

Capital Planning

INTRODUCTION

The \$4.7 billion FY25-29 Capital Plan makes critical investments in the City's infrastructure in every Boston neighborhood: new and renovated schools, streets, public artworks, climate resilience improvements, green infrastructure, affordable housing, parks, and playgrounds. Taken together, these projects 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 public realm.

Planned bond issuance is expected to increase 3.6% over last year's plan, one-time funding sources are leveraged, and the City continues to collaborate with the Massachusetts School Building Authority on the design and construction of new schools and the repair of existing building systems.

An estimated 90% of the investment in the FY25-29 Capital Plan is aligned with the City's planning efforts:

- Supporting a commitment to invest in Boston Public Schools including the construction of new buildings, partnering with the MSBA, reconfiguring and renovating existing buildings, and establishing budget plan reserves for future projects identified through strategic planning and community engagement.
- Leveraging State and Federal grants with City capital funds to make streets that are safer and welcoming for all users, travel that is more reliable and predictable, and quality transportation choices that improve access to interconnect our neighborhoods for all modes of travel.

- Preparing for climate change by incorporating green infrastructure into our street, parks, and facility projects, and by continuing to develop and implement plans for coastal and storm water resilience.
- Setting the stage for planning the comprehensive, long-term recovery campus on Long Island to tackle the opioid crisis and when fully permitted move forward with the construction of a new bridge to Long Island.
- Supporting the Percent for Art Program demonstrates the City's leadership and commitment to sustainable funding for the arts by setting aside 1% of the City's annual capital borrowing for the commissioning of public art.

FY25-FY29 EXPENDITURES

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

With City planning efforts guiding many of the investments in this plan, projects in the FY25-29 Capital Plan are grouped within the investment initiatives below.

Education

The city is committed to modernizing Boston's public-schools' infrastructure. With city bond funds and a strong working relationship with the Massachusetts School Building Authority (MSBA), the capital plan

includes 72 projects and programs with a total budget over \$1.2 billion.

Implementing a long-term facilities improvements plan for Boston Public Schools plan will result in new school buildings and major transformations, reconfigurations to align schools with K-6/7-12 and K-8/9-12 pathways, and increased investments district-wide for all school buildings and communities. The ongoing planning process is focused on creating high-quality, twenty-first-century learning environments for students, and in so doing close opportunity gaps for more students.

In September 2024, Boston Public Schools will welcome students to the new Josiah Quincy Upper School, a \$223 million, six-story facility that will accommodate 650 students. In addition, the Horace Mann School will be temporarily relocated to the former Edwards School in Charlestown, following a \$46 million building renovation.

Construction on the new \$111 million Carter School is on schedule. The new building will be ready for students in September 2025. Renovation of the former Irving School building will also be completed for a September 2025 school opening. The renovated building will support the merger of the Philbrick-Summer schools.

Final programming and design work will begin for the renovation project at Madison Park Technical Vocational High School. A feasibility study is expected to begin, in partnership with the MSBA, for a consolidated school, combining the Shaw and Taylor schools. In addition, BPS will pursue building improvements to facilitate grade reconfigurations at various schools.

The City will also continue district-wide investments in window replacements, bathroom upgrades, fire systems, radiator covers, entryway improvements, plumbing and fixture upgrades to expand drinking water availability, school yards, security improvements, and technology

infrastructure, as well as leveraging the MSBA accelerated repair program to fund roof, window, and boiler repairs.

The FY25-29 capital plan sustains and supports planning for large-scale projects coming out of the BPS capital engagement process. The FY25-29 capital plan projects \$900 million in BPS-related spending over the next five years.

Transportation

Drawing on City, State and Federal resources, the capital plan makes targeted investments to make our city's infrastructure safe, reliable, and open to all users. In particular, we are investing in a state of good repair for our bridges, roads, and sidewalks; investing in high-risk areas and intersections to ensure that our neighborhood streets are safe for pedestrians and cyclists; and undergoing intensive planning exercises to later conduct full-scale reconstructions of major arterials; Driven by these core goals of safety, reliability, and access, the Capital Plan focuses on several key investments.

First and foremost, the capital plan is investing in our sidewalks and our curb ramps. In FY25 alone, we are investing \$13.6 million in sidewalk reconstruction, which will repair and replace concrete and brick sidewalks all across the city, and improve Public Works' responsiveness to 311 safety requests. This level of investment is projected to continue into future years of the Plan, ensuring that we are committing long term to prioritizing the pedestrian mobility of Boston. In addition, we are investing \$29.2 million in new ADA compliant curb ramps, in order to meet our commitment of making all pedestrian ramps ADA-compliant by 2030. Together, this represents a more flexible and dynamic approach to promoting walkability of our streets.

