td> </tr> <tr> <td>Utilities</td> <td>\$280,477</td> </tr> <tr> <td>Mech/Elec/Plumbing</td> <td>\$1,407,390</td> </tr> <tr> <td>Other Trades</td> <td><u>\$1,671,404</u></td> </tr> <tr> <td>TOTAL thru CO18</td> <td>\$ 4,234,368</td> </tr> </table>	Structural	\$532,182	Site	\$342,915	Utilities	\$280,477	Mech/Elec/Plumbing	\$1,407,390	Other Trades	<u>\$1,671,404</u>	TOTAL thru CO18	\$ 4,234,368	<p>Owner Contingency Budget Amount: \$2,052,815 Utilized to Date: \$0 Remaining: \$2,052,815</p> <p>Pending Change Requests: \$170,134</p> <hr/> <p>Construction Manager Contingency Budget Amount: \$7,127,302 Utilized to Date: \$2,027,361 Remaining: \$5,099,941</p> <p>Pending Change Requests: \$295,019</p>
Structural	\$532,182													
Site	\$342,915													
Utilities	\$280,477													
Mech/Elec/Plumbing	\$1,407,390													
Other Trades	<u>\$1,671,404</u>													
TOTAL thru CO18	\$ 4,234,368													

LOWELL HIGH SCHOOL PROJECT - DEBT SERVICE DETAIL



- 9/29/19 - \$603,849 High School Feasibility Study (OSQ)
- 9/26/19 - \$2,500,000 High School Construction (OSQ)
- 9/30/21 - \$21,200,000 Lowell High School Construction (OSQ)
- 8/4/22 - \$20,213,620 High School Construction (ISQ)
- 9/26/19 - \$1,150,000 Lowell High School Roof Repairs (ISQ)
- 9/24/20 - \$16,000,000 High School Construction (OSQ)
- TBI - APPROX. \$44.2 MILLION (ASSUMES 5% FOR 30 YEARS)

Budget Document Evolution

- **2007 Budget** – 63 pages; no overview to educate or provide context; line items and amounts for each department
- **2010-2016 Budgets** – 130+ pages; financial overview; revenue and expenditure detail; line items and amounts for each department; financial policies and forecasts; glossary; capital plan added departmental descriptions and organizational charts
- **2017 Budget** – First GFOA Award Winning Budget
- **2018-2024 Budgets** – Growth of the document to 800+ pages
- **2025 Budget** – New Online format/ "ClearGOV"

From This...

HUMAN RELATIONS

	<u>FY06</u>	<u>FY07</u>
Human Relations Manager, Tierney, Kathryn	72,169	76,007
Assistant Human Relations Manager, Callery, Mary	50,008	53,127
Administrative Assistant, Cheney, Kathleen	35,977	36,914
TOTAL	158,154	166,048

	<u>FY06</u>	<u>FY07</u>
S & W - Perm.	158,154	166,048
S & W - Temp.	13,361	13,361
Longevity	212	212
Repair & Maintenance Equipment	650	650
Drug Program	4,500	4,500
Economic/Prof. Development	1,000	1,000
Professional Services	3,000	3,000
Safety Committee	500	500
Pre-employment physicals	4,900	4,900
Advertising	2,500	2,500
Printing & Binding	900	900
Office Supplies	900	900
Transportation, Reimbursement & Seminars	800	800
Dues & Subscriptions	500	500
Misc.	650	650
TOTAL	192,527	200,421

Employee Benefits

	<u>FY06</u>	<u>FY07</u>
Unemployment Compensation-City	80,000	80,000
Unemployment Compensation-School	600,000	300,000
TOTAL	680,000	380,000



To This



Citizen's Guide to the Budget

Transmittal Letter

Appropriation Orders

American Recovery Plan Act

GFOA Distinguished Budget Award

> City Management

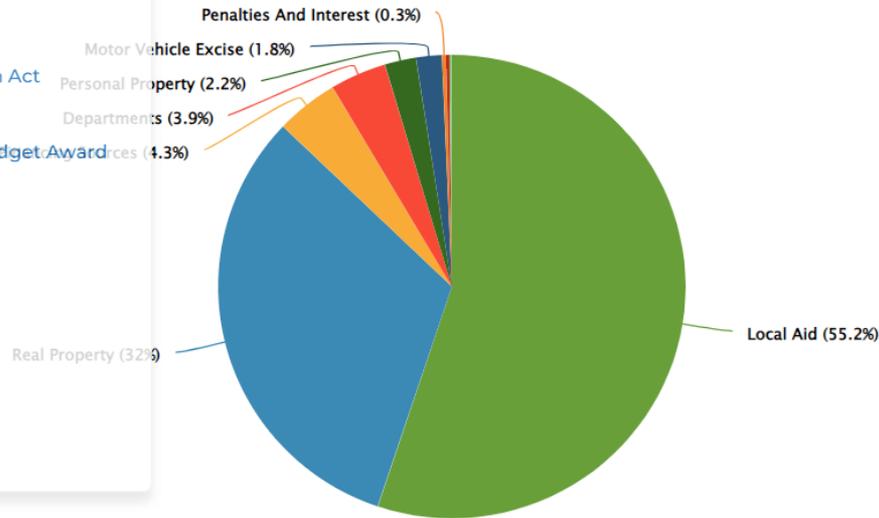
> City Profile and Facts

> The Budget Process

Glossary

Revenues by Source

Projected 2025 Revenues by Source



Budgeted and Historical 2025 Revenues by Source

ARPA Update

ARPA Spending and Balances Summary

1	2	3	4	5	6	7
ARPA Category	Plan	Transfers	Current Commitments thru 02/17/24	Future Commitments thru 12/31/26	Possible Projects	Available Balances
Social Impacts	\$13,400,000	\$(1,470,000)	\$3,096,825	\$5,740,668	\$1,450,000	\$1,642,507
Fire Apparatus	\$10,000,000	\$-	\$9,980,151	\$-	\$-	\$19,849
Neighborhood Improvements	\$9,000,000	\$(200,000)	\$608,588	\$8,741,412	\$-	\$(550,000)
Municipal Building Improvements	\$7,000,000	\$(998,322)	\$3,233,020	\$320,175	\$313,000	\$2,135,483
Water & Sewer Infrastructure	\$10,575,000	\$-	\$4,705,712	\$4,720,000	\$650,000	\$499,288
Economic Development Recovery	\$5,775,000	\$(790,000)	\$2,747,982	\$113,020	\$500,000	\$1,623,998
Non-Profit Support	\$4,600,000	\$(300,000)	\$489,840	\$2,000,000	\$1,500,000	\$310,160
Public Health Response	\$1,750,000	\$359,999	\$1,346,477	\$567,253	\$-	\$196,271
Premium Pay	\$1,000,000	\$811,853	\$1,672,222	\$-	\$425,000	\$(285,369)
Program Compliance	\$2,877,314	\$2,596,470	\$1,640,554	\$1,872,395	\$800,000	\$1,160,834
Revenue Replacement	\$10,000,000	\$-	\$7,976,729	\$-	\$-	\$2,023,271
	\$75,977,314		\$37,498,100	\$24,074,923	\$5,638,000	\$8,776,292

Visit the online dashboard for the American Rescue Plan Act ("ARPA") here: <https://city-lowell-ma-budget-book.cleargov.com/8250/introduction/introduction-and-message-from-the-city-manager>



Community Input

- Budget Exercise
- Questions & Answers
 - Thank you!!