

CAPITAL IMPROVEMENT PROGRAM REPORT

TUFTONBORO

NEW HAMPSHIRE

2008 - 2017

**Prepared by the
Capital Improvement Program Committee
and presented to the Selectmen of Tuftonboro
on 24 October 2007**

TOWN OF TUFTONBORO
NEW HAMPSHIRE

CAPITAL IMPROVEMENTS PROGRAM

FOR THE PERIOD

2008 to 2017

24 October 2007

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**Capital Improvement Program
Tuftonboro, New Hampshire
2008-2017**

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 Town Administrator, 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 appointed this Committee, who have supported the CIP concept, and who will use this report for the benefit of the citizens and residents of Tuftonboro.

Town of Tuftonboro Capital Improvements Program Committee - 2007

John Simms	Chair
Christie Sarles	Vice-Chair
Ellen Laase	Secretary
Anthony Lyon	Planning Board Member
Lloyd Wood	Budget Committee Member
Erin Donnelly	CIP Committee Member
Bruce Pigott	CIP Committee Member

Board of Selectmen – 2007

Susan Weeks, Chair

William Stockman

Daniel Duffy

Introduction

The report that follows is the first annual CIP report for the town of Tuftonboro. Being the first such report, it is lengthy and contains much background and foundation material, which will not need to be replicated in future annual CIP reports.

In this report, we begin by establishing the background to the CIP process, explaining the steps taken by the voters, the town and the Selectmen in setting up the CIP activity, and describing the steps of the process. Appropriate RSAs are presented in Appendix A.

Following this foundation discussion, we present our model for the Capital Capacity of Tuftonboro. This establishes the magnitude of expenditures on Capital Projects with which the voters seem to be comfortable, and is based upon a detailed history of expenditures in the Town of Tuftonboro from 1991 to 2006. This detailed history is presented in Appendix B with a summary given in the body of this report.

The next section is where the projects suggested by the Departments and Committees of Tuftonboro are described and discussed. Each project is given a short description, with CIP committee discussion, comments and recommendations included. The CIP Committee also reviewed each project in the light of the goals, policies and strategies of the Master Plan to ensure that the Master Plan's goals and the proposed Capital Projects were compatible. At the end of this section, we also include projects suggested by the Governor Wentworth Regional School District and by Carroll County.

The next section is where the proposed Capital Projects for the next ten years are brought together on a spreadsheet. We show a financing model for these projects showing how the town can accomplish the projects we are recommending within our model for Capital Capacity.

We then present a proposed schedule of Warrant Articles for Capital Reserves, lapsing and non-lapsing appropriations, and debt packages to implement this proposed plan.

From this material, we have generated a short executive summary, being published separately for wide distribution. This full report and the Appendices will be readily available on the Town's web site, at the library and at the Town offices.

Capital Improvement Program Foundations

Definitions & Rationale

A Capital Improvements Program (CIP) is a forward planning report laying out future Capital Expenses. This is Tuftonboro's first CIP, and the CIP Committee has defined a Capital Project as a specified activity with a cost of \$10,000 or more, 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, non-repetitive task

The CIP Committee solicits input from all Departments and Committees in Tuftonboro, listing and describing Capital Projects to be contemplated during 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 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. The intent, however, is for the CIP report to be so useful and relevant that neither Town officials nor voters will want to set it aside.

Relevant RSAs

The New Hampshire Revised Statutes Annotated (RSAs) that govern the creation and operation of a CIP Committee are 674:5 to 674:8. Other RSAs govern related activities such as Capital Reserve Funds, Impact Fees, Growth Management, etc. See Appendix A on page 41 for details.

Local Authorization & Organization

The CIP process in Tuftonboro grew out of the Master Plan rewrite project undertaken in 2005/2006. Tuftonboro had prepared a Master Plan in 1985. Many of the goals of this earlier plan had been accomplished and the revision was overdue. With this finished, attention turned towards implementation, and the next logical step was to establish a CIP Committee and generate a CIP report. In addition to the benefits listed earlier, with a legally valid CIP, Tuftonboro would be in a position to consider using growth management tools and impact fees in regulating the increased growth anticipated by the Master Plan.

The sequence of steps followed in this process was to:

1. Ensure that the revised Master Plan had been officially adopted by the Planning Board, submitted to the Selectmen of Tuftonboro, and filed with the State.
2. Circulate a petition for a Warrant Article directing the Selectmen to form a CIP Committee.
3. Gather and submit voters' signatures in a timely manner (25 required; 254 gathered).
4. Submit the petitioned Warrant Article, endorsed by the Selectmen and the Planning Board, to the voters at Town Meeting in March of 2006, where it was overwhelmingly approved.

The language of the Warrant Article was "To see if the Town, having a master plan adopted by the Planning Board in 1985 and updated in 2006, will vote to authorize and direct the Selectmen to appoint a committee to prepare a Capital Improvement Program in accordance with RSA 674:5."

The Selectmen appointed seven residents to the Committee. The members were sworn in shortly thereafter and the first meeting of the CIP Committee was held on May 30, 2007. The Committee then proceeded to gather the information for this report, using as guides the handbook prepared by the New Hampshire Office of Energy and Planning ("The Planning Board in New Hampshire - A Handbook for Local Officials" January 2006), and the published CIP reports of Madison, Meredith, Wolfeboro, and Exeter, New Hampshire.

Local CIP Process

The CIP committee had several immediate tasks, which were to:

- Define "Capital Project" and the future reach of the CIP report.
- Inform all Tuftonboro Department heads and Committee chairs, the Governor Wentworth Regional School District and the Carroll County Delegation that the CIP Committee would be requesting project proposals from all of them.
- Assign members to act as liaisons between the Committee and the Department heads.
- Analyze the history of capital expenditures in Tuftonboro.
- Discuss and define "Capital Capacity" for Tuftonboro.

With this preparatory work largely done or underway, the Committee sent a questionnaire to each Department and Committee in Tuftonboro, using a form similar to that suggested in the OEP handbook, requesting a submission of information about each Capital Project contemplated during the next ten years. We also requested a "no" response if that was the case. A CIP Committee liaison was assigned to each Department and Committee to answer questions about the form and assist with its preparation. Every liaison met or spoke with her/his assigned Department/Committee head at least

once; some required additional assistance. Twelve of 22 Departments/Committees submitted a total of 34 capital proposals. See page 14 for the Table of Town Respondents.

Before reading the submissions, we decided that we should first define Capital Capacity in order to have a rough idea of available funds. This process is discussed on pages 8-13. Once the CIP Committee had agreed to a quantitative model for Capital Capacity, the next step was to list all projects on a spreadsheet so we could review them, identify outstanding questions, assign priorities, and establish tentative schedules.

We then invited all Department and Committee heads who had submitted proposals to meet with the CIP Committee to answer (and ask) questions in order to clarify their intentions, objectives, funding sources, and timetables.

We also met, at length, with the Superintendent of the GWRSD and with Tuftonboro's School Board Representative for a detailed discussion of the District's finances as they impact Tuftonboro's CIP. We discussed existing Capital Projects and remaining expense obligations for these, and we talked at length about probable future Capital Projects and population trends. And we met with the Chair of the Carroll County Delegation to discuss possible County projects, and to receive a briefing on the school funding controversy in Concord.

The Committee then asked the Town Treasurer to consult with us on “creative” possibilities for funding projects. The goal was to deliver this report to the Selectmen, the Budget Committee, and the Planning Board in time to contribute to the 2008 annual budgeting cycle. We did accomplish this, but only by extending the duration of weekly meetings, as well as the target report deadline of mid-September.

In the future, the CIP report will be updated annually, with the project horizon extended one year. All proposed projects on the schedule will be revisited and revised if necessary, and new ones added. All previous assumptions will be questioned, and a revised CIP report issued. Ideally, the CIP cycle should begin earlier in the year to allow adequate time for Committee consultation and project review with Department Heads. With a longer schedule, there will also be time for public input, for considering projects suggested by the public, and for involving the public in setting priorities.

Capital Capacity

Definitions & Rationale

In addition to collecting, prioritizing and presenting the Capital Projects proposed by the Town's Departments and Committees, a critical component of a Capital Improvement Program is to estimate Tuftonboro's capacity to undertake and fund Capital Projects.

