

Renewed Economic Growth to Stabilize City Finances

1. Purpose

The purpose of this paper is to examine one of the specific items in the stated Move Lowell Forward (MLF) Vision – *renewed economic growth to stabilize city finances*.

We are basing this examination on our overall MLF Vision Statement, and then look at some of the suggestions made by prospective city councilors during the 2009 election in response to questions posed by MLF to the candidates for city council.

Then we will examine some mechanisms for achieving the Vision of “*renewed economic growth to stabilize city finances*”. We will discuss some policies of both the state government and the local government that hold some promise for achieving the vision statement. Finally, we will recommend some actions for the city government to pursue to achieve the vision.

This paper we address the second of our ten Vision points, *Renewed Economic Growth to Stabilize City Finances*. However, some of the other items in our Vision for the City of Lowell (see the Appendix) may contribute to the success of that item which is the subject of this paper.

2. Questionnaire Responses from City Council Candidates – 2009

In order to better evaluate how city council candidates may advance our vision for the city, we prepared a questionnaire and requested that each candidate provide a response for our evaluation. In this section we will repeat some of the responses that offer some suggestions to the question on city finances.

In response to the questions on City Finances:

1. “Adjusting the ratio of Commercial/Industrial to Residential Tax – Lowell is already at the maximum split levels for the Commercial tax rate, allowing residential property rates to remain relatively low. An argument can be made to adjust the ratio in order to attract businesses to Lowell, but I believe that would be a short-term solution to a long-term problem, and would hinder development in the area where Lowell is currently strong – residential development.” – **Franky Descoteaux**
2. “A large portion of the budget is spent on employee salaries, benefits, and fixed expenses such as debt service. Eliminating Master Medical benefit and the cost differential between the Master Medical and the HMO would generate savings.” – **Rodney Elliott**.
3. “Allow the City Manager to analyze operations and reorganize to fit the needs of a 21st century city. Much of the City government organization is ensconced in the City Charter, but if it could achieve true savings and efficiencies, it could be changed. For example, does anyone who has not worked in the City know what the role of the City Messenger is?” – **Joseph Mendonca**
4. “I support the manager’s current policy of restricting tax base growth to 2.5% of prior base plus new growth in order to maintain an approximately \$5 million gap below levy limit. However, the manager’s assumption of \$500,000 in revenue from a 0.75% meals tax (reduced from a 2.0%

projection of \$2 million in the originally proposed budget) should have been questioned during the budget process. If councilors were never prepared to approve a meals tax increase, that portion of the budget should have been stricken and a decision made about how to raise the resulting loss of revenue or what further cuts to make.” – **Patrick Murphy**

5. “More significant, I think, is the potential for cross-pollination between research conducted at the University and long-term career jobs located particularly in the Hamilton Canal District but Lowell generally.” – **Patrick Murphy**

6. “The adequate use of appropriate statistical records in decision-making is of great importance. The allocation of staff and resources should be based on these. I will also support energy efficient principles and vigorously ask to implement energy management and conservation services. Further, the city should make concerted effort under collective bargaining negotiations to decrease the differential between master medical and the HMO & PPO.” – **Ben Opara**

7. “The six hundred pound gorilla however, is health insurance, whose costs to the city have risen by double digits every year while our property revenues have been capped at a 2.5% increase. The City needs to move onto the State Group Insurance Commission (GIC). The Patrick administration reports that in the last two years, Quincy (a municipality with more than 90,000 residents) saved \$10.6 million on its employee health insurance, which has been the biggest buster of municipal budgets for the last decade.” – **Raymond Weicker**

3. General Discussion of City Finances

City Finances are stressed by rising costs and limited revenue. Major factors in the rising costs are employee and retiree health care costs, annual pension fund payments, to include closing the “unfunded gap”, and debt resulting from required improvements in infrastructure. Revenue is limited by recent reductions in local aid from the State, and the low average income of the City’s residents, limiting the ability to pay. Despite these issues the City has managed to limit its tax levy growth in recent years while improving its bond rating, although these required reductions in the workforce. The City has done well in improving the overall efficiency of its operations so that the workforce reduction has not had a significant effect on City services.

