

## Apples to Oranges

### How we open ourselves to misconceptions when looking at visual comparisons.

It is human nature to compare the facts as we know them to see how we measure up. But comparisons need to be made between equivalent items, apples to apples, not apples to oranges. Here are some questions you should be asking yourself to be confident that you are looking at comparable information.

- Are the numbers taken from reliable sources?
- Do they cover the same time period?
- Do they include relevant information?
- Do the footnotes explain variances you should be aware of?
- Were there unusual events in history (e.g. COVID, energy crisis) that might impact the numbers?
- Is terminology used in the same way throughout?

Let me share my observations from two different tables we have seen in the recent past.

#### Table 1

On 6/11/20 the Heath Town Facilities Report filed its report with the Select Board. Typically, the town's fiscal year is from July 1 to June 30 (7/1-6/30). Because of the timeline given to the Task Force and the need to have real numbers, this chart (see below) of operational costs uses data from April 1 (4/1/19) to March 31 (3/31/20).

<b>ANNUAL MAINTENANCE COSTS OF TOWN PROPERTIES STUDIED – April 1, 2019 to March 31, 2020</b>						
Summary Sheet Operational Costs in US Dollars (4/1/19 through 3/31/20)						
	18 Jacobs Rd	Sawyer Hall	Community Hall	Hwy Garage	Fire Station	Bray Rd
Custodian Salary <sup>a</sup>	24,912.19	14,947.31	9,964.87			
Health & Safety	2,121.45	1,629.50	1,893.21	0.00	457.00	
Insurance <sup>b</sup>	13,077.24	1,058.16	942.51	265.83	276.19	
Utilities, Electricity	5,681.26	3,455.17	1,277.98	3,471.42	985.49	
Utilities Oil	16,526.91	3,452.34	4,994.37	0.00	0.00	
Utilities Propane	211.99	77.77	196.92	4,471.34	2,716.55	
Maintenance	10,268.71	3,967.00	8,108.13	651.44	2,240.81	
Postal Worker Salary & Benefits <sup>a</sup>		33,554.40				
Loan Repayment						6466.35
<b>Total</b>	<b>72,799.75</b>	<b>62,141.65</b>	<b>27,377.99</b>	<b>8,860.03</b>	<b>6,676.04</b>	<b>6,466.35</b>
Revenue offsets <sup>c</sup>	7,927.00	20642.04	207.00	0.00	0.00	0.00
<b>Net Costs</b>	<b>64,872.75</b>	<b>41,499.61</b>	<b>27,170.99</b>	<b>8,860.03</b>	<b>6,676.04</b>	<b>6,466.35</b>
				<b>TOTAL BUILDING COST</b>		<b>\$ 155,546</b>

Data supporting the costs was taken from the town ledger and categorized by building and type of expense. Excel file was sent electronically to Select Board members.

<sup>a</sup>All-in salaries and benefits provided by Town Treasurer.

<sup>b</sup>Insurance payments of \$5800 (occupied) and \$19,519 (reevaluated as vacant) made for 18 Jacobs Rd; \$5800 refunded; evaluated again as partial use, and credit of \$6441.76 applied by Cabot Risk.

<sup>c</sup>18J Rd revenue from FinCom report "18 Jacobs rd 4-30-20", but only counting income through 3-31-20. Sawyer Hall revenue is from USPS rental.

NOTE: 1) The Financial Committee does not apply the \$6,441.76 insurance credit for 18 Jacobs Rd to 18 Jacobs Rd FY20.  
2) Community Hall produced \$792 in revenue in FY19.

Can we compare this to typical finance sheets we might see at annual town meeting? I'll use the questions from the paragraph above.

- The table from the Task Force would not represent information from the same time period.
- The Task Force figures do not reflect any impacts from the COVID shutdowns, especially lost income.
- Footnotes do contain further information.
- Terminology appears to be consistent.

**A clean, apples to apples comparison cannot be made between expenditures in this table and those that will be presented at town meeting.**

**Table 2**

In a second example, below, let's take a look at information from a comparison table submitted to the Select Board and Finance Committee in November 2019 by a town resident. I've added a couple of clarification comments on the side.

<b>Building</b>	<b>Annual Operating Cost (numbers from 2018/2019)</b>	<b>My Comments</b>
Community Hall Full Use	\$23,371	The term <i>full use</i> here represents about 10 hours average a week.
Sawyer Hall Full Use	\$27,360	The term <i>full use</i> here represents 40 hours a week or more.
Jacobs Rd Occasional Use	\$53,238	The term <i>occasional use</i> here represents an average of 35 hours a week.

Now, using the suggested question in the first paragraph let's see if we can make valid comparisons with this table.

- The numbers were taken from reliable sources.
- The term “**full**” is used inconsistently in representing hours of use.
- The difference in the demands of usage between a school, an office building, and a senior center are not acknowledged.
- Footnotes did clarify where the figures came from.
- The energy crisis is not noted.

**A clean, apples to apples comparison cannot be made.**

**Cost per Square Foot**

Out of curiosity I decided to compute the square footage costs of each building based on the operating costs listed above.

<b>Building</b>	<b>Cost</b>	<b>Approximate Square footage</b>	<b>Annual cost per square foot</b>
Community Hall (average 10 hrs per week)	\$23,371	3660	\$6.39
Sawyer Hall (ave. 40 plus hrs per week)	\$27,360	3,766	\$7.27
Jacobs Rd (ave 35 hrs per week)	\$53,238	25,400	\$2.10

The information above gives you a different vision of the cost.

- Does one table provide a more accurate assessment of cost than the other?
- Is either of them a real reflection of expense?

Parts 3 and 4 will consider the adage penny-wise, pound-foolish, and evidence bias.