



What's ahead for Boston

Reduced local aid, increased development, and a fresh-faced city council
BY SAMUEL R. TYLER

NEXT YEAR, Boston will struggle to prioritize the delivery of municipal services in a tight fiscal climate, even as planning intended to further enhance the city continues. Preparations will be made, for instance, for the 2004 opening of the new Boston Convention & Exhibition Center on the South Boston waterfront. Also, work is beginning on the Democratic National Convention, which will take place in the FleetCenter, also in 2004. These two big events, especially the Democratic Convention, will offer an opportunity to showcase Boston nationally. They can act as catalysts, bringing together public and business leaders to address a series of critical issues that will shape the city for generations to come, such as development of the Surface Central Artery. Even so, the public's attention next year will be focused primarily on the weakened economy and its impact on city and state services.

Projections of a \$2 billion state deficit in fiscal 2004, which starts on July 1, 2003, will likely bring a second round of even deeper local-aid cuts than those Boston faced this year. These cuts will create the biggest fiscal challenge of Mayor Tom Menino's nine years in office, during which time his administration has enjoyed consecutive years of steady spending growth. A reduction of 10 percent in state aid to Boston would constitute a loss of approximately \$50 million — about 2.8 percent of this year's budget. With employee costs representing almost 70 percent of the city's total operating budget, the mayor will need to reduce work-force levels in most departments. Attrition and an early-retirement-incentive program will help if the administration exercises discipline in not filling vacant positions. The Boston Police Department is already feeling the squeeze — the mayor canceled this year's class of 60 Boston police recruits. The School Department, which, at 36 percent of the budget, is the biggest department, will probably be required to make the biggest dollar cut — a cut that could lead to the closing of a few small schools and to teacher layoffs. But no City of Boston department will be spared the demand to cut expenses.

Adding pressure to the budget situation is the need for the city to negotiate new employee agreements with most city unions, including the police unions, whose contracts expired last June. The contracts for the teachers and firefighters will expire this coming summer. Already, union leaders are arguing for generous salary increases because of residency requirements and the high cost of housing in Boston.

Faced with these prospects, Menino has sent a legislative package to Beacon Hill that would let the city create new tax sources locally. Most notable: bills to increase the meals tax by one percent, establish an entertainment excise tax of 50 cents for each ticket for sporting and musical events, and to implement a new parking excise tax of 10 percent. Any tax debate will be linked to the Menino administration's record of controlling expenses and adopting initiatives to provide services more efficiently.

The Menino administration is already taking steps to meet the fiscal challenges ahead. A process has been under way to control additions to the city payroll, and the capital budget has been trimmed over the past three years. An adequate reserve of approximately \$182 million has been built up from which limited funds are available to help mitigate deep cuts in basic core services in 2003.

THAT SAID, the city faces a number of distinct challenges:

Public safety. Next year, the city must focus on maintaining Boston's strong record of public safety with fewer police officers and added law-enforcement responsibilities. Regular police services will need to be balanced with the department's new responsibility of preventing and, possibly, responding to terrorism — efforts that will require financial support from Washington, DC. Meanwhile, preparations and funding for security for the Democratic Convention must be addressed. Even as the department faces further challenges next year, cancellation of the new class of recruits, coupled with the retirement of more than 30 officers in January, will leave the department short-staffed. Commissioner Paul Evans must implement his reorganization plan of moving officers from administrative positions to street patrol. However, the four police unions pushing for new collective-bargaining contracts will resist this effort.

Housing. Building and maintaining affordable housing will remain a central issue for the city next year. The mayor's recent attempt to institute rent stabilization, while not successful, sparked a much-needed political discussion of the problem. Business, real-estate, and nonprofit institutional leaders recognize the seriousness of the housing problem and its effect on growing Boston's economy, and they seem willing to play a more active role in solving the problem. Examples of new approaches could include employer-assisted housing, revision of the zoning code to encourage residential development downtown or near transit stations, and as-yet-untried measures to preserve existing affordable housing. The mayor is in a position to bring together key players to reach consensus on steps that can be taken at the local level to increase housing development. There's no doubt that part of the solution will see City Hall changing the way it does business in terms of permitting, managing land availability, streamlined decision-making, and the extent of neighborhood involvement.

Development. Planning for existing and future development projects in Boston will be critical next year. With the new convention center scheduled to open in 2004, hotel-development and transportation planning will have to move forward. While initial planning for the Rose Kennedy Greenway District project involving the 27 acres of the Surface Central Artery land is being undertaken by the Massachusetts Turnpike Authority, the final governance, planning, and financing structure has not yet been resolved and should be finalized early next year. As of this writing, the Turnpike Authority, the City of Boston, and the Boston Redevelopment Authority (BRA) are close to agreeing on a joint-planning process. These plans involve 15 development parcels and 16 open-space parcels that will create a whole new dynamic for downtown Boston.

Meanwhile, Boston's first business-improvement district (BID) will be created in 2003 along the Washington Street corridor between the Theater District and State Street, pending approval by the legislature and governor and a vote of businesses in the district. The BID will provide additional services beyond those offered by the city, such as ambassador services, litter removal, coordinated marketing, programming, and homeless assistance. Boston is one of the few major cities in the country that does not have a BID, and this retail area is considered the third most important in the Commonwealth.

Medical research. Medical research is a major driver of the city's economy, as well as the state's, and is positioned to grow significantly with new federal research dollars for defense and

homeland-security purposes. Anticipated new development in the Longwood Medical Area has prompted the BRA to propose interim guidelines for such expansion over the next 18 months, while a new master plan for the area is finalized. Transportation plans to support this new development are complete and await decisions on the state's share of the funding.

Waterfront development. Meanwhile, Governor-elect Mitt Romney has indicated his support for urban development as part of a regional smart-growth plan. Following that position, Romney and Menino must ensure that the city and Commonwealth collaborate next year in the completion of the Municipal Harbor Plan to guide building along Boston's waterfront area when the development cycle improves.

Transportation. Funding for the third phase of the Silver Line between Boylston Station and South Station must be included in the federal Transportation Reauthorization Bill (TEA-3) that will be approved in 2003. By the end of December 2003, the Silver Line section from South Station to the South Boston waterfront area should be open for service. The need for direct access to this area from the Back Bay via the westbound lanes of the Massachusetts Turnpike means that the turnaround (slingshot) project must be a priority. In the meantime, access to the South Boston waterfront as well as parking limits will continue to raise concerns about the area's future.

Boston City Council. Finally, Felix Arroyo, who finished fifth in the at-large council race in 2000, will join the council with at-large councilor Francis "Mickey" Roache's departure to become the Suffolk registrar of deeds. Also, the District Nine seat left vacant after Councilor Brian Honan's tragic death this summer has been filled via special election by Jerry McDermott. The make-up of the council today is quite different from what it was just a few years ago. It's young: six members are in their 30s. While the councilors want to work with the mayor, they also want to establish their own reputations. This was seen most clearly when Council president Michael Flaherty, a Menino ally, voted against the mayor's rent-stabilization plan. This dynamic should translate into a more independent Council majority that's willing to exercise its voice in selected policy and fiscal matters.

Boston in 2003 will be a study in contrasts as it meets the current fiscal challenge and prepares for an exciting future.

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