

Capital Planning

OVERVIEW OF CAPITAL PLANNING

Boston's five-year \$1.5 billion capital plan, "Together, We CAN," is an investment program for the City's future. The underlying framework for the plan emphasizes (1) the strategic use of infrastructure to promote economic development, neighborhood revitalization, quality education, health care, and public safety, (2) comprehensive planning to lay the foundation for future growth, and (3) effective government management to deliver necessary municipal services efficiently.

The program name "Together, We CAN" reinforces the ideas that "Cities Are Neighborhoods" and that the capital plan is a strategic tool shaped by many hands and designed to enhance the livability of a city that draws strength from its neighborhoods.

The Office of Budget Management (OBM) is responsible for managing the City's capital plan and budget. OBM coordinates the evaluation of capital requests, forecasts the timing and financial requirements of new construction and rehabilitation,

and recommends the allocation of current and future resources by monitoring capital expenditures.

FY11 Summary

All projects in the capital plan are categorized as Upkeep, New/Major Renovation, Upgrade, Planning or Matching Funds. The Capital Planning division tracks the overall distribution of these categories to maintain a balance between the upkeep of existing assets and the continual expansion and improvement of others.

The "Upkeep" category represents projects that maintain the City's assets, a fundamental priority of the Capital Plan. These projects 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 part of the upkeep portion of allocated spending is on-going roadway programs, including bridge, street, sidewalk, and street lighting repairs that ensure the City's streets and sidewalks are safe and in good condition.

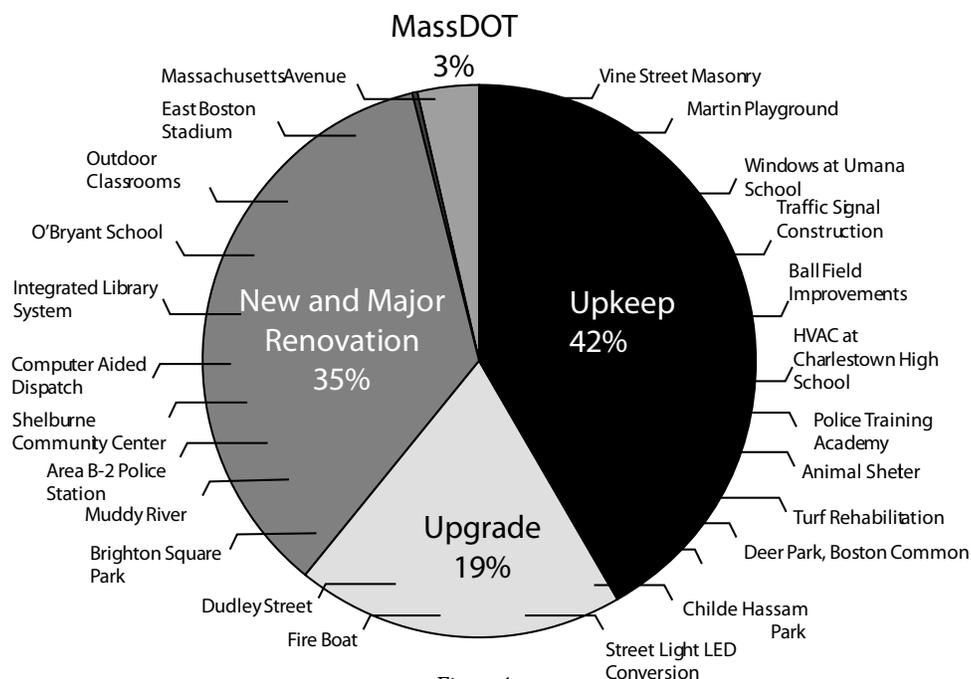


Figure 1

Highlights of the FY11-15

Capital Plan

Invest in Youth and Families

Shelburne Community Center
O'Bryant School of Math & Science Renovation
Draper and Hunt Almont Playgrounds
Pathways to Excellence
Ball Field and Court Renovations
Schoolyard Initiative
Youth and Human Services Technology Initiative
Student Information System

Improving Neighborhoods

East Boston Stadium
New Fire Apparatus and Fire Boat
Thoreau Path
Strategic Bicycle Network
Crossroads Initiative
Old Colony Housing Infrastructure
Sidewalks and Pedestrian Ramps

Strengthening the Economy

Area B-2 Police Station
Permit and Inspection System
Energy Conservation Program
Dorchester Avenue
Centre Street/South Street
Road Resurfacing and Reconstruction
Computer Aided Dispatch

A third of the FY11 allocations represent major renovations and new buildings. 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 historic assets. This category also includes implementation of new technology systems.

The Upgrade category represents projects that improve existing assets by adding new capacity or innovations. This year's upgrade allocations include the renovation of Thoreau Path in the West End, LED lighting upgrades at the Boston Latin Academy and replacing the City's fire boat.

Finally, about 3% of the FY11 budget is assigned to matching fund requirements with the state and less than 1% of the FY11 allocation is dedicated to 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. Matching grants for MassDOT and the Massachusetts Bay Transportation Authority (MBTA) projects unlock state and federal funds for local investment.

The distribution of allocations this year—35% for New/Major Rehabilitations, 19% for Upgrades, 42% for Upkeep, 1% for planning and 3% for matching roadwork—represents a shift towards New/Major Rehabilitations in FY11. The shift is largely the result of several technology initiatives. Procurement is planned in FY11 for a new Computer Aided Dispatch, an Integrated Library System and a Student Information System. Each of these will replace systems of ten or more years of age.