The Capital Plan is also making significant safety investments across the city. These

improvements take three forms. First, the continued Safety Surge program is expanding speed hump distribution in residential streets, slowing vehicular traffic. Second, traffic signals and intersections are being retimed and redesigned to prioritize pedestrians and decrease the amount of space for cars; this includes retiming of signals to create pedestrian-only phases and eliminate the possibility of traffic turning into a crosswalk, or in changing the amount of time given for crossing. Intersections across our neighborhoods are also being redesigned and rebuilt to increase space for pedestrians, slow down drivers, and incorporate green infrastructure, which reduces the impact of stormwater and reduces heat. Finally, the Plan invests in safety improvements in specific neighborhood zones, including traffic calming interventions in Lower Roxbury, Mt Pleasant St, Lost Village, and other select neighborhoods.

Finally, the Plan is supporting holistic improvements to entire arterials and primary corridors. The recently completed Tremont Street reconstruction in the South End and the Columbus Avenue center running bus lane are examples of the types of projects that Boston is undertaking and supporting. In particular, we look to a few key projects in our pipeline that will help Boston continue leading by example as a multimodal 21st century city. On Cummins Highway, we are undertaking a \$31 million reconstruction to transform the street with a Complete Streets approach, including new sidewalks, lighting, green infrastructure, and upgraded facilities for pedestrians and cyclists.

We are also undergoing planning and design efforts for Blue Hill Avenue from Mattapan Square to Grove Hall, featuring a center running bus lane, expanded sidewalks, bike facilities, and safer driving conditions. This reconstruction will transform the street and improve the bus reliability for the 37,000 daily riders along

that corridor, making the experience safer and smoother for the residents and commuters who depend on it. This project is also emblematic of the City's approach to leveraging state and federal dollars in our projects. Understanding that the improvements on Blue Hill Avenue are multimodal and large, we are proud to be working collaboratively with the MBTA on the cost sharing and project management, as well as utilizing a \$15 million federal RAISE grant to fund this project.

The city has also won and incorporated another RAISE grant, this time for the Resilient Roxbury Corridors project. This will help drive redesigns of key routes in Roxbury to prioritize public transit, safety, and active road users. This project will focus on Warren Street, Melnea Cass Blvd., and Malcolm X Blvd., transforming them into multimodal complete streets that center pedestrians, transit, and bike infrastructure to reduce air and noise pollution and improve safety and reliability along some of Boston's busiest corridors. On another key road, the Plan is funding continued planning, design, and engagement on a reconstruction of Columbia Road, finally completing Olmsted's Emerald Necklace and aiming to create a green multimodal boulevard linking the historic landmark Franklin Park to Moakley Park.

We are also continuing to collaborate with the MBTA on the second phase of the Columbus Avenue center running bus lane to extend from Jackson Square to Ruggles Station. This extension will continue to provide enhanced reliability and service for key bus routes, expand the sidewalk and bike infrastructure, and improve safety on the road. While the MBTA is managing most of the project, the city will be adding enhanced features to the project, including green infrastructure, traffic calming, and bike facilities to nearby neighborhood streets.

Through the FY25-29 Capital Plan, the city will also increase asset reliability through investments in bridges, roads, sidewalks, off-street paths, street lighting, traffic signals and building facilities that are essential to the high-quality delivery of services. In FY25, the city plans to invest \$46.8 million in its annual road resurfacing, reconstruction, and sidewalk ramp programs. There is also a \$40 million investment in the City's bridge maintenance program to bring and keep these assets in a state of good repair. Bridge work includes large multi-agency projects such as North Washington Street Bridge and the Northern Avenue Bridge, as well as neighborhood bridges such as Austin Street Bridge, Belgrade Avenue Bridge, and Shawmut Avenue Bridge. There is also a \$6 million allocation for stairways and footpaths to redesign and rebuild the Wellington Hill Stairs in Mattapan and Nottingham Path Stairways in Allston/Brighton. By investing in asset management programs for our bridges, street lights, ramps, and pavement markings, among other assets, Boston will continue targeting a state of good repair that ensures the safe and reliable movement of people across the city.

