



VI.

CAPITAL PLANNING

Capital Planning

INTRODUCTION

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

The FY27-31 Recommended Capital Plan totals \$4.4 billion across 322 projects, investing in every neighborhood of the city. Taken together, these projects support Boston's economy and improve quality of life for residents by keeping our facilities in good working order, improving our roadway and open spaces, and promoting a healthy environment and public realm.

The City's five-year Capital Plan is primarily supported by the annual issuance of municipal bonds. The FY27-31 Capital Plan builds on our recent issuances while remaining within our debt management policies, in order to maximize our bond revenue to finance our planned investments. We also look to our available outside funding source, including our ongoing partnerships with the Massachusetts School Building Authority and the opportunity presented by State programs like Chapter 90, in order to deliver high quality projects for residents.

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

FY27-31 Expenditures

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

The investments made in the FY27-31 Capital Plan are closely aligned with the City's strategic priorities and long-term planning efforts, ensuring that our investments advance the goals of the City and build upon engagement and thoughtfulness in our needs. Large investment areas include:

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

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

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

Year over Year Cashflow Allocation

Figure 1 below shows the Actual, Budgeted, and Projected year over year cashflow for all projects in the Capital Plan, across all funding sources. FY24 and FY25 are shown as Actuals, FY26 and FY27 are shown as Budgets as we complete and continue through those years, and FY28 through FY31 are shown as projections.

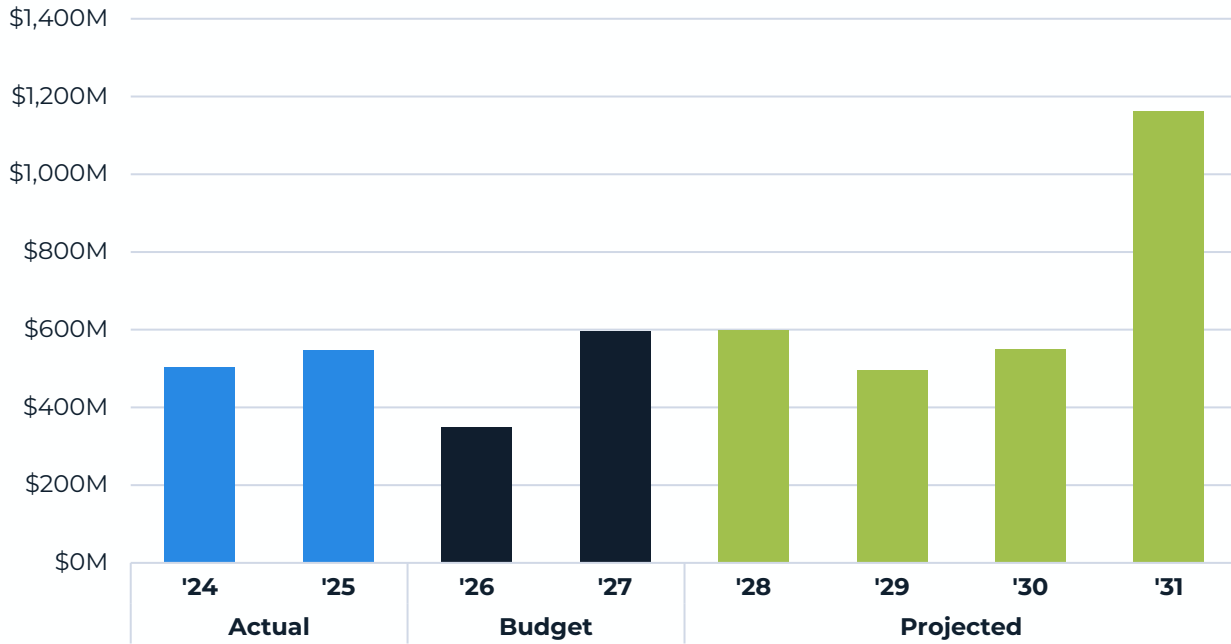
Current FY26 projections total around \$347 million, reflecting a decrease in spending from prior years. This is driven primarily by the completion of several large projects, while several more are in the pipeline to begin construction in late FY26 and into FY27. These include construction of the Grove Hall Community Center, Fields Corner Library, North End Community Center, and preservation and renovation efforts at the Mildred Hailey development. Large near-term investments also include significant state of good repair work in City Hall, including a full renovation of the HVAC system and structural and accessibility improvements on the south side of City Hall Plaza.

