

## **Letter to the Editor, Truro News**

The Town of Truro is proposing to build a new DPW at 340 Rt 6, the “DPW Monolith,” with a debt issuance of up to \$35 million. This proposed site is pristine, untouched land. The Town would finance this with a bond issue for 30 years priced at 4.5%, resulting in total payments over the term of \$63,842,349 including a total interest cost of \$28,842,349 to taxpayers.

An alternative proposal known as the “DPW Campus Plan” at Town Hall Hill, the site of the current DPW, would result in a debt issuance of \$17 million for 30 years at 4.5%, resulting in total payments over the term of \$31,009,141 including a total interest cost of \$14,009,141 to taxpayers. By pursuing the DPW Campus Plan, a total savings of \$32,833,208 in project cost (principal and interest) to the taxpayers will be realized. This significant savings is in addition to the other numerous benefits of keeping the DPW at Town Hall Hill such as repurposing existing structures and much safer egress.

Below are cost calculations<sup>1</sup> that take into account the two proposals under consideration, each with different interest rates. As one can plainly see, the DPW Campus Plan is still significantly less costly under all interest rate scenarios when compared to the 340 Route 6 site.

### **Current Proposed debt issuance for DPW Monolith at Route 6 location**

\$ borrowed	Interest rate	Total payments over life of bond issue	Total interest paid over life of bond issue
\$35,000,000	3.5%	\$57,089,898	\$22,089,898
\$35,000,000	4.5%	\$64,461,120	\$29,461,120
\$35,000,000	6.5%	\$80,406,314	\$45,406,314
\$35,000,000	8.0%	\$93,268,805	\$57,268,805

### **Current Proposed debt issuance for DPW Campus Plan at Town Hall Hill**

\$17,000,000	3.5%	\$27,729,379	\$10,729,379
\$17,000,000	4.5%	\$31,309,687	\$14,309,687
\$17,000,000	6.5%	\$39,054,496	\$22,054,496
\$17,000,000	8.0%	\$45,301,991	\$28,301,991

<sup>1</sup> <https://www.mass.gov/doc/debt-service-calculator>

The Town held a DPW Forum on March 28, 2024, the goal of which was to attempt to make the DPW at Rt 6 more palatable to voters. At the forum, Alex Lessin, Truro's Finance Director, stated that interest rates may be headed lower which would reduce the cost of the debt service associated with the project.

Of note, in an article in "The Wall Street Journal" dated April 8, 2024, Jamie Dimon, CEO of JP Morgan<sup>2</sup>, a global banking leader, states that interest **rates could soar to more than 8%** or more in coming years, reflecting record deficit spending and geopolitical stress, and complicating the fight against inflation. "Huge fiscal spending, the trillions needed each year for the green economy, the remilitarization of the world and the restructuring of global trade – all are inflationary" said Dimon. The above scenarios include the prospect of higher rates, including 6.5% and 8.0% (per Dimon).<sup>3</sup>

If interest rates move higher, the "all-in" cost and total interest cost taxpayers goes up dramatically more under the current DPW Monolith proposal. The DPW Campus Plan at Town Hall Hill will be and has always been the best proposal.

Kate O'Brien  
Truro

#### P.S. About a Possible Reduction in DPW Size

The DPW Ad-Hoc building Committee has been tasked with cobbling together a lower cost figure for the Rt 6 site to get buy-in from voters. This is taking place over a period of 3-4 weeks and is hardly receiving the focus and proper due diligence required to come up with a credible cost estimate. It is rushed, poorly executed and it's undertakings like this that result in big, expensive mistakes at taxpayer expense.

In addition, the cost savings at Rt 6 would be mostly due to per square foot reductions, which size reductions could also be implemented at the DPW Campus Plan resulting in even further cost savings there.

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<sup>2</sup> JP Morgan is the world's largest bank with \$3.7 Trillion in assets [https://en.wikipedia.org/wiki/JPMorgan\\_Chase](https://en.wikipedia.org/wiki/JPMorgan_Chase)

<sup>3</sup> <https://www.wsj.com/finance/jamie-dimon-warns-u-s-might-face-interest-rate-spike-83789da7>