



City of Boston

Thomas M. Menino, Mayor

Operating Budget Fiscal Year 2006
Capital Plan Fiscal Years 2006-2010

Volume I - Overview of the Budget

Thomas M. Menino, Mayor

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Boston

Massachusetts

For the Fiscal Year Beginning

July 1, 2004

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, 2004.

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 21, 2005

TO THE CITY COUNCIL

Dear Councilors:

I retransmit herewith my Fiscal Year 2006 Recommended Budget for the City of Boston. The Recommended Operating Budget totaling \$2.05 billion is \$119.5 million more than the Fiscal Year 2005 Budget.

In Fiscal Year 2006 property tax and other revenues continue to grow while state aid remains stagnant. Since the Governor's budget was submitted in January, we have monitored the state budget process closely. As that process comes to a close, the assumptions used in the City's budget originally submitted in April are not materially different. The additional limited resources that are expected to be available have been targeted to public safety and to areas that allow the City to work smarter using new technology.

Despite the City's continued efforts to reduce costs and achieve operational efficiencies, the annual spending growth needed in Fiscal Year 2006 to meet the City's commitments exceeds the rate of revenue growth. We must remain mindful of the fact that the City is relying on the use of reserves in order to balance its budget for the third year in a row. I am committed to ensuring that the City's budget is one that is sustainable in the coming years and that the City's long term financial stability is preserved.

In Fiscal Year 2006 the largest increase in spending is directed toward non-discretionary health insurance and pension costs. Unprecedented fiscal pressure in pension and health care costs are now a fact of life for municipalities. In addition, personnel costs have risen significantly due to collective bargaining. However, despite the fiscal challenges that we face, this budget not only reflects the City's continued commitment to provide essential services, it also allows for the expansion of vital programs in the area of education, public safety and affordable housing.

Public safety must always be a priority when the City is faced with difficult tradeoffs. Funding has been included for a second class of police officers in the fall, bringing the total to 65 new recruits scheduled to hit the streets in FY06. Additional funding has also been provided for a new seasonal Park Ranger program, the installation of emergency phones in select parks, and the continued emphasis on tree maintenance with a particular focus on parks. These efforts will bolster security during the busy months when our parks are heavily in use.

We must continue to invest for results using new tools and forward thinking to implement solutions that position Boston for the future. Whether using multi-space pay station technology to enhance parking meters or retrofitting traffic signal lights with energy efficient LEDs, strategically directing finite resources to areas where the value of technology can be realized will enable us to work smarter to provide services. Additional funding included in this resubmission will be used by the Transportation Department to implement a multi-space meter program that will provide multi-language meters with multi-payment options in targeted areas. To better serve Boston's residents and businesses, the Public Works Department will purchase vacuum street sweepers, the latest generation of sweeping technology. These quieter, more efficient machines have greater capacity and are small and light enough to maneuver on sidewalks and around tight areas.

Additional funding has been included in the Environment Department to increase the City's support for the Groundwater Trust. Over the past few weeks, we have worked closely with the state's Executive Office of Environmental Affairs to secure additional resources to address the groundwater problems facing the City. As a result of that work, fifty thousand dollars from the state will supplement the funding commitments of the City and the Boston Water and Sewer Commission for the operations of the Groundwater Trust.

This resubmission also fulfills the City's legal obligation to establish Affordable Housing Trust Funds to provide qualifying AFSCME and SEIU union employees with rental payment assistance as well as housing purchase assistance. Establishment of these innovative funds was included in the recent labor agreements with these unions and will help lower paid employees with the cost of housing in the City.

In recognition of the importance of our public libraries in our neighborhoods, the Library budget has been increased to provide additional resources for the purchase of books and other library materials. Lastly, Health insurance and Medicare obligations have been adjusted to cover new public safety employees.

I wish to thank you for your hard work during this budget process. Despite the fiscal challenges of the last few years, we have managed to thrive. Through our cooperative efforts, the City of Boston will face Fiscal Year 2006 with a strong plan of action and we will continue to provide quality services to our citizens while maintaining our strong financial footing.

The recommended budget for Fiscal Year 2006 is soundly balanced within the City's available resources. I respectfully request your favorable action on the Fiscal Year 2006 Operating Budget and the Five-Year Capital Plan for FY06 to FY10.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Menino", written over a horizontal line.

Thomas M. Menino
Mayor of Boston



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

April 12, 2005

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith my Recommended Budget for Fiscal Year 2006, for the City of Boston. The Recommended Operating Budget totaling \$2.04 billion is \$116.1 million more than the Fiscal Year 2005 Budget.

The City has successfully addressed the challenges that were precipitated by severe decreases in state aid by reducing costs and achieving operational efficiencies. Despite these efforts, the annual spending growth needed in Fiscal Year 2006 to meet the City's commitments exceeds the rate of revenue growth. The largest increase in spending is directed toward non-discretionary health insurance and pension costs. In addition, personnel costs have risen significantly due to collective bargaining. This budget does allow the City to expand funding in vital education and affordable housing programs. The City continues to work to increase efficiencies and improve service delivery to make the best use of limited discretionary dollars. Prudent management remains the bedrock of the City's approach to weathering current fiscal difficulties.

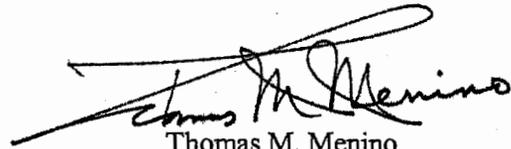
In Fiscal Year 2006 property tax and other revenues continue to grow while state aid remains stagnant. Hampered by a state-imposed revenue structure, the City continues to look for ways to modernize and diversify its revenue base and reduce our dependence on the property tax.

The City is harnessing the expertise of our talented workforce to focus on addressing today's challenges and to position Boston for the future. As we have managed to thrive despite the fiscal challenges of the last few years, the City of Boston will face Fiscal Year 2006 with a strong plan of action that will lead our city into its bright future. We are constantly developing new, creative and cost-effective approaches to providing services to Boston's residents, businesses, and visitors.

For the third consecutive year, the City's budget assumes a responsible allocation of the City's reserves. These additional resources have been critical in our efforts to mitigate the effects of reductions in state aid and rising fixed costs. The City's reserves have been built up over decades by conservative and conscientious management, but these reserves are finite. The City must not rely on these funds to support ongoing expenses.

This year will mark Boston's 375th anniversary, and we will celebrate our city's evolution into the vibrant, world-class city it is today. I look forward to working with you during the budget review process and I respectfully request your favorable action on the Fiscal Year 2006 Operating Budget and the Five Year Capital Plan for Fiscal Years 2006-2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Menino". The signature is stylized with a large, sweeping flourish at the top.

Thomas M. Menino
Mayor of Boston