

Capital Planning

INTRODUCTION

Mayor Walsh's \$2.78 billion FY20-24 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. More than 14,000 residents helped shape *Imagine Boston 2030* by articulating the challenges Boston faces, setting goals for the city in 2030, and generating ideas about policies and investments to help achieve these goals. An ambitious set of initiatives form the foundation of the *Imagine Boston 2030* plan. 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. Mayor Walsh has increased planned borrowings by 4.9% over last year's plan, leveraged one-time funding sources including Winthrop Square Garage sale proceeds and the Parking Meter Fund surplus balance, committed new funding sources, and advanced the City's participation in the Massachusetts School Building Authority's Accelerated Repair Program.

This year, under the *Imagine Boston 2030* umbrella, the City is investing deeply in the core goals of *BuildBPS*, *Go Boston 2030*, *Boston Creates*, and *Climate Ready Boston*. An estimated 86% of the investment in the FY20-24 Capital Plan is aligned with the City's planning efforts:

- Mayor Walsh committed \$1 billion over ten years to bring Boston's school

buildings into the 21st century, and this Capital Plan supports that investment with funding for the construction of new schools, MSBA Accelerated Repair Program partnerships, completion of projects in the pipeline, school kitchen renovations that support the delivery of fresh, nutritious food, and reserves for future projects identified by *BuildBPS* 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.
- Through the use of Winthrop Square proceeds, City capital dollars, and leveraging external funds, Mayor Walsh plans to carry out early actions to implement *Imagine Boston 2030*'s Open Space goals, including investing in Franklin Park as a keystone park for the City, completing the Emerald Necklace, and restoring Boston Common to its full vibrancy.
- 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 the comprehensive, long-term recovery

campus on Long Island to tackle the opioid crisis.

- To support that goal, the City will 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.

FY20-FY24 EXPENDITURES

The City is responsible for maintaining a large inventory of capital assets, including roads, bridges, schools, parks, libraries, public safety equipment, City buildings 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 FY20-24 Capital Plan are categorized within the *Imagine Boston 2030* initiatives below.

These investments are planned and funded through the City's Capital Plan, which is separate and distinct from the annual operating budget. The Capital Plan is funded through the issuance of municipal bonds, appropriating other available City funds, and receiving grants from state, federal, or other outside sources.

Education

Mayor Walsh announced a \$1 billion investment to modernize Boston's public school infrastructure, and the BuildBPS plan will guide that process. 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 capital spending on BPS facilities over the

next decade. The FY20-24 capital plan will invest \$543 million in BPS projects, as part of an overall commitment to provide \$730 million over the ten year life of BuildBPS. Mayor Walsh's FY20-24 Capital Plan implements early action BuildBPS initiatives and reserves funding for projects identified by the BuildBPS engagement process.

Boston has also successfully ramped up its efforts to leverage MSBA Accelerated Repair Program (ARP) dollars to provide much needed improvements to its schools. This summer, construction will be underway at five schools to replace four boilers and install one new roof. An additional school will have new windows installed during summer 2019. Altogether, these projects represent an investment totaling \$14.9 million with \$9.3 million supported by a grant from the MSBA. The Mayor's Capital Plan sets aside an additional \$33 million over five years to position Boston to further leverage MSBA ARP dollars in the future.

This Capital Plan allows Boston to invest in BPS projects already in the pipeline:

- Construction is underway on the new \$124.8 million Boston Arts Academy project. The MSBA has committed a maximum project grant totaling \$48.9 million.
- The \$35.6 million renovation of the Eliot School at 585 Commercial Street will be completed by September.
- \$1 million budgeted for the development of a building program and design for a grade 7-12 school at the McCormack School building.
- 30 schools will be enhanced this summer with kitchen renovations that support the delivery of fresh, nutritious food. This is the second phase in a multi-year kitchen renovation program. The investment will close food security gaps that prevent many

children from learning to their full potential.

- Feasibility studies will begin this year for the Josiah Quincy Upper School (JQUS) and the Carter School projects, in partnership with the MSBA.

Transportation

Mayor Walsh's FY20-24 Capital Plan, drawing on City, State and Federal sources, will invest \$1.2 billion implementing the core initiatives outlined in *Go Boston 2030*. Pursuant to *Go Boston 2030*, Boston will strive for streets that are safer for all users of our roads, bridges, 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. Driven by these core goals of safety, reliability, and access, the Capital Plan focuses on key investments.

The Capital Plan makes critical investments to improve safety for Boston's most vulnerable street users with a focus on roadway corridors, safe crossings, and traffic calming on residential streets and in small-business districts. In FY20, the City will increase funding for the Walkable Streets program by \$2.0 million. The new resources come from per-ride assessments paid by transportation network companies (TNC) to the State's Department of Public Utilities, half of which is then distributed to cities and towns.

The Vision Zero program, funded for FY20 at \$6.5 million, will make targeted safety improvements at corridors and intersections with known safety challenges, and traffic-calming measures on residential streets. This Capital Plan notably invests in the transformation of North Square, Quincy Street, New England Avenue, Boylston Street, Commonwealth Avenue near at Harvard Avenue and the five neighborhoods selected last year for the Neighborhood

Slow Streets initiative and supports the completion of 15 Neighborhood Slow Streets over the next three years. The Plan also sets aside funding for long-term investment in other Main Street business districts across the City.

