

SCHOOL ADMINISTRATIVE UNIT EIGHTY-EIGHT

84 Hanover Street
Lebanon, New Hampshire 03766
Telephone: 603-448-1634
Fax: 603-448-0602
www.sau88.net

LEBANON SCHOOL DISTRICT

February 25, 2009

To: School Board

From: James Fenn, Business Administrator

Subject: Cost of delaying construction project

In the past when this topic has come up I have talked with Ed Murdough from the NH Dept of Education about his experience with construction cost increases. His most recent statement to me was that costs have increased annually by about 8%. If we use this as a basis for comparison purposes we can project what each year of delay will cost the Lebanon taxpayers. Due to the current economic situation I have projected increases for calendar year 2009 at 0% but returning to an annual increase of 8% in all subsequent years.

<u>Year Project Starts</u>	<u>Project Cost</u>	<u>Estimated First Year</u>
<u>Tax Rate Impact</u>		
2009	\$24,900,000	\$1.13
2010	\$26,892,000	\$1.23
2011	\$29,043,000	\$1.33
2012	\$31,367,000	\$1.43
2013	\$33,876,000	\$1.55

This projection does not take into consideration any expansion of the Lebanon tax base which historically grows by about 3% each year.

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