Summary and Highlights of the FY11-FY15 Capital Plan

In 2009, the Capital Planning division introduced a mapping section on the City of Boston's website (www.cityofboston.gov/maps). The parks and facilities within the five-year capital plan are now searchable by neighborhood, department or status and displayed in an interactive map. A small portion of the projects in the plan cannot be mapped at all because they are citywide, such as technology projects or planning.

In the next years, OBM plans to increase its capacity to map other infrastructure projects such as street lighting and for analysis based on location. Adding geographic information provides a new way of

evaluating projects based on demographics, the relationship between projects, and a project's proximity to other programs or resources.

Highlights in the FY11-FY15 Capital Plan include renovations at schools, libraries and community centers, improved recreation opportunities and significant investment in technology initiatives.

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 is considered the City's capital budget. Expenditures against this budget are closely monitored. 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 schedule where all departments have an opportunity to identify their facility, equipment, infrastructure, and planning needs in a systematic manner and to forward their proposals to OBM for funding consideration. The development of department project requests may involve both internal assessments of current needs as well as a review of external constituent requests.

The departmental requests must be comprehensive and meet threshold criteria established each year. Project requests include cost estimates, descriptions of the proposed scope of work, useful life statements, and project justifications related to the primary criteria.

The total cost of a proposed project must account for its short-term and long-term effect on the City's operating budget. Accordingly, project requests must include information describing the proposed project's 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.

All capital improvement projects requesting funding consideration must meet at least one of the following threshold criteria:

- Complies with Americans with Disabilities Act;
- Improves health and safety;
- Supports economic development;
- Enhances general government effectiveness;
- Mitigates an environmental hazard;
- Responds to a legal, legislative or administrative mandate; or
- Preserves existing municipal facilities.

OBM reviews submissions to determine the extent to which private purposes or benefits exist for each project, a process that allows the City of Boston to maintain its tax-exempt financing status.

New capital requests that are recommended for funding are placed into a multi-year spending plan along with projects previously authorized. 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 300 new and continuing projects and proposes \$131.7 million in new project authorizations.

Descriptions of all 300 projects can be found in Volumes 2 and 3 of the Budget. Project descriptions include authorizations and funding sources, projected expenditures, whether it has an operating impact, and the scope of the project.

Financing the FY11-FY15 Capital Plan

Financing for the capital plan comes from General Obligation bonds, state and federal funds, trust funds, and other funds. These sources are described below.

General Obligation (G.O.) Bonds

General obligation bonds represent 59.7% of all project funding. This year's plan assumes \$600 million in new general obligation borrowings over the next five years to support ongoing capital needs.

State and Federal Funds

Funds for capital financing are currently estimated at \$152.4 million from state programs and \$357.1 million from federal programs. Specific financing programs provide key resources for Boston's capital plan.

Programs include the School Building Assistance program, Chapter 90 and the Transportation Improvement Program.

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.

The MSBA reviews and prioritizes future project requests (reimbursement rates range from 40%-80%). The MSBA Board recently authorized project feasibility studies for two schools, the Quincy Upper School and the Dearborn School. The studies will determine whether these projects qualify for MSBA funding.

For the period FY11-15 total payments from the state are estimated at \$46.5 million to offset debt service costs for projects previously approved by the MSBA.

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. Based on recent allocations, \$11 million in Chapter 90 funds will be provided in FY11.

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 locally-owned roads and bridges as well as state-owned roads and bridges. The TIP's funding sources include state-issued general obligation bonds and federal funds made available through the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA LU). Additional federal aid is provided this year through the American Recovery and Reinvestment Act of 2009 (ARRA). The City anticipates \$39 million in federal support from ARRA for roadway resurfacing, roadway reconstruction and traffic safety and management improvements.

Trust Funds

The City's Treasury Department manages trust funds and bequests from private citizens dedicated to Boston's public spaces. Grants from the Edward Ingersoll Browne Trust Fund have been used for the restoration of neighborhood parks, schoolyards, and

public spaces. The George Robert White Fund is used to support facilities owned by the Fund.

Other Funds

The City uses funds including the Street Opening Account and Surplus Property Fund to finance capital projects. Private donors also provide some funding for capital projects. These sources of capital financing are currently estimated at \$81.0 million.

Current Fiscal Year Expenditures

Total capital expenditures in FY10 are forecast at \$118.4 million. The estimate includes \$103.7 million for general obligation bond spending and \$14.7 million from various grants and other sources.

Major Projects: The City's new Heritage Center in West Roxbury opened in the fall of FY10. This is a consolidated records center and materials storage facility for the City of Boston Archives and Records Management Center and the Boston Public Library.

Facilities which completed major renovations in FY10 included: the Roosevelt School in Hyde Park, the King School in Dorchester, Northampton Square garage, and the Strand Theatre in Dorchester.

Brighton Branch Library will also complete a major renovation in the fall to improve accessibility, lighting and energy efficiency. The renovation will create the first U.S. Green Building Council LEED (Leadership in Energy and Environmental Design) Silver branch library in Boston.

Parks: This summer, Hynes Playground in West Roxbury, Ripley Playground in Dorchester, Jeep Jones Park in Roxbury, will re-open following major restoration projects. Statler Park in Park Square will reopen in the fall.

