

CAPITAL IMPROVEMENTS PROGRAM REPORT

TUFTONBORO

NEW HAMPSHIRE

2010 - 2019

**Prepared by the
Capital Improvement Program Committee
Presented to the Selectmen of Tuftonboro
on 5th. October 2009**

**TOWN OF TUFTONBORO
NEW HAMPSHIRE**

CAPITAL IMPROVEMENTS PROGRAM

FOR THE PERIOD

2010 to 2019

5 October 2009

Capital Improvements Program

Tuftonboro, New Hampshire

2010-2019

The Tuftonboro Capital Improvements Program (CIP) Committee wishes to acknowledge and thank all the Department Heads and Committee/Commission Chairs of Tuftonboro, the Town Treasurer, the Superintendent of the Governor Wentworth Regional School District, Tuftonboro's School Board representative, and the Chair of the Carroll County Delegation, all of whom assisted so readily and effectively in this CIP process.

The CIP Committee also thanks the Board of Selectmen of Tuftonboro, who will use this report for the benefit of the citizens and residents of Tuftonboro, for their support and attention.

Town of Tuftonboro Capital Improvements Program Committee - 2009

John Simms	Chair
Christie Sarles	Vice-Chair
Ellen Laase	Secretary
Vicki Kinnaman	Planning Board Member
Lloyd Wood	Budget Committee Member
Erin Donnelly	CIP Committee Member
Terry Smith	CIP Committee Member
William Stockman	Board of Selectmen Representative

Board of Selectmen – 2009

Daniel Duffy, Chair

Carolyn Sundquist

William Stockman

TABLE OF CONTENTS

Acknowledgements	1
Table of Contents	2
Introduction	3
Capital Improvements Program Foundation	3
Capital Capacity	4
Figure 1 - Capital Capacity Graph	5
Table 1 - Capital Capacity Numbers	5
Proposed Capital Projects & Purchases	6
Details of Town Proposals	6
A. Board of Selectmen	7
B. Emergency Management Service	7
C. Fire & Rescue Department	7
D. General Government	9
E. Highway Department	9
F. Library	9
G. Police Department	10
I. Solid Waste Department	11
Governor Wentworth Regional School District Capital Projects	12
Carroll County Capital Projects	13
Conclusions & Recommendations	14
Table 2 - Proposed Project Schedule	15
Schedule of Proposed Warrant Articles for 2010 Town meeting	16
2009 Town Decisions Compared with 2008 CIP Report	17
Table 3 - Projected Tax Rates for 2010 to 2015	18

Introduction

The voters at Tuftonboro's March 2007 Town Meeting, voting on a petitioned Warrant Article, approved formation of a CIP Committee. The Selectmen then appointed seven residents to serve on this Committee. The New Hampshire Office of Energy and Planning published a chapter in "The Planning Board in New Hampshire - A Handbook for Local Officials", devoted to the formation, operation and responsibilities of CIP Committees.

In 2007, Tuftonboro's CIP Committee prepared and presented its first annual report to the Selectmen laying out a projected schedule of Capital Projects for Tuftonboro for the period 2008 to 2017. Being the first annual report for Tuftonboro's CIP Committee, it was lengthy and included much background material that does not require repeating or updating here. This background material covered the establishment of Tuftonboro's CIP Committee, the RSAs which govern the work of the CIP Committee, the responsibilities of the Committee and the annual process to be followed by the Committee. In addition, the first report contained much detailed information about the history of expenditures by the Town of Tuftonboro, both capital and operating, extending back to 1991. This laid the foundation for the Committee's establishment of a Capital Capacity for Tuftonboro that, in turn, led to projections for a "reasonable" level of Capital Expenditure, projected out to 2017.

For the reader interested in this background, copies of previous CIP Committee reports are available at the Tuftonboro Library and on the Town's website (<http://www.tuftonboro.org>).

In this 2009 CIP report, which is also available on the Town's website, at the Library and at the Town Offices, we list the projects proposed by the various departments and committees of Tuftonboro for the period 2010 to 2019, describe what each entails, provide the CIP Committee's recommendations to the Selectmen, and suggest a timetable and financing schedule for these on a spreadsheet.

We include in this report a summary of the CIP schedule for the previous year, what was proposed by the Board of Selectmen for the Town to vote on, and the final decisions made by the voters at the 2009 Town Meeting. In addition, we include at the end of this report a projection of what Tuftonboro's Tax Rate is likely to be for the period 2010 to 2015.

Capital Improvements Program Foundation

The CIP Committee has defined a Capital Project to be a specified activity with a cost of at least \$10,000 and a useful life of 2 years or more.

Typical Capital Projects include:

- Purchasing vehicles or other equipment
- Purchasing land or buildings
- Constructing, expanding, or renovating a building
- Upgrading named roads
- Contracting for services with a work order for a defined task

The CIP Committee solicits input from all Departments and Committees in Tuftonboro requesting a description of all Capital Projects contemplated for the next ten years. The CIP Committee then reviews each proposed project, consolidates these in a single spreadsheet, assigns priorities, and proposes a schedule of expenditures and Warrant Articles for these programs to the Board of Selectmen and to the Budget Committee.