In future years of the Capital Plan, the City is gearing up for large construction projects in coordination with the MSBA, including the Shaw-Taylor, Ruth Batson, and Madison Park schools, as well as continued investment in state of good repair both in BPS and City facilities.

In Figure 1 below, there is a substantial increase in spend projected in the FY31 year. This does not represent spend in FY31 alone, but rather some spend in that year as well as additional years beyond the window of the five-year plan.

Ultimately, the projected expenditures in the Capital Plan must adhere to the City’s projected bond and other sources of revenue. The projected revenue aligns with our debt policies, to ensure that we do not overextend the Capital Plan beyond the City’s ability to finance the expenses.

Figure 1: Capital Expenditures FY24-FY31



FINANCING THE FY27-FY31 CAPITAL PLAN

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

Table 1 below shows the financing distribution by department. The Authorization columns refer to bond revenue, and when the authorization from City Council was provided (before FY27, for FY27, or a planned future authorization). State, Federal, and Other refer to all other non-bond revenue, including grants and other city sources.

Table 1: Capital Project Financing
Fiscal Years 2027 - 2031 (in thousands of dollars)

	Existing Authorization	FY27 Authorization	FY28-31 Authorization	City	State	Federal	Other	Total
Boston Centers for Youth and Families	158,336	45,489	5,875	-	22,000	-	-	229,700
Boston Public Library	188,035	200	61,300	-	-	-	-	249,535
Boston Public Schools	695,311	13,718	511,649	2,000	32,289	-	-	1,254,988
Department of Innovation and Technology	82,706	2,500	-	-	-	-	-	85,206
Environment Department	8,777	15,000	60,000	6,000	500	4,134	-	94,410
Fire Department	99,214	31,023	6,000	-	-	-	-	136,237
Mayor's Office of Housing	129,750	1,500	-	-	-	-	-	131,250
Office of Arts & Culture	29,245	75	-	-	-	-	380	29,700
Parks and Recreation Department	204,317	20,594	-	42,250	3,425	23,137	11,262	309,986
Planning Department	35,400	10,500	8,000	-	-	-	-	53,900
Police Department	68,245	0	-	-	-	-	-	68,245
Property Management Department	206,643	67,617	-	1,000	-	-	-	275,260
Public Health Commission	91,215	800	-	-	-	-	-	92,015
Public Works Department	328,950	185,600	217,758	86,474	203,602	159,465	2,023	1,184,145
Transportation Department	76,304	0	2,000	46,917	50,204	55,200	10,505	241,130
Total	2,402,470	394,615	872,583	189,914	310,021	241,936	24,170	4,435,707

General Obligation (G.O.) Bonds

General obligation bonds represent 83% of all project funding. This year's plan assumes \$1.75 billion in new general obligation borrowings over the next five years. This borrowing level remains sustainable within the City's debt affordability policy. G.O. Bonds form the backbone of the City's capital revenue.

City Funds

City funds include funding from other City appropriations that are not GO Bond funds. The two primary appropriation types are from the Parking Meter Fund and the Sale of Surplus Property Fund. Both of these sources provide supplementary revenue to support major initiatives.

Parking Meter Funds are used to advance our transportation and public works priorities. Major projects funded with parking meter appropriations include the Bill Russell Bridge, the Neighborhood Slow Streets program, projects at Congress St, Lower Roxbury, and Pleasant Street, the Safety Surge speed hump program, intersection reconstructions, and our sidewalk and ramp reconstruction programs.

The Surplus Property Fund has also provided funds to supplement our investments from GO bond funds. In recent years, Surplus Property dollars have supported the BHA decarbonization project for \$25 million, helping to repair and improve the municipal Animal Shelter, and supporting our interim coastal resilience efforts.

State and Federal Funds

State and Federal financing represent 6% of all project funding. State programs such as the School Building Assistance program, Chapter 90, and the Transportation Improvement Program provide key resources for Boston's Capital Plan. Funds for capital financing are currently estimated at \$310 million from State programs and \$242 million from Federal programs. This percentage represents a drop from the FY26-30 Adopted Plan, but this speaks more to projects completing and coming out of the Plan with substantial State and Federal contributions, like the Bill Russell Bridge and the Carter School.