There are a few key parameters to track when considering the City finances:

a) Bond Rating

The bond rating is important for two reasons, firstly because it is the basis for borrowing rates and secondly because it reflects an independent assessment of the City’s financial health. The most recent bond ratings for the City of Lowell are: Moody’s = A1, Standard and Poor’s = A.¹ The bond rating by Moody’s has improved from A3 over the past year, although this improvement is partially due to a re-calibration of municipal ratings by Moody’s.

b) Local Aid from State

¹ The Moody system is AAA highest, down to AA and A, then to BAA, BA and B, and then to CAA, CA and C, the lowest rating, for those bonds that “demonstrate the weakest creditworthiness relative to other US municipal or tax-exempt issuers or issues”.

This source of revenue is beyond the control of the City, yet it is a significant portion of its total revenue. In recent years reductions in the local aid have negatively affected the City's finances. The City received less local aid for FY 2011 than it did for FY 2002. The near future does not hold much promise for reversing that trend. The Governor's proposed budget for FY 2012 calls for an increase in Education aid (4%) and a decrease in General Government aid (-7%). Further changes are likely during the State budget process in the next few months. The City should lobby the Legislature to maximize the local aid allocated to Lowell. However, the Commonwealth's economy is tied to the National economy, which must improve for Massachusetts to experience a total recovery.

c) Tax Levy

The tax levy is the sum of the taxes from residential, commercial, industrial and personal property taxes levied by the City. The FY 2011 tax levy is \$104,467,330, with nearly 70% of that from residential properties, despite a higher tax rate applied to commercial and industrial properties.

Proposition 2½ limits the tax levy in two ways: 1) it cannot exceed the levy limit without a voter-approved override and 2) it cannot exceed the levy ceiling without a similar override. As of FY 2011 the levy limit for the City of Lowell was \$109,393,219 leaving nearly a \$5M dollar margin for the City tax levy. At the same time the levy ceiling (based on 2.5% of assessed valuation) was \$153,746,528 resulting in an even greater margin.

The City Manager has adopted a policy, supported by the current city council, of increasing the tax levy by 2.5% of current tax levy plus new "growth", thereby retaining the near \$5M margin from year-to-year.

d) Tax Rate

The tax rate is set based on the assessed valuation in order to generate property tax revenue sufficient to balance the budget for each year. In the current declining valuation market the tax rate has been increasing at a fast rate, but it is still well below that constrained by the levy ceiling as noted above.

The tax rate is set separately for residential vs. commercial/industrial properties. In FY 2011 the respective tax rates are \$14.27 per \$1000 valuation for residential, and \$29.73 per \$1000 valuation for commercial/industrial.

e) General Fund Revenue

The sources of general fund revenue are the tax levy, State aid, local receipts and other minor sources of income.

f) General Fund Expenditures

There are many expenditures from the General Fund, with the major ones being 1) Police, 2) Fire, 3) Education, 4) Public Works, 5) Debt Service, 6) Health Insurance, 7) Pension and 8) All Other.

g) Other Available Funds

These funds include 1) free cash, 2) stabilization fund and 3) overlay reserve. At the start of FY 2010 the free cash account was negative at -\$490,543 due to the reduction in State aid that was made mid-year in FY 2009. However, positive results during FY 2010 resulted in an increase of free cash to +\$1,348,586 at the start of FY 2011. At the start of FY 2010 the Stabilization fund was \$4,736,346. Although a substantial amount, it is far below the minimum goal of 5% of the annual budget, or about \$15M. The City recently allocated the free cash to increase the stabilization fund by \$1,248,586 using a substantial portion of the FY 2010 free cash for that purpose, bringing the stabilization account to nearly \$6M. The FY 2011 overlay reserve is \$1,372,032, which is approximately what it was for the prior year's budget.

h) Enterprise Funds

The City has set up enterprise funds for the following operations:

- Wastewater Treatment
- Water Supply and Distribution
- Parking
- Arena

The intent of these funds is to be self-financing through fees and other revenue. To the degree that expenses exceed revenue, the shortfall becomes a burden to the General Fund.