"Capacity" is a nebulous term, different for different people and interests, and varying from time to time. It can mean the maximum level of capital expenditure the Town can tolerate, the level at which most voters are comfortable, the levels accepted at past town meetings, the total level of all high priority projects, a numerically derived value based on history, etc. All of these methods have been used by many organizations and funding entities to derive a value for Capital Capacity. Yet every organization involved, in any way, with raising, allocating or spending funds on Capital Projects must establish a model and numbers for its Capital Capacity.

We considered the question of how best to define Capital Capacity for Tuftonboro very carefully, examining different possibilities. One approach ties the annual expenditure for Capital Programs to perceived needs at the time, which is how Capital Projects have been presented to the voters in the past. It does not allow for forward planning, leveling out the tax burden, or controlling future capital expenses. The CIP process is intended to avoid precisely these problems, so we considered two other possibilities, which are discussed later in this section. The first ties Capital Capacity to a percentage of total Town expenditures (A). The second couples Capital Capacity to the Town's history of capital expenditures (B). But, first, we needed to understand the history of Capital Projects in Tuftonboro.

Capital Project History, 1991-Present

Figure 1 is the history of total expenses (operating plus capital), and capital expenses alone, incurred by Tuftonboro from 1991 to 2006. See Appendix B for background discussions and the tables of data from which these graphs have been generated. In 2007, as discussed below, capital expense is projected to decrease to about \$285,000. We do not have a projection for operating expenses for 2007.

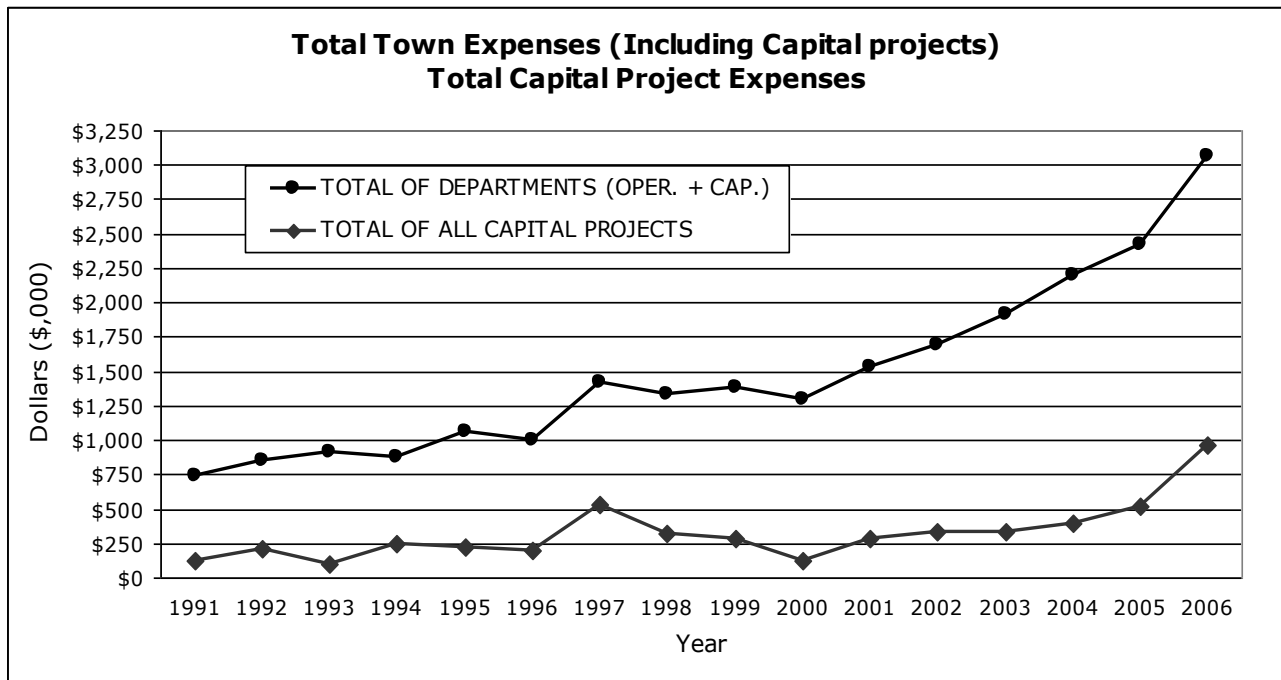


Figure 1

Figure 1 shows that capital expense totals for the Town have grown fairly slowly, from an average of about \$200,000 per year from 1991 to 1996, to about \$350,000 annually from 2001 to 2003. From 2003 to 2006, however, total capital expenditures began to rise significantly, with a subsequent drop anticipated for 2007 back to under \$300,000.

We interpret these data in the following way:

- Individual significant capital expenditures will distort the historical record, but each can be explained (e.g., Piper House renovation and two large road projects in 1997). See Appendix B for details.
- Even including these large projects, the level of capital expenditure in Town have maintained a fairly clear average, slowly increasing with inflation and as our population grows.
- Operating expenses are several times the Capital Project totals, and most of our municipal taxes and tax increases are the result of operating expenses, not capital expenses.
- While the CIP Committee's charter is to concern itself with Capital Projects, the relative magnitude of these two elements in our municipal tax bill is striking.

Capital Capacity defined as a percentage of total expenses (Alternative A)

Figure 2 shows capital expenses as a percentage of total expenses. The curve varies between 10% and 35%, with an average in the vicinity of 20%. This might be a useful model, setting low and high bounds at 15% and 25%, for example.

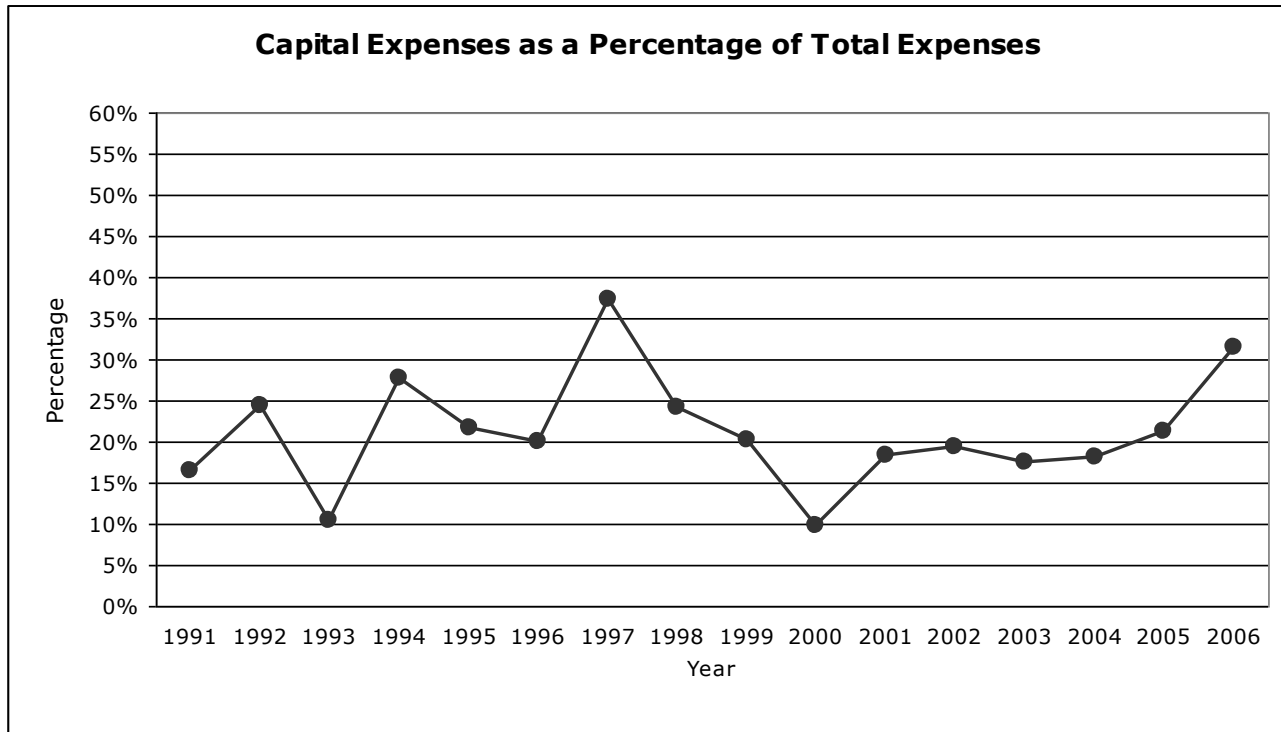


Figure 2

However, there are two major problems with this approach. The first is that we have no idea of the actual total Town expenditures until the year is over, by which time it is too late to use these in setting the capital expense goal for that year. In addition, future projections of total expenses, required for 10 years into the future using this model, would be merely guesswork on our part. With such uncertainty, it would be difficult to base quantitative budget recommendations on this number.