The Brewer Fountain on Boston Common will reopen this fall after a comprehensive restoration supported in part by the federal Save America's Treasures Fund and local donors.

Technology: The fiber network was substantially completed in FY10 servicing 150 locations. It provides faster and less expensive data to police stations, fire stations, schools, community centers and libraries. This high-speed data network also enables the roll-out of more web-based systems for information and performance management.

In FY09, Phase I of the Citizen Relationship Management (CRM) system was completed allowing residents to call City Hall for information or concerns and have the issue tracked through to its resolution. In FY10, tracking capability was expanded to more departments and the City launched an iPhone application called Citizens Connect that directs service requests to the CRM.

The Department of Innovation and Technology (formerly Management Information Services Department) also began implementing a multi-phase technology initiative for Youth and Human Services in support of the Community Learning Initiative. The project will develop a system to track utilization of programs and improve visibility and access to services across libraries, schools, community centers and the Public Health Commission.

Public Works: In FY10, the City reached the goal of installing 10 miles of bike lanes. The program will continue this summer with addition of 15-20 miles of additional bike lanes.

Major intersection and traffic signal construction began this spring at four locations along Dorchester Avenue. Phase II of the American Legion Highway from Hyde Park Avenue to Cummins Highway is nearing completion. FY10 marked the first year of a multi-year project to replace the Chelsea Street Bridge in East Boston. This spring, the towers of the new bridge are being erected.

Finally, the Public Works department is projected to spend approximately \$17.3 million in street and sidewalk maintenance in FY10. This work is funded through the street cut opening account, state grants and general obligation borrowing.

Upcoming Fiscal Year Expenditures

Total capital expenditures in FY11 are forecast at \$131 million. This estimate includes \$120 million for general obligation (G.O.) bond spending and \$11 million from various grants and other sources. The City's FY11 capital expenditures will be supplemented by an infusion of federal aid through ARRA that will be managed by MassDOT.

Schools: The second capital phase of the School Department's Pathways to Excellence program is underway this summer. As part of this plan, renovations are scheduled at the Greenwood, Garfield, Thompson and Wilson schools. Work will include the

creation of lab classrooms, bathroom renovations and library and media-lab center improvements.

At the O'Bryant School for Math & Science, a new entrance to the building will be created on Malcolm X Blvd. This project, as well as the addition of lab classrooms is the outcome of the accreditation renewal process.

Round nine of the City of Boston's partnership with the Boston Schoolyard Initiative will include six new facilities and maintaining equipment installed during prior projects. New schoolyards will be built at the Mozart in Roslindale, at the Mather in Dorchester, and at the Perry in South Boston. Outdoor classrooms will be built at the Russell School in Dorchester, the Mendell in Roxbury and the Condon School in South Boston.

Public Safety: Construction on the new Area B-2 Police Station in Dudley Square will be completed in the 4th Quarter of FY11. This building is also designed to LEED Silver standards and is being built on a remediated brown-field site.

The City plans to procure a new marine firefighting vessel in FY11. This fire boat is supported in part by a Port Security grant from the Department of Homeland Security.

The Fire Department will also take delivery of two ladder trucks and three pumpers. The Fire Department is further expanding and improving the training facilities at Moon Island with the addition of a driver training simulator this spring and a trench rescue simulator in FY11.

Community Assets: The renovation of the Shelburne Community Center in Roxbury will continue into FY11. Phase II of renovations at Curtis Hall will be underway this summer including a new roof, masonry repairs, interior refurbishments, HVAC, electrical and plumbing upgrades. Design will begin at the Flaherty and Draper Pools in Roslindale and West Roxbury on general building renovations and improvements to "bring the outside in."

In FY11, the third and final phase of improvements to East Boston Stadium will be in construction. This phase includes improved egress and renovation to the locker rooms and concession spaces.

Playlot and landscape improvements will occur at Draper Playground in West Roxbury, Martin Playground in Dorchester, Brewer Burroughs in Jamaica Plain, Cook Street in Charlestown, Laviscount

in Roxbury, and Sumner and Lamson Playground in East Boston. Playing field improvements will take place at the Barry Playground in Charlestown. Neighborhood park improvements will include: Brighton Square, Childe Hassam and Ringgold in the South End. In addition, nine parks will receive court renovations for tennis, basketball and street hockey. Finally, for the third consecutive year, approximately 400 street trees will be planted in support of the Boston Urban Forest Initiative.

In 2007, the Mayor requested a feasibility study for a new East Boston branch library. The study, which concluded in FY10, developed a program for a branch based on community input and library staff recommendations. The feasibility study also resulted in the short-listing of four sites owned by various entities. In FY11, funding is proposed for final site selection and preliminary design.

Technology: The Department of Innovation and Technology will continue to proceed with key public safety projects including the implementation phase of a new Computer Aided Dispatch system, preparing for FCC mandated narrow-banding of emergency communication radio channels, and updating public safety mobile communications. In FY11, MIS will continue with a second year of its core technology upgrade and “greening” program which includes data center consolidation, server virtualization, enterprise storage, and business interruption planning.

A new Integrated Library System (ILS) will be procured in FY11-12. The upgrade of this ten-year old system will improve technology services in branch libraries, from public computing to circulation and self-check out. The new ILS will also support the Boston Public Library’s web-based services such as digital book lending and other electronic resources available to the public 24-hours a day.