The City Council voted to increase the Water rates by 24% starting with bills issued after January 1st, 2011. This was the only enterprise fund that required a rate increase to keep the account balanced for FY 2011. (The arena is also in deficit due to the debt obligation, but it is no longer an active enterprise fund.) However, projections for future years show increasing deficits barring increases in rates and/or decreases in expenses.

4. Specific Topics for Consideration, and Recommendations

a. State Aid, Charges and Regulations

The City of Lowell receives a substantial part (approximately 48%) of its annual revenue from the State of Massachusetts. However, the amount of State aid has been reduced in the past few years, and that causes financial stress on Lowell and similar low income cities as they are so heavily dependent on State aid. The Gross aid is lessened by certain charges levied on the City by the State. And the State imposes some regulations on the City which limit the City's flexibility in dealing with financial issues.

b. Local Policies and Programs

Let's first look at those comments from candidate city councilors listed in section 3.

1. Franky Descoteaux Suggestions:

- Some argument to be made to reduce commercial rate
- However, should not be at the expense of increasing residential rate

2. Rodney Elliott Suggestions:

- Eliminate the Master Medical Health plan option

- 3. Joseph Mendonca Suggestions:**
 - Re-organize city government to be more efficient
- 4. Patrick Murphy Suggestions:**
 - Supports policy of 2.5% increase in tax levy, plus new growth
 - Decries inclusion of meals tax revenue in budget without voting to levy that tax in FY 2010 budget.
 - Promote growth through cross-pollination of research at UML
- 5. Ben Opara Suggestions:**
 - Use statistical data to guide management decisions
 - Promote energy conservation to reduce costs
 - Modify health care plans to reduce cost differential between options
- 6. Raymond Weicker Suggestions:**
 - Replace health care options with State GIC plan

Although there is a mixture of suggestions, there are some common themes that we can take from these for city government action.

- **Improve Efficiency in Operations**
- **Reduce Energy Consumption Costs**
- **Set Tax Levy Policies**
- **Transition to Lower Cost Health Insurance Options**
- **Use Economic Growth to Bolster City Finances**

The City of Lowell has attempted to do some of these suggested actions already.

- They have reorganized inspectional services to provide one-stop shopping for developers (Improved Efficiency)
- They are transitioning to on-line forms and information disclosure (Improved Efficiency)
- They have maintained services despite reducing the workforce by approximately 150 people in the past few years (Improved Efficiency)
- They have hired a Data Analyst and are planning to use performance based budget in the upcoming fiscal year. (Improved Efficiency)
- They have initiated an Energy Performance Contract to reduce consumption while improving capital equipment (Reduced Energy Consumption)
- They have maintained a policy of increasing tax levy by 2.5% of base, plus new growth (Set Tax Levy Policies)
- They have offered lower cost health care options, and are attempting to do away with the most expensive Master Medical option (Transition to Lower Cost Health)
- They have supported Cross Point, Cobham and other industries to maintain/expand workforce, have convinced Target and Lowe's to site operations in the City, have

initiated the Hamilton Canal redevelopment and are planning the Tanner street renewal. (Use Economic Growth)

In general, the City has been following through on the suggestions made to stabilize the finances. However, when we see that the residential portion of the tax levy is nearly 70% of the total, and only 25% is from commercial and industrial usage despite a more than double tax rate, we need to be concerned about the tax base. Although we must recognize it as a far different city, Cambridge obtains about 60% of its tax levy from commercial and industrial properties.