There are many advantages to be gained by using the CIP process and the CIP report in budgeting municipal expenditures. Without the CIP, there is no formal bridge between the Town's Master Plan and the annual budgeting activity. The CIP report, with costs and forward-looking timetable, is the action plan to implement the goals of the Master Plan. In addition, the CIP:

- Helps stabilize and control the Town's tax rate
- Assists Town officials in laying out their departmental plans
- Helps residents anticipate future projects and expenses
- Enables a dialogue between residents and officials about Capital Project priorities
- Encourages Departments and Committees to think and plan for the future
- Enables more efficient use of limited resources
- Permits the Town to consider using impact fees and growth management ordinances

Tuftonboro's CIP report is an advisory document. The Selectmen and Budget Committee are not bound to follow all or any of its recommendations. However, it is an essential management tool for all involved in planning the Town's future.

Capital Capacity

The concept of Capital Capacity, and why this concept is essential in understanding Capital Project expense projections, has been discussed in previous years' reports, and the reader is directed to those for appropriate background. The Board of Selectmen and the Department heads are using "Capital Capacity" in their budget deliberations, and, while actual expenditures are subject to year-to-year fluctuations and changing economic conditions, this is proving to be an essential guide for planning Capital Projects and related expenditures.

This year we made minor adjustments in the historical data for the Highway Department as the data were studied in greater detail. In the future we expect to adjust the graph only as each year's actual expenditures are added.

The graph of Figure 1 and the numbers in Table 1 on the next page are the heart of the work of the CIP Committee. They capture the Town's history, provide actual numbers to guide Town planning and are firmly grounded upon the actual actions and decisions of the voters of Tuftonboro.

**Capital Expense History and Capital Capacity Projections for Tuftonboro
from 1991 to 2019**

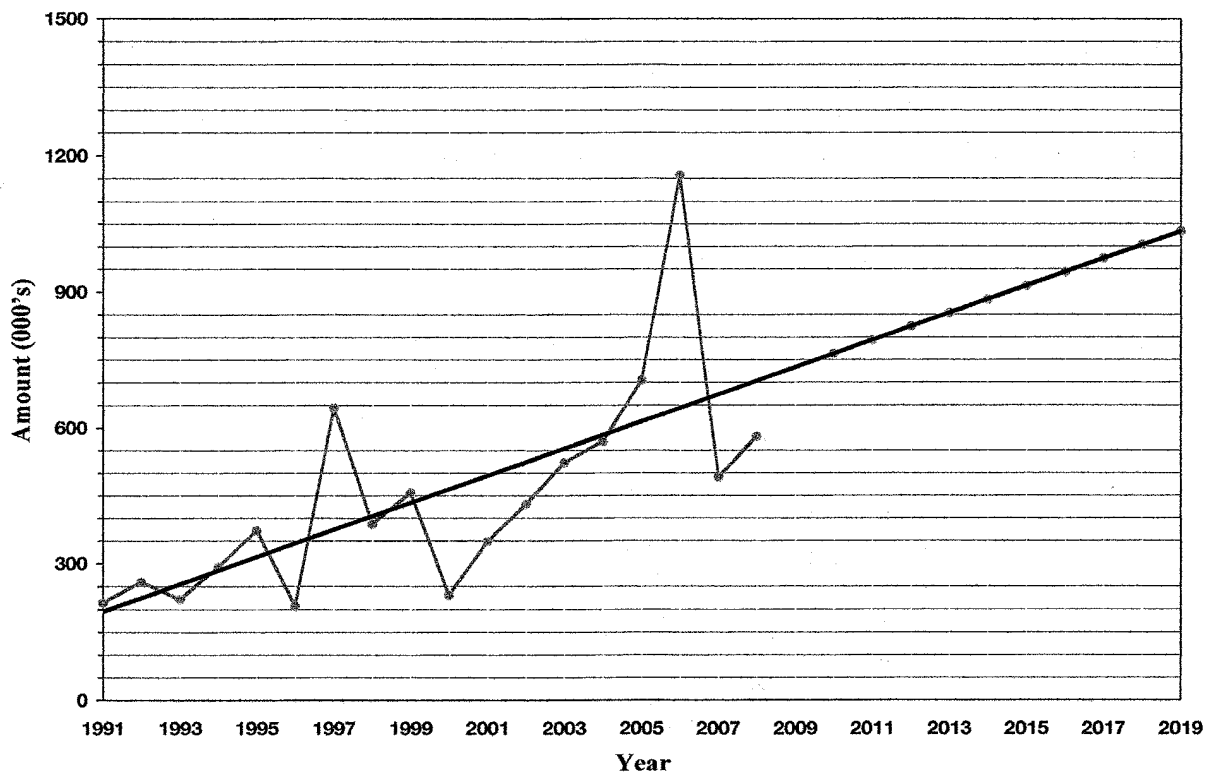


Figure 1 - Capital Capacity Graph

Figure 1 displays expenditures in Tuftonboro for Capital Projects, including road resurfacing projects, from 1991 to 2008. The slope of a "best fit" line for the historical data is projected forward to 2019 to establish a guide for future Capital Project expenditures. This is the Town's future Capital Capacity.