To improve safety and expand access to Boston's streets, Boston launched a citywide campaign last year to bring all crosswalks, lane markings, and bike lanes into a state of good repair, using a combination of operating and capital resources. FY20 marks the second year of this effort.

As Boston works to expand access to make neighborhoods interconnected for all modes of travel, including driving, cycling, and walking, it is important to ensure that our roadways are designed to maximize the safety of such modes of travel. Clear lane markings including crosswalks, "Don't Block the Box" markings at key intersections, and well-marked bike lanes with appropriate insignia; all help reduce collisions, making our roadways safer for all users.

In FY20, bicycle and pedestrian safety improvements are planned for Massachusetts Avenue, north and south of Melnea Cass Boulevard, Centre Street in West Roxbury, Tremont Street in the South End, permanent protected lanes on Mass. Ave., and the extension of the Southwest Corridor from Columbus Avenue to the Massachusetts General Hospital area. In addition, \$1 million of the new TNC revenue will be invested for an expansion of the bike share network.

In FY20, proposed appropriations from the Parking Meter Fund will support the development of a Transportation Action Plan for the Blue Hill Avenue corridor as well as the development of 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.

The Capital Plan invests in design and provides matching funds to unlock hundreds of millions of additional Federal and State investment to transform key corridors in the city. The designs will focus primarily on stress-free walking, protected bicycling, and better accommodating 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, the planned new gateway at Arboretum Road and an accessible multi-use path connecting to the Blackwell Path in the Arnold Arboretum, and the South Bay Harbor Trail, all complemented by a FY20 \$1.75 million investment in the Strategic Bicycle Network which will help support 15 miles of new protected bike lanes over the next four years.

Through the FY20-24 Capital Plan, the City will also increase investments in bridges, roads, sidewalks, off-street paths, street lighting, and building facilities that are essential to the high-quality delivery of services. In FY20, the City proposes investing \$20.5 million in its annual road resurfacing, reconstruction, and sidewalk programs. In addition to the transformation of the North Washington Street Bridge, this Capital Plan invests in upgrades to other bridges including the Dana Avenue Bridge

in Hyde Park, the Northern Avenue Bridge, and a new Long Island Bridge in an effort to bring all bridges to a state of good repair by 2030. Finally, Boston will continue to invest in ADA ramps and signals, and well-lit streets. All told this will allow Boston to make improvements to 15 of the most challenging intersections across the City.

Technology

Consistent with *Imagine Boston 2030* and *Go Boston 2030*, Boston will invest in intelligent traffic signals to improve safety and reduce congestion. Through funding in the Capital Plan, the City will begin a transformation to the next generation of traffic signal technology, with an initial focus on some of the City's busiest corridors and bus routes. This innovation will minimize delay and maximize coordination across signals. The Capital Plan also funds a multi-year program to create improved and - in many cases - signalized intersections in some of the more challenging locations in the City. This includes the Father Hart Bridge area in Hyde Park, where the City aims to install new traffic signals at each end of the bridge as well as at the interconnected signals in Wolcott Square.

As radio system upgrades for the Boston Police Department near completion, focus will shift to Boston Fire Department, EMS, and other City departments with an appropriation of \$12.5 million in FY20, a key step toward a modern City-wide system.

The City will continue investing in the Boston Fiber Network (BoNet) to improve Boston's fiber backbone and infrastructure. The Boston Fiber Network (BoNet) expansion is a \$13 million investment in the City network's fiber backbone and switching infrastructure. This network build-out will expand the BoNet network by connecting the remaining 73 Boston Public Schools with city fiber, as well as public safety locations, elderly housing developments and other sites. Altogether,

the project aims to connect ~ 170 City buildings with fiber, providing broadband service to the City's public schools, public works and public housing, and strengthening public safety communications.

Expanding Boston's Fiber Optic Network to these schools will deliver gigabit (1 Gbps) bandwidth capacity for online testing, learning, administrative and video services, and in-campus Wi-Fi. Additionally, this investment will help the City to expand and improve public safety services across the City and present opportunities to deploy Wicked Free Wi-Fi to a broader geography.

FY20 marks the second year of the City's innovative, metric-based IT evaluation process that prioritizes technology proposals that feature positive return-on-investment, clear productivity benefits, and legal compliance support. Notable FY20 investments include upgraded GPS equipment and subscription services for Parks vehicles to enhance the coverage and efficiency of maintenance crews City-wide, along with the continued development of MetroList, a web-based portal that connects constituents with affordable housing options.

Boston will continue to bring new services online, update existing services to improve user experience, and adapt to evolving technology trends and customer expectations.

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 Winthrop Square proceeds, City capital dollars, and leveraging external funds, Mayor Walsh plans to carry out early actions to implement *Imagine Boston 2030's* Open Space goals, including investing in Franklin Park as a keystone park for the city, completing the Emerald Necklace, and

restoring Boston Common to its full vibrancy.

