



City of Boston

Thomas M. Menino, Mayor

Operating Budget Fiscal Year 2011  
Capital Plan Fiscal Years 2011-2015

**Volume 1 - Overview of the Budget**



# **Thomas M. Menino, Mayor**

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*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Boston**

**Massachusetts**

For the Fiscal Year Beginning

**July 1, 2009**

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Boston for its annual budget for the fiscal year beginning July 1, 2009.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



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CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR  
THOMAS M. MENINO

June 22, 2010

TO THE CITY COUNCIL

Dear Councilors:

I retransmit herewith my Fiscal Year 2011 Recommended Budget for the City of Boston. The Recommended Operating Budget totaling \$2.3 billion is \$49.4 million, or 2.2%, more than the Fiscal Year 2010 Budget, adjusted for changes in the teacher pension funding mechanism.

The FY11 budget focuses on three core priorities: supporting and developing Boston's youth; providing the highest quality services in Boston's communities; and fostering an economy that creates jobs and opportunities that are shared widely. This budget also begins the work of transforming and strengthening our library services and community centers, focusing not on the number of physical buildings they occupy but what services are available to neighborhood residents. Through consolidation of city resources, partnerships with nonprofit agencies as well as capital investments, we will make the best use of our physical assets as we strive to offer quality services to the residents of Boston.

Public comment emerging from a significant community process regarding four branch library closures, and consultation with Boston Public Library leadership and Trustees, have together resulted in an adjustment to the BPL's budget to delay those closures to allow for more community process. This will allow the City to focus on the plans for the re-use of those public buildings and service delivery options in the impacted neighborhoods.

As in previous years, fixed costs continue to rise much faster than revenues. In FY11, we must now honor our commitment to fund wage increases for the employees of those unions who agreed to the wage delay that was so critical to balancing the FY10 budget. Providing health benefits to all of our employees and retirees remains an expense that increases substantially from year to year; the cost of those benefits is projected to increase by almost \$20 million in FY11, bringing City of Boston health care costs to nearly \$300 million. At the same time, the City is allocating \$35 million for escalating future health care liabilities, a mere fraction of what is needed. It should be noted that another fixed cost – pensions – will decrease from the amount originally shown in April with a corresponding decrease in teacher pension reimbursement revenue to reflect recent state legislative changes to the funding mechanism for the Boston teachers' pension liability.



Overall revenues are projected to increase by 2.2%, which includes a prudent allocation of \$45 million in reserves. While property tax continues to grow in FY11, funding from the state is projected to decline by over \$20 million. We are fortunate that the new meals tax revenue and the increase in the hotel tax are available to help cover reductions in revenue from the state.

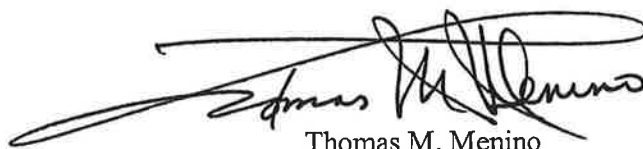
Despite an incredibly challenging funding environment and a weakened private sector, I can report strong support for the Summer Jobs program. Cuts at the state and federal level had resulted in a projected decrease of approximately 1,500 jobs from summer 2009. Acknowledging the need to compensate for these cuts, the City has level-funded summer jobs and generated an additional \$300,000 in administrative efficiencies to expand our capacity to hire teens. All of the City's partners – private, public and nonprofit– have redoubled their efforts to generate more jobs for Boston's teens, including a generous outpouring of private sector financial support, closing that gap to approximately 1,000 jobs with more support coming in every day.

I thank the City Council for your work over the past few months to reach a resolution on the Fire Union arbitration decision. I believe we reached a responsible compromise that moves the City forward and allows us all to focus our attention on improving service delivery across all departments. The Fire Department's FY11 budget now reflects the full implementation of the current collective bargaining agreement.

Our work together is not yet done, if we are to maximize the FY11 budget to deliver the highest quality services for the citizens of Boston in the context of great financial constraints. As we balance limited resources with demands for service, we must also balance today's needs with the requirements to ensure the long-term health of our City. As I said to you in April, a budget, above all, is an accounting of choices. In the context we face, with fewer resources and more obligations to meet, the choices this year are tough ones. As elected officials, we must make the difficult decisions today to ensure that we can continue to provide for City's needs into the future.

The recommended budget for Fiscal Year 2011 is soundly balanced within the City's available resources. I respectfully request your favorable action on the FY11 Operating Budget and the Five Year Capital Plan for FY11 to FY15.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Menino", with a large, sweeping flourish extending to the left.

Thomas M. Menino  
Mayor of Boston





CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR  
THOMAS M. MENINO

April 13, 2010

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith my Fiscal Year 2011 Recommended Budget for the City of Boston. The Recommended Operating Budget totaling \$2.5 billion is \$59.4 million, or 2.5%, more than the Fiscal Year 2010 Budget.

As in previous years, fixed costs continue to rise much faster than revenues. In FY11, we must now honor our commitment to fund wage increases for the employees of those unions who agreed to the wage delay that was so critical to balancing the FY10 budget. Providing health benefits to all of our employees and retirees remains an expense that increases substantially from year to year; the cost of those benefits is projected to increase by almost \$20 million in FY11, bringing City of Boston health care costs to nearly \$300 million.

Overall revenues are projected to increase by 2.5%, which includes an allocation of \$45 million in reserves. While property tax continues to grow in FY11, funding from the state is projected to decline by over \$20 million. We are fortunate that the new meals tax revenue and the increase in the hotel tax are available to help cover reductions in revenue from the state.

The FY11 budget focuses on three core priorities: Supporting and developing Boston's youth; providing the highest quality services in Boston's communities, well beyond the walls of City Hall; and fostering an economy that creates jobs and opportunities that are shared widely. This budget begins the work of transforming and strengthening our libraries and community centers, focusing not on the number of physical buildings they occupy but what goes on in them. Through consolidation of city resources, partnerships with nonprofit agencies as well as capital investments, we will make the best use of our physical assets as we strive to offer quality services to the residents of Boston. Great change is also going forward in our school system as a result of the passage of landmark education reform legislation, which has enabled the Superintendent to create turnaround plans for underperforming schools to ensure that all schools provide the best education for our children.

Although much of the attention over the past few months has been on schools, branch libraries and community centers, managers in all departments have identified areas where they can streamline operations and work more efficiently in FY11. I have been asked whether these changes and the others incorporated into the FY11 budget are necessities borne of the challenging fiscal environment today or whether they are transitions to move ahead on a vision for how our city should serve its residents in the future. The answer is: both. This dual responsibility is



evident in the budget's focus on both youth development and other future obligations. The budget reduces spending in several areas to provide as many resources as possible for youth education and enrichment. At the same time, \$153 million is allocated for future healthcare and pension liabilities, so that as this generation matures, the City can uphold its obligations and continue to deliver quality services to the next generation.

A budget, above all, is an accounting of choices. In the context we face, with fewer resources and more obligations to meet, the choices this year are tough ones. As elected officials, we don't have the option to muddle through or delay until another day. If we make the difficult decisions, fortunately we can, even under limiting circumstances, provide for our neighbors this year and for our city's future.

I look forward to working with you during the budget review process, and I respectfully request your favorable action on the FY11 Operating Budget and the Five Year Capital Plan for FY11 to FY15.

Sincerely,

A handwritten signature in black ink that reads "Thomas M. Menino". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas M. Menino  
Mayor of Boston