

Capital Planning

OVERVIEW OF CAPITAL PLANNING

Boston's Five Year \$1.25 billion Capital Plan "Together, We CAN" is an investment program for the City's future. The underlying framework for the plan emphasizes (1) the strategic use of infrastructure to promote economic development, neighborhood revitalization, quality education, health care, and public safety, (2) comprehensive planning to lay the foundation for future growth, and (3) effective government management to provide leadership and vision to deliver necessary municipal services efficiently.

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

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

Capital Planning Process

Capital needs and resource availability are assessed annually through a capital planning process that results in a five-year capital plan. The first year of the spending plan is considered the City's capital budget and expenditures against this budget are closely monitored. To emphasize the balance between need and resource availability, the budget document (in Volumes II and III) includes both capital authorizations and expenditure projections for each project.

Steps in the Process

The process begins with a capital improvement project request period where all departments have an opportunity to identify their facility, equipment, infrastructure and planning needs in a systematic manner and to forward their proposals to OBM for funding consideration. The development of department project requests may involve both internal assessments

of current need as well as a review of external constituent requests.

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

All capital improvement projects requesting funding consideration this year had to meet at least one of the following threshold criteria:

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

The total cost of a proposed project must also consider its long-term effect on the City's operating budget. Accordingly, project requests also include information describing the proposed projects 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/efficiency (i.e. heating system upgrades, roof and window replacements) provide operating savings and OBM continues to work with departments to measure these savings.

Finally, federal tax law regulations included in the 1986 Federal Tax Reform Act require a review of the submissions to determine the extent to which private purposes or benefits exist for each project. This review is necessary for Boston to maintain its tax-exempt financing status.

New capital requests that are recommended for funding are placed into a multi-year spending plan along with projects previously authorized. The Mayor submits the

capital plan to the City Council each year. The City Council, in turn, holds public hearings to consider approving project authorizations. This year's capital plan identifies 485 new and continuing projects and proposes \$115.4 million in new project authorization.

Financing the FY06-FY10 Capital Plan

Financing for the capital plan is derived from the following sources:

General Obligation (G.O.) Bonds

General obligation bonds represent 64.8% of all project funding. This year's plan assumes \$470 million in new general obligation borrowings over the next five years to support ongoing capital needs. In addition, the City expects to issue up to \$17 million in FY06 to retire a portion of the bond anticipation notes currently financing the construction of two new middle schools and a new K-8 school.

Bond Anticipation Notes (BANs)

The financing plan for three new schools, Orchard Gardens (K-8), Columbia Road Middle School and Mildred Avenue Middle School, is designed to take advantage of the reimbursement of funds from the Massachusetts School Building Authority (MSBA). Under the MSBA, the City expects to receive approval for 90% reimbursement on approved project costs for the three schools. To best match the projected cash flow from the MSBA, the financing for these schools was structured as bond anticipation notes (BANs) for the construction period with permanent financing structured to mirror the reimbursement payments from the State. In a slight departure from this strategy, the City issued \$25 million in G.O. bonds in February 2003, to retire the first bond anticipation note. The debt issuance was accelerated to take advantage of current low interest rates for a portion of the project that was not reimbursable by the State. The City's \$96 million in BAN's are due to mature on February 1, 2006. Prior to that date, the City expects to receive a lump-sum payment from the MSBA for all, or a significant portion of these projects. The City expects to issue \$17 million in G.O. bonds in FY06 to finance the portion of the BAN's that are not paid from such grant amounts.

State and Federal Funds

State and federal funds, as sources of capital financing, are currently estimated at \$238.3 million from state and \$105.7 million from federal programs. Specific financing programs provide key resources for Boston's Capital Plan. Examples of these programs include:

Highlights of the FY06-10 Capital Plan

Invest in Infrastructure

Public Works

Beacon Street
Citywalks
Road Resurfacing and Reconstruction
Traffic Signal and Safety Zone Improvements

Boston Center for Youth & Families

Blackstone Community Center Renovations
Roslindale Community Center Improvements
Replace roofs at four Community Centers
Shelburne Community Center

Library Department

Brighton Branch Library Upgrade
Johnson Building Fire Alarm Upgrade
New Grove Hall Branch Library
New Mattapan Branch Library

Parks and Recreation Department

New Play Equipment
Ballfield and Playing Court Renovations
New Synthetic Turf Fields at East Boston
Memorial Park, Madison Park High School and
Pagel Playground and Charlestown High School

Invest in Education

Burke High School Addition
Dearborn School
Holland School Renovation
Quincy Upper Pilot School
Round 6 School Yard Improvements
TechBoston Academy

Promote Public Safety & Public Health

Fire Trucks
New Fire Training Simulator
Planning for a new Police station
Renovation work at 2 Police stations
Critical Repairs at various locations
Infrastructure Improvements at Long Island
New boilers at Long Island

Support Neighborhood Development

Back Streets
Crossroads Initiative
Dorchester Avenue
Mattapan Economic Development Study
Neighborhood Business Districts Improvements
N.I.C.E. Program
Pier 4, Charlestown Navy Yard
Strand Theater Improvements

School Building Assistance Program: This State administered program is an important revenue source for school renovation and construction. In July 2000, the State legislature repealed the former school building assistance (SBA) program and enacted Chapter 70B of the General Laws. The reimbursement rates under Chapter 70B ranged from 50% to 90%.