Franklin Park renovations are already underway with investments in its pathways completed and a commitment to caring for its tree canopy. Mayor Walsh has also committed to a \$28 million investment funded by the sale of the Winthrop Square garage to renovate Boston's largest park, which borders multiple neighborhoods. These improvements, combined with the master planning of Moakley Park, serve as anchor projects to launch the City's efforts to complete the Emerald Necklace. Originally envisioned by the Olmsted Corporation in the 1890s, the completion will be a community-led and modern interpretation of a green street, which increases connections in underserved areas of our city. Mayor Walsh has also committed \$23 million from the Winthrop garage sale to augment the current historic levels of investment in Boston Common to fully renovate America's First Park. This investment will ensure future generations will enjoy the park in its full vibrancy.

The FY20 Capital Plan includes \$2 million to begin the transformation of Moakley Park into a more vital recreation space and at the same time designing it to protect the City from the effects of sea level rise.

A \$12.3 million investment in Langone Park / Puopolo Playground in the North End will elevate the ball fields and the Harborwalk, install new lighting, refurbish pathways, and improve courts, playground, and passive recreation areas. The field elevation will help to protect the North End from flooding caused by sea level rise. Construction will begin in July.

In addition to the major initiatives outlined in *Imagine Boston 2030*, Mayor Walsh's FY20-24 Capital Plan continues investments to ensure Boston's open spaces are among the Nation's most accessible and equitable. In an extension of the City's commitment to the usage and

safety of the Emerald Necklace, the Parks and Recreation Department is managing a \$4.8 million project repaving the pathways around Jamaica Pond. From the annual lantern parade, to the thousands of children who learn boating, to the walkers and joggers enjoying the 1.5 mile loop for recreation, Jamaica Pond is a singular urban park experience. Across town, a renovation of Paul Revere Mall in the North End is nearly complete ensuring that this historic park is a welcoming and inviting place for residents and visitors. The Paul Revere monument, along the Freedom Trail, is one of the most photographed sculptures in Boston. This renovation project, funded in part by the City's George Robert White Fund, includes restoration of the fountain and monument, accessible pathways, landscaping, and utility work.

Ninety-seven 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. Mayor Walsh recognizes the need for inclusive design and has created robust budgets for park renovation projects at Smith Playground in Allston, Garvey Playground, Harambee Park, and McConnell Playground in Dorchester (phase 1 complete, design for phase 2), and for renovating play lots across the City including Beauford, Holborn, Lambert Ave., McGann, Clarendon Street, and Walnut Park . In addition, the FY20-24 plan proposes new investments in athletic field lighting and playground improvements in more than a half dozen locations. The Capital Plan also supports investments in the renovation and renewal of playing courts (basketball, tennis, and street hockey) in various parks.

Energy and Environment

As part of Boston's implementation of *Imagine Boston 2030*, Mayor Walsh's FY20-24 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 plans and follow-up early actions such as the purchase of a moveable flood wall for the East Boston Greenway are essential for protecting the safety and vitality of existing residents, businesses, and institutions, and for ensuring the implementation of continued growth and development, as envisioned in *Imagine Boston 2030*.

The City commits \$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 launched during the Walsh Administration 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 began in February and is expected to be complete next spring. The City is monitoring this pilot project and may move forward on Phase 2 before the end of FY20. Phase 2 is planned to be larger than the pilot program with a \$35 million City commitment. The City will implement the program through contracts with Energy Service Companies (ESCOs) that guarantee the energy savings generated by the projects 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 better serve residents' needs. Design activity is underway for a major renovation at the BCYF Curley Community Center, an asset of the South Boston community. The heavily used building, which spans nearly a quarter mile on the South Boston beach front, will be completely refurbished. A significant design challenge will be mitigating the effects of sea level rise as a result of climate change. In East Boston, an \$8.9 million renovation to the BCYF Paris Street Pool will create new family changing rooms, refresh the existing locker rooms, create a new front entrance, and upgrade all building and pool systems. Construction is expected to begin this fall.

Woods Mullen Shelter renovations include installing a new elevator, relocating the entryway, renovating bathrooms.

The City intends to replace the former Long Island Bridge with a new structure that will utilize the piers of the former bridge to span the harbor. The \$92 million project is in design and the City expects to bid the work in FY20. Restoration of the bridge will allow City to locate recovery services on Long Island. Funding is proposed in the FY20-24 Capital Plan for a study that will evaluate facility conditions on Long Island and develop cost estimates for repairs.

Housing

In 2014, Mayor Walsh released *Housing a Changing City: Boston 2030*, the Administration's comprehensive plan to accommodate Boston's rapid growth and stabilize the housing market over the next 15 years. Through the strategies outlined in the plan, more than 28,000 new housing units have already been completed or are currently in construction, and another

26,000 are under review. This represents 78% of the City's 69,000-unit target for 2030. 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.

Mayor Walsh has committed \$30 million from the Capital Plan to support affordable housing development in partnership with the Boston Housing Authority. The capital funds will be used to support necessary public infrastructure improvements.

