

News & Notes



Save the date

WHAT: 2004 Shattuck Awards
WHEN: **October 28, 2004, 6:30 p.m.**
WHERE: The World Trade Center

Police and Fire Contracts Settled

- The City will pay a price in FY06 for the arbitrator's award for the police and firefighters contracts.
- Beyond salaries, the City did not gain or lose ground with respect to contract language changes affecting costs.
- Important issues were not addressed because of the limits of expedited arbitration.

Go to www.bmr.org for more information.

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2004 SHATTUCK PUBLIC SERVICE AWARDS

The Research Bureau is pleased to announce this year's recipients of the Henry L. Shattuck Awards. The Awards are presented each year to dedicated city employees who have committed themselves to excellence in public service.

The **Shattuck City Champion Award** will be presented to two individuals honored for their significant contribu-

tions to the Boston civic community. They are:

Lawrence K. Fish
Chairman, President & CEO
Citizens Financial Group, Inc.,

Anna Bissonnette
Founder
The Committee To End Elder Homelessness.

2004 Shattuck Recipients

- ★ **Joseph P. Canavan**, Pub. Wks.
- ★ **Daniel P. Fagan**, Police
- ★ **Gina Fiandaca**, Transportation
- ★ **Francis G. Gavin**, Assessing
- ★ **Mary Hines**, Parks
- ★ **Curits D. Holzendorf**, Fire
- ★ **Jennifer W. Maconochie**, Police
- ★ **Kevin J. Morrison**, BRA
- ★ **Joella Thomas**, Elderly
- ★ **Gloria J. Woods**, BPS

PENSION COST SPIKE

Boston's pension expenditures will increase in FY06 by as much as \$36M or 25%, due to a combination of asset losses and increases in the number of retired employees. This estimate is based on a new actuarial assessment for the next three years (FY06-08).

The Findings:

- The Retirement Board realized an investment loss of \$511.4M over the last two years.
- The pension schedule assumes an annual investment yield of 8.0% but the average return over the past 5 years was 4.7%, a -5% in 2002.
- Two retirement incentive programs led to the retirement of 966.
- Police and firefighter retirements added more stress to the liability due to higher salaries and earlier retire-

ment provisions. Overall, the City's pension liability exceeds \$5.1B, an increase of 25% over three years.

Options to mitigate the increase:

- 1) Delay the date for full funding of the un-funded liability.
- 2) Apply free cash to support a portion of the increase.

Both options have drawbacks that should be considered carefully. Boston is scheduled to reach full funding of its pension liability in FY23. In any case, increased spending for health insurance, debt service and now especially pensions will absorb a significant share of any new operating revenues available in FY06. The just settled police and fire contracts end in FY06 with salary increases of 5.5%.

BUDGET HITCH

Despite the City Council's unanimous approval of the Mayor's FY05 \$1.92B operating budget, two management initiatives opposed by labor almost held up approval of the budget.

1) The firefighters union demanded that a **District Fire Chief** position be funded. This demand came despite the fact that the vacant position was not in the budget based on a compromise last year to consolidate 11 fire districts into 10. Consolidation will occur when sufficient District Chief positions are vacant through attrition. In the end, the Fire Commissioner agreed to meet with union leaders to discuss various options relevant to restructuring the command staff.

2) AFSCME leaders representing school cafeteria workers demanded that the BPS not move forward with plans to restructure operations at the **Central Kitchen Facility** (CKF) and increase the outsourcing of meals. This opposition came despite the commitment that there would be no loss of jobs for kitchen workers. Currently, 20% of the CKF meals are provided by private vendors.

The Council delayed action by forcing the establishment of a 7-member committee to review operations and report its findings to the Superintendent by January 15, 2005. What this agreement didn't deal with is:

1. A potential \$2.0M food service deficit in FY05 if no change occurs.
2. A deteriorating facility that is inefficient and requires extensive capital work.

The Council should give priority to the overall needs of the City when asked to make difficult decisions to maximize resources for basic services.

SUPERMARKETS HAVE DOUBLED

Did you know that over the past 12 years, there has been an influx of supermarkets in the City? Since 1992, 20 new supermarkets have been built totaling 608,883 sq. ft. according to a recent report by the Boston Redevelopment Authority. Prior to 1992, 15 supermarkets were located in Boston neighborhoods and now the number has more than doubled to 35.

The major chains have discovered the buying power in Boston's neighborhoods with Stop&Shop and Shaw's both opening 6 supermarkets each. With the housing being built and planned downtown, the demand for a supermarket in this area is growing.

supermarket facts

- Supermarkets in a city are viewed as an indicator of the stability of the neighborhoods and the strength of a city's economy.
- The largest new supermarket is the Super Stop&Shop (68,150 sq. ft.) in the South Bay Mall and the smallest is a Bread&Circus/Whole Foods (11,000 sq ft.) in the Fenway.
- Since 1992, two supermarkets were replaced with larger facilities and one was expanded.

QUINN STANDARDS BECOME LAW

Without the spotlight of a year ago, the improved Quinn Bill standards adopted by the Board of Higher Education (BHE) in February 2003 have been codified in the FY05 state budget. Statutorily adopting these standards gives legal weight and more permanence to these guidelines that were officially implemented on January 1, 2004. The standards, the first established since the Quinn Bill was enacted in 1970, improve the quality and integrity of the program by establishing clear guidelines for undergraduate and graduate programs for curriculum, faculty, admissions and articulation agreements with other institutions. Awarding credits for life experiences or for military, police academy or other training is prohibited. Academic institutions granting Quinn Bill eligible degrees must be certified by the BHE, which to date has resulted in the reduction in the number of institutions granting such degrees from 60 to 28.

Next year the State should revisit the issue of changing the bonus payment from a percent of salary to a fixed dollar amount by degree. Using percent of salary over an entire career is exceptionally generous.

What is the Quinn Bill?

The Quinn Bill is a local option education incentive plan for police officers that increases their salaries by 10%, 20% or 25% depending on the level of law enforcement or criminal justice degree received. Boston made Quinn Bill payments of \$15.7M in FY03.