



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

February 9, 2009

Dear Employee:

I am writing to update you on the City's ongoing work to manage the current fiscal situation. My primary objective is to continue to provide high quality services and preserve jobs.

In light of the City's budget challenges, I have decided to take a 3% pay cut effective for the pay period beginning February 14, 2009 and members of my Cabinet have volunteered to stand with me and take a 3% pay cut.

We also are announcing several steps being taken with regard to all non-union personnel.

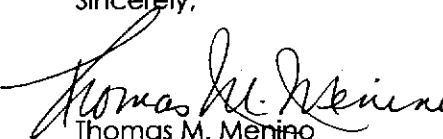
- The City will not grant wage increases in FY2010.
- The City will not grant step increases in FY2010.
- For those employees who retire after June 30, 2009 and before June 30, 2010, the City will provide a lump sum payment of 8% of the employee's salary. This payment is being provided to mitigate the reduction in value of individual retirement allowances resulting from the lack of a wage increase in FY2010. In order to be eligible for this payment an employee will need to be at his/her maximum pension benefit. Specific guidelines for this program are available in the Office of Human Resources.

Additionally, my Administration has asked all City unions for a FY2010 wage and step increase delay. The City successfully completed negotiations with the Boston Police Superior Officers Federation (BPSOF) for a four year contract, beginning July 1, 2006 and ending on June 30, 2010. The BPSOF ratified a contract which includes a FY2010 wage increase effective June 30, 2010. The effective date of BPSOF's wage increase is consistent with the City's request. A significant number of unions are in active discussions with the City regarding this request.

In the last month, the City's fiscal situation has grown increasingly stark with the announcement that the Commonwealth will reduce the City's FY2009 local aid by \$22.9 million. The Governor has also released his proposed budget for FY2010. This budget includes a \$51 million reduction in local aid to the City of Boston. However, the Governor has based his budget on the assumption that his proposal for a meals tax and a hotel tax will become law. In the event that these revenue proposals are not passed by the Legislature, the City can expect a FY2010 reduction in local aid of approximately \$78 million. In addition to this direct reduction in local aid, the Governor's budget includes reductions in other programs and grants that will have a direct impact on the City.

Our fiscal challenges are very real. However, I am confident that if we all sacrifice a little, we can save jobs and protect core services.

Sincerely,


Thomas M. Menino
Mayor of Boston