Procurement is also planned in FY11 for a new Student Information System that will replace MyBPS and a communication hub developed in-house. The new system will integrate currently independent administrative systems for school assignment, attendance, health records, transportation and student performance, as well as a variety of other functions. The new SIS will also allow parents to view their child’s school progress, including grades, attendance records, MCAS score, and homework assignments.

Public Works: After a year of design in consultation with residents of the West End, the reconstruction of

Thoreau Path will begin this summer. This pedestrian path and emergency access road winds between residential towers and connects the Bulfinch Triangle and West End to the Massachusetts General Hospital medical area.

The Public Works Department will continue a \$15 million multi-year program of pedestrian ramp upgrades and repairs. The annual street lighting improvement program will include replacing the fixtures on Newbury Street this year.

MassDOT, with funding from ARRA, will resurface approximately 21 miles of city roads, improving 450 pedestrian ramps and adding bicycle lanes where feasible. This will be in addition to the City’s annual resurfacing program.

ARRA also supports the accelerated construction of the Dorchester Avenue project; four key intersections, Peabody Square, Fields Corner, Glover’s Corner and Andrew Square will be reconstructed to improve pedestrian safety, facilitate traffic-flow and increase bicycle accommodation. Finally, through ARRA, MassDOT will fund traffic management improvements for more than 50 additional intersections throughout the city.

Phase I of the Muddy River dredging and restoration project is anticipated to begin in FY11. This is a partnership between the City of Boston, the Army Corps of Engineers, the Town of Brookline and Commonwealth of Massachusetts.

FY11-FY15 Planned Expenditures: Planned expenditures for FY11 will increase to \$120 million annually. Planned G.O. expenditures in FY12 and FY15 are to

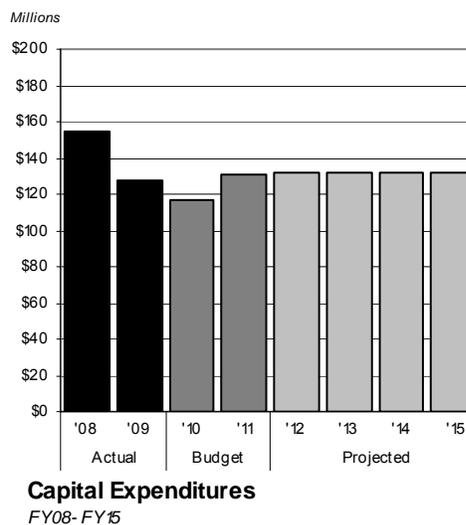


Figure 2

remain at \$120 million. Future grant expenditures are estimated to total approximately \$16 million annually between FY12 and FY15. Figure 2 displays total capital spending from all sources since FY08 and projected expenditures through FY15.

The City continues to aggressively pursue grant funds, maximize the use of Chapter 90 funds for road and sidewalk projects, and actively manage its projects to ensure that spending does not exceed projections and that priority projects move forward. Together, these strategies will enable the City to maintain a reasonable level of capital spending and borrowing and prudently manage its outstanding debt.

Operating Budget Impacts

Quantifying operating budget impacts related to proposed capital investments is essential to the capital budgeting process. OBM evaluates proposed projects in part based on how they impact the City's operating budget (personnel, contracted services, equipment and utilities). Increased costs are often justified through improved or expanded service delivery, or are unavoidable due to legal mandates or regulatory requirements.

This year, the Office of Budget Management has augmented the individual capital project summaries to include a statement on whether or not there is an operating impact associated with the project.

The projects which are identified as having near-term operating impacts are summarized in Figure 3. While

many projects may be assumed to have a marginal impact on energy savings or personnel demands, only those projects which will likely result in an increase or decrease in a budget appropriation are included here. Increases or decreases are further categorized by the budget line in which they would occur: personnel, contracted services, or utilities.

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.

The City has committed to designing new buildings and selected major renovations to attain U.S. Green Building Leadership in Energy and Environmental Design (LEED) certification. The Area B-2 police station in Dudley Square currently under construction will apply for LEED Silver certification. The Brighton Branch library renovation will be LEED Silver for Commercial Interiors. In addition to reducing building waste and improving indoor air quality, these projects will reduce utility costs through energy efficient systems.

In the area of renewable energy, design and permitting will begin on a wind turbine for Moon Island in Boston Harbor. A wind study and subsequent financial analysis indicate that a 1.65 mW turbine would generate substantial revenue while helping to promote renewable energy and meet the Mayor's goals. The five-year capital plan includes \$3.7 million for this project and the City also plans to submit an application

Department	Project	Contracted			Comment
		Personnel	Services	Utilities	
Innovation and Technology	Core Technology Infrastructure	--	▼	▼	Maintenance and Energy Savings
Innovation and Technology	CRM/WOM and Call Center Technology	▼	--	--	Staff Reduction
Innovation and Technology	Fiber Optic Network	--	--	▼	Utility Reduction
Environment	Energy Conservation Program	--	--	▼	Energy Savings
Environment	Wind Turbine at Moon Island	--	--	▼	Energy Savings
Library	Brighton Branch Library	--	--	▼	Energy Savings
Library	HVAC Replacement at 3 Branch Libraries	--	--	▼	Energy Savings
Library	Johnson Building Energy Improvements	--	--	▼	Energy Savings
Library	Telephone System Upgrade	▼	--	▼	Staff and Utility Reduction
Neighborhood Development	Strand Theatre	--	▼	--	Eliminate Rentals
Parks and Recreation	Boston Common, Brewer Fountain	--	--	▲	Energy Increase
Police Department	Area B-2 Station	▲	--	▲	Staff, Energy Increase
Property and Construction Management	1010 Massachusetts Ave.	--	--	▲	Mechanical Increase
Property and Construction Management	201 Rivermoor Street	--	--	▼	Asset Reduction
Property and Construction Management	City Hall Energy Efficiency	--	--	▼	Energy Savings
Public Works	Street Light LED Conversion	--	--	▼	Energy Savings
School	Energy Management System Upgrade Phase I	--	--	▼	Energy Savings
School	HVAC at Charlestown High School	--	--	▼	Energy Savings
School	HVAC at English High School	--	--	▼	Energy Savings
School	Lighting Improvements at Boston Latin Academy	--	--	▼	Energy Savings

