



Penny Wise

Creating jobs and building a better community

Consumer Price Index vs. Borrowing Costs

The information below will show the advantages of fast-tracking some of the penny surtax projects approved by voters in 2007. With the rising cost of construction, most of the borrowing and issuance costs could be off set by the savings in completing penny surtax projects sooner. Project examples listed use the appropriate Consumer Price Index (CPI) inflators as provided by the Bureau of Labor and Statistics.

Fruitville Road (\$26M - 2016 Completion)

- Project Amount: \$26.0 million
- Annual Consumer Price Index escalator: 6.46%
- Cost of project in 2016 (8 yrs): \$42.9 million
- Present Value of 2016 cost: \$30.4 million
- **Advantage to borrowing today: \$ 4.4 million**

- annual Consumer Price Index escalator from Bureau of Labor Statistics for respective industry, avg. of last 9 years 1998 through 2007

- assumed borrowing rate of 4.40% (all-in bank loan cost)



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Central Wastewater Construction (\$40M - 2013 Completion)

- Project Amount: \$40.0 million
- Annual Consumer Price Index escalator: 4.83%
- Cost of project in 2013 (5 yrs.): \$50.6 million
- Present Value of 2013 cost: \$40.8 million
- **Advantage to borrowing today: \$.8 million**

- annual Consumer Price Index escalator from Bureau of Labor Statistics for respective industry, avg. of last 9 years 1998 through 2007
- assumed borrowing rate of 4.40% (all-in bank loan cost)



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Siesta Key Beach Enhancement (\$10M - 2015 Completion)

- Project Amount: \$10.0 million
- Annual Consumer Price Index escalator: 4.49%
- Cost of project in 2015 (7 yrs): \$13.9 million
- Present Value of 2015 cost: \$10.3 million
- **Advantage to borrowing today: \$.3 million**

- annual Consumer Price Index escalator from Bureau of Labor Statistics for respective industry, avg. of last 9 years 1998 through 2007
- assumed borrowing rate of 4.40% (all-in bank loan cost)