Investments in this Capital Plan serve as critical component to several public and private residential projects. \$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. Known as Whittier Choice, the project will ultimately create a total of 387 mixed-income rental units.

The reconstruction of various streets in the Madison Park Village of Roxbury, bound by Melnea Cass Boulevard and Tremont Street, to enhance the area ahead of new housing development along Melnea Cass in Lower Roxbury, is nearing completion. The Madison Park infill project will be comprised of a four-story building with 16 units and a five-story building with 60 units located near the Ruggles MBTA Orange Line station.

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 critical policy outcome of this planning process. The City projects to borrow \$200 million in FY20 to support the Capital Plan,

and will invest one percent, or \$2.0 million, in public art projects in FY19.

In advance of the implementation of this program, the City has included funding for public art installations in a few infrastructure projects including the reconstruction of Hyde Square at the intersection of Centre Street, Perkins Street, and Day Street and at the Jamaica Plain Branch Library.

The FY20-24 Capital Plan continues to demonstrate Mayor Walsh's strong commitment to revitalizing library branches throughout Boston's neighborhoods. In FY20, funding for programming studies supporting new branch libraries for Codman Square and the West End Branch libraries is proposed.

Construction is underway at the Dudley Branch, a \$17.2 million project that will reorient the entrance to reconnect it with the heart of Dudley Square. Construction will begin in FY20 on a major renovation of the Roslindale Branch and the construction of a new Adams Street Branch. The new library will have a larger footprint, add new meeting rooms, provide an enhanced teen space, and create redesigned outdoor spaces.

In FY20, design activity will begin on a renovation and addition to the Faneuil Branch library in Brighton. A study for a new Fields Corner Branch library will also begin, to develop a facility program that supports the needs of the community. Funding authorized in FY18 for smaller scale facility improvements will enable the BPL to complete four projects, including interior updates at the South End, Lower Mills, and West Roxbury branches, as well as landscaping and exterior space upgrades at the South Boston Branch.

In FY19 renovations began on a \$15.7 million project to preserve the Library's valuable and historic special collections in rare books and manuscripts. An inventory of the Central Library in Copley Square's Rare

Books & Manuscripts Department's nearly 250,000 rare books and one million manuscripts is currently underway. Over the course of the next, the Rare Books Department will receive major environmental and mechanical improvements to better 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 Library's rare books and manuscripts and ensure the collections will be preserved for future generations. The project continues the City's and the Library's renewed commitment to improve intellectual control, custodianship, and security of its special collections.

Economy

As a \$2.8 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. The Capital Plan also supports targeted investments to strengthen Boston's core and small businesses, as called for in *Imagine Boston 2030*. For example, roadway improvements in the Dudley Square Main Street district, with geometric changes, new traffic signal equipment and timing, bike lanes, and streetscape improvements, will improve access and safety. This project also begins implementation of the *Go Boston 2030* goal to make public realm improvements in every Main Streets district in Boston by 2030.

The City will also collaborate with developers to improve roads and sidewalks along Harrison Avenue between East Berkeley Street and Herald Street. These infrastructure improvements are critical to economic development activity along the corridor with the recent development of Ink Block, which includes 471 housing units.

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. The Fire Department, in conjunction with the Public Facilities Department, studied best practices for firehouse design and will now utilize an enhanced set of building programs for new and renovated firehouses. Key changes include separating areas of the firehouse to prevent contamination of living areas, and improves personal and gear cleaning facilities. The new stations for Engine 42 and Engine 17 will be among the first firehouses in the nation to reflect these enhancements. The City is also renovating neighborhood existing fire and police stations. In East Boston, construction will begin on a new police station, a \$29.9 million project that will replace the existing A-7 station.

In 2016, the City launched an accelerated fire apparatus replacement plan, which will replace nearly 50 percent of the fleet by the end of 2019.

Between FY17 and FY19 the Fire Department replaced 36 apparatus (nearly half the fleet) including pumper and ladder trucks, as well as two tower ladder trucks. In FY20, the department will purchase 3 pumper trucks and 5 ladder trucks.

The Police Department is upgrading and replacing its radio system to support our police officers. The project will include \$59 million in operating and capital investments over four years. To research future radio needs for other public safety and civilian departments, DoIT will lead a feasibility study to determine the most cost effective and efficient way to expand and sustain the infrastructure that supports the radio systems of multiple City departments. The FY20 Capital Plan includes \$12.5 million to support early actions items that implement upgraded radio systems for the Fire

Department, EMS, and other City departments.

Government Effectiveness

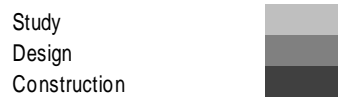
Mayor Walsh launched the City Hall Master Plan to allow Boston to rethink the way the public interacts with government in City Hall and to enliven the plaza. The City has successfully launched pilot projects, including “Boston Winter” on the plaza and the exterior lighting installation to enhance the building’s original design while livening up City Hall plaza. The City has also completed lobby renovations to provide a new visitor entrance, information desk and signage, and coffee kiosk to make the building more user-friendly. The City also improved the transaction spaces on the second floor to enhance interactions between residents and City departments. A masonry repointing and waterproofing project is underway on the Congress Street side of the building and an overhaul of the building HVAC system is also underway. With funding in the FY20-FY24 Capital Plan, the City will renovate the plaza to provide a more inviting space to the public while making needed infrastructure and accessibility improvements.