In July 2004 the Governor signed into law an Act creating the Massachusetts School Building Authority which replaced the state Department of Education as the manager of the SBA program. The Authority assumed responsibility for the payment of existing SBA program commitments and will review and prioritize future project requests although at a lower range of reimbursement rates (40%-80% rather than 50%-90%). No new project requests will be accepted until July 2007. Reimbursements for projects previously approved will continue on existing schedules. Projects on the SBA priority waiting list will receive lump sum payments from the state by FY09. For the period FY06-10 total estimated payments from the state are estimated at \$184.0 million.

Chapter 90 Funds: Administered by the Massachusetts Highway Department, Chapter 90 funds are allocated by formula through State bond authorizations and through the State budget to all cities and towns in the Commonwealth. Based on current allocations, \$8.5 million in Chapter 90 funds have been provided annually.

Transportation Improvement Program (TIP): The TIP is a statewide road and bridge construction advertisement program developed under the management of the Commonwealth of Massachusetts Executive Office of Transportation and Construction (EOTC). It includes both locally owned roads and bridges as well as state owned roads and bridges. The TIP's funding sources include state issued general obligation bonds and federal dollars, which are available through the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA LU) which is authorized by Congress through Federal fiscal year FY09. State departments including the Massachusetts Highway Department (MHD), the Massachusetts Bay Transportation Authority (MBTA) and the Massachusetts Turnpike Authority (MTA) use the TIP to manage the bidding and awarding of state construction projects.

Massachusetts Water Pollution Abatement Trust (MWPAT): A statewide revolving fund that commenced operations in 1990 to address necessary environmental actions

outlined in the Federal Clean Water Act. \$13.4 million was included in an October 1999 MWPAT bond issue to cap the former Gardner Street landfill as a non-point source of water pollution and to create Millennium Park. Boston will repay the MWPAT for these essentially zero interest bond funds over twenty years.

Trust Funds

The City's Trust Office manages trust funds and bequests from private citizens that are dedicated to Boston's public spaces. While these trust funds represent a small percentage, less than 1% of the overall revenue to the capital plan, they play an important role. Grants from the Edward Ingersoll Browne Trust Fund have been used for the restoration of neighborhood parks, schoolyards and public spaces. The George Robert White Fund is used to support facilities owned by the Fund.

Expenditures

Capital expenditures totaled \$104.6 million in FY04. The total includes \$63.3 million for general obligation bond spending, \$17.9 million for new school construction and \$23.3 million from grants. In addition to new schools opened in September 2003, the School Department replaced boilers, heating systems, and roofs in many existing buildings. Design and engineering work continued for the replacement of fire alarm systems at seven schools. Renovations or roof replacements began at eight branch libraries and bids were received for a new fire alarm system at the central library's Johnson Building.

Total capital expenditures totaled \$91.3 million in FY05. The total includes \$65.7 million for general obligation bond spending, \$25.1 million from various grants and other sources and approximately \$511,000 closing out the three new school projects. School Department projects completed or underway included the reopening of the Winship School and a major renovation to the Holland School. Work was completed or nearly completed at eight branch libraries that began construction in FY04. The Parks Department continued its program of replacing playlot equipment and refurbishing ball fields and playing courts. In addition, the City acquired an industrial building located in West Roxbury for use as a collection storage facility for the Boston Public Library and the City of Boston Archives and Records Management Center. The facility will enable the City to consolidate its materials collection and public records that are currently stored at multiple sites.

Total capital expenditures in FY06 are forecast at \$96 million. The estimate includes \$80 million for general obligation bond spending and \$16 million from various grant programs including Chapter 90.

The most ambitious project planned is the expansion of Burke High School. The project includes a new branch library incorporated into a building addition along with a new gym and an expanded cafeteria.