The second problem with using total expenditures is that the Town and voters could no longer discuss, nor could the CIP Committee make recommendations about, our capital expense levels independently of the total budget. As Figure 1 shows, total expenses have recently risen at faster than historical trends. In addition, Figure 3 shows our total municipal taxes as a percentage of our total local taxes. Historically, from 1991 to 2003, 15 to 20% of our total property taxes have gone to the Town. From 2004, this percentage has risen significantly and is now approaching 30%.

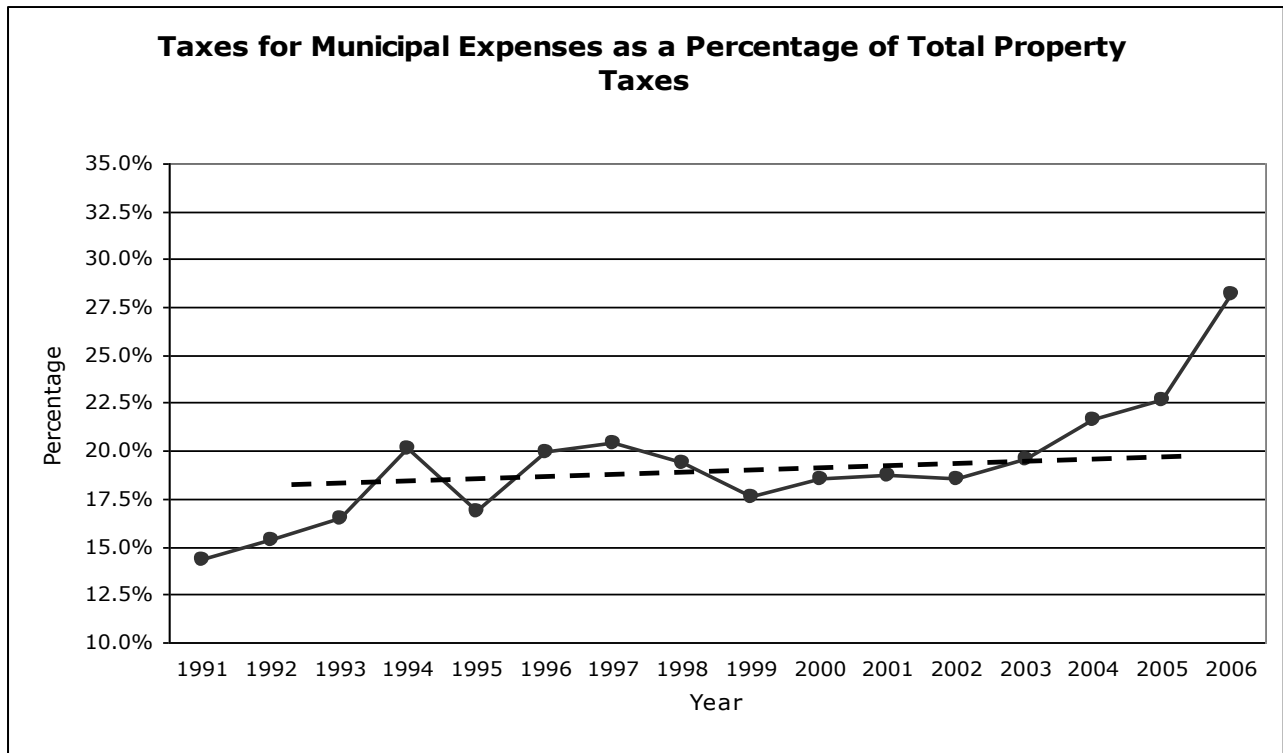


Figure 3

Figure 4 illustrates our concern in relying solely on a percentage of total expenses. This curve shows the total Town expenses less Town revenues, and is the amount raised from taxes. In other words, when we subtract expenses from revenues, the shortfall is covered by property tax payments. It took 10 years for property tax payments for Town services to go from \$500,000 to \$800,000, an annual increase of about 6%. By 2006, the tax burden for Town services was \$2,000,000, an annual increase since 2002 of about 32%. Between 2005 and 2006, the increase was 50%.

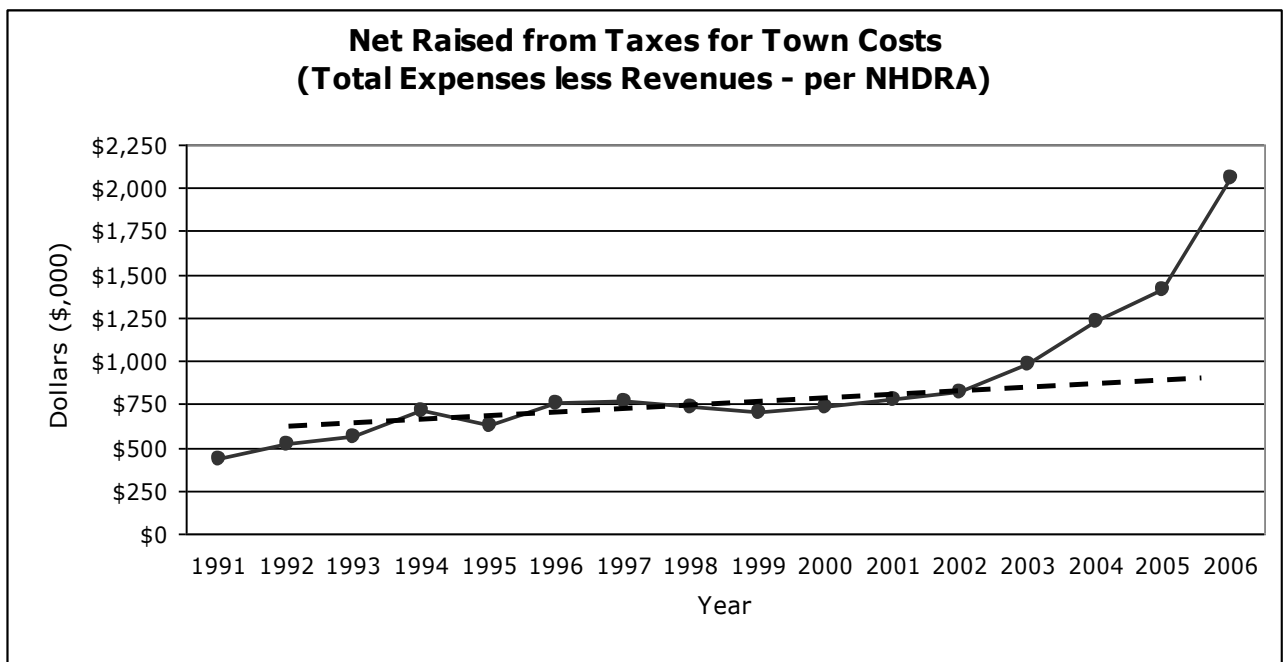


Figure 4

The Committee preferred to give greater weight to option B, below, although it is interesting to use percentage of total expense as a reference point.

Capital Capacity defined as an extension of historical levels (Alternative B)

Figure 5 shows only the total capital expense history for the Town, extends the horizontal axis out to 2017, and indicates the slope of the graph starting with the value for 1991. For 2007, we estimate the actual capital expense will be about \$285,000 consisting of the first Gould property payment, fire truck lease payment, Lang Pond Road and other named road projects. This will be a significant decrease from 2006 when we purchased the Cheney Farm easement and the land adjacent to the Town Offices, and undertook a major renovation of the transfer station, in addition to the usual capital projects. Total Town operating expenses for 2007 will not be known until the 2007 Town Report, but the appropriation for 2007 operating expenses was \$400,000 greater than the equivalent appropriation for 2006, so a further increase in operating expenses is anticipated for 2007.