Mayor Walsh’s Capital Plan continues to include funding for Youth Lead the Change, a participatory budgeting process where young Bostonians make decisions about how to spend \$1 million in capital funds each year. Projects funded to date include providing laptops in schools, park renovations, adding trash cans and recycling bins, and installing Wi-Fi in schools and community centers.

FY19-24 PROJECT HIGHLIGHTS AND SEQUENCING

Project	Budget	2019	2020	2021	2022	2023	2024
Community Spaces							
Dudley Branch Library Renovation	\$ 17,200,000						
Roslindale Branch Library Renovation	\$ 10,200,000						
BCYF Paris Street Pool	\$ 8,900,000						
Adams Street Branch Library	\$ 18,300,000						
Fields Corner Branch Library	\$ 12,100,000						
Faneuil Branch Library	\$ 12,625,000						
BCYF Curley Community Center	\$ 15,000,000						
City Hall and City Hall Plaza	\$ 110,300,000						
Schools							
Eliot School at 585 Commercial Street	\$ 35,600,000						
Madison Park Complex Building #4 Locker Rooms	\$ 6,300,450						
Boston Arts Academy	\$ 124,755,412						
Carter School	\$ 1,600,000						
Josiah Quincy Upper School	\$ 1,200,000						
McCormack Building Study	\$ 1,000,000						
Public Safety							
Engine 50	\$ 4,475,000						
Engine 42	\$ 23,560,000						
East Boston Police Station	\$ 29,900,000						
Engine 17	\$ 24,700,000						
Parks							
Smith Playground	\$ 6,285,000						
Reservation Road Park	\$ 5,125,000						
Noyes Park	\$ 4,770,000						
McConnell Playground	\$ 3,790,000						
Garvey Playground	\$ 5,000,000						
Cassidy Field	\$ 4,415,000						
Harambee Park Phase 2	\$ 3,900,000						
Boston Common Master Plan	\$ 23,000,000						
Franklin Park Master Plan	\$ 23,000,000						
Moakley Park	\$ 2,000,000						
Fort Point Channel Park	\$ 20,000,000						
Streets							
North Square	\$ 2,500,000						
New England Avenue	\$ 1,500,000						
Emerald Necklace	\$ 11,000,000						
Blue Hill Avenue Corridor Transportation Action Plan	\$ 300,000						
Long Island Bridge Replacement	\$ 108,758,144						
Egleston Square	\$ 500,000						
Commonwealth Avenue Phase 3B	\$ 11,000,000						
Cummins Highway	\$ 4,000,000						
Northern Avenue Bridge	\$ 100,000,000						
North Washington Street Bridge	\$ 218,957,519						

*Indicates new project in FY20



FY20 Expenditure Allocation

The City estimates FY20 capital expenditures from all sources will total \$361.8 million (see Figure 2).

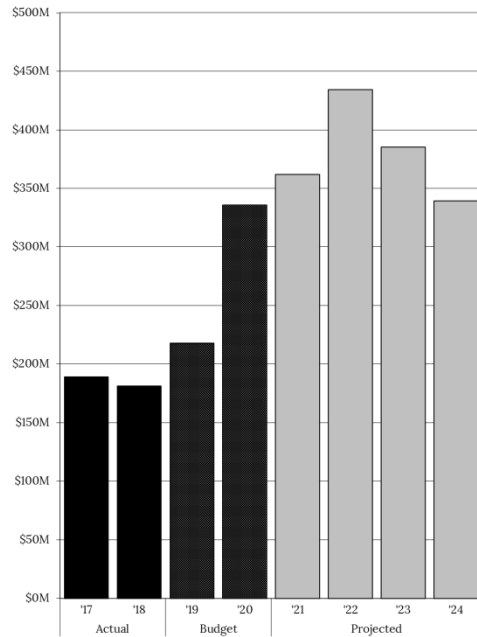


Figure 2 – Capital Expenditures

FY17-FY24

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.

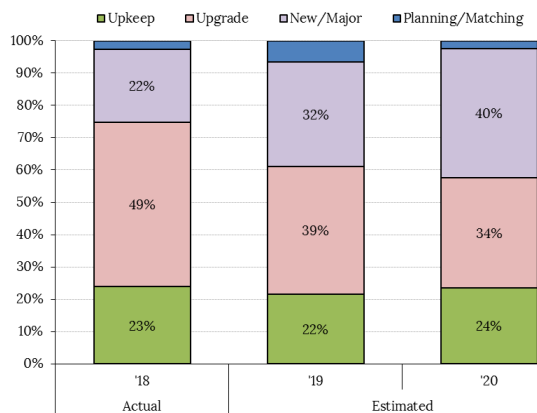


Figure 3 – Capital Expenditure Allocation

FY18-FY20

Upkeep represents projects that maintain the City's assets, a fundamental priority of the Capital Plan. In FY20, 24% 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 34% of projected spending, and includes projects such as Connect Historic Boston – the redesign of several Downtown streets with support from a Federal grant – and new equipment for the police radio system.