The Citywalks program is an \$18.3 million three year effort to repair sidewalks and roads across the city. The

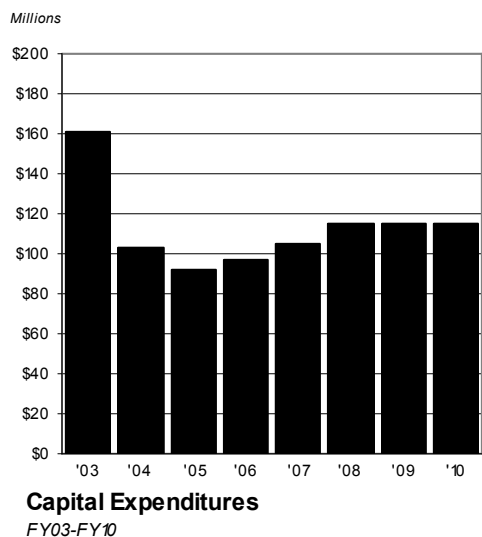


Figure 1

city's regular repair program will be bolstered with an additional one-time infusion of \$12 million.

The Crossroads Initiative is a \$55 million multi-year program of street improvements that will improve connections among the many neighborhoods surrounding the Rose Kennedy Greenway. It will make it possible to move easily from the harbor and the South Boston waterfront to the Financial District; Chinatown will connect with the Leather District and Fort Point Channel and the North End will reconnect with the West End and the Bulfinch Triangle.

The Public Works Department will begin the engineering work necessary to cap the final portion of the Gardner Street landfill and rebuild the high school football field and track that is currently on the site.

Parks improvements at 24 playlots, ball fields and playing courts are scheduled to be completed in FY06.

Artificial turf fields will also be installed at Madison Park High School, Pagel Playground and East Boston Memorial Park. The Fire Department will receive two new platform trucks. Two police stations will start construction by the end of the fiscal year. The Strand Theater's electrical service will be upgraded by this summer. In addition, a larger renovation at the Strand is proposed.

The Burke High School project will begin construction by summer 2006 and will be completed in approximately twenty-four months. At that time, the current Grove Hall Branch Library will be closed and will reopen at its new location at the high school. Preliminary analysis will begin this year to evaluate reuse options for the current library building. In addition, the annex buildings at the Dorchester Education Complex will be renovated for use by TechBoston Academy. The Dearborn School will have extensive masonry repairs underway beginning this summer. The Holland School will remain closed this year as the first phase of major renovations is completed and the second phase begins. Finally, six schoolyard projects, funded in part by Jane's Trust, will be completed this year as well.

The FY06-FY10 capital plan continues modest increases in planned G.O. expenditures that began last fiscal year. By FY08 and through FY10 planned G.O. expenditures are projected to be \$100 million annually. Additionally, future grant expenditures are estimated to total approximately \$15 million annually between FY07 and FY10. Figure 1 indicates total capital spending from all sources since FY03 and projected expenditures through FY10. The decrease between FY03 and FY04 is attributable to the completion of three new schools and reduced bond issuance.

Capital expenditures from all sources are estimated at \$105 million in FY07 and then increase to \$115 million annually between FY08 and FY10.

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

Operating Budget Impacts

Quantifying the operating budget impacts related to proposed capital investment is essential to the decision

making process for the proposed capital projects. Beyond the most evident operating budget impact associated with debt service repayment (see the Debt Management Section for more information), many capital projects also have impacts to staffing, maintenance, equipment and utility budgets. All capital projects are evaluated based on their impact on the departmental operating budgets. The impacts of capital projects fall into three categories: 1) they increase operating budget costs, 2) they decrease operating costs 3) they are cost neutral. Increased costs are often justified through improved or expanded service delivery, or are unavoidable due to legal mandates or regulatory requirements. Cost savings are often realized through operational consolidations, reduced maintenance, energy savings or other efficiencies. OBM requires that each departmental capital funding request be submitted with operating budget impact analysis. In addition, capital project design standards for materials are established with the assumption that preventative maintenance may be constrained by operational resources.

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 plan is focused on basic facility repairs such as roof replacements, new window installations, heating and cooling system updates, refurbishing parks, playgrounds, play lots, playing courts and ball fields.

The Parks and Recreation Department annually saves approximately \$28,000 due to reduced maintenance costs on four synthetic turf playing fields installed over the past few years. The savings enable the department to redirect maintenance resources to other parks and playgrounds.

Building on the benefits derived from the FY03 acquisition of 1010 Massachusetts Avenue building that used tax exempt financing saving city departmental budgets \$2 million annually by eliminating escalating market-based leases, in FY05 the City acquired 138,000 square feet of office and warehouse space located at Rivermoor Street in West Roxbury. This building acquisition will consolidate multiple City operations currently located in three inefficient city-owned buildings along with the consolidation of other archival and library materials stored in other privately-owned locations. In FY06 the building operation and maintenance costs have been budgeted centrally in the Property and Construction Management Department at a cost of \$878,000. This new operation and

maintenance cost will be partially offset with lease revenue generated by a tenant temporarily occupying a portion of the building. Over the next two fiscal years the departments that will be consolidated at the Rivermoor building will no longer be responsible for facility operation and maintenance and the costs for operating and maintaining their existing inefficient buildings will be eliminated. The Property and Construction Management Department will provide more efficient centralized operations and maintenance.