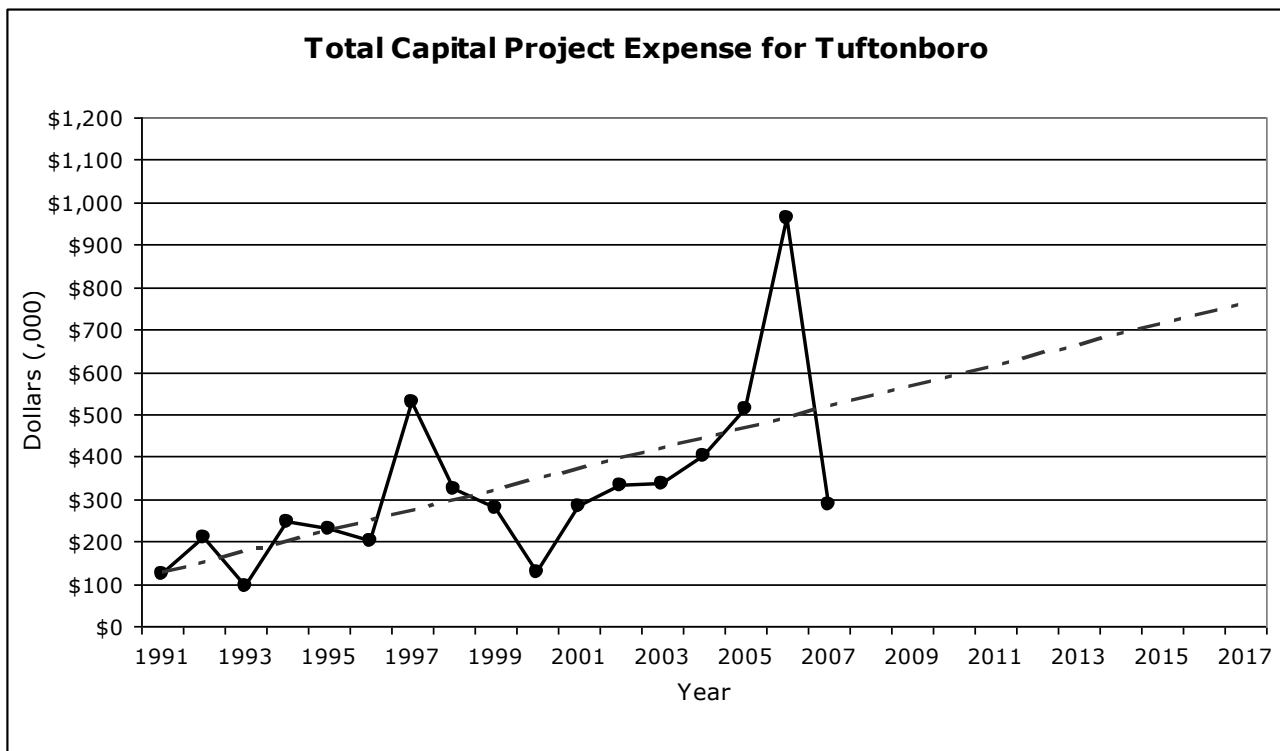


Figure 5

Figure 5 demonstrates that in 1997 and again in 2006 we apparently exceeded the Town's capital expense comfort level, causing voters to cut back on capital expenses in subsequent years. With time, the expense level stabilized, until the next attempt to raise it significantly. If this pattern holds in the future, we can expect the capital expense level to rise again towards the slope of the dashed line.

Tabulating future Capital Capacity from the dashed line of Figure 5 produces the following dollar amounts:

<u>Year</u>	<u>Capital Capacity</u>
2008	\$540,000
2009	\$570,000
2010	\$600,000
2011	\$620,000
2012	\$650,000
2013	\$675,000
2014	\$700,000
2015	\$720,000
2016	\$750,000
2017	\$770,000

The CIP Committee proposes that the Selectmen, the Budget Committee, and the other Town Departments adopt this model and these numbers as guidelines for planning a sustainable level of future capital spending for municipal projects in Tuftonboro.

The graph of Figure 5 and the numbers in the table on this page are the heart of the work of the CIP Committee. They capture the Town's history, they provide actual numbers to guide the Town, and they are firmly grounded upon the expressed wishes and the collective wisdom of the voters of Tuftonboro.

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. The table below lists their responses. Some proposals were submitted by more than one Department with overlapping responsibilities. Some did not meet the definition of a Capital Project. All were very carefully prepared with significant backup material.

Following this table are summary descriptions of each project with the comments and conclusions of the CIP Committee.

Table of Town Respondents

Department/Committee/Board	Reply Received	Capital Project(s)
Agricultural Committee	X	NO
Board of Selectman	X	YES 8
Cemetery Trustees	X	YES 1
Code Enforcement Officer	X	YES 1
Conservation Commission	X	YES 1
Emergency Management Service	X	YES 2
Fire/Rescue Department	X	YES 7
Health Officer	X	NO
Highway Department	X	YES 3
Joint Loss Safety Committee	X	NO
Library	X	YES 2
Moderator	X	NO
Parks & Recreation Commission	X	YES 1
Planning Board	X	YES 1
Police Department	X	YES 2
Solid Waste Department	X	YES 4
Supervisors of the Check List	X	NO
Tax Collector	X	YES 1
Trustees of Trust Funds	X	NO
Town Clerk	X	NO
Treasurer	X	NO
Zoning Board of Adjustment	X	NO

Summary of Town Proposals

A. Board of Selectmen

The Selectmen proposed eight capital projects, which are outlined in alphabetical order below, with notations on those BoS proposals that duplicated those of other Departments/Committees.

- 1. Cemetery Expansion** [See: Cemetery Trustees, below]
- 2. Lang Pond Road Repair** [See: Highway Department, below]
- 3. Phone System Upgrade**

Three telephone lines serve the Town Offices: one is dedicated to the fax machine and postage meter, the other two serve four departments (Administration & Assessing, Tax Collector, Town Clerk, and Code Enforcement Officer). These two lines are managed by an antiquated answering/routing system, which interrupts the flow of business for employees and also frustrates callers into the system.

CIP Committee Comments: The Selectmen estimated this project at \$12,000. The Town Administrator later provided an updated estimate of \$6,800, which does not meet Capital Project criteria (i.e., cost under \$10,000). The Selectmen may choose to include it in the operating budget for Town Administration.

CIP Committee Recommendation: Remove this project from the CIP spreadsheet.

4. Town Office Remodel (Piper House)

Total available space is not being used to its fullest potential. The entire second floor of the building, while finished, has several deficiencies, including not being ADA compliant, heat/energy inefficient, and not being configured optimally for office/meeting space.

CIP Committee Comments: The Selectmen proposed this as a necessary but undefined project, needing further discussion before it could be scheduled or a budget prepared. The Committee agreed that this project would be desirable, but questioned whether it could proceed in sections or would need to be done all at once. The present facilities are adequate for now.

CIP Committee Recommendation: Place this project in the "no date" category until better defined.

5. Police & Code Enforcement Officer - Vehicle Maintenance Program [See: Code Enforcement Officer and Police Department, below]

6. Public Safety Facilities [See also: Police Department, below]

The current public safety facilities are inadequate. Whether the long-term solution is a central facility, housing fire and police, or a combination of upgrades to existing facilities along with a new facility, some needs must be addressed immediately.

The fire stations have inadequate space, storage, security, and functionality, non-potable water, septic system failures, and lack of adequate parking. They are not properly ventilated, and need upgrades to wiring, lighting, and heating systems. They do not meet ADA requirements. There are space and sanitary issues with kitchens and showers, and there is no decontamination area.

The Police Department has privacy and security issues, and is not ADA compliant. There are no booking or holding areas, or private sound separation for juveniles. There is inadequate gun and ammunition storage, no meeting room, no training space, no shower or changing room. These are all issues that need to be addressed sooner rather than later because they put personnel, citizens, and the Town at risk.

The Board of Selectmen proposed to the CIP Committee a central facility for both Fire/Rescue and Police at a cost of \$4 million, duplicating a proposal that was rejected by the voters at the 2007 Town Meeting. The Police Chief prepared a proposal for an upgraded police station at an estimated cost of \$567,000. The Chief explained that this is a rough number that would be valid for new building, an addition to the present station, or as part of a joint Public Safety Building.

CIP Committee Comments: There is at this time no Town or Selectmen consensus on how to proceed with upgrades to fire and police facilities. The Selectmen plan to appoint a citizen committee to explore all possibilities and make recommendations, tentatively in time for Town Meeting 2009.