New/Major Renovations represents 40% of FY20 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 fire house at Engine 42 in Roxbury and the BCYF Curley Community Center in South Boston.

About 2% of the FY20 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 master plan of the Frog Pond at Boston Common and a transportation study of the Bowdoin Street/Geneva Avenue area of Dorchester. 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 and the South Bay Harbor Trail.

FINANCING THE FY20-FY24 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 61.1% of all project funding. This year's plan assumes \$1.06 billion in new general obligation borrowings over the next five years, a 4.9% increase over last year's plan. This borrowing level remains sustainable within the City's debt affordability policy.

State and Federal Funds

State and Federal financing represent 28.8% 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 \$353.2 million from State programs and \$349.8 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 39.2% of the current \$124.8 million project budget. The project is currently in construction.

The Josiah Quincy Upper School project is currently in the Feasibility Study phase. In December 2017, the MSBA Board authorized a time extension through December 31, 2020 for the existing Feasibility Study Agreement so that the City can further consider its site selection and to complete a new preliminary design program, a new preferred schematic report, and a new schematic design.

The City has completed all the requirements for the Eligibility Period for the Carter School project and expects to begin the Feasibility Study phase in FY20. Actions required in the Eligibility Period include forming a school building committee, completing an educational profile, agreeing on a planned enrollment level, and entering into a feasibility study agreement.

The City has two projects underway through the Accelerated Repair Program. One project involves six schools: four boiler replacements, one roof replacement, and one window replacement project. Construction is underway or completed at all of these schools. The total budget for this project is \$14.9 million included a \$9.2 million grant from the MSBA.

The second project also features six schools, again with four boiler replacements, one roof replacement, and new windows at one school. Design and engineering work is underway. The City expects to enter into a Project Funding Agreement with the MSBA in FY20 for the construction phase of this project.

For the period FY20-24, total payments from the MSBA for legacy projects are estimated at \$2.5 million. The State payments offset debt service costs for school building assistance projects approved by the Department of Education prior to the creation of the MSBA in 2004. FY20 marks the final payment due from the MSBA for these legacy projects.

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 \$.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 FY20-24 Capital Plan includes \$6.5 million in new 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 FY20.

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 the Street Opening Account which funds the permanent repair of utility cuts and pavement restoration. Transfers from the Surplus Property Fund, Parking Meter Fund, and the General Fund are also categorized as Other Funds.

Other Funds Summary

(in millions)

	<u>\$ Amount</u>
General Fund	\$5.20
Surplus Property Fund	72.80
Parking Meter Fund	149.49
Utility Company Grants	15.10
Fund for Parks	0.94
BPDA	1.76
Other Non-City	68.78
Total	<u>\$314.07</u>

Figure 4 – Other Funds Summary

FY20

In FY20, the City proposes transferring \$36.4million from the Parking Meter Fund to the Capital Grants Fund and appropriating it for 12 projects including Dalton Street Bridge, Boylston Street Sidewalks, Ruggles Street, Mattapan Square, Egleston Square, and the Commonwealth Avenue. Using the Parking Meter Fund revenue in this way allows the City to make increased investments in infrastructure while increased investment in the BuildBPS program is supported by additional debt issuance. Through this appropriation, the City will address important transportation capital needs.

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 \$314 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. During the planning process, data classifications are used to provide real-time insight that guides fair and optimal resource allocation across the City's diverse collection of assets.

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 306 new and continuing projects and proposes \$287.2 million in new bond authorization and a \$36.4 million appropriation supported by the Parking Meter Fund.

Descriptions of all 306 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 mechanical 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. Since 2014, the City has performed 18,551 streetlight LED retrofits. The FY20 Budget reflects an avoidance of 33.6 MWh, or \$5.8 million in energy costs, directly attributable to this work.

Renew Boston Trust launched during the Walsh Administration 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 is underway and will be completed by spring 2020. The FY20-24 capital plan also includes \$35 million in City funding for a larger Phase 2 project. Planning is currently underway. 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.

The Property Management Department is updating the City Hall heating system. An assessment is underway that will determine the most cost effective and energy efficient solution. The Boston Public Schools and Fire Department are both pursuing capital projects to save energy and reduce operating costs, primarily by replacing boilers and updating HVAC and associated systems.

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.

In FY19, the City began construction on Renew Boston Trust's first phase of implementation, which will result in an estimated annual cost savings of more than \$600 thousand. A measurement and verification program was also established to ensure these savings more than offset debt service costs related to the capital expenses. Future phases are expected to feature a higher capital outlay and therefore deliver higher levels of annual savings.

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, along with the addition of personnel to support the customizations and integrations that ensure the new software meets the City's needs. For FY20, the Office of Budget Management partnered closely with DoIT to perform detailed cost-benefit analysis; a key outcome of which was 5-year return on investment (ROI) calculations for all new technology proposals. A weighted scoring

system was developed to prioritize funding for proposals with positive ROI calculations, among other factors.