Technology

The city is dedicated to delivering exceptional City services by leveraging investments in technology. In FY25, the city will continue securing its networks, websites and technological systems to modern standards, refining and replacing legacy systems, and expanding public and organizational broadband capabilities. The city will devote funding to focus areas including: Core Infrastructure, Enterprise Applications, Digital Engagement and Service Delivery, Data Analytics, and Broadband and Digital Equity.

The city will continue work on a revitalization of BOSTON 311, the City's constituent request management system.

The project will modernize BOS:311 by moving from a legacy system to a cloud-based service that will improve security, reliability, and enhance the experience for the public and the call center employees. All of this will serve to improve Boston's constituent services.

Open Space

Boston is committed to strengthening our existing park system and investing in new open spaces. Through the use of City capital dollars and leveraging external funds, the City continues to take action in implementing Boston's open space goals using previously underutilized spaces that have become essential recreational infrastructure for the health and well-being of Boston.

Neighborhood open spaces remain a core focus of the Department's capital work. We continue to develop family- and kid-friendly environments that promote opportunities to play everywhere. New projects at Mozart Park, Porzio Park, and the Trotter School will replace existing playground equipment, ensure safety standards, and infiltrate storm water to ensure the parks meet community standards for these local playgrounds. The FY25-FY29 Capital Plan also includes new projects at Harambee Park, Savin Hill Park, and Franklin Park which are critical neighborhood open spaces with diverse programs to support a variety of recreational activities. This Capital Plan includes a feasibility study at the Elma Lewis Playhouse to develop a hub for cultural programming and promote the arts at Franklin Park. The FY25-29 Capital Plan also allocates \$10 million to acquire property suitable for preservation and use as public open space.

In the FY25 Capital Plan, the Parks and Recreation Department takes important steps to increase Boston's climate readiness, as guided by Climate Ready Boston. This includes planning and design

for phase 1 improvements at Moakley Park, that will serve as a model for the City of Boston's resiliency projects looking to integrate climate resilience planning while also meeting the diverse everyday needs of our community. Another project at the Mary Ellen Welch Greenway will implement Green Stormwater Infrastructure (GSI) to decrease rainwater runoff during storm events and complement open spaces by expanding biodiversity, beautification, and ornamental value. At the Condor Street Urban Wild, another project will address the potentially damaging effects of sea level rise and storm volatility. The planned work will improve visitor experience and safety and enhance the quality of water and aquatic wildlife habitat in the immediate area of Chelsea Creek.

One hundred percent of Bostonians live within a ten-minute walk of a park, but those spaces are only truly equitable if they serve the diverse needs of all our residents. The city recognizes the need for inclusive design across Boston and will continue to address equity in all neighborhoods. The capital plan includes projects to a diverse portfolio of park types including new projects such as Quincy Street Play Area, Jefferson Playground, Fidelis Way, and Barry Playground. The capital plan also supports investments in the renovation and renewal of playing courts (basketball, tennis, and street hockey) and playground safety surfacing in various parks.

Energy and Environment

The FY25-29 Capital Plan includes investments to support a healthy environment, reduce energy consumption and greenhouse gas emissions, and prepare for climate change. Leveraging outside funding, the Capital Plan allows for development of more detailed climate plans for Boston neighborhoods, especially those most at risk for coastal flooding, as recommended in Climate Ready Boston. These long-term plans, early actions, are

essential for protecting the safety and vitality of existing residents, businesses, and institutions, and for ensuring the implementation of continued growth and development. In FY25, the City will continue its capital commitment to the Climate Ready Boston Harbor Study, an in-depth study of the feasibility of measures along and within Boston Harbor to reduce the vulnerability of Boston to coastal flooding and sea-level rise. The U.S. Army Corps of Engineers, who will conduct the study, supply matching funds.

In further support of coast resilience planning and implementation, a new \$75 million Coastal Resilience Reserve budget is being added to the capital plan. The city will use this budget to provide the local match for state, federal, or other grants the city may be awarded over the next few years. Projects that may win grant awards include the Carlton Wharf and Lewis Mall project along Marginal Street in East Boston, Border Street in East Boston, Long Wharf in Downtown, and Tenean Beach in Dorchester. In FY25, the Climate Resilience Reserve will support adding climate resilience features to existing projects. For example, a play lot renovation project could become more resilient through the addition of a storm water retention system. If the project budget cannot accommodate the additional scope, the Resilience Reserve can be used to fund the improvements without sacrificing the project's original goals.