School Building Assistance Program

The School Building Assistance (SBA) program, administered by the Massachusetts School Building Authority (MSBA), is an important revenue source for school renovation and construction. Annually, the MSBA accepts new project requests from cities, towns, and school districts, and if a project is ultimately approved, the MSBA pays 40% to 80% of eligible project costs.

The MSBA operates two major programs – the Core Program and the Accelerated Repair Program (ARP). Major renovation and new construction projects are funded through the Core Program. The ARP funds roof, energy system, and window replacement projects in school buildings that are otherwise sound.

The City has three projects in the Core Program: The Shaw–Taylor School and Ruth Batson are both in study and design phase, and the Madison Park Technical Vocational High School has recently been accepted. Over the past few years, the City has completed three major schools in the Core program: The Boston Arts Academy, the Josiah Quincy Upper School, and the Carter School. For the Carter School, the MSBA approved a maximum project grant totaling \$30.6 which supported 27.5% of the \$111.4 million project budget.

The City is working through several roof, HVAC system, and window replacement projects through the MSBA’s Accelerated Repair Program. Construction is completing on the 2022 repairs, and the next set of repairs under the 2024 program at seven schools are beginning construction, including ADA upgrades for the Adams School. The City has also been accepted for eight schools in the 2025 round, which will be split over two groups. The first set, including roof replacements and brand new heat pump HVAC systems at three schools, is beginning design. The City anticipates submitting additional schools during the next round of submissions in 2027, and is reserving funds to support that application.

Transportation Infrastructure Enhancement Fund

An Act was approved in August of 2016 that establishes oversight and regulation by the Department of Public Utilities over transportation network companies. As part of its oversight, the Transportation Infrastructure Enhancement Fund was established. Annually each transportation network company is required to submit a per-ride assessment of \$0.20 based on number of rides in previous year and half of the assessment. These funds are proportionately distributed to cities and towns based on the number of rides that originated within the city or towns with the funding used to address the impact of the transportation network services on municipal roads, bridges, and other transportation infrastructure. The fee will be discontinued on January 1, 2027.

The FY27–31 Capital Plan includes \$20.9 million in revenue from this source, and is used to enhance our public realm, improve the streetscape, and forward infrastructure projects that mitigate the impact of transportation network companies.

Chapter 90 Funds

Administered by the Massachusetts Highway Department, Chapter 90 funds are allocated by formula through State bond authorizations and through the State budget to all cities and towns in the Commonwealth. The City uses Chapter 90 funds for a variety of public works projects. Primarily, the City relies on Chapter 90 to support its annual roadway resurfacing and reconstruction programs, which includes the construction of ADA compliant ramps. The City has also used Chapter 90 for larger construction projects, including the Cummins Highway, Congress Street, and Jones Avenue projects. Boston annually receives about \$17.5 million in Chapter 90 funds, a recent increase from the previous \$14.7 million allocation.

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 the final revenue category that includes other minor sources of funds. Previously, Other City sources were included in this breakdown, but starting in FY27, those are a separate group. Other Funds includes four primary groups: City Funds, including Community Preservation Act (CPA) and Browne Fund; Developer Funds from mitigation projects; Fund for Parks; and Other, which includes various other donations and appropriations to support capital projects. Utility Rebates have historically been included here as well, although the FY27-31 Capital Plan does not include any. Table 2 shows the amount from different groups in Other Funds.

Table 2: Other Funds Summary, FY26-FY30

<i>Amount (in thousands of dollars)</i>	
City Funds	1,405
Developer Funds	21,495
Fund for Parks	520
Other	750
Total	24,170

DEBT MANAGEMENT POLICIES AND DEBT IMPLICATIONS OF THE PLAN

Effective debt management ensures that the City can meet its capital infrastructure and facility needs. Debt management requires a series of decisions about the amount, timing, purposes and structure of debt issuance. Long-term debt related to capital investment is largely governed and authorized by MGL Chapter 44, Section 7, which provides the instances under which a municipality or other public entities may issue debt. This legislation requires that debt issued by the City is used for projects that have a useful life at least as long as the debt itself. The City issues debt in 5, 10, 15, and 20 year maturities depending on the nature of the project being financed.