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.

The City's debt service forecast assumes general obligation borrowing of \$210 million in FY20, \$205 million in FY21, and \$230 million in FY22, \$220 million in FY23, and \$200 million in FY24. 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.

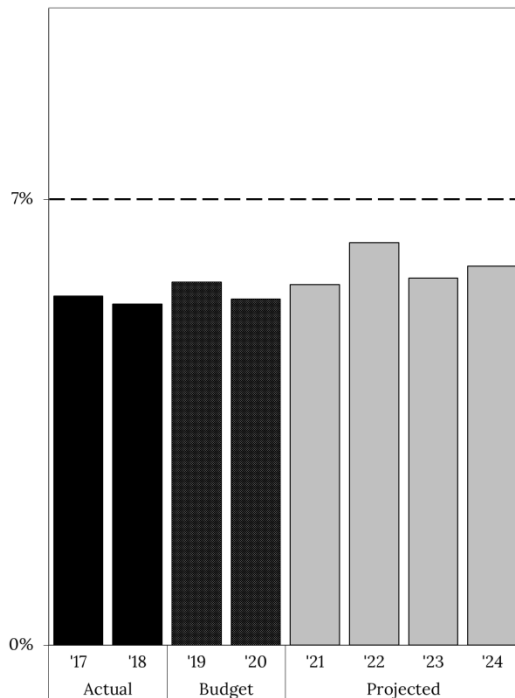


Figure 5 – Gross Debt Service as a Percent of Total General Fund Expenditures
FY17-FY24

The City's gross debt service requirement will remain under 7% of total General Fund expenditures through FY24 (See Figure 3).

The ratio of debt service to the City's primary revenue source, the property tax levy, is projected to increase through FY24 (See Figure 4). Even with the increase, the ratio is not expected to exceed the City's policy ceiling.

The City's current overall debt burden (net direct debt to assessed property value of \$179.79 billion) is approximately 0.72% as of February 1, 2019. The City's net direct debt per capita currently stands at approximately \$1,891 as of February 1, 2019.

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.

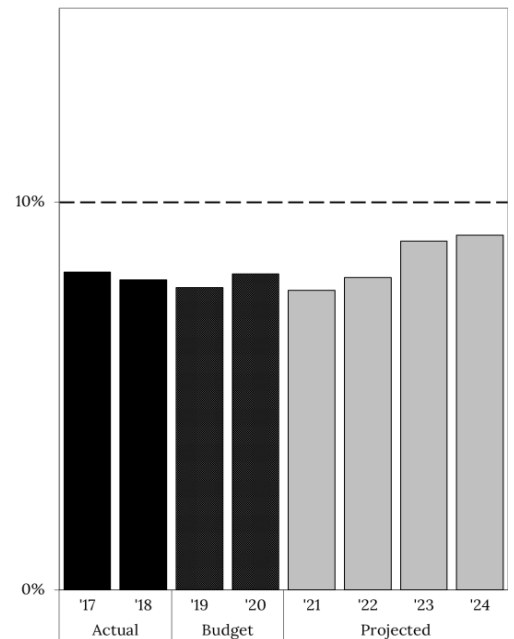


Figure 6 – Gross Debt Service as a Percent of the Net Property Tax Levy
FY17-FY24

In February of 2019, 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 2020 - 2024

	Existing Authorization	FY20 Authorization	FY21-24 Authorization	State	Federal	Other	Trust	Total
Boston Centers for Youth and Families	36,030,000	1,000,000	0	0	0	0	0	37,030,000
Boston Planning and Development Agency	3,000,000	2,075,000	0	0	0	0	0	5,075,000
Boston Public Library	68,979,543	1,700,000	51,150,083	5,597,374	0	0	0	127,427,000
Boston Public Schools	203,223,702	41,987,100	182,356,091	97,539,364	0	17,400,000	0	542,506,257
Department of Innovation and Technology	74,260,537	16,050,000	22,093,161	0	0	0	0	112,403,698
Emergency Management	1,500,000	0	0	0	0	0	0	1,500,000
Environment Department	47,498,000	1,000,000	175,000	1,227,000	2,500,000	9,173,800	0	61,573,800
Fire Department	45,527,500	19,352,500	27,331,083	0	0	206,614	0	92,417,697
Inspectional Services Department	0	0	0	0	0	0	0	-
Neighborhood Development	2,500,000	30,000,000	0	0	0	0	0	32,500,000
Office of Arts & Culture	3,600,000	2,000,000	8,000,000	0	0	0	0	13,600,000
Office of New Urban Mechanics	200,000	0	0	0	0	0	0	200,000
Parks and Recreation Department	98,293,841	46,102,000	9,973,965	17,140,173	75,230,086	66,150,066	0	312,890,131
Police Department	85,705,000	5,820,000	0	0	0	0	0	91,525,000
Property Management Department	93,779,058	85,000,000	1,935,500	0	0	73,273	0	180,787,831
Public Health Commission	7,098,300	5,750,700	4,300,000	0	0	0	0	17,149,000
Public Works Department	234,285,974	25,056,000	13,350,000	190,320,677	369,709,434	197,795,088	0	1,030,517,173
Transportation Department	51,674,445	4,314,000	4,727,808	10,582,820	28,847,354	23,267,817	0	123,414,244
Total	1,057,155,900	287,207,300	325,392,691	322,407,408	476,286,874	314,066,657	0	2,782,516,830