To preserve the city's natural areas and continue to combat the urban heat island effect, the Capital Plan will invest \$850,000 to rehabilitate the Mattahunt Woods, a valuable urban wild of secluded forested wetlands located in Mattapan.

The city has committed \$10 million for the development of a new linear park along Fort Point Channel. This new park will protect the surrounding properties from expected sea level rise through the year 2070. The City funds will match a \$10 million FEMA mitigation grant.

Renew Boston Trust has systematically identified energy projects in the City's 300+ buildings to lower energy bills and to reduce emissions. The city finances the program through general obligation bonds.

Including funding from grants, Renew Boston Trust Phase 3 invests \$66 million in these projects that create a healthier Boston. RBT Phase 3A is underway and implementing ECMs such as lighting upgrades and HVAC improvements at 11 municipal buildings. RBT Phase 3B invests \$45 million to conduct major HVAC and other efficiency improvements at 4 BPS schools. Phase 3 Solar is centered on a third-party-owned installation of solar arrays on city buildings through a Power Purchase Agreement. In total Phase 3 is expected to reduce about 4,000 metric tons of carbon equivalents each year.

Health

To encourage a healthy environment, including safe streets and communities, designs will begin for two new community centers, one in Dorchester and one in the North End. In addition, construction is underway for the replacement of the Clougherty Pool in Charlestown. The existing pool was demolished in 2023 and the new outdoor pool will open in 2024.

The Tobin Community Center will be renovated for accessibility improvements including the entrance. The project scope also includes the installation of air conditioning in the gym.

Design work will begin for a renovation of the Hyde Park Community Center that will include interior and exterior renovation to athletic facilities, accessibility, and other improvements. The Capital Plan includes continuing work for the \$23.5 million investment to implement upgrades to the Emergency Medical Services (EMS) radio system. Construction of a new EMS Station in the Seaport is expected to begin in the first half of FY25.

The Capital Plan includes \$38 million for initial design work and for the preservation of buildings on Long Island that can be used as part of a future recovery campus.

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

Housing

The City combines General Fund dollars with federal grants, state grants, and developer fees to leverage a wide variety of sources to invest in the creation and preservation of affordable housing citywide. The FY24 Capital Plan includes additional funding for the Mary Ellen McCormack Redevelopment and the Mildred C. Hailey Phase 1 Redevelopment

The city is also making a \$20 million investment in the Mary Ellen McCormack Redevelopment, located in South Boston. The project comprises 1,365 units of new mixed-income housing (572 of which are affordable replacement units), 69,000 square feet of community and retail space, 2.3 acres of open space, and approximately 520 parking spaces. The city's commitment will follow the expenditure of state grants in the initial phase.

The Mildred C. Hailey Phase 1 Redevelopment consists of about 690 apartments that will include the 1-to-1 replacement of the existing 253 public housing units and the construction of about 435 new affordable and upper middle-income apartments. The Preservation project next to this one will renovate existing BHA housing units, including new plumbing, ventilation, windows, and other building repairs. The city is investing \$17

million toward Phase 1, and \$52 million toward the preservation project.

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

Arts and Culture

The Mayor's Office of Arts and Culture released the City's first cultural plan, *Boston Creates*, in 2016, which calls for increased support to Boston's arts and culture ecosystem. The Percent for Art Program is a key policy outcome of this planning process. The city projects to borrow \$450 million in FY25 to support the Capital Plan, and will invest one percent, or \$4.5 million, in public art projects.

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

In FY25, construction will begin on a new building to replace the current Fields Corner Branch Library. At the same time design work is ongoing for a new replacement branch library in Egleston Square and in the South End. The City is working to leverage public land to build new affordable housing and new branch libraries in Chinatown, the West End, and in Upham's Corner in Dorchester.

Economy

As a \$4.7 billion investments in the City's assets, the Capital Plan supports economic growth in Boston by creating construction jobs and investing in infrastructure that unlocks economic activity. From the

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

Public Safety

As part of effort to reduce cancer risks for firefighters, the capital plan includes health and safety improvements to firehouse projects. Construction will be completed on a new firehouse for Engine 17 in Dorchester, for the design of a new fire station for Engine 3 in the South End. The city is also renovating the neighborhood's existing fire and police stations.

Design work will begin for exterior renovations at several district stations. The Police Department is now in the final stages of upgrading their radio system. The roof at Fire Department headquarters and at Fire Alarm will also be replaced.

