

# Capital Planning

## INTRODUCTION

The \$3.6 billion FY23-27 Capital Plan will make critical investments in the City's infrastructure in every Boston neighborhood, guided by Imagine Boston 2030 and the schools, streets, arts, climate and resilience plans under its umbrella. Taken together, these initiatives will support Boston's dynamic economy and improve quality of life for residents by encouraging affordability, increasing access to opportunity, promoting a healthy environment, and guiding investment in the public realm.

The Capital Plan moves Imagine Boston 2030 from idea to action. Planned borrowings are expected to increase 2.8% over last year's plan, one-time funding sources are leveraged, and the City continues to collaborate with the Massachusetts School Building Authority on the design and construction of new schools and the repair of existing building systems.

An estimated 90% of the investment in the FY23-27 Capital Plan is aligned with the City's planning efforts:

- The Capital Plan supports a commitment to invest in Boston's schools including the construction of new buildings, partnering with the MSBA, reconfiguring and renovating existing buildings, and establishing reserves for future projects identified through strategic planning and community engagement.
- Boston, in collaboration with State and Federal sources, will invest \$1.2 billion implementing the core initiatives outlined in Go Boston 2030: streets that are safer for all users of our roads and sidewalks, particularly pedestrians

and cyclists; travel that is more reliable and predictable; and quality transportation choices that improve access to interconnect our neighborhoods for all modes of travel.

- Boston will prepare for climate change by investing at least 10% of all new capital funding to open space, infrastructure, and facilities projects that are climate resilient or contribute to making the City more environmentally friendly.
- Setting the stage for planning and early action items for the comprehensive, long-term recovery campus on Long Island to tackle the opioid crisis and when fully permitted move forward with the construction of a new bridge to Long Island.
- The Percent for Art Program, demonstrates the City's leadership and commitment to sustainable funding for the arts by setting aside one percent of the City's annual capital borrowing for the commissioning of public art.

## FY23-FY27 EXPENDITURES

The City is responsible for maintaining a large inventory of capital assets, including roads, bridges, schools, parks, libraries, public safety equipment, and more. The City's capital investments enhance our neighborhoods, improve mobility, support the academic agenda of our schools and reinforce public safety with quality emergency response tools.

With Imagine Boston 2030 and other City planning efforts guiding many of the investments in this plan, projects in the FY23-27 Capital Plan are categorized within the Imagine Boston 2030 initiatives below.

## Education

The City is committed to investing \$1 billion to modernize Boston's public school infrastructure. Through a dedication of City capital funds and a strong working relationship with the Massachusetts School Building Authority (MSBA), the plan will more than double the City's capital spending on BPS facilities from FY18 to FY27. The FY23-27 capital plan continues that investment in BPS projects.

This Capital Plan enables the City to invest in BPS projects already in the pipeline:

- Construction will be completed for the new \$137.4 million Boston Arts Academy in Fenway. The MSBA has committed a maximum project grant totaling \$48.9 million.
- Construction will continue for the new \$193.6 million Josiah Quincy Upper School (JQUS) in Chinatown. The MSBA has committed a maximum project grant totaling \$54 million.
- Design is underway for the new \$92 million Carter School building and outdoor learning spaces in the South End. The MSBA has committed a maximum project grant totaling \$26.2 million.
- The City will continue the fourth phase of a multi-year kitchen renovation program and will enhance the district's remaining schools this summer with kitchen renovations that support the delivery of fresh, nutritious food. The investment will close food security gaps that prevent many children from learning to their full potential.
- To facilitate grade reconfigurations that minimize school transitions for students, BPS will pursue building improvements at various schools, including the Irving School in Roslindale and the Timilty School in Roxbury. The City will also begin studies for rebuilds and

reconfigurations at the West Roxbury Education Complex in West Roxbury, McKinley School in the South End, and for new elementary schools in Dorchester and Roxbury.

- New school maintenance initiatives will launch in FY23, including upgrades to libraries, science rooms, and art rooms across schools, as well as increased budgets for auditorium improvements.
- The City will begin lighting upgrades at Condon Elementary in South Boston and Warren-Prescott Elementary in Charlestown, as well as roof maintenance and replacement at the Community Academy of Science and Health and Winthrop Elementary School in Dorchester and the Mendell Elementary School in Roxbury.

## Transportation

Drawing on City, State and Federal sources, the Capital Plan invests \$1.2 billion implementing the core initiatives outlined in Go Boston 2030. Boston strives for streets that are safe for all users of our roads, bridges, and sidewalks, particularly pedestrians and cyclists; travel that is more reliable and predictable; expanded quality transportation choices that improve access by interconnecting our neighborhoods for all modes of travel; and upgraded capital assets that make travel more reliable and predictable. Driven by these core goals of safety, access, and reliability, the Capital Plan focuses on several key investments.

The Capital Plan makes critical investments to improve safety and accessibility for Boston's most vulnerable street users with a focus on pedestrian ramps and safety interventions on residential streets and in small business districts. In FY23, the City has budgeted \$18.5 million as part of a commitment to make all pedestrian ramps ADA-compliant by 2030. The city's ADA pedestrian ramps and walkable streets projects will work in tandem to create a

more accessible Boston. The capital plan also continues the Safety Intervention Program for Neighborhood Streets from last year's budget. The City will maintain a \$2.5 million contract to evaluate and quickly respond to all resident 311 safety requests.

These updates complement the investments in the City's intersection and neighborhood safety programs, including Vision Zero, Neighborhood Slow Streets, and Safe and Reliable Streets. Altogether, investments totaling over \$45 million are targeted for safety improvements at specific intersections and neighborhoods. These improvements will rebuild intersections to prioritize pedestrian safety; implement traffic calming measures on residential streets; and help create corridors that share prioritization among different modes of travel.

As Boston works to expand access and make neighborhoods interconnected for all modes of travel, this Capital Plan invests in the reconstruction of Ruggles Street, Nubian Square, Cummins Highway, and Boylston Street. All of these streets will be designed and reconstructed with the Complete Streets approach to include new sidewalks, lighting, storm water infrastructure, and upgraded facilities for pedestrians and cyclists.