In FY06 the Office of Budget Management will have oversight of the proposed capital fit-out plan for the Rivermoor building and will require that departmental operating budget impacts for staffing, maintenance and equipment are quantified and incorporated into the final scope of the fit-out. Operational overlaps between the departments will be addressed in the building fit out and efficiencies will be attained.

The Boston Public Schools, with in-house expertise in building systems and energy management, strategically prioritizes capital investment in building systems, both structural and mechanical that will reduce operating costs. Preventative roof, window, door and boiler repairs translate into operating budget savings. Preventative repairs and/or upgrades reduce the ongoing operating costs associated with repetitive and emergency repairs that are expended from the departmental operating budget.

Expanding on a model first established at the School Department, the Property and Construction Management Department will centralize the management of two additional building automation and energy management systems at Boston City Hall. This centralization will help better manage and reduce operating costs for two additional City buildings in the same control room used to manage Boston City Hall.

The City will continue its efforts to implement energy efficient capital projects. Boston benefits from established relationships in the energy industry developed through the Mayor's Advisory Committee and the creation of an Energy Management Board in FY03. The Mayor's Office will finalize and release the Integrated Energy Management Plan early in FY06 that will set the framework for the Mayor's energy policy and identify implementation priorities and strategies. Capital projects will be prioritized to achieve the most energy efficiency leveraging external energy efficiency grants wherever possible.

Comprehensive energy efficient capital projects have been identified for Boston City Hall and the Boston

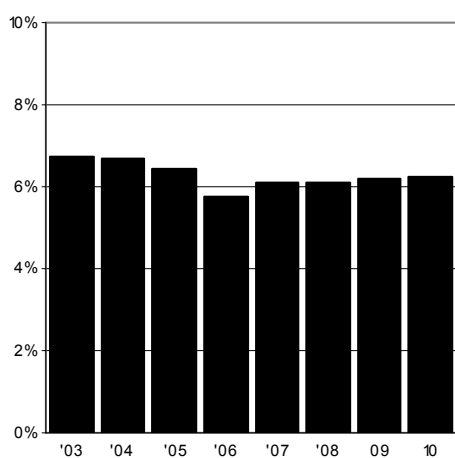
Public Library's Main Branch in Copley Square. Both of these buildings have undergone comprehensive energy audits and are eligible for implementation grants from the ratepayer-funded Energy Efficiency Fund administered by Boston's local electric utility company, NSTAR, and approved by the Commonwealth of Massachusetts' Department of Telecommunications and Energy (DTE) and Division of Energy Resources (DOER).

Debt Management Policies and Debt Implications of the Plan

Effective debt management will ensure 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. The 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 needed for the City's continued growth and maintains safe roadway conditions.

The Treasury Department manages all City borrowings. It has focused in particular on the timing of borrowings, paying special attention to favorable market conditions. The City adopted a set of debt management policies that were implemented by the Treasury Department.



Gross Debt Service as a Percent of Total General Fund Expenditures
FY03 - FY10

Figure 2

These policies address issues such as debt affordability and limitations on the level of variable rate debt the City will use. The goal is to rapidly repay debt, maintain a conservative level of outstanding debt and ensure the City's continued positive financial standing with the bond market.

Key components of the debt management policies ensure that:

- combined net direct debt does not exceed 3% of taxable assessed value;
- at least 40% of the overall debt is repaid within five years and 70% within ten years;
- annual gross debt service costs does not exceed 7% of general fund expenditures;
- variable rate debt does not exceed 20% of the City's total currently outstanding bonded debt.

Refer to the chapter on Financial Management for further discussion of the City's financial policies and management controls.

The City's debt service forecast assumes general obligation spending as follows: \$97 million in FY06 which includes \$17 million for retirement of school bond anticipation notes maturing in February 2006, \$90 million in FY07, \$100 million in FY08, FY09 and FY10. On February 1, 2005 the city issued \$75 million in general obligation bonds and \$52.8 million in general obligation refunding bonds. The debt tables at the end of this chapter detail the City's outstanding debt service obligations and demonstrate the City's rapid retirement of its debt.

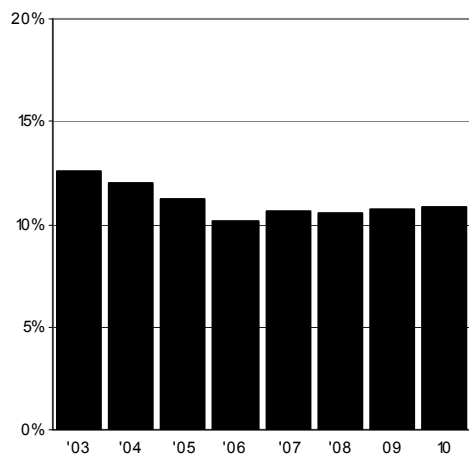
The City's gross debt service requirement will remain under 7% of total General Fund expenditures throughout the FY06-10 period (See Figure 2).