Figure 3

Operating Impacts

for a grant from the Massachusetts Consumer's Alliance to help fund it.

In 2007, Boston became one of thirteen inaugural Solar City Partners with the U.S. Department of Energy (DOE) under the Solar America Initiative. This program funded a preliminary feasibility analysis of a solar installation at the City's new Heritage Center in West Roxbury which indicated that this building would be an excellent site for a large solar array. The City will use ARRA funds and rebates from the state's Commonwealth Solar initiative to acquire a 150kW system. Over a 25-year lifetime, a system of this size could be expected to produce 4,665 megawatt hours of electricity.

In FY10 solar panels were installed on the roofs of four schools, the Murphy, the Boston Latin Academy, the Boston Latin School, and the Roosevelt. The resulting reduction in external energy demand will be tracked by the School Department's central energy management system.

The School Department is aggressively pursuing capital projects to save energy and reduce operating costs. These projects include an on-going program to update energy management systems controlling buildings' systems from a remote, centralized location, window replacement projects, HVAC upgrades and installing green and solar roofs.

The five-year plan includes \$10 million of window replacement projects at a number of schools. Due to recent changes in the Massachusetts State Building Code, these window projects improve insulation and provide energy savings. Installation is underway at the Agassiz School; the Marshall, Mattahunt, McKay and Umana schools are scheduled for window replacement in future years.

Boston Latin Academy will be retrofitted in FY11 with LED fixtures throughout the building. The change in energy usage will be monitored via the central energy management system.

The City plans to issue an RFQ for an energy management performance contract to update mechanical equipment and implement other energy saving measures at the Boston Public Library's central library in Copley Square. This project will be the City's first foray into energy management contracts.

The City also looks to technology improvements and enhancements to reduce costs and improve efficiency. In FY09, the MIS department began eliminating leased lines used for data communications as it lights up a

City-owned fiber optic cable system. Ongoing savings reductions are anticipated through FY11 while the fiber optic/wireless network implementation continues. Eventually, the estimated annual cost savings for eliminating leased lines range from \$1.2 million to \$1.5 million in a fully implemented project.

The Core Technology Infrastructure project in MIS provides for the creation of virtual servers, enterprise storage and improved network reliability. In conjunction with the fiber optic project, this capital investment will allow the City to consolidate data centers currently located in various buildings. Consolidation and virtual servers will reduce the amount of hardware needed, as well as the space and energy needed to maintain the remote locations.

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 goal is 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.

The City's debt service forecast assumes general obligation borrowing of \$120 million each year from FY11 through FY15. In March 2010, the City issued \$105 million in general obligation bonds and \$68.3 million in general obligation refunding bonds. 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.

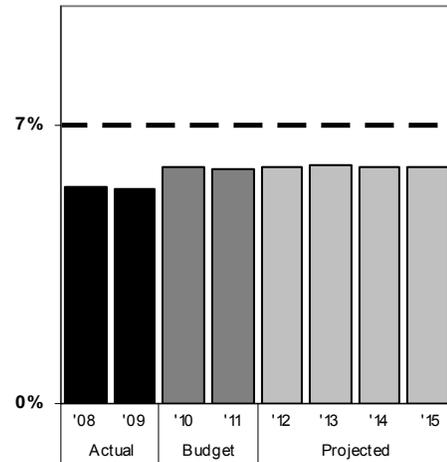
The City's gross debt service requirement will remain under 7% of total General Fund expenditures throughout the period FY10-14 (See Figure 4).

The ratio of debt service to the City's primary revenue source, the property tax levy, declined significantly in the early part of this decade. This ratio is projected to remain stable through FY15 (See Figure 5).

The City's current overall debt burden (net direct debt to assessed property value of \$87.26 billion) is approximately 1.02% as of April 1, 2010. The City's net direct debt per capita currently stands at approximately \$1,430.89 as of April 1, 2010.

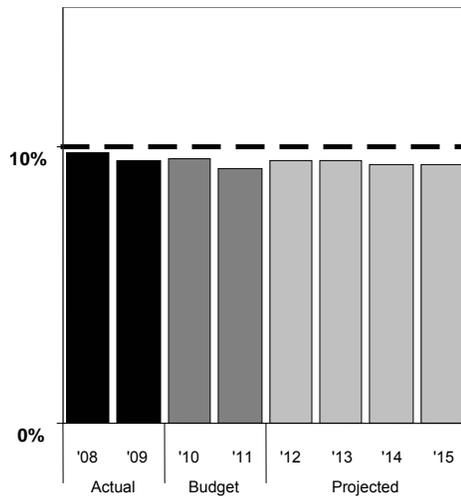
Boston has been conservative about assuming long-term debt and aggressive about retiring debt expeditiously. As of April 1, 2010, the City's debt retirement schedule shows that 43.6% of its principal will be retired five years out, before the end of FY15 (See the Debt Retirement table at the end of this chapter).