In FY23, the Capital Plan is investing significantly in the expansion of bicycle infrastructure and the bikeshare network. \$18.6 million is being allocated towards the Strategic Bike Network, including specific projects on Cambridge Street and on Mass Ave. south of Melnea Cass Boulevard, which complements the \$7.25 million being invested towards expanding the Bike Share Network and replacing existing Bikeshare docks based on age and condition.

This Capital Plan also takes the lead on prioritizing reliable bus transit for all commuters. Encouraged by the success of the Columbus Ave Phase I dedicated bus

lane, the Plan is committing to transforming several corridors Citywide to facilitate rapid bus transit. This includes continuing the Columbus Ave. lane from Jackson Square to Ruggles Street, and new lanes along Warren Street and Malcolm X Blvd. In addition, with support from the federal government and in coordination with the state, the City is investing almost \$40 million in the redesign of Blue Hill Avenue, beginning with the Blue Hill Avenue Action Plan and culminating with a new, multimodal and complete street view for one of Boston's busiest corridors.

The City is finalizing plans and designs to widen sidewalks, realign the median, install new crosswalks, and make traffic signal improvements in Egleston Square and redesign Mattapan Square to enable pedestrians to cross Blue Hill Avenue directly from the Mattapan MBTA station and River Street/Cummins Highway. We expect construction to begin later this year.

The Capital Plan invests in design and provides matching funds to unlock federal and state investment to transform key corridors in the City. The designs focus primarily on stress-free walking, protected bicycling, and public transportation. It also puts an additional emphasis on improving the street infrastructure in parallel with new housing investment in some of our neighborhoods. Key corridors include Melnea Cass Boulevard, Commonwealth Avenue, Boylston Street, Columbia Road, the Sullivan Square / Rutherford Avenue / North Washington Street corridor, and street designs for the Boston Planning and Development Agency's PLAN initiatives in Jamaica Plain/Roxbury and on Dorchester Avenue. The Capital Plan focuses on adding protected bicycle lanes on every "Great Streets" project, and on off-street Green Links pathways such as the Fenway-Roxbury Connector and the planned new gateway at Arboretum Road, that will create new entrances to the Arnold Arboretum

and extend the Blackwell Path south to Roslindale Square.

Through the FY23-27 Capital Plan, the City will also increase asset reliability through investments in bridges, roads, sidewalks, off-street paths, street lighting, traffic signals and building facilities that are essential to the high-quality delivery of services. In FY23, the City plans to invest \$39 million in its annual road resurfacing, reconstruction, and sidewalk ramp programs. There is also a new \$6 million allocation for stairways and footpaths to redesign and rebuild the Wellington Hill Stairs in Mattapan and Nottingham Path Stairways in Allston/Brighton. This Capital Plan continues to invest in upgrades to the North Washington Street Bridge, Dalton Street Bridge and others so that the City's bridges achieve a state of good repair by 2030. By investing in asset management programs for our bridges, street lights, ramps, and pavement markings, among other assets, Boston will continue targeting a state of good repair that ensures the safe and reliable movement of people across the City.

## **Technology**

The City is dedicated to delivering exceptional City services by leveraging investments in technology. In FY23, the City will continue its focus on supporting and developing innovative initiatives and projects across departments while also enhancing its cyber security tools and the resilience of its systems. In line with its multi-layered approach to managing risk, the City will make investments to ensure continuity of operations and recovery of data in the event of a disaster. The City will also devote funding to its five focus areas including: Core Infrastructure, Enterprise Applications, Digital Engagement and Service Delivery, Data Analytics, and Broadband and Digital Equity.

In FY23, the City will continue work on the Boston Fiber Network (BoNet) to improve

Boston's fiber backbone and switching infrastructure. This \$14 million network build-out will connect the remaining Boston Public Schools with City fiber, as well as public safety locations, public housing developments, and other sites. Altogether, the project aims to connect ~ 170 City buildings, providing broadband service to the City's public schools, public works and public housing, and strengthening public safety communications.

In FY23, the Department of Innovation and Technology will partner with other City departments, including Inspectional Services, Neighborhood Development, Transportation, and the Public Health Commission, to support and develop innovative technology initiatives and projects. It will also continue work on revamping the internal municipal systems, to bring our financial and human resources management up to the standards of the 2020s.

## **Open Space**

Imagine Boston 2030 calls for the City to strengthen Boston's existing park system and invest in new open spaces. Through the use of City capital dollars and leveraging external funds, the City continues to take action in implementing Imagine Boston 2030's Open Space goals using previously underutilized spaces that have become essential recreational infrastructure for the health and well-being of Boston.

Neighborhood open spaces remain a core focus of the Department's capital work. We continue to develop family- and kid-friendly environments that promote opportunities to play everywhere. New projects at O'Day Playground, Byrne Playground, and Hardiman Playground are critical neighborhood open spaces with diverse programs to support a variety of recreational activities. The revitalization of the Geneva Cliffs Urban Wild is also included in this year's capital plan. The

community has advocated that this urban wild serve the neighborhood by adding more active recreational play spaces and formalized pathways. The FY23-27 Capital Plan also allocates \$10 million to acquire property suitable for preservation and use as public open space.

In the FY23 Capital Plan, the Parks and Recreation Department takes important steps to increase Boston's climate readiness, as guided by Climate Ready Boston. This includes \$3 million to provide district scale flood protection through a new berm and other strategies at Moakley Park. The FY23 plan continues the work at Christopher Columbus Park to implement playground renovations including play structure, safety surfacing, fencing, lighting, site furnishings, pathway repairs, drainage, signage, and green infrastructure to mitigate future sea level rise. Projects at the Mary Ellen Welch Greenway and Roslindale Wetlands will implement Green Storm water Infrastructure (GSI) to decrease rainwater runoff during storm events and complement open spaces by expanding biodiversity, beautification, and ornamental value.