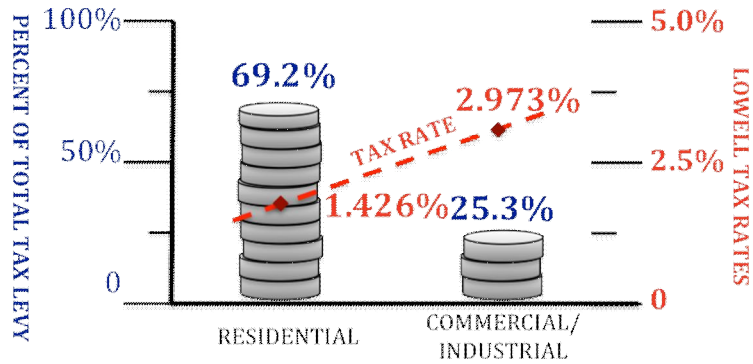


Figure 1. Current Lowell Tax Situation

That brings us back to the suggestion by Councilor Murphy, that we recognize “More significant, I think, is the potential for cross-pollination between research conducted at the University and long-term career jobs located particularly in the Hamilton Canal District but Lowell generally.” This type of job growth can result in long term increase in the commercial/industrial sector. *We would recommend that the City aggressively seek business development that is a spin-off of UML research, and use UML to help identify the public support that will be advantageous in attracting these businesses. Fortunately, a major contribution of \$5M has been made to provide seed money for the Merrimack Valley “Sandbox” to be organized out of UML!*

Looking forward, we think it is important to adjust current policy to adapt to changes in commercial/industrial growth and State aid. Specifically, we would make the following recommendations:

- 1) ***Use a portion of commercial/industrial growth to lower the tax rate for this class, thereby providing positive feedback for more growth. Only a “portion” of the tax levy growth should be used so that there is not a shift to the residential burden when the commercial/industrial factor is lowered.***
 - a. *As an example, let’s assume that the budget plan includes new growth of \$1.7M, of which \$1.0M is commercial growth. If the actual commercial growth is \$1.5M for the year, then the extra \$500K should be used to lower the factor for the following year. (In years when the growth does not meet plan, then the council would have the option to raise the factor, although this could return us to the same undesirable situation.)*
 - b. *This would have the effect of lowering the commercial tax rate slowly over time without transferring that burden to the residential tax levy, thereby mitigating the concern expressed by Councilor Descoteaux.*

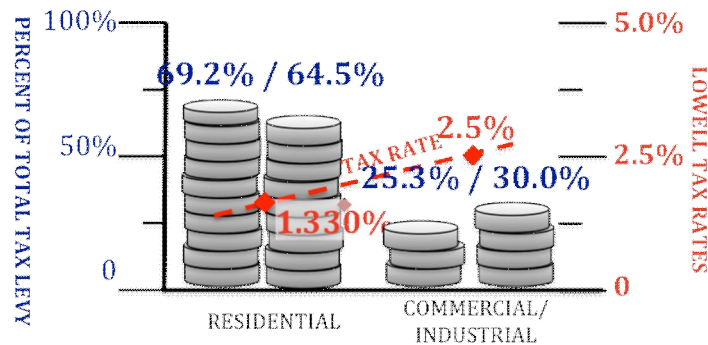


Figure 2. Proposed Lowell Tax Situation

- 2) **Develop a policy of how to deal with local aid changes. If local aid is decreased or held even, the City must cut expenses so that it can retain the policy of increasing tax levy by no more than 2.5% of the base plus new growth. However, if local aid is increased by more than 2.5%, then a portion of that excess should be dedicated to increasing the stabilization fund, and when that reaches its goal, to reduce the property tax rate. If local aid is decreased, the first priority is to reduce costs, and to the degree that further cost reduction is not reasonable, the property tax levy may have to increase beyond the 2.5% guideline, although such a change should be considered a last resort.**
 - a. *Although unlikely in the short term, local aid from the State may be increased in the future, as the economy turns around and it would be wise to have a policy in place to put that extra revenue to its best use.*
 - b. *The first 2.5% of any such increase can reasonably be assigned to the general budget. However, any aid greater than 2.5% should be (at least partially) reserved (stabilization account) for future years when such aid may again be reduced. The City Council should establish a goal of at least 5% (10% preferred) of the City budget for the Stabilization Account.*
 - c. *If the Stabilization Account reaches the desired level, it would be reasonable to use further increases in State aid for other purposes, such as Capital Improvements,² Trust Fund deficit reduction and **Property Tax relief**.*