The ratio of debt service to the City's primary revenue source, the property tax levy, declined significantly in the early 2000s. This ratio is projected to decrease modestly in FY05 and FY06 and then increase slightly in FY07 (Figure 3.).

The City's current overall debt burden (net direct debt to assessed property value of \$69.25 billion) is approximately 1.10% as of April 1, 2005. The City's net direct debt per capita currently stands at approximately \$1,305.30 as of April 1, 2005.

Boston has been conservative about assuming long-term debt and aggressive about retiring debt expeditiously.

As of April 1, 2005, the City's debt retirement schedule shows that 34.9% of its principal will be retired five years out, before the end of FY09. (Figure 4). (It should be noted that had this table been dated as of June 30, 2004 to include the entire fiscal year's principal, the debt retirement schedule would reflect that 40.9% of the City's principal would be retired by the end of FY09). This overall approach to debt issuance has significantly shaped the City's capital investment strategy. Upgrades to the City's bond rating have also recognized the successful capital investment strategy. In February 2005, Moody's Investors Service, Standard and Poor's and Fitch Ratings awarded the City with bond ratings of Aa1, AA and AA, respectively.



Gross Debt Service as a Percent of the Net Property Tax Levy
FY03 - FY10

Figure 3

Boston has had eleven general obligation bond sales over the past decade, the most recent of which was for \$75 million on February 1, 2005. The City also has had eight general obligation refunding issues, the most recent was on February 1, 2005, which achieved significant interest rate savings.

Major Capital Projects

Table 1 lists the major projects being undertaken by the Capital Plan. Descriptions on all 485 projects can be found in Volumes II and III of the Budget. The project descriptions include authorizations and funding sources, projected expenditures and scope information.

Table 1

Major Capital Projects FY2006 - 2010 Plan

Project	Description	Plan Budget
Crossroads Initiative	The Crossroads Initiative is a multi-year capital program of street improvements that will improve connections among the many neighborhoods surrounding and adjacent to the Rose Kennedy Greenway.	55,000,000
Burke High School	Design and construct an addition that will include a new full service neighborhood branch library and gym. The existing school building will be renovated to include a new cafeteria and general building improvements.	39,750,000
Holland School Phase I and II	Replace exterior building walls, windows, roof, HVAC system, fencing and paving. Increase building security system. Upgrade fire alarm system, replace ceilings, painting, lighting and electrical improvements, access improvements, and pool area work.	20,842,000
Quincy Upper Pilot School	Develop a program to design and renovate the former Boston High School (Lincoln) building and Church Street building to accommodate Quincy Upper Pilot School.	13,000,000
Citywalks	Repair and replace sidewalks and roads in conjunction with the City's annual sidewalk and roadway reconstruction programs over the next three years.	12,000,000
Charlestown Police Station	Complete a site assessment of a BHA owned parcel. Architectural programming and design for a new police station.	11,625,000
Mattapan Branch Library (New)	Site acquisition, design, construction and furnishings for the development of a new branch library.	10,150,000
201 Rivermoor Street	Renovate building for use as a new Boston Public Library collections storage facility and also for a new City Archives and Records Management Center.	10,000,000
Hyde Park Community Center Interior	A complete renovation and reprogramming of the community center including the teen center and kitchen. Upgrades to the gym, office spaces, interior painting, plumbing, heating, masonry work, and fire alarm system.	8,025,000
Pool Repairs	Renovate pools and locker rooms including painting ceilings and pool bottoms at: Curtis Hall, Condon, Charlestown, Hennigan, Flaherty, Harborside, Marshall, Murphy, Perkins, Quincy, and West Roxbury Community Centers.	8,000,000
Shelburne Community Center	Interior and exterior facility repairs and upgrades including: roof, mechanical systems, masonry, windows, athletic facility and interior renovations.	5,700,000
Gardner Street Landfill Phase IA	Design and cap landfill areas at ballfields.	5,550,000
Dorchester Avenue	Revitalize Dorchester Avenue with roadway improvements.	5,000,000
Strand Theater	Masonry repairs including the portico; repair or replace fire doors, regular doors and windows; paint and plaster; refurbish theater seating; replace boiler; sprinkler and security system work; upgrade exit lighting; upgrade exterior lighting, other work.	4,500,000
Brighton Branch Library	Install emergency lighting and exit signage. Interior renovations include flooring and carpet, window treatment, lighting and signage. Exterior renovations include signage, fences, roof, and retaining walls. Install windows and upgrade HVAC system.	4,190,610
Madison Park Field	Install new synthetic turf playing field.	3,600,000
Charlestown High School Field	Renovate the park with artificial turf fields, new play courts, bleachers, track, fencing and other miscellaneous improvements.	3,500,000
Centre Street Phase II	Reconstruct the street and sidewalks from Mt. Vernon Street to Greaton Road.	3,500,000
Dearborn School Masonry	Comprehensive masonry repairs.	2,645,000
Beacon Street	Roadway improvements from Arlington Street to Gloucester Street and related street light improvements.	2,500,000