One hundred percent of Bostonians live within a ten-minute walk of a park, but those spaces are only truly equitable if they serve the diverse needs of all our residents. The City recognizes the need for inclusive design across Boston and will continue to address equity in all neighborhoods. New projects at Byrne Playground and Clifford Playground will prioritize cooling strategies including access to water in their site design for these Heat Vulnerable Focus Areas. The capital plan includes projects to a diverse portfolio of park types including new projects at Watson Park and White Stadium at Franklin Park. The Capital Plan also supports investments in the renovation and renewal of playing courts (basketball, tennis, and street hockey) and playground safety surfacing in various parks.

## **Energy and Environment**

As part of Boston's implementation of Imagine Boston 2030, the FY23-27 Capital Plan includes investments to support a healthy environment, reduce energy consumption and greenhouse gas emissions, and prepare for climate change. Leveraging outside funding, the Capital Plan allows for development of more detailed climate plans for Boston neighborhoods, especially those most at risk for coastal flooding, as recommended in Climate Ready Boston. These long-term plans, early actions, are essential for protecting the safety and vitality of existing residents, businesses, and institutions, and for ensuring the implementation of continued growth and development. In FY23, the City will continue its capital commitment to the Climate Ready Boston Harbor Study. These funds partially fund an in-depth study of the feasibility of measures along and within Boston Harbor to reduce the vulnerability of Boston to coastal flooding and sea-level rise. The U.S. Army Corps of Engineers, who will conduct the study, supply matching funds.

In FY23, the Climate Resilience Reserve is increasing by \$3 million. These funds will support adding climate resilience features to existing projects. For example, a play lot renovation project could become more resilient through the addition of a storm water retention system. If the project budget cannot accommodate the additional scope, the Resilience Reserve can be used to fund the improvements without sacrificing the project's original goals.

To preserve the city's natural areas and continue to combat the urban heat island effect, the Capital Plan invests \$750,000 to rehabilitate the Mattahunt Woods, a valuable urban wild of secluded forested wetlands located in Mattapan.

The City has committed \$10 million for the development of a new linear park along Fort Point Channel. This new park will

protect the surrounding properties from expected sea level rise through the year 2070. The City has applied for a FEMA mitigation grant.

Renew Boston Trust has systematically identified energy projects in the City's 300+ buildings to both lower energy bills and reduce emissions. The City finances the program through general obligation bonds, paid for in part from reduced energy consumption at City departments.

Including funding from grants, Renew Boston Trust Phase 2 and 3 invest authorize over \$80 million in these projects that create a healthier Boston. Now nearing completion, RBT Phase 2 is implementing energy conservation measures (ECMs) in buildings audited as part of RBT Phase 1, but which were not included in that phase. RBT Phase 3 will continue the Energy Conservation Measure installations similar to Phases 1 and 2 to implement ECMs in an additional 10 schools and 4 other buildings. In addition, another 19 buildings are being assessed for rooftop solar PV and in some cases parking lot PV canopies. By utilizing contracts with Energy Service Companies (ESCOs) that guarantee the energy savings generated by the projects, the City will sufficiently offset anticipated debt service costs.

## **Health**

To encourage a healthy environment, including safe streets and communities, Boston is renovating several neighborhood community centers to serve residents' needs and conducting program studies for new community centers. Major renovation work will be completed at the BCYF Curley Community Center, in South Boston for a total of \$30.7 million investment. The heavily used building, which spans nearly a quarter mile on the South Boston beachfront, will be completely refurbished. In East Boston, the \$8.9 million renovation to the BCYF Paris Street Pool will be completed in FY23 with new family

changing rooms, refreshed existing locker rooms, creation of a new front entrance, and upgrades of all building and pool systems. An annual \$1 million for Youth Budget will be allocated through a participatory budgeting process where the City's Youth will vote to determine how the Capital Investment will be spent.

Design will begin for a new North End Community Center in FY23 and investments for program studies and facility assessments have been set aside for Allston, Dorchester and Charlestown. A complimentary \$4 million has been set aside for design to begin for a new community center once the Dorchester Program Study has been completed. Funding for improvements to the pool at BCYF Marshall Community Center, totaling \$2.5 million, and a redesign of the entrance of the Tobin Community Center to make it accessible are also included in this year's capital plan. In addition, \$750,000 has also been set aside for technology infrastructure and security upgrades to ensure cameras at all standalone sites.

Construction work will be completed this year at the BCYF Mattahunt Community Center. The project includes exterior improvements and interior renovations to the lobby, gymnasium, community room, and computer lab. Design work will begin for a renovation of the BCYF Roslindale facility including exterior renovations and other facility upgrades to enable using the facility as a sheltering site year-round. \$3 million has been set aside for the Hyde Park Community Center for a renovation project that will include interior and exterior renovation to athletic facilities, and fenestration improvements. Upgrades to the facilities will also enable the facility to be used as a sheltering site year-round and to allow for community neighborhood-based healthcare services.

The Capital Plan includes continuing work for the \$23.5 million investment to implement upgrades to the Emergency

Medical Services (EMS) radio system. Construction will begin to renovate a facility in West Roxbury as a new EMS training academy along with a new ambulance bay. Design and construction of a new EMS Station in Seaport will begin in FY23.

The Capital Plan includes \$22 million for initial design work and for the preservation of buildings on Long Island that will be used as part of the future recovery campus. Repair and renovation work continues at the Woods Mullen Shelter in the South End with an investment totaling \$6.7 million.

Smaller investments include repairs for the Northampton Square Garage for structural and electrical upgrades and IT Disaster Recovery/Business Continuity to establish a disaster recovery site to increase disaster preparedness of BPHC's primary computer system infrastructure. Additional projects include a roof replacement at the Miranda-Creamer and South End Fitness Center buildings for a total of \$5.6 million investment and an upgrade for HVAC systems at 201 River Street, totaling \$4.8 million.

## **Housing**

The City combines General Fund dollars with federal grants, state grants, and developer fees to leverage a wide variety of sources to invest in the creation and preservation of affordable housing citywide. The FY23 Capital Plan includes three new projects: the Mary Ellen McCormack Redevelopment, the Mildred C. Hailey Phase 1 Redevelopment, and the Mildred C. Hailey Preservation. These three new projects total \$72 million.