- 3) **Continue efforts to reduce Health Care and Pension Costs.**
 - a. *The City Council took one small step to reduce the unfunded liability of the Health Care Trust Fund (which really doesn't exist in the pay-as-you-go approach currently being used) when they adopted the State law that would require all new retirees that are eligible for Medicare to sign up for that plan, thereby significantly reducing the retiree health cost to the City. However, more needs to be done to control these costs.*
 - b. *The City Council should adopt a health care plan that is more cost effective than what is currently provided, by either eliminating the highest cost element (Master Medical) from the options, or going entirely to the State Group Insurance*

² At 2% per year for Capital Facilities Replacement

Commission (GIC) plan. These changes require the approval of the State Legislature.

- c. *The City Council should consider modifying the retiree health care benefit to an accrual benefit, so that rather than obtaining full retiree benefit with only 10 years of service, the benefit would accrue proportionally to the years of service after the 10 year minimum. For example, the cost sharing by the City could be 2.5% per year of employment up to a maximum of 75% (or possibly 80%) share by the City. In this example, a person with less than 10 years with the City would receive no retiree health premium benefit, and with 10 years it would only 25%, with 20 years it would be 50%, and 30 years it would be 75% (and if it were to go to 80%, then it would require 32 years of employment by the City.) This would likely require State action, especially when considering an employee who works at more than one community in the course of his/her career.*

4) **Promote Economic Growth in Commercial/Industrial Sector**

We have advocated for private sector growth as a means to expand the job opportunities in the community, and advocated several policies that the city council should consider to achieve that growth. Among those is a policy to gradually reduce the tax rate for commercial and industrial properties.

But beyond job growth, we think such a policy would further stabilize city finances and actually lessen the residential tax burden in the City. For FY 2011 the commercial/industrial tax rate is \$29.73 per \$1000, or 2.973% of assessed valuation. Yet the contribution to tax levy is only 25.3% of the total tax levy, while the residential burden is 69.2% despite the lower tax rate of \$14.27 per \$1000. The City should set a 5-year goal to reduce the commercial/industrial tax rate to no greater than 2.5% (\$25 per \$1000) while increasing its contribution to the tax levy to at least 30%. That combination would require new growth of about 41% in the commercial/industrial sector, a challenging growth rate. The commitment to a lower commercial/industrial tax rate would be only one of the incentives necessary to achieve that type of growth.

If these goals were achieved, the contribution to tax levy from the residential class would be reduced from 69.2% to 64.5%, a reduction of 4.7%. **That would mean that the residential tax bill would be 6.8% less than it otherwise would be if the commercial/industrial growth had not occurred.**

c. **FY 2012 Budget Suggestions**

There are obviously competing interests for nearly every dollar that the City spends, and therefore difficult choices in allocating limited funds. The process of approving the budget is probably the most important facet of the city councilor's job.³ Therefore, it is important that this process be given the attention it deserves. The FY 2011 budget process left much to be desired, as it was hurried through in a very short time in June. We think the process should start much earlier, even to the point of setting goals and policies before the City Manager

³ It is our strategic vision.

develops the budget for their approval. The following subsections list several items that you may consider as you start this process for FY 2012.

1. Develop Long Term Financial Goals

The FY 2011 Budget document identified a few financial goals for the City. Many of these were management goals, but there were some policy goals listed:

- Maintain Stabilization account between 5% and 10% of the budget
- Use free cash in excess of goal for non-recurring emergency expenditures or appropriated to stabilization account for future capital expenditures, equipment purchases or *used to provide property tax relief*.
- The year-to-year property tax levy shall generally not exceed 2.5%, with the exception of value gained through new construction.

We concur with these goals, but would suggest that **new construction exceeding a target number should be used for tax levy relief.**

2. Set Policies for Local Aid Allocation

Since the State provides a substantial portion of the revenue for the City, it would be wise to set policies for use of those funds even though the actual amount may not be certain until after the City budget process is completed.