<u>Year</u>	<u>Capital Capacity</u>
2010	\$764,000
2011	\$794,000
2012	\$824,000
2013	\$853,000
2014	\$883,000
2015	\$913,000
2016	\$943,000
2017	\$973,000
2018	\$1,003,000
2019	\$1,033,000

Table 1 - Capital Capacity in Dollar Amounts

Proposed Capital Projects & Purchases

The CIP Committee contacted the heads/chairs of each Department and Committee in Tuftonboro with the request to prepare a project submission form for each project planned or contemplated for implementation during the next 10 years. Following this table are detailed descriptions of each project ready for submission to the Selectmen, with the comments and recommendations of the CIP Committee.

Town Respondents Proposing Capital Projects

Department/Committee/Board	Number of Projects
Board of Selectmen	3
Emergency Management	2
Energy Committee	1
Fire/Rescue Department	3
General Government	3
Highway Department	2
Library	1
Police Department	2
Solid Waste Department	3

Details of Town Proposals

A. Board of Selectmen

The Board of Selectmen proposed three Capital Projects. The first is "Road Improvement Projects", and is fully described under the "Highway Department" heading. The second is "Assessing" and is discussed under the "General Government" heading. The third is "Public Safety Facilities" and is the major project carried forward from previous years. Although this third project addresses the shortcomings of our current Fire and Police facilities, the need for a new Library is unavoidably part of the discussion and may be part of the solution. We recommend that the Board of Selectmen immediately commission a study of the suitability of the existing Library for a future Police Station, as this will influence future decisions.

1. **Public Safety Facilities**

The Selectmen appointed a Public Safety Facilities Committee in early 2008 to study this issue and to make recommendations, and this committee met frequently since then. They delivered their final report to the Board of Selectmen on August 31, 2009. Following this, the Board of Selectmen voted to proceed with a new stand-alone Fire Station as the initial project, followed in sequence by a new Library, then the Police Department project. Each of these projects is discussed below under its respective department heading – Fire, Library and Police.

B. Emergency Management Service

1. Emergency Generator at Town Offices

The present 11KW generator is a manually operated gasoline powered unit and is insufficient to power the Town Office and the Police Department. The Town Office is also the location for Tuftonboro's Emergency Management Center. The project is to replace this unit with a new 27KW propane unit, operated automatically with a self-test feature, which will power all functions at the Town Office site. The old unit can then be used at the Transfer Station. The total estimated cost of this project is \$28,000. It would reduce personnel, operating and maintenance costs and improve community safety.

CIP Committee Comments: The Committee feels this is an important project. This project was earlier scheduled for 2011 but the Emergency Management Director suggested that it be brought forward one year to 2010.

CIP Committee Recommendation: Schedule a \$28,000 Warrant Article for 2010.

2. Improved Radio Coverage for Mutual Aid

This project is to increase emergency radio coverage throughout the town. Presently, there are several areas where radio reception is poor. This project will place repeaters in elevated locations where additional coverage is required. These units can be solar powered or powered electrically by arrangement with the owner of the structure.

CIP Committee Comments: A useful project. Further investigation is required to establish locations, availability of power, solar or otherwise, and types of agreements with structure owners.

CIP Committee Recommendation: Schedule for 2011 as requested and ask for further investigation before then.

C. Fire/Rescue Department

1. Water Storage Cistern Placement in Several Locations around Town

Many areas in town have limited or no sources of water for fighting fires, except that which is brought by the equipment. A 2009 Water Sources Survey, funded by a grant, identified areas where additional supplies are needed. If we can place cisterns in these areas, replenishment of water for fighting a major fire is quicker. Each cistern costs about \$50,000 plus site costs. The cisterns would be refilled by trucking in the water. While the town could use several of these, installing one every 5 or 6 years would be useful.

CIP Committee Comments: A valuable resource.

CIP Committee Recommendation: Create a Capital Reserve and appropriate \$10,000 per year starting in 2010.

2. Multi-Response Vehicle

The intent of this project is to provide better fire, rescue and EMS coverage for the town of Tuftonboro. By procuring a new multiple emergency response vehicle for the town it would not only add a class A pumper to the Department but also replace the current light duty rescue with a medium duty rescue/EMS unit. The current rescue would replace Utility-2 that is scheduled for replacement in 2010. The rescue replacement that is scheduled for 2015 could conceivably be put off until 2020. The new vehicle would not replace Engine-1 but would augment the current fleet of Engines.

Class A apparatus is typically replaced every twenty years. By entering into a five-year lease/purchase agreement in 2011 the new vehicle would be paid for in 2015. Engine-1's replacement would be

purchased in 2016, Engine-2 replaced in 2021 and Engine-4 in 2026. By having four pieces of Class A apparatus and committing to a five-year lease/purchase agreement, this plan would replace each piece of apparatus close to the end of its projected life cycle with a predictable annual cost.

The projected cost of the new multiple emergency response vehicle is \$350,000, or approximately \$70,000 per year.

The new multiple emergency response vehicle would improve the Town's ISO rating, help with gaining access to many properties that have narrow driveways, potentially reduce the number of vehicles needed for an emergency response, and have more space for lifesaving equipment and personnel than is currently available. The project removes the purchase of some vehicles (i.e. Utility-2 and Rescue-1) from the CIP schedule.

CIP Committee Comments: A useful and well-planned proposal.

CIP Committee Recommendation: Support a Warrant Article for a 5-year lease/purchase at \$70,000 per year, starting in 2011.