The Committee discussed its options. We could accept and report the \$4 million proposal from the Board of Selectmen, but rejected that idea as not reflecting the decision of the voters and not being of value in suggesting a way forward. We could do nothing, but that would also not fulfill our responsibility to the voters or to the Departments concerned, nor would it meet our understanding of the CIP's role in Town planning, i.e., to reflect the upcoming demand on Capital Capacity.

CIP Committee Recommendation: Recommend \$100,000 for the Fire/Rescue Department and \$50,000 for the Police Department for immediate facility upgrades in 2008, and the same in 2009. Earmark \$2 million in 2011 for a new fire station and earmark \$700,000 for a new police station in 2013. The reason for the immediate expenditures on the existing facilities is to alleviate the real short-term problems. The timing and magnitude of the new facility appropriations is not intended to influence the ongoing debate, but reflects a prudent financial projection that can be changed and modified in later years to reflect the plans that eventually emerge.

7. Tax Map Update

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. No cost/benefit assessment had been made, however the Committee recognizes the importance of up-to-date tax maps for planning and decision-making.

CIP Committee Recommendations: Accept the Board of Selectmen's proposal that this be a project for 5+ years into the future. Schedule for 2013.

8. Transfer Station Improvements [See: Solid Waste Department, below.]

B. Cemetery Trustees

1. Replace Fence around Town Cemetery

The split rail fence on two sides of the Town Cemetery and separating it from the Town Offices will need major repair some time in the future. The trustees propose that this be done within 5 years, preferably in 2 or 3 years' time. The trustees did not provide a cost estimate for this job, and have questioned whether this should be a BoS project.

CIP Committee Comments: A quick walk around suggests that the split rail portion can last several more years with only minor spot repairs. The other two sides of the cemetery are bordered with rusty wire fences in poor condition, and these might be due for repair. However, they appear to be unchanged for several decades and one more should do no harm. For this reason, we are coupling this project with the one proposed by the Board of Selectmen, following at #2, below.

CIP Committee Recommendation: Defer to 2018+ and await cost estimates.

2. Survey and Lay Out Cemetery Extension (Board of Selectman proposal)

The Town purchased land adjacent to the Town Office Cemetery in 2006 for future expansion. This land needs to be surveyed and a layout developed for cemetery plots. Additionally, fencing must be installed around the perimeter of the cemetery (see #1, above). The time scale proposed by the Selectmen for this project is not until at least 10 years from now. For that reason, this task appears in the 2018+ column of the spreadsheet.

CIP Committee Comments: There are over 300 unsold lots in the existing cemetery which are selling at the rate of about 10 to 20 per year.

CIP Committee Recommendation: Hold this project over until 2018+ and await cost estimates.

C. Code Enforcement Officer

The Code Enforcement Officer uses a vehicle provided by the Town. Usually this is a Police Department vehicle that is too old for vigorous police work (i.e., eight years old). Currently, the Code Officer uses a 1997 sedan. It will need replacing soon. If the voters agree to replace the 1999 Police Department sedan at the upcoming Town Meeting, that car will then move to the Code Officer, assuming it passes all required safety checks once it is decommissioned. The Code Officer has expressed a desire for a four-wheel drive vehicle. If we follow precedent, this should occur routinely in 2010.

CIP Committee Comments: This seems a workable arrangement, acceptable to the Committee. Leasing remains an option.

CIP Committee Recommendation: Continue present practice, no Capital Project involved here.

D. Conservation Commission

1. Land and easement acquisitions

The Conservation Commission plans acquisition of easements and purchases of land or development rights if it furthers their charter to protect the natural resources of Tufonboro. It is not possible to predict when and for how much such purchases might become available, yet it has been shown that such purchases are important to and supported by the voters of Tufonboro. The Conservation Commission does receive funds for this purpose from conversion of Current Use property to developable status, using a formula. Generally, this provides only a few thousand dollars whereas the full land use tax conversion penalty can be several tens of thousands of dollars. The Town budgets these payments as income, but usually less than is actually received. The Commission projects an ongoing cost of \$50,000 per year for these purchases.

CIP Committee Comments: CIP committee members support the Commission's goals, but agree that a better course to follow is to allocate a small amount every year to a Capital Reserve fund for down payments and holding actions for these acquisitions, pending Town Meeting, and to work towards changing the allocation of the land use change penalty to provide more funding for these activities.

CIP Committee Recommendation: Create a Capital Reserve for land acquisition and land rights acquisition costs and commit \$10,000 per year to it. Work with the Conservation Commission and the other boards in Town to increase the allocation of the land use change tax to the Conservation Commission fund.

E. Emergency Management Service

1. Emergency Generator at Town Offices

The present 5 KW generator is a manually operated gasoline powered unit, and is insufficient to power the Town Office and the Police Department. This proposal is to replace this unit with a new 20 KW 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 to power, in full, one of the existing fire stations,

which currently only have 20 year old, 3KW portable generators. The Town Office is also the location for Tuftonboro's Emergency Management Center during time of emergency. The total estimated cost of this project is \$20,000. It would reduce personnel, operating, and maintenance costs.

CIP Committee Comments: The Committee feels that this is an important project, but not as high a priority as others being considered.

CIP Committee Recommendation: Schedule a \$20,000 Warrant Article for 2011.

2. Ambulance Service

An ambulance service run by the Fire/Rescue Department would better serve the community and would most likely not only save but make the Town money in the long run, if run as an enterprise fund. Income could be used to upgrade the service and pay for personnel as needed. (Many other towns do this with great success. Wakefield and Milton are two in the area.) The Town currently pays \$95,000 per year for ambulance coverage. The Fire/Rescue Department already responds to all EMS calls, but does not transport. By transporting, the department would be able to keep monies from billings, have better patient relationships, handle any quality issues directly, have more control over personnel and equipment, and ultimately provide better service for the community. Billing would be handled by a billing agency for approximately \$10 per run. The Department already does all the reports and has medically qualified members. If a new facility is built, an ambulance area could be included. The Town could start with daytime coverage, with nights and weekends handled by the call force until such time as full time coverage is needed to reflect growth. The initial costs for vehicle and equipment would be about \$150,000. Personnel would be an additional \$60,000, for a total of \$210,000.

CIP Committee Comments: An interesting proposal, but one for the future. More planning and discussion needed. All agreed this was not a project to launch within 10 years; however as the population ages we will need to reconsider it.

CIP Committee Recommendation: Place in the 2018+ category and continue discussion.

F. Fire/Rescue Department

The Fire/Rescue Department has multiple equipment needs -- some overdue, some critical, and some required -- which are addressed here. In addition, both the Fire/Rescue and the Police Departments have serious facility needs that are addressed in section A above, under Board of Selectmen.

1. Fire Boat 1

This project is to replace the existing fireboat, which is unsafe. The boat, a 1990, 22' lobster style boat, was purchased used in 1995, for \$14,500. The plywood in the hull is waterlogged and is separating in areas from the fiberglass. Replacement has been discussed for several years, but has been delayed because of other demands on Town funds. The Department proposes to replace the fireboat in 2008 at a cost of about \$80,000 for a new, larger boat.

CIP Committee Comments: The CIP Committee agreed with the Chief's comment that the fire boat is urgently in need of replacement and this should not be delayed.

CIP Committee Recommendation: Generate a Warrant Article for the 2008 Town Meeting for the full cost of \$80,000 for immediate replacement. Schedule payments over 3 years.

2. 10- Car-1

This is the red Suburban. The Suburban has served the department very well and is used as a multi-purpose vehicle. It is a command/Chief vehicle, a quick response EMS and fire vehicle. It is used to tow the Town's generator, boats, and OVMAA Haz mat trailer. It is also used to transport firefighters to training and emergency calls. This unit now has 127,000 miles on it and is powered by a large gas engine. The department proposes to replace this vehicle with a 3/4 ton diesel Chevy Suburban or equivalent vehicle at a cost of about \$50,000.

CIP Committee Comments: The Committee agreed that replacement will be necessary (as for all Town vehicles). The main question is when?

CIP Committee Recommendation: Schedule replacement in 2013 with timing to be revisited each year during CIP review.

3. 10-Rescue-1

This project is to build a rescue pumper truck to increase the department's capabilities. Further studies are being developed by the Rescue Pumper Committee.