Capital Project Financing

Fiscal Years 2006 - 2010

	Existing Authorization	FY06 Authorization	FY07-10 Authorization	State	Federal	Other	Trust	Total
Boston Center for Youth and Families	8,397,810	9,018,700	28,626,700	0	0	0	0	\$46,043,210
Boston Redevelopment Authority	10,674,300	0	0	5,287,000	0	0	0	\$15,961,300
Environment Department	2,490,000	125,000	500,000	0	0	25,000	0	\$3,140,000
Fire Department	24,442,366	3,676,000	13,417,150	0	0	0	0	\$41,535,516
Graphic Arts Department	1,113,000	0	0	0	0	0	0	\$1,113,000
Library Department	24,347,904	4,450,000	25,510,000	15,225,000	291,358	6,358,642	0	\$76,182,904
Management Information Services	6,759,000	3,300,000	4,050,000	0	0	0	0	\$14,109,000
Neighborhood Development	13,252,200	4,700,000	345,000	0	0	0	0	\$18,297,200
Office of Budget Management	100,000	0	0	0	0	0	0	\$100,000
Parks and Recreation Department	36,960,445	12,831,623	4,179,600	32,608,944	49,800,000	11,600,556	0	\$147,981,168
Police Department	20,780,750	500,000	14,717,250	0	0	0	0	\$35,998,000
Property and Construction Management Department	57,929,913	14,560,000	25,788,000	0	0	0	150,000	\$98,427,913
Public Health Commission	10,286,630	250,000	4,800,000	0	0	0	0	\$15,336,630
Public Works Department	96,618,384	26,420,000	73,130,583	185,188,837	55,632,939	63,689,750	0	\$500,680,493
School Department	102,523,419	34,054,700	74,492,700	0	0	13,750,000	0	\$224,820,819
Transportation Department	8,808,003	1,500,250	0	30,543	0	0	0	\$10,338,796
Total	425,484,124	115,386,273	269,556,983	238,340,324	105,724,297	95,423,948	150,000	1,250,065,949

CITY OF BOSTON

DEBT SERVICE PAYMENTS on GENERAL OBLIGATION BONDS

@ April 1, 2005

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

DATE OF ISSUE	AMOUNT ISSUED	F'05 through F'09		F'10 through F'14		F'15 through F'19		F'20 through F'24		F'25 through F'29		F'05 through F'29	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
February 1, 2005 R	52,775	0	10,316	35,295	9,808	17,480	1,557	0	0	0	0	52,775	21,681
February 1, 2005	75,000	20,500	11,357	22,005	10,220	16,200	5,297	13,635	2,141	2,660	106	75,000	29,121
April 1, 2004 R	42,330	24,360	4,751	12,645	822	0	0	0	0	0	0	37,005	5,573
February 1, 2004	65,000	18,705	6,117	14,725	2,309	2,440	122	0	0	0	0	35,870	8,548
February 1, 2004 R	35,870	15,200	10,132	18,150	8,523	15,000	4,480	12,850	1,603	0	0	61,200	24,738
February 1, 2003 R	28,515	10,185	4,272	16,725	2,570	0	0	0	0	0	0	26,910	6,842
February 1, 2003	25,000	5,200	3,801	6,500	3,527	6,000	2,031	4,800	594	0	0	22,500	9,953
February 1, 2003	33,500	3,155	5,930	6,515	6,462	10,465	4,573	12,175	1,569	0	0	32,310	18,534
February 1, 2003	75,000	19,260	10,468	19,780	8,960	16,050	4,591	9,800	1,213	0	0	64,890	25,232
November 15, 2002 R	43,070	20,905	2,739	0	0	0	0	0	0	0	0	20,905	2,739
August 15, 2002 R	48,640	1,165	8,173	22,200	8,587	20,310	3,464	3,850	173	0	0	47,525	20,397
February 1, 2002	100,000	23,470	12,977	25,935	11,094	21,030	5,846	11,295	1,130	0	0	81,730	31,046
April 1, 2001 R	52,025	9,800	7,438	26,940	4,549	6,360	318	0	0	0	0	43,100	12,305
February 1, 2001	120,000	29,030	13,708	27,745	10,718	21,595	5,158	8,190	614	0	0	86,560	30,198
February 1, 2000	120,000	24,100	4,549	6,025	346	0	0	0	0	0	0	30,125	4,895
MWPAT - October 15, 1999	13,389	2,417	1,980	3,409	1,693	3,955	729	855	24	0	0	10,636	4,424
October 15, 1998	120,000	26,740	6,060	0	3,019	13,935	2,102	0	0	0	0	40,675	11,181
April 15, 1998	15,000	3,260	383	0	0	0	0	0	0	0	0	3,260	383
April 15, 1998 R	62,855	9,890	6,648	24,605	4,485	3,065	161	0	0	0	0	37,560	11,294
January 15, 1998	90,000	13,870	2,656	0	1,760	7,820	1,056	0	0	0	0	21,690	5,471
November 15, 1996	90,000	10,800	810	0	0	0	0	0	0	0	0	10,800	810
October 15, 1995	75,000	3,300	87	0	0	0	0	0	0	0	0	3,300	87
		295,312	135,348	289,199	99,451	181,705	41,484	77,450	9,061	2,660	106	846,326	285,451
			430,660		388,660		223,189		86,511		2,766		1,131,776