Phase 1 of the Mary Ellen McCormack Redevelopment, located in South Boston, comprises 1,365 units of new mixed-income housing (572 of which are affordable replacement units), 69,000 square feet of community and retail space, 2.3 acres of

open space, and approximately 520 parking spaces. The FY23 investment is \$10 million.

The Mildred C. Hailey Phase 1 Redevelopment will consist of about 690 apartments which will include the 1-to-1 replacement of the existing 253 public housing units and the construction of about 435 new affordable and upper middle-income apartments. The Preservation project next to this one will renovate existing BHA housing units, including new plumbing, ventilation, windows, and other building repairs. The city is investing \$10 million toward Phase 1, and \$52 million toward the preservation project.

In FY23, the City will finish some projects, increasing the housing and community space available to residents. The Orient Heights Senior Center project, which converts the former Orient Heights Branch Library into a new community senior center, offers green space and programming to East Boston seniors. The BHA Orient Heights project will finish its third phase, consisting of 123 units of housing, a gateway park, and a community center.

\$1 million will be invested in the reconstruction of roads and sidewalks in the Whittier Street housing development in conjunction with a \$30 million Housing and Urban Development grant to revitalize the development and surrounding neighborhood.

## **Arts and Culture**

The Mayor's Office of Arts and Culture released the City's first cultural plan, *Boston Creates*, in 2016, which calls for increased support to Boston's arts and culture ecosystem. The Percent for Art Program is a key policy outcome of this planning process. The City projects to borrow \$325 million in FY23 to support the Capital Plan, and will invest one percent, or \$3.25 million, in public art projects.

This year's plan includes new projects such as the Chinatown Worker Statutes Project, a memorial for the Cocoanut Grove, and upgrades for existing art signage. The plan also supports projects previously funded including Book Mark'd to be installed at the Mattapan Branch Library, a statute titled the Legacy of Frederick Douglass, and a memorial for Judge Edward Gourdin.

In the branch library system, a major renovation project that includes a building addition is underway at the Faneuil Branch in Brighton. The renovation will focus on accessibility and new programming space.

In FY23, design activity will begin on a new building to replace the current Fields Corner Branch Library. Design work is also expected to begin for a new Egleston Branch Library. The City is working on plans that will leverage public land to build new affordable housing and new branch libraries in Chinatown and the West End.

In FY23, after an extensive \$15.7 million renovation, the Rare Books Departments will reopen. The renovated and modernized facility will enable the Boston Public Library to preserve its valuable and historic special collections that includes nearly 250,000 rare books and 1 million manuscripts. The renovation includes major environmental and mechanical improvements to regulate temperature and humidity control of the department's collection storage areas, staff spaces, conservation lab, and public reading room. Ultimately, the project will increase accessibility to the collection and ensure its preservation for future generations.

## **Economy**

As a \$3.6 billion investment in the City's assets, the Capital Plan supports economic growth in Boston by creating construction jobs and investing in infrastructure that unlocks economic activity. From the establishment of a contract for construction to the completion of a project, the City is ensuring that the location and

partnerships on work is advancing our commitment to equity and supporting all Bostonians. Whether infrastructure improvements to Nubian Square's main streets or awarding bids to minority and women owned businesses, the Capital Plan works to ensure that the economy of all our neighborhoods is supported.

## **Public Safety**

As part of the Imagine Boston 2030 initiative to reduce cancer risks for firefighters, the capital plan includes health and safety improvements to firehouse projects. Construction will begin on a new firehouse for Engine 17 in Dorchester and then for Engine 3 in the South End, with both projects currently in design. The City is also renovating the neighborhood's existing fire and police stations.

In FY23, the new police station in East Boston will open and be placed in service. As part of FY23 design work will begin for exterior renovations at several district stations. The construction works continues on the replacement of the roof and elevators at Police Headquarters. The Police Department is now in the final stages of upgrading their radio system. The roof at Fire Department headquarters and at Fire Alarm will also be replaced.

The Fire Department plans to purchase 3 pumper trucks and 2 ladder trucks in line with their annual replacement program. Additional funding is available for the replacement of the Fire Department's main boat (the "Damrell") and the dive boat (the "Kenney"). The \$46 million multi-year upgrade of the Fire Department's radio system continues in FY23. This project leverages work done by the Police Department in their recent radio system upgrade.

## **Government Effectiveness**

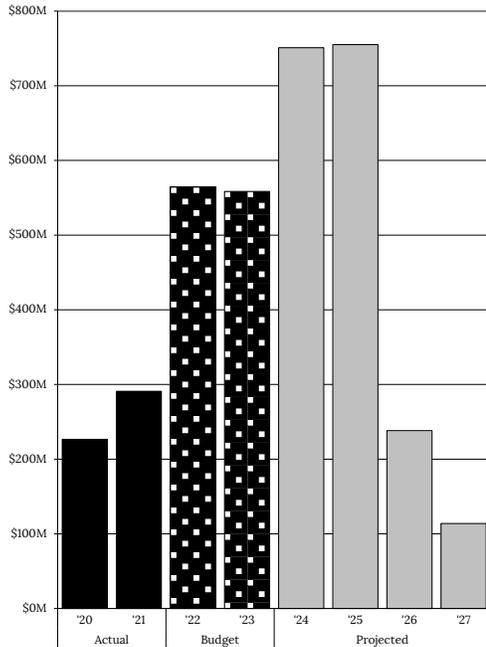
The City Hall Master Plan was launched to allow Boston to rethink the way the public interacts with government in City Hall and to enliven the plaza.

The current renovation project which will deliver updated civic spaces and programming capabilities year-round. New infrastructure will make the plaza more environmentally sustainable. Specific improvements include connecting Congress and Cambridge Streets with an accessible sloped promenade, shady seating and gathering areas, play space, and public art space. The North entrance of City Hall will also be re-opened improving public access to the building. Phase 1 is expected to be completed early in FY23.

In addition, an overhaul of City Hall's HVAC system and elevators is currently underway.