The current 2001 Ford F550 rescue truck has done everything it was designed to do, but department requirements have outgrown its usefulness. This truck would be re-assigned to the Melvin Village Station to replace the 1985 C3500. If a new rescue pumper is purchased prior to 2010, it will save a \$15,000 increase caused by new EPA exhaust regulations, which will be in place by then. The cost of the project would be about \$300,000.

CIP Committee Comments: The Committee agreed that replacement will be necessary (as for all Town vehicles). The main question is when?

CIP Committee Recommendation: Schedule replacement in 2015. The Chief agreed to provide information on the cost to refurbish this vehicle.

4. 10-Engine-1

This project is needed to respond to federal and state requirements, to improve the quality of existing services, to provide added capacity to serve growth, and to reduce long-term operating costs. The total cost would be \$510,000. The project is needed to replace an engine that will have reached its life expectancy, per NFPA 1500, which states this type of vehicle should be retired after 20 years. The new truck will meet all capabilities needed to be a Class A pumper, carry 1000-2500 gallons of water, with a CAFS system to allow a limited number of personnel to extinguish and operate at fire scenes.

CIP Committee Comments: This vehicle will probably have to be replaced when scheduled in 2012 due to more stringent inspections and the need to meet fire-rating standards.

CIP Committee Recommendation: Schedule for 2012 and explore financing options.

5. Ladder 1/Tower 1

It is possible that by 2018, Tuftonboro's growth may require its own aerial device. A ladder truck would be a 100' or a 75' tower, with a 300-500 gallon water capacity and a 1500 PM pump. This unit would replace Engine 2, a 1998 International, in 2018. At this time the total estimated cost of this project is \$1,200,000.

CIP Committee Comments: Tuftonboro currently has a 35' height restriction on building heights. This equipment would be used to put out structure fires from above.

CIP Committee Recommendation: Defer until 2018+ as a long-term study project.

6. Self-Contained Breathing Apparatus (SCBA)

The department currently has 25 air packs that are 20 years old, becoming obsolete, and need repairs after almost every use. The packs are kept on the trucks and the facemasks are issued to individual personnel, according to size. These packs are vital pieces of fire fighting equipment. The Department submitted an application for a Fire Act Grant on May 11th, 2007, to purchase 25 air packs and to replace existing air compressor equipment. The total cost of this project is \$215,000, coming either from the grant in 2008 or Warrant Article in 2009. As of October 17th, 2007 there is no official word on the grant award.

CIP Committee Comments: Committee assessments ranged from critical and immediate to urgent for 1 to 2 years from now. Partial or scheduled replacements are not practical and a new air compressor station will also be required. This could be a seller financed purchase.

CIP Committee Recommendation: Monitor grant status. If necessary, recommend a Warrant Article for 2009.

7. 10-Utility-2

This project is to replace an existing utility vehicle. The current vehicle is a 1985 Chevy 1 ton truck. Recently the transmission failed, with a repair cost of \$1,200. There are corrosion and brake issues due to the age of the vehicle. This vehicle is used as a rapid response vehicle for medical aids, for transporting equipment to and from fire scenes, used to haul large equipment and supplies during weather related emergencies, towing department trailers and other department related errands. This vehicle is an excellent tool for the department and alleviates the use of private vehicles to transport department items and equipment. Due to the rescue and EMS capacity of this vehicle, replacing it will

be necessary to continue service to the community. The total cost of the project is \$38,000. Possible funding could be \$20,000 of private donations and \$18,000 from taxes.

CIP Committee Comments: Replacement is needed at some point. The Firefighters' Association has \$20,000 to put towards this vehicle. They may have more, or could possibly find a used vehicle for \$20,000.

CIP Committee Recommendation: Schedule \$18,000 Warrant Article for 2013 with the understanding that this might be earlier or not needed at all.

G. 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 and 12 are gravel roads. Traffic on the three state maintained roads in Tuftonboro has increased over the last 15 years. While we have no specific data, it is safe to assume that traffic on local roads has similarly increased.

To support the Road Agent, the Town owns a yard, with storage sheds and internal office area, on Sodom Road, as well as a truck and a chipper. The Road Agent is a contractor to the Town, and provides personnel and additional equipment, as required, to fulfill his duties and responsibilities. These services are billed to the Town as incurred. Each year, at Town Meeting in March, the Town votes on three related highway budget items: individual named road upgrade projects; "Paving and Shoulder" work; summer and winter maintenance combined with repair of the road/bridge/dock system in Town. Since 2001, the first and third items have been combined into one sum. The "named roads" category consists of Capital Projects, whereas the "summer/winter maintenance and repair" item does not. The CIP Committee proposes that we return to the previous system where all road-related Capital Projects are individually specified and funded, with tracking of individual costs.

1. Equipment

The truck owned by the town is 6 years old and will need replacing at some time. There are no other major equipment needs anticipated for at least 10 years since the Road Agent is responsible for supplying, maintaining and replacing all the other equipment needed by the department, including small tools and supplies, and billing the Town for actual usage.

CIP Committee Comments: The truck should last for several more years, perhaps five or even ten.

CIP Committee Recommendation: Replace when necessary (2013?) and finance with debt.

2. Named Roads

In reviewing specific significant road projects, it is useful to separate connector roads from residential roads. The former are used for general travel and serve the whole community as well as through-travelers, while the latter generally serve the local residents and their visitors. The Road Agent's strategy has been to focus on the former and most of these are now in readily maintainable condition for year round use.

The remaining connector roads that need upgrading are:

Lang Pond Road Repair: Funded currently for engineering studies and preparation. This project is to repair about 1100 feet of Lang Pond Road, starting near the Wolfeboro Town line. The goal of this project is to replace culverts, improve drainage, and move the roadbed to allow for settling basins to collect silt before runoff is discharged into Mirror Lake. The cost of this work is about \$200,000, of which an uncertain percentage may be reimbursed in the future under the State's bridge program.

CIP Committee Comments: The Board of Selectmen proposed this as a project. They and the Road Agent agreed that the cost will be about \$200,000 to complete the project, and this will take two years. This project will need to be covered by a Warrant Article in 2008.

CIP Committee Recommendation: Schedule \$50,000 per year for four years to cover this project. Assume no reimbursement for now.

Lang Pond Road Upgrade: **This project is different from the repair work described above.** This project will upgrade the rest of the length of Lang Pond Road to a maintained gravel condition for year round use. This will cost about \$200,000. If it is decided to pave the road, this will require an additional \$100,000. Before this project can begin, however, a town vote will be required to clarify the status of this road since it may now be a cordage, or a Class VI, road. There is no urgency for this project and, if authorized, the Road Agent felt that his "Shoulder and Paving" budget will cover the cost of this project.

CIP Committee Comments: Timing for this project is uncertain and subject to several preconditions. It is also not clear how this project will tie in with the previous one, if at all, and whether the goal is a gravel road or a paved road.

CIP Committee Recommendation: Defer this project to the "No Date" category and set it at \$200,000, recognizing that no additional funds may be needed if the Road Agent can cover this work in his regular budget.

County Road: This is the last of the major connector roads in Tuftonboro needing upgrade to year round travel. The estimate to bring the section of County Road from Prospect Hill to Sodom Road to a maintained gravel condition is about \$150,000. The Road Agent said this project will be covered by his "Shoulder and Paving" budget, so no additional Capital Project funds will be required.

CIP Committee Comments: This should follow Lang Pond Road, pending Town Meeting vote to upgrade County Road from Class VI to Class V.

CIP Committee Recommendation: Place \$150,000 in the "No Date" category, recognizing that no additional funds may be required.

The remaining connector roads would be very expensive to upgrade, have little political momentum for the upgrade, or would not serve the community at large:

Willand Road (could be a connector road if taken all the way through)

Sandstrom Road (aka Bassett Road, a right of way between Lang Pond Road and 109A)

Canaan Road (could be a connector to Ossipee)

North Line Road (would need Wolfeboro to complete the connection)

Minor Roads: In addition to the connector roads, the town owns several residential gravel roads, such as Sentinel Road, Northwoods Road, Eaglemere Road, #9 Road, Lamprey Lane, Curtis Road, and others. Neither the Road Agent nor the CIP Committee feels comfortable setting priorities for these roads, especially given mitigating circumstances (e.g., Eaglemere Road residents have petitioned to maintain the road as gravel, not paved). We recommend that the Selectmen provide the sequence and priorities for these roads, that budgets be prepared and costs tracked.