In March 2010, Moody's Investors Service and Standard & Poor's Rating Services affirmed Boston's credit rating at Aa1 and AA+, respectively. These are the highest ratings in Boston's history.



Gross Debt Service as a Percent of Total General Fund Expenditures
FY08 - FY15

Figure 4



Gross Debt Service as a Percent of the Net Property Tax Levy
FY08 - FY15

Figure 5

Capital Project Financing

Fiscal Years 2011 - 2015

	Existing Authorization	FY11 Authorization	FY12-15 Authorization	State	Federal	Other	Trust	Total
Boston Center for Youth and Families	26,368,969	1,675,000	14,380,200	626,325	0	0	0	\$43,050,494
Boston Redevelopment Authority	1,265,000	0	0	2,513,500	0	0	0	\$3,778,500
Department of Innovation and Technology	38,577,925	23,575,000	2,800,000	0	0	750,000	0	\$65,702,925
Environment Department	1,717,000	3,700,000	500,000	50,000	0	800,000	0	\$6,767,000
Fire Department	23,025,811	4,450,000	30,443,000	150,000	2,000,000	0	0	\$60,068,811
Library Department	19,514,198	5,300,000	29,650,000	0	958,580	2,188,026	0	\$57,610,804
Neighborhood Development	15,725,600	900,000	0	0	0	0	0	\$16,625,600
Parks and Recreation Department	42,301,393	11,405,000	19,962,000	21,954,220	61,600,000	3,599,587	205,000	\$161,027,200
Police Department	32,835,000	0	0	0	0	0	0	\$32,835,000
Property and Construction Management Department	51,283,215	2,500,000	4,910,000	0	0	8,000,000	0	\$66,693,215
Public Health Commission	6,978,000	0	750,000	0	0	0	0	\$7,728,000
Public Works Department	123,562,500	22,850,000	63,547,500	109,834,990	282,064,000	51,710,000	0	\$653,568,990
School Department	66,687,226	43,695,000	99,898,500	0	0	13,873,332	0	\$224,154,058
Transportation Department	13,337,007	11,700,000	12,740,000	17,320,000	10,480,000	50,000	0	\$65,627,007
Total	463,178,844	131,750,000	279,581,200	152,449,035	357,102,580	80,970,945	205,000	1,465,237,604

City of Boston
Outstanding Debt by Purpose as of April 1, 2010

Statute:		Outstanding @ April 1, 2010	Percent of Total Outstanding Debt
	<u>General Purpose:</u>		
C44 s7 (13)	Acquisition of Fire or Police Boats	61,292	0.01
C44 s7 (20)	Acquisition of Land; Cemeteries	386,042	0.04
C44 s7 (21)	Architectural Services for Plans and Specifications	14,388	0.00
C44 s7 (22)	Engineering or Architectural Services	13,307,890	1.39
C44 s7 (25)	Acquisition of Land; Parks and Playgrounds	64,859,750	6.75
C44 s7 (28)	Computer Hardware	16,974,338	1.77
C44 s7 (29)	Computer Software	6,301,938	0.66
C44 s7 (9)	Departmental Equipment	18,031,802	1.88
C44 s7 (9A)	Firefighting Apparatus - Remodeling, Re-Constr.	87,401	0.01
C44 s7 (3B)	Energy Conserv., Alternative Energy Improvements	1,193,480	0.12
C659 Acts 1986	BCH - Constr., Equipping, Furnishing	0	0.00
		\$ 121,218,321	12.62
	<u>Urban Development:</u>		
C121B s20	Urban Redevelopment and Renewal	\$ 16,220,464	1.69
C1097 s11 Acts 1971	Economic Development and Industrial Corp.	2,166,397	0.23
		\$ 18,386,861	1.91
	<u>Schools:</u>		
C645 s8 Acts 1948	School Project Loan	\$ 36,195,800	3.77
C642 s7 Acts 1966	Capital Improvements; Act of 1966	0	0.00
C642 s7A Acts 1973	Capital Improvements; Act of 1973	18,579	0.00
C642 s7B Acts 1991	Capital Improvements; Act of 1991	13,182,061	1.37
C642 s7C Acts 1996	Capital Improvements; Act of 1996	24,913,080	2.59
		\$ 74,309,520	7.74
	<u>Public Buildings:</u>		
C44 s7 (3)	Construction of Buildings; Acquisition Of Land	\$ 126,985,631	13.22
C44 s7 (3A)	Remodeling and Extraordinary Repairs	414,417,033	43.15
C642 s7 Acts 1966	Capital Improvements; Act of 1966	47,675	0.00
C642 s7A Acts 1973	Capital Improvements; Act of 1973	308,021	0.03
C642 s7B Acts 1991	Capital Improvements; Act of 1991	37,851,408	3.94
C642 s7C Acts 1996	Capital Improvements; Act of 1996	25,445,115	2.65
		\$ 605,054,883	63.00
	<u>Public Works:</u>		
C44 s7 (1)	Construct/Re-Construct of Surface Drains, Sewers, et	\$ 2,162,241	0.23
C44 s7 (4)	Construction and/or Re-Construction of Bridges	38,623,309	4.02
C44 s7 (5)	Construction of Public Ways	44,476,373	4.63
C44 s7 (6)	Construction of Sidewalks	12,889,838	1.34
C44 s7 (14)	Traffic Signal and Public Lighting Install., etc.	30,759,517	3.20
C44 s8 (4)	Reservoir Constr/Enlrg; Water Trmt Bldgs	1,033,683	0.11
C44 s8 (5)	Water Mains Laying, Re-Laying, Construct.	1,991,200	0.21
C44 s8 (7A)	Water Meter Purchase & Installation	178,679	0.02
C44 s8 (7C)	Water Dept. Equip.; Purchase, Replace., Rehab.	1,323,253	0.14
C44 s8 (24) C29C	Landfill; Closing, Opening, Improve. to (MWPAT)	7,997,326	0.83
		\$ 141,435,419	14.73
	Grand Total =	\$ 960,405,004	100.00 %