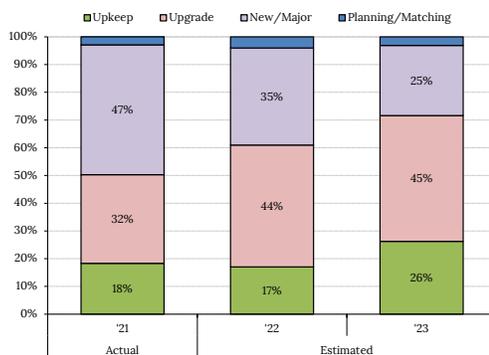
## FY23 Expenditure Allocation

The City estimates FY23 capital expenditures from all sources will total \$558.5 million (see Figure 2).



**Figure 2 – Capital Expenditures**  
FY20-FY27

All projects in the Capital Plan are categorized as Upkeep, Upgrade, New/Major Renovation, Planning or Matching Funds. The City tracks the overall distribution of these categories to maintain a balance between the upkeep of existing assets and the expansion or introduction of new ones.



**Figure 3 – Capital Expenditure Allocation**  
FY21-FY23

Upkeep represents projects that maintain the City's assets, a fundamental priority of the Capital Plan. In FY23, 26% of projected spending supports Upkeep projects. These include roof and masonry repairs, the replacement of play equipment in parks, HVAC and boiler replacement, and critical repair funds for departments to address relatively small but vital repair projects not covered by routine maintenance. A substantial portion of the Upkeep category supports on-going bridge, street, sidewalk, and street lighting repairs that ensure the City's roads and sidewalks are safe and in good condition.

Upgrade represents projects that improve existing assets by adding new capacity or innovations. This year's upgrade allocations account for 45% of projected spending, and includes projects such as equipment upgrades for public safety radio systems.

New/Major Renovations represents 25% of FY23 allocations. New facilities and rehabilitation projects for schools, libraries, parks and community centers enable the City's facilities to adapt to fit the needs of today's programs, improve the 'green' performance of facilities, and extend the useful life of older assets. Highlights in this category include a new branch library in Fields Corner.

About 3% of the FY23 budget is assigned to matching fund requirements and planning projects. Comprehensive planning projects, which analyze a group of buildings or program needs, provide the groundwork for targeted investments in the categories of Upgrade and New/Major Renovations. Projects in this category include funds for a programming and siting study for the construction of new elementary schools. The Matching fund category includes projects in which the City covers the costs of design and engineering services. These expenditures are able to leverage State and Federal construction funds on projects such as the new North Washington Street Bridge.

## **FINANCING THE FY23-FY27 CAPITAL PLAN**

The Capital Plan is financed with general obligation bonds issued by the City, other City funds, State grants, Federal grants, and private grants.

### **General Obligation (G.O.) Bonds**

General obligation bonds represent 72.8% of all project funding. This year's plan assumes \$1.6 billion in new general obligation borrowings over the next five years. This borrowing level remains sustainable within the City's debt affordability policy.

### **State and Federal Funds**

State and Federal financing represent 19.6% of all project funding. Programs, such as the School Building Assistance program, Chapter 90 and the Transportation Improvement Program, provide key resources for Boston's Capital Plan. Funds for capital financing are currently estimated at \$306.9 million from State programs and \$403.5 million from Federal programs.

### **School Building Assistance Program**

The School Building Assistance (SBA) program, administered by the Massachusetts School Building Authority (MSBA), is an important revenue source for school renovation and construction. Annually, the MSBA accepts new project requests from cities, towns, and school districts, and if a project is ultimately approved, the MSBA pays 40% to 80% of eligible project costs.

The MSBA operates two major programs – the Core Program and the Accelerated Repair Program (ARP). Major renovation and new construction projects are funded through the Core Program. The ARP funds roof, boiler, and window replacement

projects in school buildings that are otherwise sound.

The City currently has three projects in various phases of the Core Program -- the Boston Arts Academy, the Josiah Quincy Upper Pilot School, and the Carter School.

The MSBA has approved a maximum project grant totaling \$48.9 million for the Boston Arts Academy project, which covers 35.6% of the current \$137.4 million project budget. Construction on the new school building will be completed in spring 2022 and will open for students in September 2022.

Construction work is underway for the new Josiah Quincy Upper School project. The MSBA has approved a maximum project grant totaling \$54.1 million which covers 27.9% of the \$193.6 million project budget.

The Carter School project is currently in the final design. Initial construction phase work will begin this summer. The City expects to receive a maximum project grant from the MSBA totaling \$26.2 million. The current estimated cost of the project is \$92.0 million.

The MSBA recently selected four projects from Boston for their Accelerated Repair Program. The design phase has started at these schools. Construction is expected to begin in summer 2023.

### **Transportation Infrastructure Enhancement Fund**

An Act was approved in August of 2016 that establishes oversight and regulation by the Department of Public Utilities over transportation network companies. As part of its oversight the Transportation Infrastructure Enhancement Fund was established. Annually each transportation network company is required to submit a per-ride assessment of \$0.20 based on number of rides in previous year and half of the assessment will be proportionately distributed to cities and towns based on the

number of rides that originated within the city or towns with the funding used to address the impact of the transportation network services on municipal roads, bridges and other transportation infrastructure. The fee will be discontinued as of January 1, 2027.

The FY23-27 Capital Plan includes \$15.2 million in revenue from this source.

**Chapter 90 Funds**

Administered by the Massachusetts Highway Department, Chapter 90 funds are allocated by formula through State bond authorizations and through the State budget to all cities and towns in the Commonwealth. The City uses Chapter 90 funds to support its roadway resurfacing and reconstruction programs as well as its sidewalk reconstruction programs. The City anticipates an allocation of approximately \$14.7 million in FY23.

**Transportation Improvement Program (TIP)**

The Transportation Improvement Program is a statewide road and bridge construction advertisement program developed under the management of the Massachusetts Department of Transportation (MassDOT). It includes both local and State owned roads and bridges. The TIP’s funding sources include State-issued general obligation bonds and Federal funds made available through the Federal Highway Administration and other Department of Transportation agencies.

**Other Funds**

Other Funds is a revenue category that includes both City and non-City sources. City sources of Other Funds include transfers from the Surplus Property Fund and the Parking Meter Fund.