The Fire Department plans to purchase 3 pumper trucks in line with their annual replacement program. Additional funding is available for the replacement of the Fire Department's main boat (the "Damrell") and the dive boat (the "Kenney"). The \$46 million multi-year upgrade of the Fire Department's radio system continues in FY25. This project leverages work done by the Police Department in their recent radio system upgrade.

Government Effectiveness

Planning and design for the next phase of City Hall Plaza improvements is underway and will continue in FY25 focusing on the inner courtyard of City Hall and other critical areas. The project scope includes a new elevator that will replace a set of

escalators between the second and third floors. The elevator will include a stop at the fourth-floor courtyard and solve a significant accessibility challenge. A separate project that will overhaul the building's HVAC system over the next few years is also in development

A major renovation of 26 Court Street, an important administrative municipal office building located downtown, near City Hall, will be completed in FY25.

FY25 Expenditure Allocation

The city estimates FY25 capital expenditures from all sources will total \$755.9 million (see Figure 2).

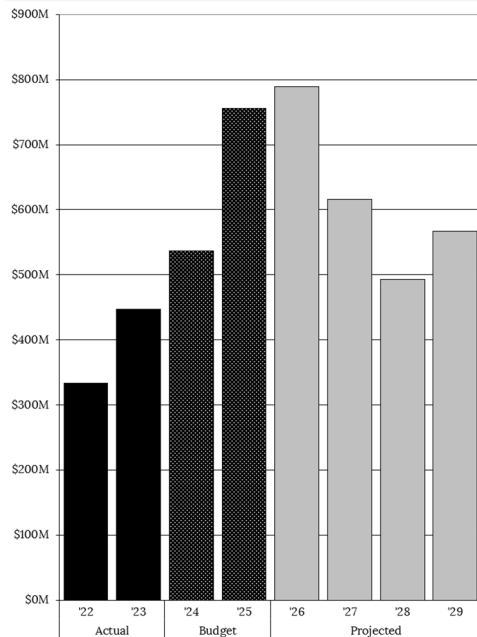


Figure 1 – Capital Expenditures
FY22–FY29

All projects in the Capital Plan are categorized as New Construction, Major Renovation, State of Good Repair, Equipment/Technology, or Planning. 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.

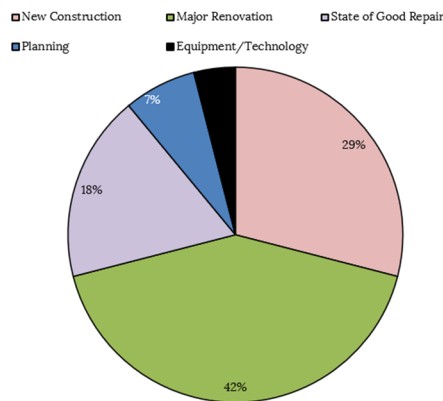


Figure 2 – Capital Expenditure Allocation
FY25–29 Capital Plan

New Construction represents projects that involve building new facilities or wholly transforming a roadway or park. New Construction projects represent about 29% of the Capital Plan. Many of these projects in the FY25–29 Plan include new schools like the Josiah Quincy Upper School or the Carter School, new facilities like the library in Fields Corner or Community Center in Dorchester, and projects like the North Washington Street Bridge or the Arboretum Gateway Path. These projects are critical to build Boston into the best city it can be.

Major Renovation represents projects that are completing a significant change to an asset. Major Renovation projects represent about 42% of the capital plan. This includes the retrofits to de-carbonize BHA facilities, the work to renovate Copley Square and Clifford Park, and the renovation at the Irving School.

State of Good Repair represents projects that maintain City assets in reliable condition for a long time. Often these projects will include positive improvements to the asset or small upgrades, but reach a smaller threshold than those projects categorized as Major Renovation. State-of-Good-Repair projects represent about 18% of the Capital Plan, and includes projects like Sidewalk and Curb Ramp Accessibility, repairs to our various bridges, streets, stairs, and the many roof and window repair projects undertaken at our municipal facilities.

Equipment/Technology represents projects that involve upgrades or maintenance of technological assets like radio equipment and communications infrastructure, as well as the purchase and refurbishment of equipment like bikeshare bikes and Fire Department apparatus. Equipment/Technology projects represent about 4% of the Capital Plan.

Planning represents projects like master plans, comprehensive studies, and citywide assessments. These projects represent

about 7% of the Capital Plan. It includes projects like the Southwest Neighborhood Transit Action Plan, the Boston Common and Franklin Park Master Plans, and much of our coastal resilience studies.

