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[CE SBAC] Voicing my strong support for option E

1 message

Josh Benthien <josh@northlandus.com>

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

Dear members of the SBAC,

I want to thank you for your time and effort in assessing the options available to the town for improving the Pond Cove Elementary and Middle Schools. I know that you have all committed significant energy and valuable time away from family and other, likely more enjoyable pursuits, to represent the town's voters in working toward a consensus opinion given the heated debate and myriad of factors under consideration.

I am writing today as a resident, parent of a child in middle school, parent of a child in pond cove, and perhaps most importantly as a commercial real estate developer. I have developed/acquired over 500,000sf of commercial properties in southern Maine. My company's mission is to build or renovate facilities that we will then own and manage for 10-20 years. When I look at a property, the ongoing maintenance and repair costs, energy efficiency, and ability to adapt to new tenants and/or ways of working, are some of the most important factors I consider. Because I am forced to live with the decisions made early in the development or acquisition process, I am constantly analyzing the return on investment of higher upfront costs with lower ongoing operating expenses. It can be a very difficult analysis, often meaning that we erode early profit in exchange for more underwriting certainty and asset value in the long run.

In recent years, the sting of inflation has made these decisions even more difficult, but no less impactful. The cost increases that we have felt are significant, and while I see positive indications of those increases becoming more in-line with historic norms, I do not foresee a deflationary movement back to the pricing of 2019/2020 (unfortunately).

I'll share a real-life example. My company developed a high-tech industrial manufacturing facility which was completed in summer 2020. It was an 80,000sf building and cost roughly \$20mm. Of the 80,000 SF, 20,000SF was Class-A office which represented roughly \$3mm of that \$20mm total cost. Therefore, the effective cost of the manufacturing footprint was \$283 per SF including a share of site work and infrastructure. Fast forward to last fall, and our tenant was looking to expand their manufacturing footprint by 40,000SF. We had the same architect complete the drawings, and the same general contractor went out to bid. The infrastructure was all completed within phase one, and we were mirroring the original building with no increase in scope or change to materials. We were shocked to receive pricing of \$437 per sf for the expansion of the manufacturing plant, a 54% increase for the same facility! The world had certainly changed in the three years since we completed the first phase of the building.

The world will continue to change and while some prices may go down, increases in energy efficiency, a shift to more wholistic and healthy building materials, and the all-important cost of labor, will translate to significant cost increases for the foreseeable future. As a society, we value making choices to reduce climate change, healthier interior environments for building occupants, and living wages for trades people, even if that means costs rise because of those value decisions.

I have stayed close enough to the analysis of the remaining options that I would like to **strongly urge you to recommend option E**. It is a fiscally responsible choice when the long-term impacts of continued price increases and future renovations,

and ultimate redevelopment are taken into consideration. Harriman is a highly capable and reputable firm, and while I never shy away from challenging my architects and engineers, they are the professionals, and I think that reading through the Facility Needs Assessment report gives me high confidence in their methodology and conclusions.

We will need to address the Elementary School and the Highschool in the future, but let's not repeat the mistakes of the past and kick the Middle School can down the road. We need to act in way that is responsible to our children, school staff, and our taxpayers. While near term thinking would say that a renovation solves for these needs, my experience contemplating similar scenarios with my own large commercial properties and ultimately being responsible for my decisions tells me otherwise. If you delay, all three constituent groups will be neglected in the long run.

Thank you for your time and consideration of my opinion.

Josh Benthien

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