



VI.

CAPITAL PLANNING

Capital Planning

INTRODUCTION

The City of Boston maintains a five-year Capital Plan. This is our tool to make large-scale improvements to our physical assets: our schools, streets, parks, playgrounds, libraries, community centers, and public safety buildings.

The FY26-30 Adopted Capital Plan totals \$4.4 billion across 392 projects, investing in every neighborhood of the city. Taken together, these projects support Boston's dynamic economy and improve quality of life for residents by keeping our facilities in good working order, improving our roadway and open spaces, and promoting a healthy environment and public realm.

The City's five-year Capital Plan is primarily supported by the annual issuance of municipal bonds. The FY26-30 Capital Plan builds on our recent historic issuances while remaining within our debt management policies, in order to maximize our bond revenue to finance our ambitious Capital Plan. We also look to our available outside funding source, including our ongoing partnerships with the Massachusetts School Building Authority and the opportunity presented by State programs like Chapter 90 and TNC proceeds.

The investments made through the City's Capital Plan touch all of our assets in key ways, informed by our priorities, values, long-term planning, and condition assessment need. The rest of this chapter will provide an overview of the investments of the FY26-30 Plan, the financing strategy and Operating impacts of the Capital Plan, and the Debt Management policies of the City. To learn more about our specific investments and individual projects, refer to Volume IV of this book.

FY26-30 Expenditures

The City is responsible for maintaining a large inventory of capital assets, including roads, bridges, schools, parks, libraries, community centers, 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.

The investments made in the FY26-30 Capital Plan are closely aligned with the City's strategic priorities and long-term planning efforts, ensuring that our investments advance the goals of the City and build upon engagement and thoughtfulness in our needs. Large investment areas include:

- Supporting the Boston Public Schools' Long-Term Facilities Plan. This includes both state of good repair investments and the construction of new schools and renovations to facilitate mergers and consolidations. This means partnership with the MSBA's Core and ARP programs, renovations and reconfiguration to make our existing schools work for our

students, and reserves for future projects identified through strategic planning and community engagement.

- Renovating our parks and playgrounds, ensuring that our open spaces are held up to the highest standard and provide the active recreational facilities that our communities want.
- Making transportation and public works investments in our streets and other public ways. This work makes our streets safe and welcoming for all users, ensures that travel that is more reliable and predictable, and delivers quality transportation choices that improve the interconnected access of our neighborhoods.
- Preparing for climate change by incorporating green infrastructure into our street, parks, and facility projects, and by continuing to develop and implement plans for coastal and storm water resilience. Our Coastal Resilience Reserve and ongoing planning efforts with the Army Corp of Engineers place the City in a strong position to begin coastal construction projects over the next decade.
- Construction and renovation of the City's civic buildings, focusing on libraries, community centers, and City Hall, to ensure that constituents have access to high quality public space.
- Supporting the Percent for Art Program with an allocation of 1% of the City's annual capital borrowing for the installation of public art at capital project locations.

Year over Year Cashflow Allocation

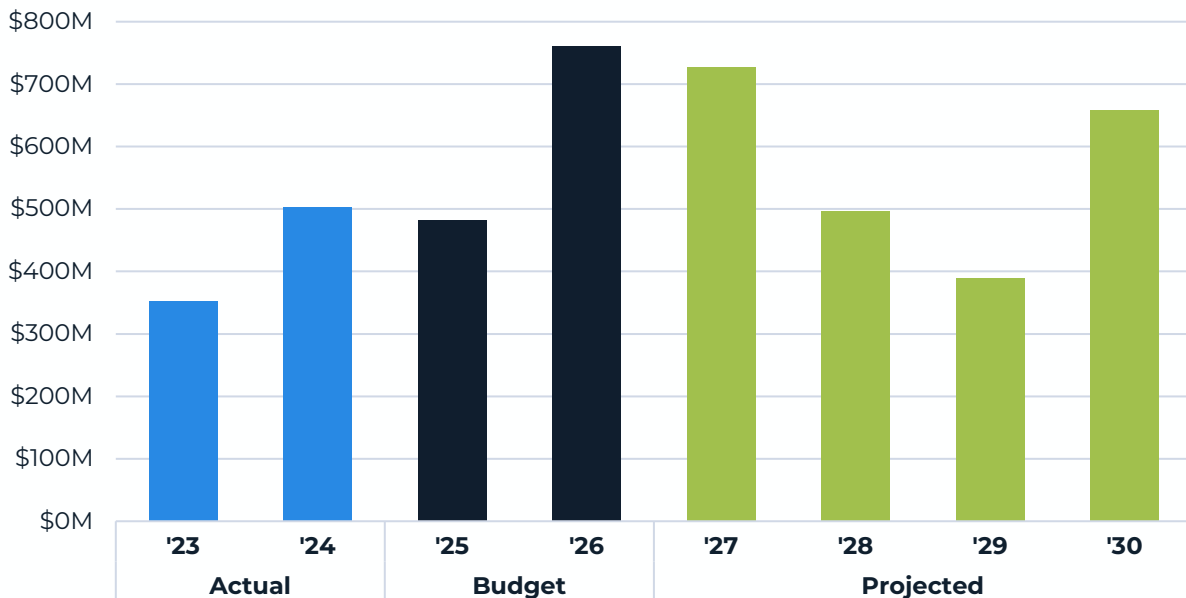
Figure 1 below shows the Actual, Budgeted, and Projected year over year cashflow for all projects in the Capital Plan, across all funding sources. FY23 and FY24 are shown as Actuals, FY25 and FY26 are shown as Budgets as we complete and continue through those years, and FY27 through FY30 are shown as projections.