FINANCING THE FY25-FY29 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 75.6% of all project funding. This year's plan assumes \$2.14 billion in new general obligation borrowings over the next five years. This borrowing level remains sustainable within the City's debt affordability policy.

State and Federal Funds

State and Federal financing represent 16.0% 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 \$384.5 million from State programs and \$388.4 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 has three projects in the Core Program two of which are in construction: the Josiah Quincy Upper Pilot School, and the Carter School. The Shaw Taylor schools project is in the initial project phase.

The MSBA has approved a maximum project grant totaling \$54.1 million for the Josiah Quincy Upper School that covers 24.2% of the \$223.6 million project budget.

The Carter School project is currently in construction. The MSBA has approved a maximum project grant totaling \$30.6 million for the Carter School that supports 27.5% of the \$111.4 million project budget.

The city is working through several roof, boiler, or window replacement projects through the MSBA's Accelerated Repair Program. Construction will be underway on these projects in 2024 and possibly into 2025.

Transportation Infrastructure Enhancement Fund

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

bridges and other transportation infrastructure. The fee will be discontinued as of January 1, 2027.

The FY25-29 Capital Plan includes \$16.2 million in revenue from this source.

Chapter 90 Funds

Administered by the Massachusetts Highway Department, Chapter 90 funds are allocated by formula through State bond authorizations and through the State budget to all cities and towns in the Commonwealth. The City uses Chapter 90 funds to support its roadway resurfacing and reconstruction programs as well as its sidewalk reconstruction programs. The city anticipates an allocation of approximately \$14.8 million in FY25.

In FY24, the City received its first distribution of transportation funds from the Fair Share Amendment totaling \$5.0 million. The apportionment is automatically incorporated into a municipality’s existing Chapter 90 contract with MassDOT. The capital plan assumes an additional distribution totaling \$5.0 million in FY25.

Transportation Improvement Program (TIP)

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

Other Funds

Other Funds is a revenue category that includes both City and non-City sources.

City sources of Other Funds include transfers from the Surplus Property Fund and the Parking Meter Fund.

Other Funds Summary

(in millions)

	\$ Amount
Parking Meter Fund	252.77
Surplus Property Fund	100.05
Utility Grants	9.40
BPDA	7.77
Fund for Parks	1.02
Other	3.50
Total	\$374.51

Figure 3 – Other Funds Summary

FY25--FY29

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.

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.

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 with city-wide planning efforts.

or are in compliance with legal mandates are prioritized. Other factors considered include whether legislative changes are necessary in order to proceed with a project proposal, the health and safety impacts a project will have on a population, and the ability of a project to leverage external funds.

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 in April every year. The City Council, in turn, holds public hearings to consider project authorizations. This year's Capital Plan identifies 427 new and continuing projects and proposes \$420.9 million in new bond authorization.

Descriptions of all 427 projects can be found in Volumes 2 and 3 of the Budget. Project descriptions include authorizations and funding sources, projected expenditures, scope of work summary, and an indication of whether or not the project

generates a near-term operating budget impact.

Operating Budget Impacts

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

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

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

Savings

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

Through an Executive Order relative to climate action, the city has committed to designing new buildings and selected major renovations to the standards required to attain U.S. Green Building Council LEED

(Leadership in Energy and Environmental Design) certification.

By far the largest operational savings comes from the conversion of street lights to newer fixtures using Light Emitting Diode (LED) technology. To date, the city has completed over 51,000 streetlight LED retrofits.

Renew Boston Trust has systematically identified energy projects in the City's 300+ buildings to both lower energy bills and reduce emissions. The city finances the program through general obligation bonds. The City implements the program through contracts with Energy Service Companies (ESCOs) that will provide financial guarantees that the energy savings will be generated.

A \$10.7 million Phase 1 construction project completed in FY20 and will result in non-personnel operating expense savings of more than \$600,000 annually. Implementation of the \$24 million Phase 2 investment will increase estimated operating expense savings by \$900,000 annually. The \$20 million Phase 3A is currently underway in 11 municipal buildings. This work includes lighting upgrades at City Hall, HVAC improvements at BPD C-6, and other facility improvements at 9 BPS schools to create \$700,000 in annual utility savings. \$3 million is allocated to evaluate the feasibility of using a geothermal heat pump solution at one school and to begin energy retrofit upgrades at another school. Phase 3 solar commits to de-carbonization through power purchase agreements and would guarantee over \$100,000 in annual utility savings. A robust measurement and verification program was also established to ensure non-personnel expense savings are realized. Implementation of Phase 3 is expected to reduce about 4,000 metric tons on carbon equivalent each year.