For FY 2010 the City exceeded its net school spending requirement by \$1,805,822 in its allocation of funds and services to the school department. The City also exceeded its requirement in FY 2009, but in prior years had fallen short of that level. Since we value Education and include a Strong Educational System in our Vision statement, we are pleased that the City has reversed the prior shortfalls and have exceeded the State requirement in the past two fiscal years. However, the very tight fiscal climate suggests that the City should only marginally exceed the net school spending requirement, and the school system should make most efficient use of those funds. **Therefore, we suggest that the City sets a budget for the school department not to exceed 1% higher than the net school spending requirement established by the State.**

For FY 2012 it is likely that the City will receive a reduction in State aid to the general fund. That will create a budget problem unless the State authorizes the City to restructure its health care plan offerings so that it achieves an offsetting savings.

Looking beyond FY 2012, we should expect an increase in State aid to the general fund in the not-too-distant future. It would be wise to establish a policy for use of that increased revenue before that time arrived. We think an allocation of any such increases should follow the priorities below:

- a) Allocate a portion to the Stabilization Fund, the amount dependent on the degree of shortfall to the goal of that fund.

- b) Allocate a portion to Property Tax relief, with the emphasis on Commercial/Industrial tax relief as advocated in our paper “Opportunities Provided by Local Jobs.”
- c) Restore key services, with a priority to public safety and department of public works.

3. Develop Plan for “New Growth”

“New Growth” is the tax levy due to new construction, both residential and commercial/industrial. This new growth typically adds between 1.5% and 2.0% to the tax levy, and when combined with the 2.5% increase in the base it raises the tax levy by about 4%. That is money being taken from the residents and businesses of the City. In recent years that has been well-justified, especially in light of reductions in local aid from the State.

Some portion of new growth should result from the ramp-up in TIF revenue over time, and other should be the result of new construction. We recommend that the city council have a plan for this new growth (forecasts), and when the actual new growth exceeds the forecast there should be a policy to allocate that excess revenue. Whereas free cash should be used to beef up the stabilization fund and capital investment replenishment, excess revenue from new growth should be directed to property tax relief. In accordance with our recommendation in the paper on economic development and jobs, that excess due to commercial/industrial new growth should be dedicated to reducing the commercial/industrial tax rate.

4. Set Policies for Tax Rate Allocation

In the prior sub-section we discuss the use of excess new growth to reduce the tax rates, particularly the commercial/industrial tax rate. Additionally, the city council should establish policies for allocating increased State aid. Whereas the city has been increasing the local tax levy by approximately 4% during the period of declining local aid, it should reverse that when local aid is increased in the future. After all, adoption of the local option meals tax was intended for property tax relief, although with reduced local aid that was not done. **When local aid is increased, any increase over 2.5% that is not directed to net school aid should be used to reduce the property tax levy.**

5. Set Policies for Personnel Costs

It is important for the city to live up to its contract agreements, retain needed employees and be fair to its workforce. Therefore the city should provide a budget that includes raises for its personnel. **However, these raises must be consistent with the overall financial plan and should reflect performance incentives to the greatest degree possible.** In addition to raises, new personnel should be added where essential, possibly increasing the budget further.

6. Address the Health Care Cost Issues

The total cost of health care for the city is in the vicinity of \$40M, and increasing at a rate multiple times the general cost-of-living increase. As pointed out by the council candidates, this cost element is critical to the financial well-being of the city.

It is important that the FY 2012 budget reflects a restructuring of the health plan, especially by eliminating the subsidized (by other plans) Master Medical option.

This is necessary in light of the likely 7% reduction in general fund local aid.

Beyond FY 2012, the city should consider scheduling retiree health benefits to accrue with years-of-service, rather than providing full benefits as early as 10 years of service.

7. Retain the Meals Tax of 0.75%

Although this is “just another tax”, it is less onerous than the property tax. If it were to be eliminated, the lost revenue would likely be acquired via the property tax levy, a losing proposition.

However, property tax reduction should be a high priority when setting policies, especially in the event of excess new growth and significant increases in future local aid.