<p>City of Boston Outstanding Principal by Purpose as of February 1, 2019</p>
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	Outstanding @ February 1, 2019	Percent of Total Outstanding Debt
<u>Purpose for Which Issued:</u>		
General Purpose	841,160,262	64.3%
MCWT	13,948,310	1.1%
Economic Development	8,638,450	0.7%
State Urban Development	5,702,614	0.4%
Schools	14,242,995	1.1%
Public Buildings	225,360,173	17.2%
Public Works	194,143,273	14.8%
Cemeteries	4,667,233	0.4%
TOTAL:	\$ 1,307,863,310	100.0%

	Actual FY17	Budget FY18	Budget FY19	Projected FY20	Projected FY21	Projected FY22	Projected FY23	Projected FY24
Gross Debt Service Requirements - Bonded Debt								
Total Principal	11,697,541	121,490,049	125,831,183	125,344,901	139,383,916	160,433,237	167,703,051	172,587,818
Total Interest	53,832,625	53,505,452	64,984,986	65,936,869	67,010,929	76,216,985	80,475,992	78,629,254
(1) Total:	170,809,166	174,995,501	190,816,169	191,281,770	206,394,845	236,650,222	248,179,043	251,217,072
Less: Revenue Deemed Available from Related Sources:								
Boston Medical Center	0	0	0	0	0	0	0	0
Boston Public Health Commission	0	0	0	0	0	0	0	0
Water and Sewer Payments	0	0	0	0	0	0	0	0
(2) Premium Subsidies, Other	3,598,172	3,526,669	3,455,802	3,308,756	2,950,602	2,853,141	2,369,144	2,408,874
Renew Boston Trust - Energy Savings	0	0	0	250,000	1,125,000	1,975,000	3,687,500	4,350,000
Accrued Interest	100,000	0	100,000	100,000	100,000	100,000	100,000	100,000
(3) Irrigation Project	190,285	116,365	91,149	61,542	0	0	0	0
(4) 1010 Massachusetts Avenue Project	2,220,937	2,123,404	1,954,914	1,924,363	2,409,288	2,644,951	2,089,269	0
(5) Pension Management System	1,904,553	1,903,326	1,902,668	1,903,312	1,904,187	883,752	640,475	45,394
Interest Loan to BOA Fund and Dudley Fund	0	0	0	0	0	0	0	0
Plus: Interest-Temporary Loan Notes and Additional Items:								
Revenue Anticipation	0	576,700	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Cost of Issuance	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Dudley Sq. Site /Sec. 108	505,000	505,000	0	0	0	0	0	0
Lease Payment for Bolling Municipal Building	551,000	551,000	551,000	248,111	0	0	0	0
(6) Sinking Fund for Nov., 2009 QSCB	1,454,545	1,454,545	1,454,545	1,454,545	1,454,545	1,454,545	1,454,545	1,454,545
School B.A.N.'s	0	0	0	0	0	0	0	0
Total Debt Service Budget Summary:	165,305,765	170,912,982	188,899,180	188,896,454	202,860,313	233,137,922	244,247,201	249,267,350
Less: Additional Adjustments:								
School Construction Assistance	6,720,152	6,720,147	5,107,351	2,461,330	0	0	0	0
Total Net Debt Service Requirements:	158,585,613	164,192,835	183,791,829	186,435,124	202,860,313	233,137,922	244,247,201	249,267,350

NOTES:

(1) FY19 - the City is sued: \$145.10 million in General Obligation Bonds with a 20-year maturity and a true interest cost of 2.749%; sale closed March 2019.

Assumptions:

FY20 - Assumes General Obligation debt issuance of \$200 million and \$10 million for the Renew Boston Trust project each with a 20 year maturity and an interest rate of 5.0%.
FY21 - Assumes General Obligation debt issuance of \$200 million and \$5 million for the Renew Boston Trust project each with a 20 year maturity and an interest rate of 5.0%.
FY22 - Assumes General Obligation debt issuance of \$210 million and \$20 million for the Renew Boston Trust project each with a 20 year maturity and an interest rate of 5.0%.
FY23 - Assumes General Obligation debt issuance of \$210 million and \$10 million for the Renew Boston Trust project each with a 20 year maturity and an interest rate of 5.0%.
FY24 - Assumes General Obligation debt issuance of \$200 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-Exempt 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 - the projected loss through FY2019 is approximately \$1.6 million. An estimated subsidy reduction to ARRA-related issuances of 7.3% per year from FY2020 through FY2025 has been applied in response to IRS withholding notifications.

(3) Debt Service Costs will be offset by the "Fund for Parks and Recreation".

(4) Debt Service Costs will be offset by charging City departments for the space they occupy.

(5) Debt Service Costs will be offset by semi-annual payments from the Retirement Board.

(6) 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.