@ 4/1/05:

% of Total Principal and

Interest Retired in 5 Years: **34.9%** **47.4%**

% of Total Principal and

Interest Retired in 10 Years: **69.1%** **82.3%**

% of Total Principal and

Interest Retired in 15 Years: **90.5%** **96.8%**

% of Total Principal and

Interest Retired in 20 Years: **99.7%** **99.9%**

% of Total Principal and

Interest Retired in 25 Years: **100.0%** **100.0%**

Note: R = General Obligation Refunding Issuance

Outstanding Debt by Purpose as of April 1, 2005

	Outstanding @ April 1, 2005	Percent of Total Outstanding Debt
General Purpose:		
<u>Acquisition of Land, Parks and Recreation/</u>		
Outdoor Facilities/Cemeteries/LandFill Areas	70,558,590.25	8.34
Departmental Equipment	16,984,069.75	2.01
Departmental Equipment/Fire Boat Acquisition	80,085.84	0.01
Computer Hardware/Software	18,451,315.30	2.18
Remodeling & Extraordinary Repairs	284,941,333.72	33.67
Engineering and Architectural Services	1,309,941.50	0.15
	392,325,336.36	46.36
 Urban Development:		
<u>Economic Development and Industrial Corporation</u>		
	4,413,677.51	0.52
Urban Redevelopment and Renewal	24,992,206.22	2.95
	29,405,883.73	3.47
 Schools:		
<u>Capital Improvements, Act of 1966</u>		
	0.00	0.00
<u>Capital Improvements, Act of 1973</u>		
	406,963.68	0.05
<u>Capital Improvements, Act of 1991</u>		
	25,151,419.18	2.97
<u>Capital Improvements, Act of 1996</u>		
Construction of Buildings	22,500,000.00	2.66
School Project Loan, Chapter 70B	61,584,647.00	7.28
	138,703,746.01	16.39
 Public Buildings:		
<u>Capital Improvements, Act of 1966</u>		
	163,887.99	0.02
<u>Capital Improvements, Act of 1973</u>		
	8,717,602.84	1.03
<u>Capital Improvements, Act of 1991</u>		
	56,270,847.28	6.65
<u>Capital Improvements, Act of 1996</u>		
Construction of Buildings	36,777,451.61	4.35
	96,072,940.19	11.35
	198,002,729.91	23.40
 Public Works:		
<u>Construction of Bridges</u>		
	24,672,753.89	2.92
<u>Construction of Public Ways</u>		
	42,247,298.29	4.99
<u>Construction of Sidewalks</u>		
	6,423,550.26	0.76
<u>Traffic Signals, Public/Street Lighting, Fire Alarms</u>		
	14,544,246.74	1.72
	87,887,849.18	10.38
GRAND TOTAL =	846,325,545.19	100.00%

RATE of PRINCIPAL RETIREMENT on GENERAL OBLIGATION BONDS:
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Fiscal Years Ending June 30, 2005 - 2029

(as of April 1, 2005)

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>	<u>Percentage of Total Principal Amount Retired:</u>
@4/1/05:		
2005 - 2009	295,311,877.00	34.89 %
2010 - 2014	289,198,669.00	34.17 %
2015 - 2019	181,705,000.00	21.47 %
2020 - 2024	77,450,000.00	9.15 %
2025 - 2029	2,660,000.00	0.31 %
	846,325,546.00	100.00 %