**Other Funds Summary**

(in millions)

	<b>\$ Amount</b>
Parking Meter Fund	167.36
Surplus Property Fund	70.00
Utility Company Grants	21.84
Boston Water & Sewer	4.00
BPDA	3.24
Fund for Parks	3.02
Other	4.80
<b>Total</b>	<b>\$274.27</b>

**Figure 4 – Other Funds Summary**

FY23-FY27

Non-City sources of Other Funds include grants from the Boston Planning and Development Agency for roadway construction or other capital projects, as is the case with Harrison Avenue. Other Funds also include incentive rebates provided by utilities to carry out energy efficiency projects. Altogether, these City and non-City sources of capital funds are estimated at \$274.3 million.

**CAPITAL PLANNING PROCESS**

Capital needs and resource availability are assessed annually through a capital planning process that results in a five-year Capital Plan. The first year of the spending plan constitutes the City’s capital budget. Expenditures against this budget are closely monitored throughout the year. To emphasize the balance between needs and resource availability, the budget document (in Volumes 2 and 3) includes both capital authorizations and expenditure projections for each project.

The annual capital planning process begins with a capital improvement project request period during which all departments have an opportunity to identify their facility, equipment, infrastructure, and planning needs in a systematic manner, and to submit their proposals for funding consideration. The development of

department project requests may involve both internal assessments of current needs and a review of external constituent requests.

A project request includes a cost estimate, a description of the proposed scope of work, and additional descriptive information to help OBM evaluate it.

Proposed projects must account for short-term and long-term effects on the City's operating budget. Accordingly, project requests that OBM determines may impact the City's operating budget are subject to additional review to determine the anticipated effect on personnel, utilities, maintenance, and supply costs, as well as expected changes in service demand or delivery of departmental programs. As a practical matter, it is assumed that certain types of projects such as energy conservation and energy efficiency projects (e.g. heating system upgrades or roof and window replacements) provide operating budget savings. OBM works with departments to measure these savings.

OBM reviews project proposals to determine the extent to which private purposes or benefits may exist; this review allows the City of Boston to maintain its tax-exempt financing status.

Proposals with strong alignment to City-wide planning efforts, such as Imagine Boston 2030 and climate resilience are prioritized for near-term investment.

Expertise from the Department of Innovation and Technology is leveraged to evaluate the feasibility, cost, and implementation plan for IT investment proposals City-wide. Investments with strong return-on-investment, alignment to master plans, and support of legal ordinances are prioritized using an automated scoring system that results in metric-based recommendations.

New capital requests that are recommended for funding are placed into a

multi-year spending plan along with previously authorized projects. The Mayor submits the Capital Plan to the City Council each year. The City Council, in turn, holds public hearings to consider project authorizations. This year's Capital Plan identifies 400 new and continuing projects and proposes \$285.2 million in new bond authorization.

Descriptions of all 399 projects can be found in Volumes 2 and 3 of the Budget. Project descriptions include authorizations and funding sources, projected expenditures, scope of work summary, and an indication of whether or not the project generates a near-term operating budget impact.

### **Operating Budget Impacts**

Determining the impact that proposed capital investments will have on the City's operating budget (personnel, contracted services, equipment and utilities) is essential to the capital budgeting process. Many capital projects, such as those that replace aged or outdated equipment with modern, more efficient versions, save the City money in future operating costs; others, such as those that allow the City to expand programming or establish a stronger presence in different neighborhoods, may entail future operating costs. Understanding the balance between future savings and future costs resulting from these capital projects is vital to maintaining the City's long-term financial health.

In Volumes 2 and 3 of this document, each capital project summary indicates whether or not there is an operating impact associated with the project.

While most capital projects can be assumed to have a marginal impact on energy savings or personnel demands, only those projects that will likely result in an increase or decrease in a budget appropriation are included here.

## **Savings**

The Capital Plan supports investments that will decrease operating expenses by reducing costs associated with emergency repairs, maintenance of old systems, and energy inefficiency. A substantial portion of the Capital Plan is focused on these types of basic facility improvements.

Through an Executive Order relative to climate action, the City has committed to designing new buildings and selected major renovations to the standards required to attain U.S. Green Building Council LEED (Leadership in Energy and Environmental Design) certification.

By far the largest operational savings comes from the conversion of street lights to newer fixtures using Light Emitting Diode (LED) technology. To date, the City has performed over 51,000 streetlight LED retrofits. As a result, the FY22 Budget reflects energy avoidance of 37.4 MWh, a roughly \$6 million non-personnel expense reduction directly attributable to this work.

Renew Boston Trust has systematically identified energy projects in the City's 300+ buildings to both lower energy bills and reduce emissions. The City finances the program through general obligation bonds, paid for in part from reduced energy consumption at City departments.

A \$10.7 million Phase 1 construction project completed in FY20 and will result in non-personnel operating expense savings of more than \$600,000 annually.

Implementation of the \$24 million Phase 2 investment will increase estimated operating expense savings by \$900,000 annually. A robust measurement and verification program was also established to ensure non-personnel expense savings truly offset fixed debt service costs related to the capital project. Implementation of Phase 3 is also in development. The City will implement the program through contracts with Energy Service Companies (ESCOs) that will provide financial guarantees that

the energy savings generated by the projects will be sufficient to cover anticipated debt service costs.

## **Costs**

Increases in operating expenses expected as a result of capital projects are primarily driven by two areas: an expansion of the City's IT infrastructure and the addition of buildings to the City's portfolio.

The ongoing \$128 million investment in radio system upgrade projects will require the procurement of compatible handheld units and related technology to achieve optimal functionality. The majority of these costs impact the City's lease/purchase program, primarily for public safety departments and the Boston Public Health Department.

Many of the projects identified in the Department of Innovation and Technology (DoIT)'s capital budget replace legacy systems, and in some cases they include an expansion of infrastructure, as well. Annual licensing fees to support the ongoing maintenance and upgrades of new software is typically required, and additional personnel are sometimes needed to ensure the new software meets the City's needs. For FY23, the Office of Budget Management partnered with DoIT to perform cost-benefit analyses for all new technology proposals, prioritizing funding for proposals with positive return on investment calculations, among other factors, including improved performance.