Costs

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

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

Many of the projects identified in the Department of Innovation and Technology (DoIT)'s capital budget replaces legacy systems, and in some cases, they include an expansion of infrastructure, as well. Annual licensing fees to support the ongoing maintenance and upgrades of new software is typically required, and additional personnel are sometimes needed to ensure the new software meets the City's needs.

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 recently completed a \$250 million direct placement of general obligation debt with a 10-year maturity; the sale closed January 25, 2024.

Between FY25 and FY29, the City expects to issue \$2.14 billion in bonds to support its capital program. In FY25, the City expects to issue general obligation bonds totaling \$450 million. The tables at the end of this chapter detail the City's forecasted debt service and summarize its current debt obligations.

The City's gross debt service requirement will remain under 7% of total General Fund expenditures through FY29 (See Figure 4).

The City's current overall debt burden (net direct debt \$1.82 billion to assessed property value) is approximately 0.86% as of March 1, 2024. The City's net direct debt

per capita currently stands at approximately \$2,696 as of March 1, 2024.

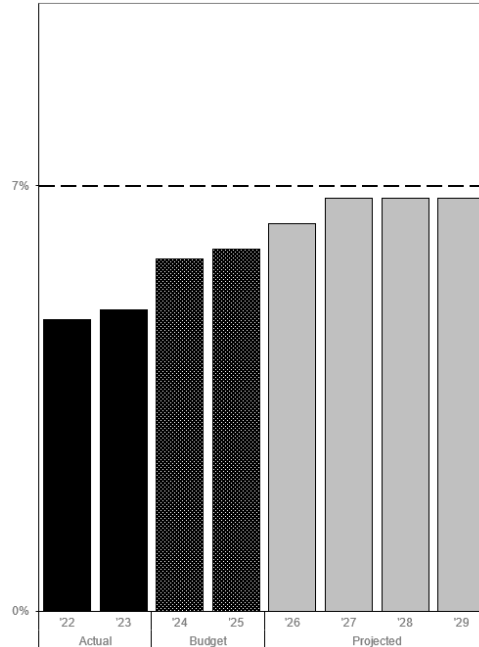


Figure 4 – Net Debt Service as a Percent of Total General Fund Expenditures
FY22-FY29

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

In April 2023, 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.

	Existing Authorization	FY25 Authorization	FY26-29 Authorization	State	Federal	Other	Total
Boston Centers for Youth and Families	186,975,000	2,700,000	-	22,000,000	-	-	211,675,000
Boston Planning and Development Agency	28,475,000	3,000,000	5,000,000	-	-	1,000,000	37,475,000
Boston Public Library	126,950,000	28,250,000	58,610,000	-	-	-	213,810,000
Boston Public Schools	830,881,318	237,994,456	91,000,000	107,018,130	-	13,000,000	1,279,893,904
Department of Innovation and Technology	81,708,283	-	978,609	-	-	-	82,686,892
Emergency Management	1,500,000	-	-	-	-	-	1,500,000
Environment Department	85,095,805	-	75,175,000	724,230	4,133,500	5,741,558	170,870,093
Fire Department	141,674,624	6,455,000	5,222,500	-	-	-	153,352,124
Mayor's Office of Housing	164,000,000	4,000,000	-	-	-	25,000,000	193,000,000
Office of Arts & Culture	20,680,000	4,500,000	-	-	-	145,000	25,325,000
Parks and Recreation Department	234,602,035	25,040,000	4,968,000	3,400,000	20,987,200	50,017,000	339,014,235
Police Department	73,017,000	1,600,000	-	-	-	-	74,617,000
Property Management Department	343,580,000	9,400,000	-	-	-	1,500,000	354,480,000
Public Health Commission	83,280,000	-	2,000,000	-	-	-	85,280,000
Public Works Department	266,334,968	86,969,000	108,008,144	194,282,769	303,085,018	189,920,550	1,148,600,449
Transportation Department	105,797,157	11,035,000	2,577,808	57,044,350	60,200,000	88,187,787	324,842,102
Total	2,774,551,190	420,943,456	353,540,061	384,469,479	388,405,718	374,511,895	4,696,421,799