Figure 4

CAPITAL FUND DEBT SERVICE REQUIREMENTS - FISCAL YEARS 2004 to 2010

	Actual FY04	Projected FY05	Projected FY06	Projected FY07	Projected FY08	Projected FY09	Projected FY10
Gross Debt Service Requirements - Bonded Debt:							
Total Principal:	86,490,297	85,425,488	77,146,592	84,400,539	86,777,086	92,667,660	97,038,669
Total Interest:	39,947,221	38,936,038	40,204,780	43,217,110	44,983,371	46,495,362	47,983,973
(1) Total	\$126,437,518	\$124,361,526	\$117,351,372	\$127,617,649	\$131,760,457	\$139,163,022	\$145,002,642
Less Revenue Deemed Available from Related Sources:							
Boston Medical Center	2,240,844	1,766,791	918,855	773,544	631,895	752,601	735,912
Boston Public Health Commission	1,769,448	1,156,990	731,770	709,398	553,771	681,246	673,203
Water and Sewer Payments	0	0	0	0	0	0	0
Gardner Street Landfill Subsidy	581,779	554,594	542,030	524,894	516,522	492,351	483,701
(2) Irrigation Project	269,504	278,102	273,154	321,456	314,092	304,311	295,548
(3) 1010 Massachusetts Avenue Project	1,520,102	1,486,053	1,532,226	1,574,629	1,624,472	1,672,937	1,724,115
Accrued Interest	593,554	335,939	0	472,340	100,000	100,000	100,000
Premium	1,488,497	3,879,494	0	4,040,089	100,000	100,000	100,000
Total Debt Service/Budget Summary:	\$123,924,684	\$121,296,063	\$119,745,937	\$122,701,300	\$131,419,705	\$138,559,577	\$144,390,163
Additional Adjustments:							
Plus: Interest on Temporary Loan Notes and Other Items:							
Revenue Anticipation	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Cost of Issuance	58,403	500,000	500,000	500,000	500,000	500,000	500,000
(4) School B.A.N.'s	2,892,500	2,892,500	2,892,500	0	0	0	0
Total Debt Service/Budget Summary:	\$123,924,684	\$121,296,063	\$119,745,937	\$122,701,300	\$131,419,705	\$138,559,577	\$144,390,163
Less:							
School Construction Assistance	17,555,199	16,147,886	82,036,411	37,472,982	30,400,782	19,731,190	14,410,480
(5) Room Occupancy Excise Fund	7,917,650	8,272,150	8,268,150	8,270,113	8,268,938	8,269,363	8,270,863
Plus:							
Plus: (5) Convention Center Special Obligation Bonds	7,917,650	8,272,150	8,268,150	8,270,113	8,268,938	8,269,363	8,270,863
Total Net Debt Service Requirements:	\$106,369,495	\$105,148,177	\$37,709,427	\$85,228,318	\$101,018,923	\$118,828,387	\$129,979,683

NOTES:

- (1) FY04 - On February 1, 2004, the City issued \$65 million in General Obligation Bonds with a 20 year maturity and an average interest rate of 4.43%.
- FY04 - On February 1, 2004, the City issued \$35.870 million in General Obligation Refunding Bonds with an 11 year maturity and an average interest rate of 4.73%.
- FY04 - On April 1, 2004, the City issued \$42.330 million in General Obligation Refunding Bonds with an 8 year maturity and an average interest rate of 4.13%.
- FY05 - On February 1, 2005, the City issued \$75 million in General Obligation Bonds with a 20 year maturity and an average interest rate of 4.28%.
- FY05 - On February 1, 2005, the City issued \$52.775 million in General Obligation Refunding Bonds with a 13 year maturity and an average interest rate of 4.42%. Assumes debt issuance as follows...
- FY06 - Assumes General Obligation debt issuance of \$17 million for School Purposes, with a 20 year maturity and average interest rate of 5.5%.
- FY06 - Assumes General Obligation debt issuance of \$80 million, with a 20 year maturity and average interest rate of 5.5%.
- FY07 - Assumes General Obligation debt issuance of \$90 million, with a 20 year maturity and average interest rate of 6.0%.
- FY08 - Assumes General Obligation debt issuance of \$100 million, with a 20 year maturity and average interest rate of 6.0%.
- FY09 - Assumes General Obligation debt issuance of \$100 million, with a 20 year maturity and average interest rate of 6.0%.
- FY10 - Assumes General Obligation debt issuance of \$100 million, with a 20 year maturity and average interest rate of 6.0%.
- (2) Debt Service Costs will be offset by the "Fund for Parks and Recreation".
- (3) Debt Service Costs will be offset by charging City departments for the space they occupy.
- (4) On February 1, 2002, the City issued \$62 million in Bond Anticipation Notes at an interest rate of 3.5% which will mature on February 1, 2006.
- On February 1, 2003, the City issued \$34 million in Bond Anticipation Notes at an interest rate of 2.125% which will mature on February 1, 2006.
- On April 15, 2002, the City retired Convention Center Notes dated May 1, 1999 and February 1, 2000 with the issuance of \$116.9 million in Special Obligation Bonds for the Convention Center with a 25 year maturity and an average interest rate of 4.83%. Pledged revenues will be dedicated to the repayment of the debt service.