The Treasury Department manages all borrowings according to the City's debt management policies. These policies address issues such as debt affordability and limitations on the level of

variable rate debt the City will use. The City's goals are to rapidly repay debt, maintain a conservative level of outstanding debt, and ensure the City's continued positive financial standing with the bond market.

Key components of the debt management policies ensure that:

- combined net direct debt does not exceed 3% of taxable assessed value;
- no less than 3% of the overall debt is repaid within five years and no less than 55% within ten years;
- annual gross debt service costs do not exceed 7% of general fund expenditures;
- variable rate debt does not exceed 20% of the City's total currently outstanding bonded debt (the City has no variable debt).

For further discussion of the City's financial policies and management controls, refer to the chapter on Financial Management.

In FY24, the City completed a \$250 million direct placement of general obligation debt with a 10-year maturity; the sale closed January 25, 2024.

In FY25, the City recently completed a \$464 million negotiated sale of general obligation debt with a maximum 20-year maturity. This sale closed on June 5, 2025.

The City closed on a \$75 million Bond Anticipation Note (BAN) on March 27, 2026. The City is also expecting to sell \$380 million of general obligation debt with a maximum 20-year maturity in June of 2026.

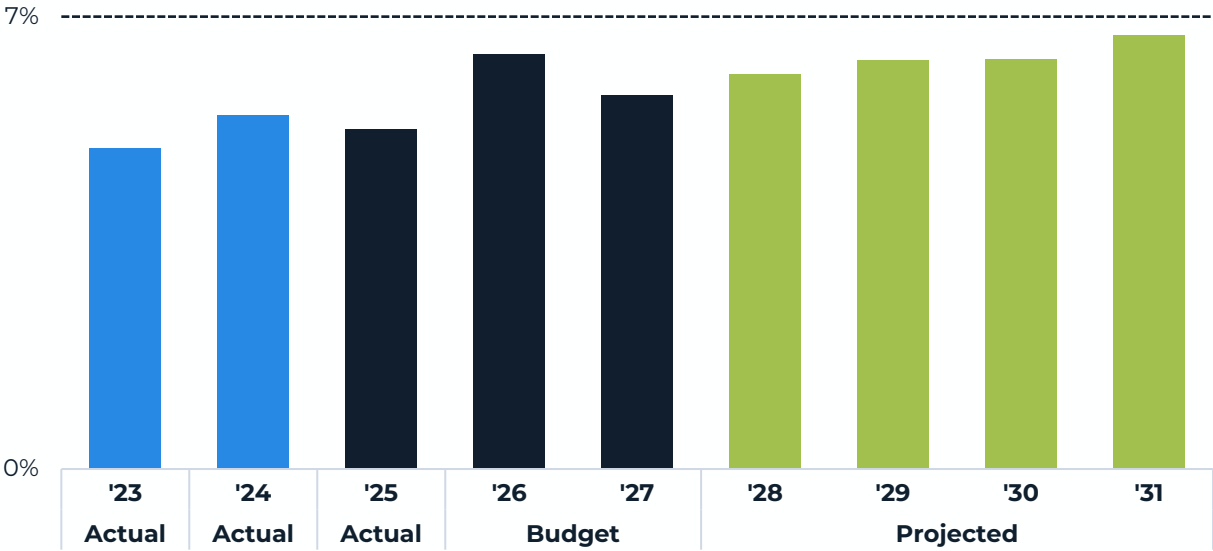
Between FY27 and FY31, the City expects to issue \$1.6 billion in bonds to support its capital program. Because of the City's high credit rating, total proceeds on bond sales typically exceed the total amount of debt sold. In the 2025A series, for example, the City received an additional \$35 million in proceeds on top of the \$464 million sold. 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 FY31 (See Figure 2).

The City's current overall debt burden (net direct debt of \$1.77 billion to assessed property value) is approximately 0.83% as of March 1, 2026. The City's net direct debt per capita currently stands at approximately \$2,789 as of March 1, 2026.