3. 10-Engine-1

This project is to replace an existing Class A pumper which will be nearing the end of its useful life of 20 years. The Department, along with our maintenance provider, feels that, barring any unforeseen problems, Engine one's replacement could be delayed until 2016. The replacement cost would be \$510,000. The new truck will meet all capabilities needed to be a Class A pumper, carry up to 2500 gallons of water, and with a CAFS system, so a limited number of personnel could extinguish and operate at fire scenes. This delay in schedule brings this unit into line with the 20-year replacement cycle discussed above.

CIP Committee Comments: If the Multi-Response vehicle is purchased in 2011, 10-Engine-1 will be the second vehicle in the Department's new 5-year replacement plan.

CIP Committee Recommendation: Schedule for 2016 and explore costs and financing options.

4. New Fire Station (BoS proposal)

The Board of Selectmen voted to proceed with seeking approval on the 2010 Town Warrant for construction of a new Fire Station. Most of the details have yet to be worked out, but the rough estimate for its cost is \$2.2 million. The Board of Selectmen had already proposed that an initial obligation of \$200,000 be committed to this project in 2010.

CIP Committee Comments: There is an unexpended appropriation of about \$94,000 for engineering work for Public Safety Facilities. Several factors will determine the form of the Warrant Article for \$200,000 in 2010. It could be for a Capital Reserve, for a non-lapsing appropriation, or for the full loan. The Selectmen will decide what is appropriate.

CIP Committee Recommendation: The CIP Committee supports this project and proposes that \$200,000 be committed in 2010, \$94,000 of which has already been appropriated, leaving \$106,000 to be raised from taxes in 2010. We have scheduled the balance to be retired with level payments over 20 years at 5% interest.

D. General Government

1. Town-wide Assessing Update (BoS proposal)

This project is for updating the Town's property assessments, which should be done every 5 years. It is not clear at this time when this will occur or what the cost will be. The Board of Selectmen and the CIP Committee feel that the proposed project should be sufficient, but we may have to change the timing.

CIP Committee Comments: A necessary precaution.

CIP Committee Recommendation: Schedule a Capital Reserve or a non-lapsing Warrant Article for 2010 for this task and appropriate \$33,000 per year for three years.

2. Tax Map Update (No change from last year)

The existing tax map is 30 years old and does not have all the building changes that have occurred since then. Updating the map with the changes and transferring the data to computer will make it much more user-friendly for the community and for planning purposes.

CIP Committee Comments: The existing tax map is manually updated every year. It is not clear that a computerized version would be as easy to use or as accessible to the public as the existing paper map. However, the CIP Committee recognizes the importance of up-to-date tax maps in either form for planning and decision-making.

CIP Committee Recommendations: Accept the Board of Selectmen's proposal that this be a project for 2014.

3. Gould Property Payments

Last year, a double payment was made against the note used to purchase the Gould Property. We assume that the intent was to bring all remaining payments forward by one year. This results in payments of approximately \$123,000 and \$119,000 respectively, this year and next.

CIP Committee Comments: Too many other projects to allow a further double payment.

CIP Committee Recommendation: Continue as rescheduled.

E. Highway Department

Tuftonboro has an elected Road Agent with the responsibility for maintaining and upgrading the Town's roads, bridges and docks. There are 45 miles of Town-maintained roads in Tuftonboro, of which 33 miles are paved. Each year, at Town Meeting in March, the Town votes on three related highway budget items: individual named road improvement projects; "Paving and Shoulder" work; and the operating budget, including summer and winter maintenance. The Board of Selectmen has proposed that the first item be a single authorization initially set to be \$100,000 per year. The CIP Committee proposes that the individual projects in this lump-sum appropriation, and the projects in the "Paving" Warrant Article, be identified by name and proposed expenditure in the Town Warrant.

1. Road Improvement Projects (BoS proposal)

Each year, the Highway Department undertakes several road/culvert/ditch projects beyond the scope of the Paving Warrant Article. Examples are Lang Pond Road and County Road. The Board of Selectmen proposes that a Warrant Article for \$100,000 per year be presented to cover these projects.

CIP Committee Comments: We are uncomfortable with non-defined Capital Expenditures and so request that the names of the projects for this and the following proposal be listed in the Town Warrant.

CIP Committee Recommendation: Given the very tight economy, we propose that this project be held to \$50,000 per year for 2010 and 2011, rising to \$75,000 each for the next two years, before being set to \$100,000 per year thereafter.

2. "Paving" Warrant Article

Each year, a sum is allocated for major road resurfacing/rebuilding. This used to be called "Special for Tar", but is now called "Paving". This amount has been \$185,000 for the last several years and the Road Agent indicated that would be sufficient for 2010. The Projects for 2010 are tentatively selected to be: Repave Chase Point Road, half of Union Wharf Road and Number Nine Road from 109A to Pine Mill Drive.

CIP Committee Comments: Important to maintain the quality of the Town's roads.

CIP Committee Recommendation: Support the Paving Warrant Article at \$185,000 for 2010, 2011 and 2012.

