



City of Boston

Thomas M. Menino, Mayor

Operating Budget Fiscal Year 2009
Capital Plan Fiscal Years 2009-2013

Volume 1 - Overview of the Budget

Thomas M. Menino, Mayor

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

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City of Boston

Massachusetts

For the Fiscal Year Beginning

July 1, 2007

Charles S. Cox

President

Jeffrey R. Emery

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Boston for its annual budget for the fiscal year beginning July 1, 2007.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

June 16, 2008

TO THE CITY COUNCIL

Dear Councilors:

I retransmit herewith my Fiscal Year 2009 Recommended Budget for the City of Boston. The Recommended Operating Budget totaling \$2.4 billion is \$120.03 million, or 5.2%, more than the current Fiscal Year 2008 Budget.

This resubmission includes funding in various departments for an upward adjustment to the projections for auto energy prices in the coming year. According to recent federal government reports, gasoline and diesel fuel prices, which have risen rapidly since the beginning of 2008, are expected to peak this summer and after a slight decline remain elevated through the end of 2009. It should be noted that in order to mitigate the continued impact of these increases and in keeping with my green agenda, this budget will fund the purchase of fuel efficient municipal vehicles. The resubmission also includes collective bargaining adjustments in several departments and the collective bargaining reserve based on contracts settled and approved by the City Council since the original budget submission in April. A recent review and subsequent update of projected FY09 revenues supports the increases needed for the resubmission.

The FY09 budget supports our commitment to strengthen our communities and to provide a safe, clean city for all of our residents, businesses and visitors. The budget sustains and builds on our investments in youth and public safety. In the coming year, the multi-disciplinary Community Learning initiative will align strategies and programs to maximize positive impact for children and youth in our schools, community centers, and branch libraries. This effort will be punctuated with two new state-of-the-art facilities opening in FY09: an expanded library in Mattapan, and a major renovation of and addition to the Burke High School which will include the school media center, a community center and the Grove Hall branch library. Within the Boston Public Schools, we will work to preserve our students' gains in academic achievement and maintain our commitment to all of our students and their families. As we work to strategically realign BPS operations for the future, we will support the Schools budget with a one-time allocation of reserves.

Our commitment to public safety remains solid. The current level of uniformed personnel in the Police and Fire Departments will be sustained. We will continue our strategy to build an integrated approach to violence prevention by supporting the Boston Public Health Commission's Youth Development Network launched in FY08.

Following national trends, health insurance costs continue to rise. However, we have achieved two major successes in this area: increased employee cost sharing negotiated through collective bargaining, and slowing the growth rate of premium increases. The FY09 Budget also includes a \$25 million appropriation from Budgetary Fund Balance to continue to address the City's liability related to other post-employment benefits (OPEB).

Over seventy percent of the spending growth in FY09 is due to increasing personnel costs, including health and pension benefits and the impact of collective bargaining increases. In addition, fixed costs such as energy, state assessments and debt service, continue to rise. The total annual spending increase needed to meet the City's commitments continues to outpace our rate of revenue growth.

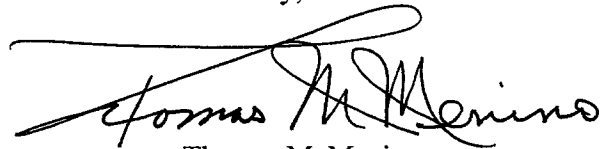
For the seventh year in row, we have been challenged to build a budget under tight fiscal constraints. For FY09, net state aid is projected to remain \$67.4 million less than it was seven years ago, and slightly down from FY08. The City remains challenged by our over-reliance on property taxes to fund services. This budget assumes a prudent allocation of reserves to support ongoing expenses and to mitigate the effects of no growth in state aid.

Like most cities and towns across the Commonwealth and across the nation, the City of Boston faces fiscal challenges that will not end within the coming year, compounded by the effects of consecutive years of reductions in state aid, and an economic climate that may indeed worsen. We must remain mindful that the decisions we make now will impact our ability to provide services in the future. The FY09 budget achieves a balance between our responsibility to provide the levels of service that our citizens deserve and our duty to ensure a sustainable future for the City.

I wish to thank you for your thoughtful and thorough budget review process conducted over the past two months. Your understanding of the fiscal restraints that the City faces was evident as you reviewed each department's appropriation request. Through our cooperative efforts, this budget will allow us to continue to deliver sustainable quality services to our residents, businesses, and visitors while maintaining our strong financial position.

The recommended budget for Fiscal Year 2009 is soundly balanced within the City's available resources. I respectfully request your favorable action on the FY09 Operating Budget and the Five Year Capital Plan for FY09 to FY13.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Menino". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Thomas M. Menino
Mayor of Boston



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

April 8, 2008

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith my Fiscal Year 2009 Recommended Budget for the City of Boston. The Recommended Operating Budget totaling \$2.4 billion is \$117.04 million, or 5.1%, more than the Fiscal Year 2008 Budget.

The FY09 budget supports our commitment to strengthen our communities and to provide a safe, clean city for all of our residents, businesses and visitors. The budget sustains and builds on our investments in youth and public safety. In the coming year, the multi-disciplinary Community Learning initiative will align strategies and programs to maximize positive impact for children and youth in our schools, community centers, and branch libraries. This effort will be punctuated with two new state-of-the-art facilities opening in FY09: an expanded library in Mattapan, and a major renovation of and addition to the Burke High School which will include the school media center, a community center and the Grove Hall branch library. Within the Boston Public Schools, we will work to preserve our students' gains in academic achievement and maintain our commitment to all of our students and their families. As we work to strategically realign BPS operations for the future, we will support the Schools budget with a one-time allocation of reserves.

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Over seventy-five percent of the spending growth in FY09 is due to increasing personnel costs, including health and pension benefits and the impact of collective bargaining increases. In addition, fixed costs such as energy, state assessments and debt service, continue to rise. The total annual spending increase needed to meet the City's commitments continues to outpace our rate of revenue growth.

For the seventh year in row, we have been challenged to build a budget under tight fiscal constraints. For FY09, net state aid, based on the local aid resolution passed by the House and the Senate in March, remains \$67.4 million less than it was seven years ago, and slightly down from FY08. The City remains challenged by our over-reliance on property taxes to fund services. This budget assumes a prudent allocation of reserves to support ongoing expenses and to mitigate the effects of no growth in state aid.

Like most cities and towns across the Commonwealth and across the nation, the City of Boston faces fiscal challenges that will not end within the coming year, compounded by the effects of consecutive years of reductions in state aid, and an economic climate that may indeed worsen. We must remain mindful that the decisions we make now will impact our ability to provide services in the future. The FY09 budget achieves a balance between our responsibility to provide the levels of service that our citizens deserve and our duty to ensure a sustainable future for the City.

I look forward to working with you during the budget review process, and I respectfully request your favorable action on the FY09 Operating Budget and the Five Year Capital Plan for FY09 to FY13.

Sincerely,

A handwritten signature in black ink that reads "Thomas M. Menino". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Thomas M. Menino
Mayor of Boston