Current FY25 projections total around \$480 million, reflecting a continuation of spend patterns from FY24. FY26 budgeted cashflow totals around \$750 million, reflecting a short-term increase as we complete and advance major investments like the Grove Hall Community Center, Fields Corner Library, 26 Court Street, Sarah Roberts and Carter Schools, Cummins Highway reconstruction, and support the preservation and renovation efforts at the Mildred Hailey development.

FY27 similarly sees large planned investment as we begin and continue projects like the Chinatown Library fitout, roof and HVAC repairs at the Archives site at 201 Rivermoor Street, and continue our implementation of the Long-Term Facilities Plan for BPS.

In the out-years of the Capital Plan, expenditures are projected to decrease to align with our projected bond issuances as we stay within our debt policies; the FY30 expenditure bar includes costs that may be incurred beyond the scope of the five year Plan, but are nevertheless tied to existing projects which will begin within the time period.

Figure 1: Capital Expenditures FY23-FY30



FINANCING THE FY26-FY30 CAPITAL PLAN

The Capital Plan is financed with general obligation bonds issued by the City, other City funds, and State, Federal, and private grants. This section explores the most common funding sources and provides background and context for each.

Table 1 below shows the financing distribution by department. The Authorization columns refer to bond revenue, and when the authorization from City Council was provided (before FY26, in FY26, or a planned future authorization). State, Federal, and Other refer to all other non-bond revenue, including grants and other city sources.

Table 1: Capital Project Financing
Fiscal Years 2026 - 2030 (in thousands of dollars)

	Existing Authorization	FY26 Authorization	FY27-30 Authorization	State	Federal	Other	Total
Boston Centers for Youth and Families	189,675	4,400	-	22,000	-	-	216,075
Boston Public Library	157,370	67,200	58,610	-	-	-	283,180
Boston Public Schools	722,340	194,950	189,094	41,109	-	2,000	1,149,492
Department of Innovation and Technology	81,206	1,500	-	-	-	-	82,706
Emergency Management	1,500	-	-	-	-	-	1,500
Environment Department	11,966	-	75,000	500	4,134	1,350	92,949
Fire Department	108,065	6,640	5,000	-	-	-	119,705
Mayor's Office of Housing	148,000	6,750	-	-	-	25,000	179,750
Office of Arts & Culture	25,180	4,300	-	-	-	145	29,625
Parks and Recreation Department	243,437	23,281	332	4,500	30,987	60,618	363,155
Planning Department	28,400	7,000	5,000	-	-	1,000	41,400
Police Department	74,557	1,870	-	-	-	-	76,427
Property Management Department	345,630	40,900	-	-	-	1,500	388,030
Public Health Commission	85,450	250	2,000	-	-	-	87,700
Public Works Department	275,999	75,687	102,008	178,798	303,085	121,093	1,056,669
Transportation Department	79,802	23,673	-	51,926	78,033	77,077	310,510
Total	2,578,576	458,401	437,044	298,832	416,238	289,783	4,478,874

General Obligation (G.O.) Bonds

General obligation bonds represent 77% of all project funding. This year's plan assumes \$1.7 billion in new general obligation borrowings over the next five years. This borrowing level remains sustainable within the City's debt affordability policy. G.O. Bonds form the backbone of the City's capital revenue.

State and Federal Funds

State and Federal financing represent 16% of all project funding. State 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 \$299 million from State programs and \$416 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, energy system, and window replacement projects in school buildings that are otherwise sound.

The City has three projects in the Core Program: The Carter School completed construction in time for September 2025, and the Shaw/Taylor and Ruth Batson projects have both been accepted into the initial project phase. The City has also submitted the Madison Park Technical Vocational High School for consideration.