CIP Committee Comments: To the extent that these road projects fall under the definition of Capital Projects, the committee requests that they be identified by name, cost estimates provided, and actual costs summarized and made available. In earlier years, this was done and these smaller road upgrade projects were called out by name and cost. We request that we return to this system so we can budget for and track all Capital Projects in Tuftonboro.

CIP Committee Recommendation: The Road Agent also stated that these projects were covered in his “Shoulder and Paving” budget, so no expenses need to be scheduled. Place \$250,000 in the “No Date” category for these minor road tasks.

At this time, the Road Agent does not anticipate any capital expenditures for bridges or docks, although the State may, at any time, require upgrades for substandard bridges.

H. Library

1. New Library Building

The current library building is no longer adequate to meet demonstrated community demand for resources, services, and programs. It does not meet ALA standards for public libraries, and is non-compliant with Federal ADA requirements. Because of wetlands and bearing wall constraints, it is not possible to gain enough service and parking space by adding on to the current building, either outwards or upwards. The Trustees therefore propose building a new “high performance” library that will reduce energy consumption and operating costs, maintain an open, welcoming environment, and provide space for library resources and services to meet the Town’s needs for at least 20 years. The proposed project start date is April, 2008, with construction lasting approximately 10 months and a projected move-in date of February, 2009.

The most recent estimate for this project (September, 2007) is \$ 2,084,000.00. The Trustees propose funding the project through a 15-year bond, to be reduced by at least \$185,000 in accumulated gifts and trust funds (\$85,000), the remainder of the 2006 Town appropriation (\$87,000), and firm pledges (\$13,000), pending Town approval of this project.

CIP Committee Comments: Trustees and Building Team need to continue to publicize the reasons why an addition will not suffice, and continue fundraising. Trustees expressed willingness to abide by the Committee’s decision and scheduling.

CIP Committee Recommendations: Move the start of the project by one year to 2009. Reduce the first bond payment in 2010 by whatever amount the library Trustees and Building Team have fundraised by then. Explore bank financing, which may be less expensive.

2. Existing Library Building

The building that now houses the Tuftonboro Free Library belongs to the Town of Tuftonboro. The question of what will happen to the current building has provoked a considerable response from the public. Following a public forum to discuss suggested options, it appears that a multi-purpose community center is the least expensive renovation option for the most widespread public use. Another possibility is to convert the existing building into a new police station. In either case, the cost of conversion will not be borne by the library. If a community center, the cost to prepare the space will be minimal and will be borne by the relevant organizations. If a police station, the cost will come from the Public Safety Facilities fund. Timeframe: Follows the new library schedule, depending on use and required renovations. Cost Estimate: Under \$10,000 if a community center.

CIP Committee Comments: Given the scenario proposed by the Library Trustees and described above, the cost of this project does not rise to the level of a Capital Project.

CIP Committee Recommendations: Even though the cost of this project is zero, this would be a major facility event. The Committee chose to leave the project in the schedule, but with no cost figures, so that it is not overlooked.

I. Parks and Recreation Commission

1. Tennis and Basketball Complex

This project is to develop tennis and basketball facilities on the “Gould Property”. No time frame was given for this proposal and the estimated cost was about \$500,000.

CIP Committee Comments: This proposal raised many interesting questions since it has not been discussed by the Board of Selectmen or any other Town body. The Committee felt that more information was needed before it could establish a priority or a schedule for this project. In particular, the Town needs to develop plans for the “Gould Property” before schedules and costs can be reliably associated with these.

CIP Committee Recommendation: Place this project in the category of needing further study. Defer consideration of this project until this study is completed. Place the estimate of \$500,000 in the "no date" category.

J. Planning Board

1. Master Plan Implementation

The Planning Board has contracted with Taylor & Associates to perform certain tasks and to advise about recommendations presented in the 2007 Master Plan. The first task consists of a review of all Tuftonboro’s zoning ordinances, and subdivision and site plan regulations for compliance and consistency with the Vision Statement and recommendations outlined in the 2007 Master plan. The second task is to lay the foundation for gathering information that will ultimately create a Vision Statement for each of the four villages in Tuftonboro, which in time will become the basis for any new zoning standards needed to emphasize and retain the character of each of the villages.

CIP Committee Comments: This project is underway. The Committee determined that this work met the criteria established for a Capital Project for the provision of services. The work statement might change as the work progresses, but the work is governed by a written contract with a single entity.

CIP Committee Recommendation: Accept the Planning Board's schedule of \$15,000 in each of 2008 and 2009.

K. 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 prepared a detailed bottom up analysis, considering the current condition of each of the department's vehicles. His basic assumptions are:

- Each officer has a dedicated vehicle, which s/he takes home.
- The department now has four vehicles, a sedan and three SUVs.
- The ages of the present vehicles are: sedan 1999, SUVs 2001, 2003, 2005.
- The sedan is due for immediate replacement, being a 1999 with 112,000 miles.
- We will have 4 full-time officers, including the Chief, by the end of 2007.
- The department will have 5 full time officers by 2010.
- We currently replace vehicles after 8 years, at about 15,000 miles per year.
- He proposes that we move to replacing them after 6 years.
- Much of the older vehicle equipment is obsolete and needs replacing in a new vehicle.

The Selectmen proposed a less aggressive schedule, replacing each vehicle when it is 8 years old, and remaining at a staff level of 4 full time officers. Both proposals also included recycling the oldest Police vehicle to the Code Officer.

CIP Committee Comments: The present staffing level is three full time officers with a fourth planned. Instead of anticipating a 5th officer in 2010, the Committee preferred to wait for the Town to approve an increase to 5 with the understanding that the additional hire also requires an additional vehicle. The Committee also elected to remain with the Selectmen's schedule of replacing a vehicle after 8 years of use.

CIP Committee Recommendation: Since the recommended replacement schedule has been delayed, it needs to be caught up. Support a Warrant Article for a new vehicle in 2008 and 2009, with a Capital Reserve fund starting in 2010.

2. Police Facility Build/Rebuild/Upgrade

Serious improvement in both Police and Fire/Rescue facilities is required. Please refer to item **A6** on page 15 (Board of Selectmen) above for this discussion.

L. Solid Waste Department

1. Bobcat Replacement

The current Bobcat was purchased in 1998 and is used for grading, moving materials, equipment and snow removal. It is a versatile, essential piece of equipment for the Transfer Station. Although general maintenance is performed regularly, plans for replacement should be made. The cost of this project would be \$30,000-\$40,000.

CIP Committee Comments: The Bobcat is in good condition and well maintained. As long as maintenance continues, it should last a while longer. Replacement should be scheduled but, in practice, the Department will choose the timing.

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

2. Vertical Baler

The current vertical baler was purchased in 1998. It is used to bale approximately 50 tons of cardboard per year. A second baler would be used to handle anticipated growth and demand, and to handle other materials like tin, plastic, etc. It would also act as a backup, should the older baler fail. The cost of the project is estimated at \$65,000-\$75,000.

CIP Committee Comments: The additional baler is not needed at current recycling levels, except as back up. If recycling were to increase, the additional baler would be useful for the additional materials. There is room in the existing building for a second baler.

CIP Committee Recommendation: Schedule an expense of \$70,000 in 2011.

3. Quonset Hut

The Quonset hut was built many years ago to house the old bulldozer, which is no longer used. It is currently being used to store material and equipment. The building is in poor condition and the roof leaks. The concrete slab the building sits on would be a good foundation for a new building to be also used for storage of materials and equipment. The cost of this project is estimated to be about \$50,000.

CIP Committee Comments: The present building needs replacing at an early date, but not urgently. As in the previous two projects, timing might best be left to the department head.

CIP Committee Recommendation: Schedule an expense of \$50,000 in 2014.

4. Waste Oil Recycling Program

Wolfeboro has begun to turn away Tuftonboro residents wanting to dump waste oil at the Wolfeboro transfer station. Tuftonboro is one of the last few towns in New Hampshire without its own waste oil

recycling facility. The initial cost estimate was about \$10,000. There would be minimal additional cost for personnel, operating and maintenance.

CIP Committee Comments: Waste oil recycling is important, and we can no longer send it to Wolfeboro. The facility will consist of a concrete pad and apron, storage drum(s), and pump(s). The Committee understands that a grant covering all construction and training costs may be available from the NH DES, Waste Management Division. Latest estimates place the total cost of this project significantly under \$10,000.