F. Library

1. New Library Building

As more fully discussed above under the heading "Board of Selectmen", the Selectmen voted at their regular meeting on August 31st, 2009, to support a building project sequence of; Fire Station first, Library second, then the Police Department. The Fire Station will be on the Town Warrant for 2010, but construction is not likely to be completed by the 2011 Town meeting. The Library Trustees met with the CIP Committee to request that a Capital Reserve be created for Library construction and \$50,000 be allocated to it in 2010 and 2011. The CIP Committee felt that the Town would want to have the Fire Station well under way before approving a second large building project. In addition, it was our judgment that the Town would be more likely to approve a bond/loan for the new Fire Station if it were the only major project at the 2010 Town Meeting. As a result, we proposed scheduling the Library Warrant Article for 2012.

However, the unexpended appropriation of \$85,300 for Library engineering work expires on December 31st 2011, unless previously committed. Consequently, we are also projecting that engineering work of that magnitude be performed in 2011

The most recent estimate for the Library project (September, 2007) is \$ 2,084,000.00, which includes the \$85,300 previously appropriated for engineering and design work, and which can be spent during 2011 without further vote. While many types of loan/bond are available for funding this project, and the Town's treasurer and the Selectmen will make the final decision, the CIP Committee elected to use a 20-year level payment loan at 5% for \$2.0 million, with most of the first year's payment (in 2012) made from accumulated gifts, trust funds and pledges. Further fundraising may ease the tax burden in future years.

CIP Committee Comments: We feel that a measured sequence for the major projects, such as the one adopted by the Selectmen, has the greatest chance of voter approval.

CIP Committee Recommendations: Propose 2012 as the year to begin building a new Library. Conduct engineering and design work during 2011.

G. Police Department

1. Vehicle Replacement Schedule

The Police Chief and the Board of Selectmen prepared two different schedules for replacement of Police Department vehicles. The Police Chief's was based upon a 6-year replacement cycle with a progressive increase in staffing to 5 in 2011 and 6 in 2015. The Selectmen proposed a more extended schedule, replacing each vehicle when it is 8 years old and holding the staffing level at 4 officers. With 8 years to replacement, the schedule would be to replace the next vehicle in 2011, with one vehicle every other year thereafter.

CIP Committee Comments: The Board of Selectmen recommended that the CIP Committee use the 4 officer, 8 year cycle model for the foreseeable future.

CIP Committee Recommendation: Create a Capital Reserve and fund it with \$20,000 in 2010, rising to \$25,000 per year in 2011.

2. Police Department Facilities

Tuftonboro's Police Department operates from crowded quarters and lacks important amenities. In addition, we are not in compliance with several Federal and State requirements. Lack of privacy and space are issues that need addressing. However, in order to provide the greatest range of possible solutions to the Police Department's needs, the Town needs to resolve the Library issue first. The Selectmen have decided that the Fire Department's needs are the highest priority, so the sequence is Fire/Library/Police. For reasons detailed in the Library section, the CIP Committee is proposing a Warrant Article for a new Library in 2012. This leads to the Police Department being submitted for approval in 2012 or 2013.

In order that the evident needs of the Police Department can be satisfied as soon as possible, we propose that the suitability of the existing Library for a Police Station be ascertained as quickly as possible. This will help the Board of Selectmen set the Library/Police Department priorities for 2011 and 2012.

CIP Committee Comments: The cost to solve the Police Department's problems will depend strongly on the solution. A new stand-alone facility is estimated at roughly \$820,000, while converting the old Library to Police Department use should cost substantially less. We have elected to propose a project starting in 2013 for \$820,000, with level payments against a 20-year, 5% loan.

CIP Committee Recommendation: Create a Warrant Article for a loan/bond for \$820,000 for 2013.

H. Solid Waste Department

The Solid Waste Department continues to undergo a number of changes. It has new personnel and management. It is working with a Recycling Committee appointed by the Board of Selectmen and is critically reviewing all contracts as they mature.

1. Glass Crusher

The glass crusher is aging, is a safety hazard and needs replacement. A new glass crusher will meet present-day safety standards. The cost of a new unit will be about \$10,000.

CIP Committee Comments: This is an important safety issue, and will also assist in the recycling program.

CIP Committee Recommendation: Schedule a Warrant Article for \$10,000 in 2010.

2. Replace Quonset Hut

The Quonset hut is the arched metal building that is located by the entrance of the Transfer Station complex. It was erected when the operation was a land fill site and housed the large tractor used to compact and move material to support that type of operation. The current recycling operation needs an enclosed area to store large bales of recycled materials since dry and protected bales have higher resale value. Accumulating recycled materials also avoids mixing outgoing loads, which will generate more income. A new storage shed can be built on the existing foundation but the dirt apron in front of the Quonset hut needs to be paved, and this is included in the cost.

CIP Committee Comments: A useful expansion of capacity which addresses the growing need for recycling.

CIP Committee Recommendation: A non-lapsing Warrant Article for \$40,000 in 2011.

3. Bobcat Replacement (No change from 2008)

The current Bobcat is a multi-purpose vehicle purchased in 1998. It is an essential piece of equipment for the Transfer Station. It is versatile and is used for moving prepared bales of materials, grading and snow removal. General maintenance is performed regularly but plans for replacement should be made. Projected replacement cost will be \$30,000 to \$40,000.

CIP Committee Comments: The Bobcat is in good condition and well maintained. Continued maintenance allows the Department to choose the timing of its replacement.

CIP Committee Recommendation: Schedule an expense of \$35,000 in 2017.