For the Carter School, the MSBA has approved a maximum project grant totaling \$30.6 which supports 27.5% of the \$111.4 million project budget.

The City is working through several roof, HVAC system, and window replacement projects through the MSBA's Accelerated Repair Program. Construction is currently underway on the 2022 repairs, and the next set of repairs under the 2024 program are currently in design. The City has also reserved additional funds into the future for our 2025 submission, if we are accepted.

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. These funds are 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 on January 1, 2027.

The FY26-30 Capital Plan includes \$19.5 million in revenue from this source, and is used to enhance our public realm and promote bicycle and public transportation infrastructure.

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 for a variety of public works projects. Primarily, the City relies on Chapter 90 to support its annual roadway resurfacing and reconstruction programs, which includes the construction of ADA compliant ramps. The City has also used Chapter 90 for sidewalk reconstruction and for the launch of the Safety Surge speed hump program. The Cummins Highway reconstruction is funded by Chapter 90 funds. Boston annually receives about \$14.7 million in Chapter 90 funds. With the Governor's proposed increase in Chapter 90 allocation, the City would see a \$3 million growth in our allocation, up to \$17.7 million. The FY26-30 Capital Plan assumes level funding for planning purposes. The Massachusetts Fair Share amendment has also delivered \$5 million annually of additional infrastructure funding for Boston. In FY24 and FY25, the City received the apportionment automatically into the existing Chapter 90 contract with MassDOT.

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. These funds are utilized to support the City's bond funding for certain projects. The Parking Meter Fund in particular is a significant source of investment for Boston's infrastructure improvements.

Table 2: Other Funds Summary, FY26-FY30

	Amount (\$)
Parking Meter Fund	166.53
Surplus Property Fund	89.65
Utility Grants	7.10
BPDA	13.80
Fund for Parks	1.02
Other	11.68
Total	\$289.78

Non-City sources of Other Funds include mitigation fund 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 project.

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 is largely governed and authorized by MGL Chapter 44, Section 7, which provides the instances under which a municipality or other public entities may issue debt. This legislation requires that debt issued by the City is used for projects that have a useful life at least as long as the debt itself. The City issues debt in 5, 10, 15, and 20 year maturities depending on the nature of the project being financed.

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 35-40% of the overall debt is repaid within five years and 65-70% 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 FY24, the City completed a \$250 million direct placement of general obligation debt with a 10-year maturity; the sale closed January 25, 2024.

The City recently completed a \$464 million negotiated sale of general obligation debt with a maximum 20-year maturity. The sale closed on June 5, 2025.

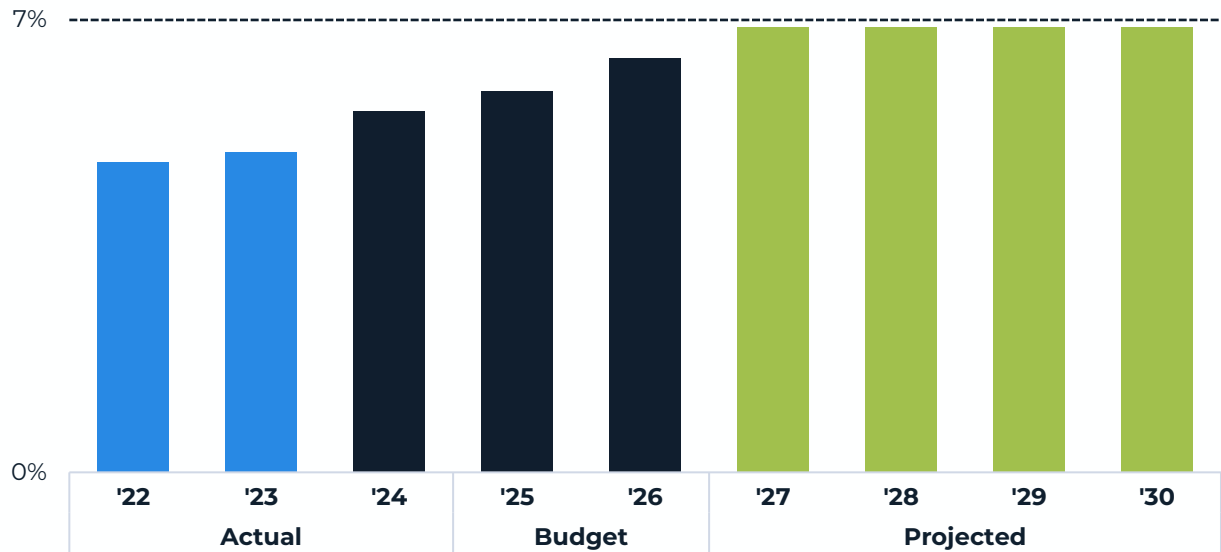
Between FY26 and FY30, the City expects to issue \$1.7 billion in bonds to support its capital program. In FY26, the City expects to issue between \$450 and \$515 million of general obligation bonds. The tables at the end of this chapter detail the City's forecasted debt service and summarize its current debt obligations.