8. Examine the Energy Performance Contract Projections

The Energy Performance contract is offered to reduce energy costs and mitigate the expense of the long term capital plan. **Therefore, we recommend that the FY 2012 (and succeeding) budget has a section where the financial results and future financial projections are detailed.**

This Energy Performance contract information should include the debt service and other costs associated with the contract, as well as a listing of the cost savings achieved by fiscal year. The net savings should then tie into a reduction in the FY 2012 budget for energy costs.

9. Review the Street Light Purchase Cost Savings

Similar to the Energy Performance contract, the switch from lease to owning the street lights should have a section in the budget that illustrates the costs, the savings and the net effect for the fiscal year (and subsequent years). **The net savings for FY 2012 should be reflected in the energy costs for the budget.**

10. Reduce the Trash and Recycling Deficit

Despite significant improvements, the trash and recycling program runs at a deficit. That deficit is apparently larger than what was originally estimated. The city council should institute changes to reduce that deficit.

One area of increased costs is the added disposal costs associated with overflowing containers. Eliminating those overflows will make the community cleaner, but more importantly it will reduce the disposal costs of the trash. **More aggressive monitoring and penalties should reduce these overflows.**

11. Plan the Enterprise Fund Costs and Revenue

The enterprise funds should be self-sustaining using the revenue from fees and funds obtained via grants. In addition to a strong revenue stream, each operation should institute a cost-reduction plan to control the other side of the financial equation. **The effectiveness of the cost reduction should be a prime performance measure for the respective departments.**

The budget should contain a detailed projection for each enterprise fund, including any cost saving initiatives, capital equipment expenditures and rate increase requests.

12. Capital Plan

The budget should contain a listing of all capital items and a projection for replacement and/or upgrade. Associated maintenance costs should be identified, although those expenses will tie back to individual line items in the general fund budget, or the enterprise fund budget. It is important that the maintenance costs identified correspond to the line item budget, and the capital costs correspond to the projected debt service costs. Over the long term we need to have a plan to replace, annually, 2% of our capital investment. The Capital Plan should be integrated with the City's Strategic Plan, each item should have a priority weighting and the affordability should be assessed annually.

Since the Energy Performance contract should have a positive effect on the otherwise capital plan, it would be wise to include the before and after capital projections in the budget to further support the decision to enter into this contract.

13. Department Level Summary of Changes

The budget should contain a listing of the primary changes year-over-year at the department level. For example, for those costs listed at the department level (does not include health care, pension, etc.) there should be a direct comparison to last year's budget in total dollars. Then, the top few line item changes that increased cost, and the top few changes that decreased costs should be listed. The following is an example list of items that may be the cause for these changes:

- Increase in personnel costs due to negotiated contract
- Increase in personnel costs due to the addition of two positions
- Decrease in energy costs due to capital improvement

In addition to this summary of changes, each department should list its performance objectives for the upcoming fiscal year. And to the degree that there are any performance incentives, the amount of the incentive and the corresponding performance objective should be defined, with the incentive amount included in the budget.

5. Conclusion

It is our opinion that the City has improved its financial position in the past few years, and we look forward to continued improvement in the future. Continual economic growth is a key factor to increase revenue without burdensome tax rates for the residents and businesses of the City. We would like to see the stabilization fund goal met, and our commercial/industrial rate adjusted to attract more business and thus grow the tax base. Further, to avoid balloon

payments in the future we need to control our retirement funds. Then, having stabilized our finances we can look to property tax relief to be obtained in the near future. We think that setting policies in the FY 2012 budget will be a positive step in that regard. We thank you for your consideration of these thoughts.

Appendix

Move Lowell Forward

Move Lowell Forward is a non-partisan citizens' group of Lowell residents which supports professional city management, good government with fair access for all, well-planned economic development and efficient use of taxpayer dollars.

We established a 10-item "Vision" of what we wanted the City of Lowell to have:

- A Professionally Managed City Government
- *Renewed Economic Growth to Stabilize City Finances*
- Opportunities Provided by Local Jobs
- Effective Public Services
- A High Quality of Life
- A Strong Educational System
- Affordable Standard of Living
- Safe, Clean Neighborhoods
- Efficient Transportation
- Accessible Commercial Enterprises