Governor Wentworth Regional School District Capital Projects

Tuftonboro belongs to the Governor Wentworth Regional School District (GWRSD). Until 1998, Tuftonboro taxpayers paid one tax directly to GWRSD to support all the costs of the district. Tuftonboro's share was calculated primarily (75%) from the number of school age children living in town who attended one of the district's schools compared with the total attendance at all the schools of the district, and secondarily (25%) on the assessed valuation of the town compared with the assessed valuation of the district. Both valuations are adjusted annually to reflect Tuftonboro's proportional share of the overall District's pupil census. Tuftonboro's share of the total cost of GWRSD is typically about 14.5% but may rise in 2010.

Prior to 1998, Tuftonboro paid all education taxes directly to GWRSD. In 1998, a new scheme for raising and distributing school taxes was put into effect where the Town paid one reduced tax directly to GWRSD and a second education tax to the State. This second tax was then divided into two parts by the State, one of which was returned to GWRSD while the other was distributed to other school districts in New Hampshire with inadequate funding (Donor Town Tax). From 1999 to 2004, inclusive, approximately 44% of the education tax paid by Tuftonboro to the State was not returned to GWRSD.

In 2005, and subsequently, the portion retained by the State (Donor Town Tax) was set at zero so all our tax payments for education went to GWRSD, partly directly and partly indirectly through the State, and our overall tax payments for education decreased by the amount of Donor Town Tax previously retained by the State.

Our understanding from Tuftonboro's State Representative, Betsey Patten, and others, is that this Donor Town Tax is likely to be reinstated. Timing for reinstatement is uncertain, and the amount is even less predictable. The advice we received, if we wish to be conservative, is to assume reinstatement in 2011, at a magnitude greater than previously paid (about \$600,000 per year). Upon advice from our State Representative and from the Superintendent of GWRSD, we decided to assume that the Donor Town Tax will be reinstated in 2011 at a level of \$1,000,000 per year from Tuftonboro. We hope that this assumption is overly conservative.

In addition, GWRSD passed a \$60 million bond issue for a major overhaul of the District's high, middle and technical schools. While funding will come from a variety of sources, a significant part will be raised from local taxes. GWRSD provided a schedule showing Tuftonboro's payments on existing debt, new debt and the combination, extending out to FY 2041. These numbers were used in projecting the Tax Rate out to 2015.

Carroll County - Capital Projects

Carroll County is responsible for the County administration offices, the County jail, Mountain View Nursing Home, and the employees of all three institutions. The County Court House is a State project, paid for by the State of New Hampshire.

The CIP Committee met with the Chair of the Carroll County Delegation to review County plans for Capital Projects. The Delegation has voted to build a new nursing home at a cost of about \$23,000,000. Using a level payment schedule, an interest rate of 5% and a 20-year bond, the annual payment is about \$1.89 million. Tuftonboro's share of this is about 7.5% (although this may change with time), equaling about \$142,000 per year.

Payments for the main bond should begin in 2011. However, there may be an additional cost for renovating the core of the old nursing home when the new one is completed. This would be about \$1.5 million, also to be charged against taxes in 2011. Tuftonboro's share of this extra cost would be \$112,000.

Conclusions and Recommendations

For several years, Tuftonboro has been wrestling with the problems of ageing facilities for its Fire, Police and Library departments. In August of 2009, the Board of Selectmen established a set of priorities, building on the extensive work done by several committees and by the heads of the relevant departments.

These priorities are to build a new stand-alone Fire Station now, to follow this with a new Library and, in parallel, to review all options for resolving the Police Department's facility problems.

With these priorities now set, the Town, the respective Departments, the CIP Committee and the voters, can anticipate and plan for the resolution of all these facility issues. A direction has now been established (subject to future modification by future Town Meetings).

Acting on this decision by the Board of Selectmen, the CIP Committee generated a capital expenditure schedule for the next ten years. This schedule is the culmination of many meetings where we prepared many earlier versions. From these discussions, the CIP Committee created a final schedule of projects that is modeled on our understanding of the Town's priorities and needs.

At the bottom of this schedule, we show the total of all capital project expenses for each year, as well as the Capital Capacity figure for each year. The difference indicates whether we are exceeding or falling within our model for the spending level with which the voters should be comfortable.

The current economic recession has had severe negative impacts on the State, County and Town, as well as on most individual residents. It is very important for the Town to hold spending to a minimum and to delay any projects where the consequences of delay will not be severe.

In more normal economic times, Tuftonboro's CIP Committee would use the Capital Capacity computation as the guide for total expenditures on Capital Projects. However, since these are not normal economic times, and since the Selectmen are projecting a shortfall in revenue for 2010, the CIP Committee felt that the capital expenditure total should be held well below our Capital Capacity. To that end we are suggesting that total expenditures for Capital Projects be \$199,000 below Capacity in 2010, \$52,000 below in 2011 and \$226,000 below in 2012.

When we look beyond the next two years, however, the Tax Rate projections are not encouraging. While we acknowledge that the CIP Committee is primarily devoted to preparing the Capital Project schedule, we are also the only committee in Town chartered specifically to look at future numbers. In doing so, we gain exposure to operating expense and budget projections, so are uniquely positioned to prepare Tax Rate estimates, and these are presented at the end of this report.

It is very important to remember that all the figures in the schedules are actual or projected annual expenditures, not appropriations. Appropriations address the total cost of a project not the annual expense.

