

OFFERED BY COUNCILORS LIZ BREADON, JULIA MEJIA, BRIAN WORRELL,
COLETTA ZAPATA, FERNANDES ANDERSON, FITZGERALD, FLYNN, LOUIJEUNE,
MURPHY, PEPÉN, SANTANA, WEBER AND WORRELL



CITY OF BOSTON IN CITY COUNCIL

ORDER FOR A HEARING TO REVIEW CAPITAL PLANNING, BUDGETING, AND PROJECT MANAGEMENT PRACTICES IN THE CAPITAL PROGRAM OF THE CITY OF BOSTON

- WHEREAS*, The City of Boston maintains a large inventory of capital assets, including roads, bridges, parks, equipment, and facilities that deliver essential city services, and investment in the City’s infrastructure is an investment in the City’s future; *and*
- WHEREAS*, Comprehensive background information on the City’s capital program, encompassing capital planning, budgeting, and project management, is detailed in several official publications, including the annual budget book, the Annual Comprehensive Financial Report, and statements prepared for municipal securities disclosure purposes; *and*
- WHEREAS*, In fiscal year 1985 (FY85), the City created an Office of Capital Planning and presented its first five-year capital plan for FY86–FY90 to address a lack of foresight and regular repair, compounded by the City’s financial crisis, and sought to substantially reverse the effects of more than two decades of disinvestment; *and*
- WHEREAS*, The Office of Capital Planning was later consolidated in FY93 as the Division of Capital Planning within the Public Facilities Department until the operating and capital budgeting functions were combined in FY95 within the Office of Budget Management under a Finance Cabinet led by a Chief Financial Officer; *and*
- WHEREAS*, The Capital Budgeting program of the Office of Budget Management prepares and manages the multi-year capital plan, oversees capital construction projects, equipment acquisitions, and contracts, and monitors all capital fund appropriations and related revenue, including bonds and grants; *and*
- WHEREAS*, The Office of Budget Management facilitates an annual capital planning process which begins with a capital improvement project request period where departments identify facility, equipment, infrastructure, and planning needs and submit proposals for funding consideration, and requests that are recommended for funding are placed into a multi-year spending plan along with previously authorized projects; *and*
- WHEREAS*, All projects are categorized as New Construction, Major Renovation, State of Good Repair, Equipment/Technology, or Planning, and 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; *and*
- WHEREAS*, The Annual Comprehensive Financial Report states that, of the City’s major governmental funds (the General Fund, the Special Revenue Fund, and the Capital Projects Fund), “the General Fund is the only fund for which a budget is legally adopted,” and, according to the Information Statement, the capital budget is funded by loan orders submitted for City Council consideration and, “There is no statutory time frame for requesting or approving such orders”; *and*

- WHEREAS*, The Information Statement further disclosed that, as of March 1, 2024, the City had authorized but unissued debt subject to the debt limit of \$2.57 billion and the statutory capacity to authorize an additional \$7.03 billion of debt; *and*
- WHEREAS*, The Capital Projects Fund, which accounts for financial resources to be used for the acquisition or construction of major capital facilities, is derived principally from proceeds of general obligation bonds (75.6 percent of all project funding) and from federal and state grants (16 percent), with the Fund balance at the close of FY23 being \$277.4 million, an \$85.0 million increase from FY22; *and*
- WHEREAS*, The City adopted a \$4.7 billion FY25–FY29 capital plan which assumes \$2.14 billion in new general obligation borrowings over the next five years, identified 427 new and continuing projects and proposed \$420.9 million in new bond authorization, and estimates FY25 capital expenditures from all sources will total \$755.9 million; *and*
- WHEREAS*, Capital project management responsibilities, including professional planning, design, and construction management services, are dispersed among the City’s Public Facilities, Public Works, Parks and Recreation, and Transportation Departments, while the School Department has separate facilities and planning functions; *and*
- WHEREAS*, In 2016, the Department of Innovation and Technology issued a request for proposals for a capital program and project management software to improve facilitation across departments, promote transparency and availability of data, and ensure efficient management of programs, projects, budgets, schedules, and partnerships; *and*
- WHEREAS*, The City’s financial management is supported by the Boston Administrative Information Systems (BAIS) integrated financial and human capital management system and its specialized functions of encumbrance and budget control, position and payroll allotment, fund accounting, and capital project and grant management; *and*
- WHEREAS*, The Division of Local Services of the Massachusetts Department of Revenue has produced comprehensive resources to assist municipalities in carrying out their responsibilities in planning, financing, and implementing capital improvements; *and*
- WHEREAS*, The Government Finance Officers Association, a trade organization of government finance officials which regularly recognizes the City’s distinguished operating budget presentation, produces multi-year capital planning resources and model policies informed by best practices of local governments across the country; *and*
- WHEREAS*, Best practices for a multi-year capital plan include stakeholder engagement, strategic identification and prioritization of expected needs, established project scope and costs, proper monitoring and oversight, public project progression status reports, disclosure of significant changes, and project close-out procedures; *and*
- WHEREAS*, As the City of Boston approaches the fortieth anniversary of its first five-year capital plan, a comprehensive performance review is timely; *NOW, THEREFORE BE IT*
- ORDERED*: That the appropriate committee of the Boston City Council hold a hearing to review capital planning, budgeting, and project management practices in the capital program of the City of Boston, and that decision-making officials representing City departments involved in all stages of the capital program, industry professionals, community stakeholders, and interested members of the public be invited to attend.

Filed on: July 8, 2024