



Google

Susana Measelle Hubbs <susana.hubbs@capeelizabeth.org>

[CE SBAC] Comments on your most recent meeting

1 message

Kevin Justh <kevinjusth@gmail.com>
To: cesbac@capeelizabethschools.org

Sun, Oct 22, 2023 at 1:22 PM

October 22, 2023

Dear SBAC:

I listened to your most recent meeting, and wanted to share some thoughts:

1. Surveys inform policy, but don't dictate it. In your case, you did one of a series of surveys to understand sentiment. These are important to guide you, but also to guide where you'll need to focus on communications once a plan is developed.
2. Pre-ordained conclusions should be avoided in developing solutions. While this is always a good idea, in your specific case focusing on only one option to the detriment of other solutions will hurt your longer term efforts. Your appointment to this committee was to dig into the expert recommendations and advice and synthesize that information in a way that the community can more clearly understand.
3. Budget and tax implications are linked but completely separate beasts. The past bond issue of \$116 million had a tax impact of 12%-22% (sometimes rounded up to 25% in very large but incorrect signs)...and those were both first-year and cumulative numbers, which are themselves separate concepts within the tax impact analysis.
4. A corollary to #3 above, setting a tax impact doesn't set a budget - a quick analysis could show a short term \$50 million budget having the same tax impact as a long term \$90 million budget.
5. Following to 3 and 4, tax impacts reflect many other inputs and variables, some in your control and some not. Non-bondable operating expenses (think temporary classrooms and student moves) impact taxes but are not part of the referendum budget. Another examples of a variable impacting taxes but not your budget are operating and energy savings, should there be any. And of course there will remain significant variables impacting taxes that are not part of your purview.
6. There are 3 key elements to consider when creating a financial communications plan - cost, time, and impact. You'll need to balance all 3 of these to be successful. A \$50 million plan that adds 10 years of life is vastly different than a \$90 million plan that adds 40 years. And unfortunately the final impact can never be known until well after the fact - knowing where rates will be when the last dollar is financed 4 or 5 years from referendum is unknowable by even the smartest of people, and the town has to retain the flexibility to issue, retire, and refund debt in a way that benefits taxpayers the most at that point in time.
7. The unknowable aspect to all this will remain one of your biggest challenges. When listening to the

discussion of the current reval and people not knowing its impacts, remember there will almost certainly be another reval during the term of whatever solution you propose. Unknown 10 years out are scary. But being afraid doesn't mean that you give up - solving generational problems is hard, and gaining consensus on how to achieve headway on this will be a challenge of both work and communication about your work.

8. A couple of quick notes and corrections that were stated in the meeting - not necessarily important on their own but VERY important for the committee to understand:
 - a. The Federal Reserve does not set or have any direct impact on long term interest rates, including municipal bond rates. Perpetuating otherwise does significant harm to the credibility of the sources of these claims;
 - b. Interest rates do NOT automatically go down over the course of a bond term, as was stated by a committee member. The interest PAID does decline, but rate and payment are two very different things.

You have hired the expert project manager and architectural/design team that the town overwhelmingly asked the town to do post-referendum. There is going to be a lot of hard work this committee has to do evaluating the work that these experts do. As a citizen-led committee, you are not the experts, and that is by design. Like all other committees, we take the information provided from these experts to distill the best solutions for what will always be a divided community.

Your goal isn't to please the lowest common denominator, it is to achieve a consensus that balances what is best for our children with what they town can afford today, tomorrow, and candidly long after many of us have left this wonderful community. That may take the form of a 10 year solution, 20 year solution, or 40 year solution. But, just as you don't know today whether the new plan will be renovation only, renovate and new build, new build phased over time, or something else, you won't know the result until the people you have hired do the work.

This will continue to be very hard work on your part, and you have my deep appreciation for signing on to a role that will never please all. It is natural to get hung up on some items, like trying to read too much into the first of many surveys. This town is better off for hiring an experienced, professional project management team to oversee the work your new design team will conduct. The superintendent's office will manage the educational needs work, and once that is done we'll all be in a better position to understand the needs, the ways to fulfill those needs either at once or over time, and how to blend those needs with the community sentiment around financing those needs. Strong communication around all of these steps is critical, which is why hiring a professional was and remains the investment the town resoundingly demanded.

I look forward to following along with the finance committee as it gets underway and starts hearing from the professionals available in that realm.

Warmly,
Kevin Justh
9 Spruce Lane

--
Under Maine's Freedom of Access law, documents - including e-mail - about town/school department business are classified as public records and may be subject to disclosure.

To unsubscribe from this group and stop receiving emails from it, send an email to cesbac+unsubscribe@capeelizabethschools.org.