CITY OF BOSTON
BOND - DEBT SERVICE PAYMENTS

@ April 1, 2010

- Stated in Five Year Intervals -
(\$ in thousands)

DATE OF ISSUE	TYPE	AMOUNT ISSUED	@ 4/1/10		FY'16 through FY'20		FY'21 through FY'25		FY'26 through FY'30		@ 4/1/10	
			FY'10 through FY'15	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
April 1, 2010	QSCB	17,415	0	4,423	0	4,423	13,935	3,395	3,480	184	\$17,415	\$12,425
April 1, 2010	Ref	68,345	12,095	12,417	42,940	7,919	13,310	827	0	0	\$68,345	\$21,163
April 1, 2010	RZEDB	16,685	3,440	2,635	11,435	3,210	987	0	2,040	326	\$16,685	\$7,388
April 1, 2010	BAB	30,905	0	7,505	0	7,505	15,350	6,163	15,555	2,490	\$30,905	\$23,663
April 1, 2010	GO	39,995	26,515	6,243	12,165	1,952	760	173	555	61	\$39,995	\$8,429
November 4, 2009	QSCB	20,000	6,545	0	7,273	0	6,182	0	0	0	\$20,000	\$0
May 27, 2009	REF	31,485	19,390	4,442	11,565	892	0	0	0	0	\$30,955	\$5,334
March 18, 2009	GO	100,000	30,070	18,730	25,175	12,332	21,235	6,778	17,765	2,107	\$94,245	\$39,947
March 18, 2009	REF	8,940	25	1,728	8,910	1,212	0	0	0	0	\$8,935	\$2,940
March 20, 2008	GO	126,185	34,550	24,575	30,275	16,380	28,795	9,172	19,330	1,965	\$112,950	\$52,092
March 20, 2008	REF	28,155	21,935	2,048	0	0	0	0	0	0	\$21,935	\$2,048
March 22, 2007	GO	100,000	28,250	16,241	19,635	9,948	8,530	3,179	9,220	487	\$65,635	\$29,855
March 22, 2007	REF	85,425	1,775	13,116	49,625	7,658	33,000	1,409	0	0	\$84,400	\$22,183
January 31, 2006	GO	80,000	22,875	8,229	7,240	3,748	13,230	2,114	2,525	107	\$45,670	\$14,198
February 1, 2005	REF	52,775	37,260	8,043	10,325	688	0	0	0	0	\$47,585	\$8,731
February 1, 2005	GO	75,000	21,100	8,371	11,980	4,247	13,300	1,596	0	0	\$46,380	\$14,214
April 1, 2004	REF	42,330	6,770	336	0	0	0	0	0	0	\$6,770	\$336
February 1, 2004	REF	35,870	11,200	1,573	0	0	0	0	0	0	\$11,200	\$1,573
February 1, 2004	GO	65,000	17,520	7,615	14,570	3,850	10,280	1,073	0	0	\$42,370	\$12,538
February 1, 2003	REF	28,515	13,725	1,764	0	0	0	0	0	0	\$13,725	\$1,764
February 1, 2003	GO	25,000	5,200	650	0	0	0	0	0	0	\$5,200	\$650
February 1, 2003	GO	33,500	5,470	719	0	0	0	0	0	0	\$5,470	\$719
February 1, 2003	GO	75,000	15,685	1,908	0	0	0	0	0	0	\$15,685	\$1,908
August 15, 2002	REF	48,640	26,260	7,610	19,780	2,599	0	0	0	0	\$46,040	\$10,209
February 1, 2002	GO	100,000	15,790	1,265	0	0	0	0	0	0	\$15,790	\$1,265
April 1, 2001	REF	52,025	23,820	3,355	3,180	80	0	0	0	0	\$27,000	\$3,435
February 1, 2001	GO	120,000	11,545	706	0	0	0	0	0	0	\$11,545	\$706
October 15, 1999	MWPAT	13,389	3,510	1,493	4,065	523	0	0	0	0	\$7,575	\$2,016
			\$418,680	\$168,545	\$290,138	\$88,591	\$181,117	\$36,866	\$70,470	\$7,727	\$960,405	\$301,729
				\$587,225	\$378,729	\$378,729	\$217,983	\$217,983	\$78,197	\$78,197		\$1,262,134

@ 4/1/10:

% of Total Principal and Interest Retired in 5 Years: **43.6%**

% of Total Principal and Interest Retired in 10 Years: **73.8%**

% of Total Principal and Interest Retired in 15 Years: **85.2%**

% of Total Principal and Interest Retired in 20 Years: **92.7%**

% of Total Principal and Interest Retired in 25 Years: **97.4%**

% of Total Principal and Interest Retired in 30 Years: **100.0%**

CAPITAL FUND - DEBT SERVICE REQUIREMENTS - FISCAL YEARS 2009 through 2015

	Actual FY09	Projected FY10	Projected FY11	Projected FY12	Projected FY13	Projected FY14	Projected FY15
Gross Debt Service Requirements - Bonded Debt:							
Total Principal:	88,327,660.00	91,783,669.00	93,077,272.72	100,539,545.44	104,879,545.44	106,194,545.44	109,989,545.44
Total Interest:	41,408,662.22	44,598,635.39	44,434,163.92	46,127,869.14	48,159,733.81	50,423,501.91	52,359,613.21
(1) Total:	129,736,322.22	136,382,304.39	137,511,436.64	146,667,414.58	153,039,279.25	156,618,047.35	162,349,158.65
Less: Revenue Deemed Available from Related Sources:							
Boston Medical Center	752,600.74	735,912.49	721,834.22	742,397.75	703,414.19	375,290.96	350,764.54
Boston Public Health Commission	681,245.81	673,202.78	670,790.36	661,374.13	527,203.26	211,477.71	182,393.13
Water and Sewer Payments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium and Subsidies	6,314,330.59	3,896,932.06	3,784,994.77	5,939,397.99	5,115,375.48	5,102,491.27	2,104,069.71
Accrued Interest	0.00	0.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
(2) Irrigation Project	253,958.94	246,810.26	239,661.59	231,495.12	223,246.26	214,914.96	206,501.24
(3) 1010 Massachusetts Avenue Project	1,707,466.00	1,754,534.00	1,753,636.00	1,809,573.00	1,872,838.00	1,919,708.00	2,285,656.00
(4) Pension Management System	1,432,246.80	1,432,246.80	1,432,246.80	1,432,246.80	1,432,246.80	0.00	0.00
Plus: Interest on Temporary Loan Notes and Additional Items:							
Revenue Anticipation	0.00	1,909,528.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
Cost of Issuance	314,503.66	500,000.00	750,000.00	500,000.00	500,000.00	500,000.00	500,000.00
(5) Dudley Sq., Modern. Site / Sec. 108	505,000.00	505,000.00	505,000.00	505,000.00	505,000.00	505,000.00	505,000.00
School B.A.N.'s	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Debt Service/Budget Summary:	119,413,977.00	130,557,194.00	133,063,272.90	139,755,923.79	147,069,955.26	152,699,164.45	161,124,774.03
Additional Adjustments:							
Less:							
School Construction Assistance	13,198,866.00	12,956,404.00	11,157,748.00	9,847,753.00	8,833,043.00	8,474,584.00	8,175,513.00
(6) Room Occupancy Excise Fund	8,269,362.50	8,270,862.50	8,272,662.50	8,268,662.50	8,269,025.00	8,267,750.00	8,269,000.00
Plus:							
(6) Convention Center Special Obligation Bonds	8,269,362.50	8,270,862.50	8,272,662.50	8,268,662.50	8,269,025.00	8,267,750.00	8,269,000.00
Total Net Debt Service Requirements:	106,215,111.00	117,600,790.00	121,905,524.90	129,908,170.79	138,236,912.26	144,224,580.45	152,949,261.03

NOTES:

- (1) FY10 - On April 1, 2010 the City issued:
 - \$39,995 million in General Obligation Bonds with a 20-year maturity and an average interest rate of 3.68 %.
 - \$30,905 million in Build America Bonds with a 10-year maturity and an average interest rate of 4.85 %.
 - \$16,685 million in Recovery Zone Economic Development Bonds with a 15-year maturity and an average interest rate of 4.52 %.
 - \$88,345 million in General Obligation Refunding Bonds with a 13-year maturity and an average interest rate of 3.38 %.
 - \$17,415 million in Quality School Construction Bonds with a 16-year maturity and an average interest rate of 5.08 %.

Assumptions:

- FY11 and FY12 - Assumes General Obligation debt issuance of \$120 million per year, each with a 20 year maturity and an average interest rate of 5.0 %.
- FY13 through FY15 - Assumes General Obligation debt issuance of \$120 million per year, each with a 20 year maturity and an average interest rate of 6.0 %.
- (2) Debt Service Costs will be offset by the "Fund for Parks and Recreation".
- (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) Debt Service Costs are based on level principal payments over ten years; interest cost covered from other sources.
- (6) On April 15, 2002, the City issued \$116.9 million in Special Obligation Bonds for the Convention Center with a 25 year maturity and an average interest rate of 4.83%. Pledged revenues will be dedicated to the repayment of the debt service.

<p>CITY of BOSTON RATE of PRINCIPAL RETIREMENT on GENERAL OBLIGATION BONDS:</p>
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Fiscal Years Ending June 30, 2010 - 2030

@ April 1, 2010

<u>Fiscal Year Ended June 30,</u> <u>@ 4/1/10</u>	<u>Amount</u>	<u>Percentage of</u> <u>Total Principal</u> <u>Amount Retired:</u>
2010 - 2015	\$ 418,680,454.48	43.59 %
2016 - 2020	290,137,727.20	30.21 %
2021 - 2025	181,116,818.32	18.86 %
2026 - 2030	70,470,000.00	7.35 %
	<u>\$ 960,405,000.00</u>	<u>100.00 %</u>