<p>City of Boston</p> <p>Outstanding Principal by Purpose as of March 1, 2024</p>

<u>Purpose for Which Issued:</u>	Outstanding @ March 1, 2024	Percent of Total Outstanding Debt
General Purpose	1,501,277,133	82.4%
MCWT	9,725,569	0.5%
Economic Development	7,781,663	0.4%
State Urban Development	59,253,276	3.3%
Schools	436,526	0.0%
Public Buildings	152,247,850	8.4%
Public Works	90,919,295	5.0%
Cemeteries	29,257	0.0%
TOTAL:	\$ 1,821,670,569	100.0%

Debt Service Requirements Summary FY22 - FY29

	Actual FY22	Actual FY23	Projected FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28	Projected FY29
Gross Debt Service Requirements - Bonded Debt:								
Total Principal:	138,878,237	139,767,869	170,792,818	193,503,094	208,663,700	228,083,323	237,059,034	247,834,194
Total Interest:	49,582,833	62,237,978	75,085,967	100,107,203	98,625,757	114,645,380	124,031,101	131,485,448
(1) Total:	188,461,070	202,005,847	245,878,785	293,610,296	307,289,457	343,728,703	361,090,135	379,319,642
Less: Revenue Deemed Available from Related Sources:								
(2) Premium, Subsidies, Other	2,413,041	1,917,520	1,462,551	991,640	504,411	0	0	0
Renew Boston Trust - Energy Savings	0	973,003	982,733	0	0	0	0	0
Accrued Interest	0	0	0	0	0	0	0	0
(3) 1010 Massachusetts Avenue Project	2,644,951	2,089,269	0	0	0	0	0	0
(4) Pension Management System	784,640	640,475	45,384	45,376	0	0	0	0
Sinking Fund for November 2009 QSCB	0	0	0	20,000,000	0	0	0	0
Plus: Interest on Temporary Loan Notes and Additional Items:								
Revenue Anticipation	0	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Cost of Issuance	178,940	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Lease Payment for Bolling Municipal Building	0	0	0	0	0	0	0	0
(5) Sinking Fund for Nov., 2009 QSCB	1,454,545	1,454,545	1,454,545	363,637	0	0	0	0
Total Net Debt Service Requirements:	184,271,923	198,400,126	248,342,653	276,436,916	310,285,047	347,228,703	364,590,135	382,819,642

NOTES:

- (1) FY22 - The City issued \$335,215,000 in general obligation bonds with a 20-year maturity and a true interest cost of 2.779%; the sale closed April 13, 2022.
- FY23 - The City issued \$350,000,000 in general obligation bonds with a 20-year maturity and a true interest cost of 3.175%; the sale closed May 3, 2023.
- FY24 - The City completed a \$250,000,000 direct placement of general obligation debt with a 10-year maturity and true interest cost of 3.956%; the sale closed January 25, 2024.

Assumptions:

- FY25 - Assumes General Obligation debt issuance of \$450 million with a 20 year maturity and an interest rate of 5.0%.
- FY26 - Assumes General Obligation debt issuance of \$555 million with a 20 year maturity and an interest rate of 5.0%.
- FY27 - Assumes General Obligation debt issuance of \$397 million with a 20 year maturity and an interest rate of 5.0%.
- FY28 - Assumes General Obligation debt issuance of \$340 million with a 20 year maturity and an interest rate of 5.0%.
- FY29 - Assumes General Obligation debt issuance of \$397 million with a 20 year maturity and an interest rate of 5.0%.
- (2) Under the American Recovery and Reinvestment Act of 2009 (ARRA), in 2010 and 2011, the City issued Tax Benefited Bonds which are entitled to receive subsidy payments from the Federal Government. The IRS has released subsidy reduction notifications since March of 2013, reducing the expected annual subsidy. An estimated subsidy reduction to ARRA-related issuances of 5.7% per year from FY2022 through FY2028 has been applied in response to IRS withholding notifications.
- (3) Debt Service Costs will be offset by charging City departments for the space they occupy.
- (4) Debt Service Costs will be offset by semi-annual payments from the Retirement Board.
- (5) Quarterly payments of principal in the amount of \$363,636.36 are currently being made to the paying agent with respect to the City's outstanding \$20 million G.O. Qualified School Construction Bonds, 2009 Series A, which were issued as tax credit bonds that do not earn interest. These funds are kept in escrow until the Bonds mature on September 15, 2024.

