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[CE SBAC] Follow up question to the 2/1 meeting

1 message

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Fri, Feb 2, 2024 at 11:03 AM

To: "cesbac@capeelizabethschools.org" <cesbac@capeelizabethschools.org>

Dear CESBAC,

You have my thanks as well for your considerable efforts on behalf of our town.

I was the founding treasurer of the library foundation and served for about 10 years, including as treasurer of the capital campaign related to the new library. If you recall, the initial proposal was voted down, so I feel I have walked in your shoes. I am pleased with the end result of the library and I hope you get to the point with the schools.

I am also an accountant and option B coming in at a 40 year cost of 512 million and option G coming in at 369,000 (I believe that is what Lisa said when asked to extrapolate the 20 year figure of 291,000) makes me think of one of my favorite examples of cost accounting:

It is when a site work contractor has a dump truck that is so often in need of repair (thus lost revenues) and cost so much to fix, that it makes sense to buy new. In a personal setting, I suspect most of us have seen a car that is not worth fixing any longer.

My question is if you know the operating costs of Pond Cove and the Elementary School for 2023 and then if Lisa and her team have the operating costs for a similar sized new school. I mostly think of operating costs as repairs, maintenance and utilities.

For example, if it costs 5 million a year to run our old schools and 3 million to run new schools, the difference would help me to understand why paying 178 or 187 million now, for option G, instead of 65 million for now for option B, makes sense.

I would note that an increased cost of perhaps 120 million, divided by 40 years, implies (without factoring in the time value of money) savings of 3 million a year, vs my example above of 2 million of savings. Whatever the operating savings, obviously it could be applied toward debt service on the new "dump truck" and thus would mitigate the need for higher taxes.

I get the sense that every presenter things option G is best and this analysis would help prove it to the voters.

I realize that the above does not factor in the value of likely better educations, and perhaps more contented and therefore effective teachers, in a better facility.

Many thanks

Joel

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