We are very pleased and proud to present this schedule to the Board of Selectmen, the Budget Committee and the voters of Tuftonboro.

**CAPITAL PROJECTS AND CAPITAL EXPENSES FOR THE PERIOD 2010 TO 2019 FOR TUFTONBORO
RECOMMENDED TO THE BOARD OF SELECTMEN BY THE TUFTONBORO CIP COMMITTEE**

Department and Name of Project	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020+	NO DATE	Comments	TOTAL 2010-2019	Financing comments
All Numbers are \$,000s															
Board of Selectmen															
Several Projects - see under Department Heading															
Emergency Management															
Upgrade Generator At Town Office and PD	28												Needed	28	Direct from taxes
Ambulance Service													Future Study		
Emergency Radio Coverage	10												Improve Mutual Aid response, coordinates town departments, fills in dead spots.	10	Direct from taxes
Fire/Rescue															
Station placements (Capital Reserve)	10	10	10	10	10	10	10	10	10	10			Improve fire service delivery, brings water to dry regions, ongoing project, \$30K+ per unit. Acquiring MIV provides service previously provided by Rescue 1. Deferred.	100	Start a Capital Reserve, appropriate when ready.
10-Rescue-1													Scheduled replacement in 2016.	280	Lease Purchase
10-Engine-1 (Lease purchase)													Needs further study for long term needs of the community.		
10-Engine-2													New vehicle between Rescue and Engine. Bought in 2011 on lease purchase.	350	Lease Purchase
Multi-response vehicle (MIV) (Lease purchase)	70	70	70	70	70	70									
Government															
Town-wide Assessing Update (BAS Proposed Project)	33	33	33										May be all in 2010.	99	Non-lapsing Warrant Articles, direct from taxes.
Tax Map Update					50	50	50						More information needed, alternatives, priority, scheduling.	150	Assume 3 year finance plan, or spread payments.
Could Property Payments (Debt Repayment)	123	119											Unavoidable Debt repayment, but could be rescheduled if required.	242	Currently obligated. Direct from taxes.
Highway Department															
Road Improvement Projects (BAS Proposed Project)	50	50	75	75	100	100	100	100	100	100			To be defined by Town Meeting each year.	850	Direct from taxes
Named Road Repairing ("Paving" Warrant Article)	185	185	185	204	214	225	236	248	260	273			Roads need to be named each year and expenses tracked by project. 5% p/a increase after 2012.	2,215	Direct from taxes
Library															
New Library Building	85	110	170	170	170	170	170	170	170	170	170	510	Same project as previously submitted at town meeting.	1,385	Bonded or otherwise mortgaged. Assuming level payments.
Police Department															
Vehicles	20	25	25	25	25	30	30	30	35	35			Remains at 4 officers, 8 year vehicle replacement cycle.	280	Capital Reserve
Public Safety Facilities															
Fire Station (BAS Proposed Project)	200	200	200	200	200	200	200	200	200	200			BOS Project - Start as Capital Reserve until needed or full project approval.	2,000	Assumes level payment schedule from taxes against mortgage.
Police Department facilities				66	66	66	66	66	66	66	66	198	PD Dept Project. Start as Capital Reserve until needed.	462	Assumes level payment schedule from taxes against mortgage.
Solid Waste Department															
Replace Bobcat								35					Schedule is somewhat arbitrary, but reasonable.	35	Direct from taxes
Glass Crusher	10												Repair or replace, as needed.	10	Direct from taxes
Replace Quonset Hut	40												Should help reduce costs and increase income.	40	Direct from taxes
Credits															
Reserves															
Donations and Set-asides													Grant and Donation Funds available for Library, Funds held by Library.	-110	Direct credit in the year shown.
Unexpended Appropriations	-94	-85											Public Safety Building (94) and Library (85).	-210	Direct credit in the year shown.
TOTAL PROJECT EXPENSE	565	742	598	820	905	921	932	929	911	924				8,247	Total Project Expenses (Tax Burden).
CAPITAL CAPACITY	764	794	824	853	883	913	943	973	1,003	1,033			Taken from the Capital Capacity graph.	8,993	Town's Capacity for Capital Expenses.
CAPITAL CAPACITY MINUS total PROJECT EXPENSE	199	52	226	33	-22	-8	11	44	92	109			Positive means spending less than Capital Capacity, keeping taxes lower.	756	
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020+	NO DATE		TOTAL 2010-2019	

Schedule of Proposed Warrant Articles for Tuftonboro for 2010

- 1 A Warrant Article to appropriate \$28,000 from taxes for an automatic generator for the Town Office/Police Department/Emergency Management complex.
- 2 A Warrant Article to create a Capital Reserve to install water tank cisterns around town and appropriate \$10,000 from current taxes for this task.
- 3 A Warrant Article to create a Capital Reserve, or a non-lapsing Warrant Article, for Town reassessment. Appropriate \$33,000 from current taxes for this activity.
- 4 Gould property (\$133,000) payment should be noted, but not voted upon.
- 5 A non-lapsing Warrant Article for \$50,000 from current taxes for the repair of specified road/culvert/bridge projects.
- 6 A Warrant Article for "Paving" at \$185,000 from current taxes. Specify the list of roads planned for paving/repaving.
- 7 A Warrant Article to create a Capital Reserve for replacing Police Vehicles. Appropriate \$20,000 from taxes for this task.
- 8 A non-lapsing Warrant Article to build a new Fire Station. Fund this project with the remaining funds from previous authorizations (about \$94,000) and a mortgage of some type for the balance. \$200,000 is to be committed this year, of which the balance, net of previous authorizations, is raised from taxes.
- 9 A Warrant Article to purchase a new glass crusher for \$10,000 from current taxes.