## **DEBT MANAGEMENT POLICIES AND DEBT IMPLICATIONS OF THE PLAN**

Effective debt management ensures that the City can meet its capital infrastructure and facility needs. Debt management requires a series of decisions about the amount, timing, purposes and structure of debt issuance. Long-term debt related to capital investment has two main purposes:

(1) It finances acquisition, construction, repair, and renovation of City-owned buildings and equipment that are necessary to provide public services; and

(2) It finances infrastructure improvements to ensure the City's continued growth and safe roadway conditions.

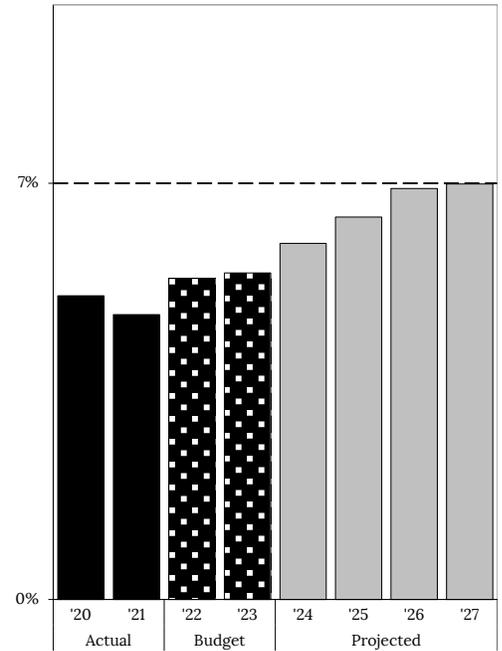
The Treasury Department manages all borrowings according to the City's debt management policies. These policies address issues such as debt affordability and limitations on the level of variable rate debt the City will use. The City's goals are to rapidly repay debt, maintain a conservative level of outstanding debt, and ensure the City's continued positive financial standing with the bond market.

Key components of the debt management policies ensure that:

- combined net direct debt does not exceed 3% of taxable assessed value;
- at least 40% of the overall debt is repaid within five years and 70% within ten years;
- annual gross debt service costs do not exceed 7% of general fund expenditures;
- variable rate debt does not exceed 20% of the City's total currently outstanding bonded debt (the City has no variable debt).

For further discussion of the City's financial policies and management controls, refer to the chapter on Financial Management.

In March, 2022 the City sold \$335 million of general obligation bonds. The City's debt service forecast assumes general obligation borrowing of \$325 million annually between FY23 and FY27 for a total planned issuance of \$1.625 billion. The debt tables at the end of this chapter detail the City's outstanding debt service obligations and demonstrate the City's rapid retirement of its debt.



**Figure 5 – Gross Debt Service as a Percent of Total General Fund Expenditures**  
FY20-FY27

The City's gross debt service requirement will remain under 7% of total General Fund expenditures through FY27 (See Figure 5).

The City's current overall debt burden (net direct debt to assessed property value of \$203.89 billion) is approximately 0.63% as of March 1, 2022. The City's net direct debt per capita currently stands at approximately \$1,747 as of March 1, 2022.

Boston has been conservative about assuming long-term debt and aggressive about retiring debt expeditiously. Over 40% of the City's outstanding debt will be retired within the next five years.

In March, 2022, Moody's Investors Service and Standard & Poor's reaffirmed Boston's credit rating at Aaa, and AAA, respectively. A bond rating is a statement of credit quality and is analyzed when determining the interest rate that should be paid for a municipality's bonds. A higher bond rating translates into lower interest rates and real dollar savings for the City.

**Capital Project Financing**

Fiscal Years 2023 - 2027

	Existing Authorization	FY23 Authorization	FY24-27 Authorization	State	Federal	Other	Total
Boston Centers for Youth and Families	72,611,000	7,339,000	-	-	-	-	79,950,000
Boston Planning and Development Agency	2,875,000	1,925,000	-	300,000	-	-	5,100,000
Boston Public Library	27,220,000	14,075,000	66,985,000	-	-	-	108,280,000
Boston Public Schools	454,296,686	137,161,000	43,465,000	140,485,063	-	13,060,000	788,467,749
Department of Innovation and Technology	104,265,898	916,000	2,844,258	-	-	-	108,026,156
Emergency Management	1,500,000	-	-	-	-	-	1,500,000
Environment Department	53,316,720	56,850,000	175,000	1,088,080	2,500,000	14,615,159	128,544,959
Fire Department	91,251,700	16,605,000	3,591,083	-	-	206,614	111,654,397
Mayor's Office of Housing	70,133,000	72,000,000	-	-	-	-	142,133,000
Office of Arts & Culture	11,400,000	5,155,000	1,550,000	-	-	145,000	18,250,000
Office of New Urban Mechanics	200,000	-	-	-	-	-	200,000
Parks and Recreation Department	141,423,883	56,630,000	19,678,000	17,703,056	73,700,086	52,625,000	361,760,025
Police Department	99,265,000	6,101,000	-	-	-	-	105,366,000
Property Management Department	205,649,600	157,300,000	-	-	-	4,023,273	366,972,873
Public Health Commission	73,133,000	16,690,000	-	-	-	550,000	90,373,000
Public Works Department	313,873,468	88,095,000	30,700,000	106,021,648	309,779,418	138,495,550	986,965,084
Transportation Department	50,959,375	45,240,000	9,577,808	41,262,602	17,568,394	50,549,569	215,157,748
<b>Total</b>	<b>1,773,374,330</b>	<b>682,082,000</b>	<b>178,566,149</b>	<b>306,860,449</b>	<b>403,547,898</b>	<b>274,270,165</b>	<b>3,618,700,991</b>