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

Figure 2: Net Debt Service as a Percent of Total General Fund Expenditures, FY23-FY31



These policies contribute to the City’s overall bond rating. In May 2025, Moody’s Investors Service reaffirmed Boston’s credit rating at Aaa, the highest possible grade. In May 2025, Standard & Poor’s assigned its AAA long-term rating to Boston’s 2025 general obligation bonds. A bond rating is a statement of credit quality and is analyzed when determining the interest rate that should be paid for a municipality’s bonds. A higher bond rating translates into lower interest rates and real dollar savings for the City.

Table 3: Debt Service Requirements Summary FY24 - FY31

	Actual FY24	Actual FY25	Budgeted FY26	Budgeted FY27	Projected FY28	Projected FY29	Projected FY30	Projected FY31
Total Principal:	170,793	193,503	206,949	190,295	196,344	209,196	214,305	238,269
Total Interest:	70,104	75,561	100,414	103,360	115,587	123,313	128,993	135,442
(1) Subtotal:	240,897	269,064	307,363	293,654	311,931	332,509	343,298	373,706
LESS: REVENUE DEEMED AVAILABLE FROM RELATED SOURCES:								
(2) Premium, Subsidies, Other	2,983	537	578	269	207	141	73	0
Renew Boston Trust - Energy Savings	0	0	0	0	0	0	0	0
(3) 1010 Massachusetts Avenue Project	0	0	0	0	0	0	0	0
(4) Pension Management System	45	45	0	0	0	0	0	0
Sinking Fund for November 2009 QSCB	0	20,000	0	0	0	0	0	0
Subtotal:	3,028	20,537	578	269	207	141	73	0
PLUS: INTEREST ON TEMPORARY LOAN NOTES AND ADDITIONAL ITEMS:								
Revenue Anticipation	0	0	2,720	3,000	3,000	3,000	3,000	3,000
Cost of Issuance	238	491	500	500	500	500	500	500
(5) Sinking Fund for Nov., 2009 QSCB	1,455	364	0	0	0	0	0	0
Subtotal:	1,693	855	3,220	3,500	3,500	3,500	3,500	3,500
Total Net Debt Service:	239,561	249,336	310,005	296,885	310,850	332,305	342,351	373,768

NOTES:

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

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

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

FY25 - The City issued \$464 million in general obligation bonds with a 20 year maturity and a true interest cost of 4.06%; the sale closed June 5, 2025.

Assumptions:

FY26 - Assumes General Obligation debt issuance of \$380 million with a 20 year maturity and an interest rate of 5.0%.

FY27 - Assumes General Obligation debt issuance of \$350 million with a 20 year maturity and an interest rate of 5.0%.

FY28 - Assumes General Obligation debt issuance of \$350 million with a 20 year maturity and an interest rate of 5.0%.

FY29 - Assumes General Obligation debt issuance of \$285 million with a 20 year maturity and an interest rate of 5.0%.

FY30 - Assumes General Obligation debt issuance of \$350 million with a 20 year maturity and an interest rate of 5.0%.

F&31 – Assumes General Obligation debt issuance of \$275 million with a 20 year maturity and an interest rate of 5.0%.

(2) Under the American Recovery and Reinvestment Act of 2009 (ARRA), in 2010 and 2011, the City issued Tax Benefited Bonds which are entitled to receive subsidy payments from the Federal Government. The IRS has released subsidy reduction notifications since March of 2013, reducing the expected annual subsidy. An estimated subsidy reduction to ARRA-related issuances of 5.7% per year from FY2022 through FY2028 has been applied in response to IRS withholding notifications.

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

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

(5) Quarterly payments of principal in the amount of \$363,636.36 are currently being made to the paying agent with respect to the City's outstanding \$20 million G.O. Qualified School Construction Bonds, 2009 Series A, which were issued as tax credit bonds that do not earn interest. These funds are kept in escrow until the Bonds mature on September 15, 2024.

Table 4 - Outstanding Principal by Purpose as of March 1, 2026

Purpose for Which Issued:	Outstanding March 1, 2026	% Total Outstanding Debt
General Purpose	1,606,726,715	85.487%
MCWT	8,273,776	0.440%
Economic Development	11,168,625	0.594%
State Urban Development	65,751,838	3.498%
Schools	27,989,288	1.489%
Public Buildings	104,079,575	5.538%
Public Works	55,489,798	2.952%
Cemeteries	14,162	0.001%
Total	1,879,493,777	100%