The City's gross debt service requirement will remain under 7% of total General Fund expenditures through FY30 (See Figure 2).

The City's current overall debt burden (net direct debt of \$1.6 billion to assessed property value) is approximately 0.74% as of March 1, 2025. The City's net direct debt per capita currently stands at approximately \$2,489 as of March 1, 2025.

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.

Figure 2: Net Debt Service as a Percent of Total General Fund Expenditures, FY22-FY30



These policies contribute to the City's overall bond rating. In May 2024, Moody's Investors Service reaffirmed Boston's credit rating at Aaa, the highest possible grade. In April 2023, Standard & Poor's assigned its AAA long-term rating to Boston's 2023 general obligation bonds. 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.

Table 3: Debt Service Requirements Summary FY23 - FY30

	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30
Total Principal:	139,768	170,793	193,503	209,665	226,417	230,493	236,521	242,419
Total Interest:	62,298	70,104	100,107	97,634	113,122	119,625	123,793	128,748
(1) Subtotal:	202,066	240,897	293,610	307,290	339,539	350,118	630,315	371,167
LESS: REVENUE DEEMED AVAILABLE FROM RELATED SOURCES:								
(2) Premium, Subsidies, Other Renew Boston Trust - Energy Savings	1,918	2,419	992	504	0	0	0	0
(3) 1010 Massachusetts Avenue Project	973	983	0	0	0	0	0	0
(4) Pension Management System Sinking Fund for November 2009 QSCB	2,089	0	0	0	0	0	0	0
(4) Pension Management System Sinking Fund for November 2009 QSCB	640	45	45	0	0	0	0	0
(4) Pension Management System Sinking Fund for November 2009 QSCB	0	0	20,000	0	0	0	0	0
Subtotal:	5,620	3,447	21,975	504	0	0	0	0
PLUS: INTEREST ON TEMPORARY LOAN NOTES AND ADDITIONAL ITEMS:								
Revenue Anticipation	0	0	0	3,000	3,000	3,000	3,000	3,000
Cost of Issuance	500	500	500	500	500	500	500	500
(5) Sinking Fund for Nov., 2009 QSCB	1,455	1,455	364	0	0	0	0	0
Subtotal:	1,955	1,955	3,864	3,500	3,500	3,500	3,500	3,500
Total Net Debt Service:	198,400	239,405	273,437	310,285	343,039	353,618	363,815	374,667

NOTES:

FY22 - The City issued \$335,215,000 in general obligation bonds with a 20-year maturity and a true interest cost of 2.779%; the sale closed April 13, 2022.

FY23 - \$350,000,000 in general obligation bonds with a 20-year maturity and a true interest cost of 3.175%; the sale closed May 3, 2023.

FY24 - The City issued \$250 million in general obligation bonds with a 20 year maturity and true interest cost of 3.956%; the sale closed January 25, 2024.

Assumptions:

FY25 - Assumes General Obligation debt issuance of \$450 million with a 20 year maturity and an interest rate of 5.0%.

FY26 - Assumes General Obligation debt issuance of \$511 million with a 20 year maturity and an interest rate of 5.0%.

FY27 - Assumes General Obligation debt issuance of \$341 million with a 20 year maturity and an interest rate of 5.0%.

FY28 - Assumes General Obligation debt issuance of \$272 million with a 20 year maturity and an interest rate of 5.0%.

FY29 - Assumes General Obligation debt issuance of \$319 million with a 20 year maturity and an interest rate of 5.0%.

FY30 - Assumes General Obligation debt issuance of \$269 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 FY2028 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.

Table 4: Outstanding Principal by Purpose as of March 1, 2025

Purpose for Which Issued:	Outstanding March 1, 2025	% Total Outstanding Debt
General Purpose	1,340,198,250	82.358%
MCWT	9,007,475	0.554%
Economic Development	7,376,568	0.453%
State Urban Development	56,056,297	3.445%
Schools	30,193,287	1.855%
Public Buildings	111,951,178	6.880%
Public Works	72,477,577	4.454%
Cemeteries	21,843	0.001%
Total	1,627,282,475.00	100%