2009 Tuftonboro Town Meeting Warrant Articles (2008 CIP Report)

Comparison of Capital Projects proposed by the 2008 CIP Committee, Warrant Articles proposed by the Selectmen for 2009 Town Meeting and actual results. Note that a Capital Project need not necessarily be a Warrant Article, and vice versa, although they are usually the same. Some Warrant Articles did not rise to the definition of a Capital Project, such as the Office Computer Update.

Department and Name of Project	CIP Committee Proposal	Selectmen Proposal	Budget Committee Proposal	Town Meeting Approval	Comments
Office Computer Update	\$12,000	N/A	N/A	N/A	Modified to be less than \$10,000.
Capital Reserve for Water Cisterns	\$10,000	\$0	N/A	N/A	Not considered.
Replace 10-Car-1 (Chief's Suburban)	\$55,000	\$53,864	\$53,864	Passed	
Fire Truck and Loader Lease Payment	\$66,000	\$66,000	\$126,058	Yes for extra payment	Paid off the lease, most came from Capital Reserve.
Gould Property Payment	\$138,000	\$138,000	\$252,000	Yes for extra payment	Double payments.
Lang Pond Road Repair	\$100,000	\$0	N/A	N/A	Not considered.
New Library	\$2,056,600 (7-0)	\$2,056,600 (2-1)	\$2,056,600 (4-1-2)	Failed (189 Yes, 125 No)	Needed 2/3 to pass.
New Police Vehicle	\$35,000	\$42,900	\$42,900	Passed	
Fire/Safety Facilities Update	\$50,000	\$0	N/A	N/A	Not considered. Unexpended appropriation to be used.
Paving of Town Roads	\$185,000	\$185,000	\$185,000	Yes	Roads were listed.
Vertical Baler	\$20,000	\$20,000	\$20,000	Yes	

In 2008, the CIP Committee concluded that it needed to integrate its work more closely into the budget processes of the town so as to better reflect the thinking of the Board of Selectmen. To that end, we requested that a member of the Board of Selectmen be appointed to the CIP Committee. This has helped enormously and we hope that our recommendations are more in line with what the Selectmen and the Budget Committee are thinking and are prepared to endorse and support.

We thank the Selectmen and voters of Tuftonboro for their continuing support and for this opportunity to serve.

PROJECTED TAX RATES FOR THE TOWN OF TUFTONBORO FOR THE PERIOD 2010 TO 2015

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Town's Operating Expense Total less Income and Offsets (\$/,000)	906	1,092	1,628	1,326	1,432	1,547	1,670	1,804	1,948	2,104	2,272
Operating Expenses less Income and Offsets; Tax Rate (\$/,\$,000)	0.88	1.06	1.58	1.26	1.39	1.50	1.62	1.75	1.89	2.04	2.21
Town's Capital Expense Total (\$/,000) Proposed by CIP Ctee.	513	962	292	659	455	559	742	598	730	905	921
Capital Expense Tax Rate - (\$/,\$,000) Proposed by CIP Ctee.	0.50	0.93	0.28	0.64	0.44	0.54	0.72	0.58	0.71	0.88	0.89
Total "Town Only" Expense Tax Rate (\$/,\$,000)	1.38	1.99	1.86	1.90	1.83	2.04	2.34	2.33	2.60	2.92	3.10
County Operating Expense Tax Rate - (\$/,\$,000) - +11%pa.	0.68	0.76	0.87	1.00	1.11	1.23	1.37	1.52	1.69	1.87	2.08
New Nursing Home Cost - Tax Rate (\$/,\$,000)							0.26	0.14	0.14	0.14	0.14
School Operating Expense Tax Rate - (\$/,\$,000) - +9%pa.	4.03	4.31	4.81	5.05	5.50	6.00	6.53	7.12	7.76	8.46	9.22
New School Building Cost - Tax Rate (\$/,\$,000)						0.13	0.48	0.50	0.49	0.45	0.44
Donor Town Tax Rate (Projected) (\$/,\$,000)							1.00	1.00	1.00	1.00	1.00
Total "Non-Town" Expenses Tax Rate (\$/,\$,000)	4.71	5.07	5.68	6.05	6.61	7.36	9.64	10.28	11.08	11.92	12.88
Total Tax Rate - (\$/,\$,000)	6.09	7.06	7.54	7.95	8.44	9.40	11.98	12.61	13.68	14.84	15.98

- NOTES**
- 1 Assumes a constant Town valuation of \$1.03 billion for all years.
 - 2 Numbers for 2005 to 2008 are from Town Reports.
 - 3 For all other years, assumes:
 - a) 8% annual growth rate in Town's "Operating Expenses less Income and Offsets".
 - b) 9% annual growth rate in School District's Operating Expenses.
 - c) 11% annual growth rate in County's Operating Expenses.
- These rate assumptions are based on their respective histories.