

**MEMORANDUM**

**JUNE 13, 2013**

**TO:** BOSTON REDEVELOPMENT AUTHORITY AND  
PETER MEADE, DIRECTOR

**FROM:** JAMES M. TIERNEY, CHIEF OF STAFF AND SPECIAL COUNSEL TO THE  
DIRECTOR  
ROBERT P. LUISI, DIRECTOR FOR ADMINISTRATION & FINANCE

**SUBJECT:** OPERATING BUDGET FOR FISCAL YEAR 2014 AND  
AUTHORIZATION FOR THE DIRECTOR TO TRANSFER  
INTERCOMPANY AGENCY FUNDS AND FORGIVE INTERAGENCY  
DEBT

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**SUMMARY:** Request approval of the Boston Redevelopment Authority's Fiscal Year 2014 Operating Budget in the expense amount of \$14,466,000.

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**OVERVIEW**

The Boston Redevelopment Authority (BRA) Operating Budget includes the revenue and expenditures related to the planning and zoning, research, legal, and economic development project management and initiatives for the agency. The Operating Budget is a twelve-month strategic plan that begins July 1<sup>st</sup> of each year and allocates resources to achieve program initiatives. It emphasizes the objectives of the BRA's programs and reflects the policy goals established by the Mayor, the Board, and the community.

Accountability and financial control will continue to be at the forefront of the budget process to ensure an effective and efficient planning and economic development process.

The Operating Budget for the BRA is presented in two attached charts, the first chart presents the summary of revenues and expenses, and the second chart presents the operating expense detail.

**BUDGET SUMMARY**

Total operating revenue is projected at \$14,520,000 and total operating expenses at \$14,466,000 resulting in revenues over expenses of \$53,000. The major components of the Operating Budget are as follows:

## Revenue

Revenue is projected at \$14,520,000. This represents revenue generated from rental payments, lease payments, equity participation, project income, interest income and other income.

- Rental, Lease and Long Term Agreement Income is budgeted at \$10,371,000. Major sources of these revenues are the Charlestown Navy Yard, China Trade Building, Sargent's Wharf and Rowes Wharf.
- Equity Participation income is budgeted at \$2,024,000. Major sources of these revenues are the Charlestown Navy Yard and Rowes Wharf.
- Project Income – Non-Recurring revenue of \$1,770,000 will be derived from a number of land sales, building sales and restructured financial agreements for past developments
- Other Income is budgeted at \$355,000 and represents interest income, the sale of maps, books, publications, requests for development proposals, fees associated with Chapter 121A projects and cost reimbursements.

## Expenses

Total Operating Expenses are budgeted at \$14,466,000 and represent the following costs:

- Personnel costs are budgeted at \$7,176,000. This budget supports a full time staff of 83.
- Employee benefits and post-retirement health care costs are projected at \$5,038,000. This figure includes a pension assessment by the City of Boston of \$2,110,000, health insurance costs of \$1,696,000, workers compensation insurance of \$32,000, and the cost of post-retirement health care of \$1,200,000.
- Administrative expenses are budgeted at \$476,000 and represent the day-to-day cost of operations, including technology acquisition and upgrades, telecommunications, printing, copy equipment and other miscellaneous costs.
- Contractual services are budgeted at \$590,000 and provide funding for initiatives including independent audits, legal expenses, Director's and Officer's liability insurance, and consulting needs for planning and zoning functions.

- Property Management costs are projected at \$1,187,000 and represent the cost of land and building maintenance, utilities, transportation and property insurance costs.

Staff requests that the Board approve the BRA's Operating Budget for Fiscal Year 2014 in the expense amount of \$14,466,000.

### **INTERAGENCY FUNDING**

In an attempt to maintain organizational continuity and financial stability, the BRA and the Economic Development Industrial Corporation (EDIC) historically have engaged in inter-agency fund transfers and loans (including loan forgiveness). These practices have been consistent with the operating principles of each agency that draw limited distinction between the overlapping BRA, EDIC, the Boston Local Development Corporation (BLDC) and the Boston Industrial Development Finance Authority (BIDFA) missions. Indeed, these transfers and loans have contributed to the seamless operation of both organizations and further key agency initiatives. As such, the BRA and EDIC Boards have approved these actions on multiple occasions.

At this time, as part of the approval of the FY 2014 budgets, there is an opportunity to afford greater flexibility and efficiency for the management of both BRA and EDIC budgets. Continued transparency is assured through the yearly audit process and the annual budget approval process before both the BRA and EDIC Boards. Therefore, staff requests that the Director be authorized to transfer funds and also to subsequently forgive Interagency Debt to or from the BRA or to or from the EDIC, BLDC or BIDFA at times and under such terms as the Director deems appropriate.

Appropriate votes follow:

**VOTED:** That the Boston Redevelopment Authority Fiscal Year 2014 Operating Expense Budget be approved in the amount of \$14,466,000; and

### **FURTHER**

**VOTED:** That the Director be, and hereby is, authorized to transfer funds and to forgive interagency debt to or from the BRA or to or from the EDIC, BLDC or BIDFA at a time and under such terms as the Director deems appropriate.