<p><b>City of Boston</b></p> <p><b>Outstanding Principal by Purpose as of March 1, 2022</b></p>
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	Outstanding @ March 1, 2022	Percent of Total Outstanding Debt
<b><u>Purpose for Which Issued:</u></b>		
General Purpose	850,792,345	70.3%
MCWT	11,116,256	0.9%
Economic Development	8,169,356	0.7%
State Urban Development	36,912,282	3.1%
Schools	973,433	0.1%
Public Buildings	177,173,893	14.6%
Public Works	124,762,995	10.3%
Cemeteries	80,714	0.0%
<b>TOTAL:</b>	<b>\$ 1,209,981,274</b>	<b>100.0%</b>

**Debt Service Requirements Summary FY20 – FY27**

	Actual FY20	Actual FY21	Projected FY22	Projected FY23	Projected FY24	Projected FY25	Projected FY26	Projected FY27
<b>Gross Debt Service Requirements – Bonded Debt:</b>								
Total Principal:	125,914,901	124,513,916	138,878,237	139,767,869	163,317,818	204,333,094	209,158,700	214,834,646
Total Interest:	57,052,731	53,945,062	67,154,062	80,347,467	82,961,039	91,535,366	99,140,282	105,719,021
<b>(1) Total:</b>	<b>182,967,632</b>	<b>178,458,978</b>	<b>206,032,299</b>	<b>220,115,335</b>	<b>246,278,857</b>	<b>295,868,459</b>	<b>308,298,982</b>	<b>320,553,667</b>
<b>Less: Revenue Deemed Available from Related Sources:</b>								
(2) Premium, Subsidies, Other	3,357,855	3,001,529	2,853,141	2,369,144	1,864,633	1,342,571	799,967	249,349
Renew Boston Trust - Energy Savings	0	627,425	909,073	973,003	982,733	992,560	1,002,486	1,012,511
Accrued Interest	0	0	0	0	0	0	0	0
(3) 1010 Massachusetts Avenue Project	1,924,363	2,409,288	2,644,951	2,089,269	0	0	0	0
(4) Pension Management System	1,903,312	1,904,187	893,752	640,475	45,394	45,376	0	0
Sinking Fund for November 2009 QSCB	0	0	0	0	0	20,000,000	0	0
<b>Total Debt Service/Budget Summary:</b>	<b>177,983,967</b>	<b>172,304,217</b>	<b>203,685,927</b>	<b>218,997,990</b>	<b>248,340,643</b>	<b>277,351,588</b>	<b>308,996,529</b>	<b>322,791,808</b>
<b>Plus: Interest on Temporary Loan Notes and Additional Items:</b>								
Revenue Anticipation	0	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Cost of Issuance	109,319	333,123	500,000	500,000	500,000	500,000	500,000	500,000
Lease Payment for Bolling Municipal Building	638,001	0	0	0	0	0	0	0
(5) Sinking Fund for Nov., 2009 QSCB	1,454,545	1,454,545	1,454,545	1,454,545	1,454,545	363,637	0	0
<b>Total Debt Service/Budget Summary:</b>	<b>179,185,832</b>	<b>174,192,385</b>	<b>208,540,472</b>	<b>223,952,535</b>	<b>253,295,188</b>	<b>280,655,185</b>	<b>311,996,529</b>	<b>325,791,808</b>
<b>Less Additional Adjustments:</b>								
School Construction Assistance	2,461,330	0	0	0	0	0	0	0
<b>Total Net Debt Service Requirements:</b>	<b>176,724,502</b>	<b>174,192,385</b>	<b>208,540,472</b>	<b>223,952,535</b>	<b>253,295,188</b>	<b>280,655,185</b>	<b>311,996,529</b>	<b>325,791,808</b>

**NOTES:**

- (1) FY20 - The City did not issue any bonds.  
FY21 - the City issued:  
\$121,660,000 in General Obligation Bonds with a 20-year maturity and a true interest cost of 1.29%; sale closed December 30, 2020  
\$23,885,000 in General Obligation Bonds (Green Bonds) with a 20-year maturity and a true interest cost of 1.82%; sale closed December 30, 2020  
\$35,000,000 in General Obligation Bonds (Federally Taxable, Social Bonds) with a 15-year maturity and a true interest cost of 1.75%; sale closed December 30, 2020  
\$29,565,000 in General Obligation Refunding Bonds with a 6-year maturity and a true interest cost of 1.22%; sale closed December 30, 2020  
\$61,840,000 in General Obligation Refunding Bonds (Federal y Taxable) with a 13-year maturity and a true interest cost of 1.22%; sale closed December 30, 2020  
FY22 - on March 30, 2022 the City sold:  
\$335,215,000 in general obligation bonds with a 20-year maturity and a true interest cost of 2.779%; the sale is expected to close in mid-April, 2022.
- Assumptions:**
- FY23 - Assumes General Obligation debt issuance of \$325 million with a 20 year maturity and an interest rate of 5.0%.
  - FY24 - Assumes General Obligation debt issuance of \$325 million with a 20 year maturity and an interest rate of 5.0%.
  - FY25 - Assumes General Obligation debt issuance of \$325 million with a 20 year maturity and an interest rate of 5.0%.
  - FY26 - Assumes General Obligation debt issuance of \$325 million with a 20 year maturity and an interest rate of 5.0%.
  - FY26 - Assumes General Obligation debt issuance of \$325 million with a 20 year maturity and an interest rate of 5.0%.
- (2) Under the American Recovery and Reinvestment Act of 2009 (ARRA) in 2010 and 2011, the City issued Tax Benefited Bonds which are entitled to receive subsidy payments from the Federal Government. The IRS has released subsidy reduction notifications since March of 2013, reducing the expected annual subsidy.  
An estimated subsidy reduction to ARRA-related issuances of 5.7% per year from FY2022 through FY2027 has been applied in response to IRS withholding notifications.
  - (3) Debt Service Costs will be offset by charging City departments for the space they occupy.
  - (4) Debt Service Costs will be offset by semi-annual payments from the Retirement Board.
  - (5) Quarterly payments of principal in the amount of \$363,636.36 are currently being made to the paying agent with respect to the City's outstanding \$20 million G.O. Qualified School Construction Bonds, 2009 Series A, which were issued as tax credit bonds that do not earn interest. These funds are kept in escrow until the Bonds mature on September 15, 2024.