CIP Committee Recommendation: Recommended as soon as possible. However, since the cost is under \$10,000, remove this project from the CIP schedule.

5. Transfer Station Upgrades (Board of Selectmen Proposed Project)

With continual rising costs of disposal, it is critical that Tuftonboro make improvements to the facility that will encourage recycling. Engineering plans have already been developed for these improvements; it is now a matter of implementation. It is important that these improvements be made immediately in order to create a more efficient recycling center, encourage residents to recycle more, and reduce disposal costs for the community.

This project is a continuation of the general upgrade and improvement of the Transfer Station. It consists of several different smaller projects, the most expensive of which is adding automatic doors to the main building. Engineering plans have already been developed for these improvements; it is now a matter of implementation. The Selectmen recommend this project for 2008 at a cost of \$100,000.

CIP Committee Comments: The Selectmen and the Solid Waste Department staff differ on the scheduling and need for this project. The CIP committee spent time with both and listened carefully to the arguments for and against the project and the proposed schedule. The Voters rejected this proposal at the 2007 town meeting. This project will receive careful attention next year by the CIP Committee to see if our assumptions of this year are still valid.

CIP Committee Recommendation: Schedule this project for 2010 and revisit next year.

M. Tax Collector

1. Property Revaluation

In 2005, voters approved an appropriation of \$210,000 to conduct a Town-wide revaluation. The actual cost of this activity was about \$190,000. The State of New Hampshire requires revaluing the whole town every 10 years or half of the town every 5 years. The Tax Collector projects that the cost of a full revaluation in 2015 will be \$250,000, or \$125,000 for each of a half-Town revaluation if done in 2010 and 2015 respectively.

CIP Committee Comments: This is an unavoidable expense of fairly predictable magnitude, to be done at regular intervals. This would seem to be an ideal candidate for a Capital Reserve.

CIP Committee Recommendation: Create a Capital Reserve for Revaluation, starting in 2008, at \$25,000 per year.

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 were adjusted annually to reflect changes in the selling prices of houses in Tuftonboro and district-wide. Tuftonboro's share of the total cost of GWRSD is currently about 14.5%

In 1999, the State of New Hampshire imposed a state-wide additional education tax intended to transfer funds for education from wealthier districts to poorer districts ("Donor Town Tax"). From 1999 to the present, we have paid this second education tax directly to the State. Part of this payment to the State was returned to the GWRSD, so our direct payment to the GWRSD was reduced to reflect this. The portion returned to GWRSD is given in the tax computation section of our Town report. From 1999 to 2004, inclusive, the portion of the Donor Town Tax retained by the state and not returned to GWRSD was approximately 45%.

In 2005 and 2006, the portion retained by the State went to zero so all our tax payments for education went to GWRSD, partly direct and partly indirectly through the State, and our overall tax payments for education decreased by the amount previously retained by the State. These data are shown in Table B6 of Appendix B, on page.

One serious uncertainty in tax planning is that the State may reintroduce the concept of retaining a portion of our payment to the State. If this were to happen at the previous level, we would have an additional Town-wide tax payment of about \$600,000 each year. Future GWRSD tax payments can be considered, therefore, in several categories:

- Annual payments for existing debt obligations for past Capital Projects
- Annual payments for new obligations for future Capital Projects
- Annual operating costs (not part of the CIP report)
- Future non-returned State payments (Donor Town Taxes -- also not part of the CIP report)

Only the first two items are included in this CIP. While the last two items are considerable, they are not capital expenses. Also, school bus replacement is part of the operating budget and is not included here. The obligations for past Capital Projects are known and were provided by the Superintendent of the GWRSD. The major unknown is the magnitude of future Capital Projects. The school district is urgently in need of expansion/overhaul of its physical facilities, and has been soliciting public input concerning several different alternatives. It is not clear which will be selected, but one will be selected this year and, voters willing, construction will begin next year.

The projected costs of the alternative concepts run in the range of \$40,000,000 to \$90,000,000. The Committee assumed a cost of \$50,000,000 for preliminary planning purposes, to be revised as soon as GWRSD makes its selection.

For any of the plans being contemplated, one bond will be issued to cover all the work and no additional Capital Projects will be required to complete the expansion. In addition, GWRSD will

receive funds from the State for new school construction, which will reduce the direct local cost. These State funds are received periodically as payments are made to retire the bond, and have been factored into the schedule referenced above and given to the Committee by GWRSD, illustrating Tuftonboro's share of the bond payments. These payment schedules are given in the tables of estimated future tax payments, on page 41 in the next section, Conclusions & Recommendations.

Carroll County - Capital Projects

Property taxes paid by Tuftonboro property owners are used to support Capital Projects in the Town and in the School District, to support State Education funding and to pay for projects launched and funded by Carroll County.

Carroll County, as distinct from its towns, is responsible for the County administration offices, the County jail, the Mountain View Nursing Home and all 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 only institution that might require significant expenditure on physical facilities during the next ten years is the nursing home. In 2003, construction of a new jail was completed at a cost of about \$8,000,000, funded by a 15-year bond with initial annual payments of about \$1,000,000. The share of County taxes paid by Tuftonboro remains between 7 and 8%, so Tuftonboro's share of the cost of the new jail is about \$80,000 per year.

The advice given to the CIP Committee was that the same expense, or somewhat more, could be expected if a new nursing home were to be built by Carroll County. However, the decision whether to do so is several years away. Many options are currently under consideration, including privatizing the operation of the nursing home, refurbishing what we have, building a new facility, doing nothing, and other possibilities.

From the discussions we had with the County Chair, it seemed prudent to allow for, in Tuftonboro's capital projections, an expenditure of \$100,000 per year for a new nursing home, starting in 2013. The likelihood that the cost and starting year will happen as projected is not high at this time, but the CIP Committee will revisit this issue each year.

This projected expense is entered on the table at the end of the next section on page 41, where our estimated future tax rates are presented.

Conclusions and Recommendations

Financing Considerations

One of the variables available to the CIP Committee in planning a Capital Project schedule is the financing method to be used for each of the projects. There are several methods for paying for a project and they fall into three basic categories:

- Pay in advance (saving)-majority vote
- Pay at purchase (current taxes)-majority vote
- Pay later (debt financing)-two thirds vote

All three approaches are valid and acceptable, depending upon the project, its cost, and the availability of Capital Capacity. If the demand for capital expenditures is less than our Capital Capacity, funding Capital Reserves and using current taxes would appear to be the preferred approach. However, if the demand for capital expenditures exceeds the Capital Capacity (as is now the case for Tuftonboro) debt financing is the way to reduce the difference.

Another way to decide how to finance a project considers the users of the result. If the project is to replace a piece of equipment that is being regularly used and has a finite life, it is usually reasonable to ask those who benefit from its use to pay for its replacement. Future users will then be paying for the use of the new equipment through their payments to a Capital Reserve.

However, if the project is to provide a facility or piece of equipment that is to meet expanded future use, it is then reasonable to ask the future users to pay for it as they use it, not to build up a Capital Reserve at the expense of those who have not used it.

The various techniques available to the town for funding Capital Projects are:

1. Payment in full from current taxes. We have taken this approach for one-time purchases with a total cost of less than \$50,000, and sometimes for projects in the range of \$50,000 to \$100,000. This requires a Warrant Article with a majority vote.
2. Create a Capital Reserve dedicated to the specific project ahead of time. Appropriate money for the reserve from current taxes, each year, by majority vote. When the project is due, create a Warrant Article to remove the monies from the reserve, supplemented, if necessary, by monies from current taxes, with a simple majority vote.
3. Solicit gifts, grants and donations from sources that do not require return of funds. This will reduce the magnitude of funds necessary from taxes. Sometimes grant funds do not arrive until two or three years after the expenditures are made. In this case, historically, we have taken future grant receipts into general revenues and have not credited them to the project concerned, unless the grant language stipulates that this be done. Simple majority vote at town meeting to accept the funds is required.

4. Bond debt financing. This is appropriate for projects of greater than \$500,000, is arranged through the New Hampshire Bond Bank, and is used by many municipalities. Terms can be as long as 30 years, but 15 or 20 years is commonly used. This funding allows a project to be completed with future users paying for it. However, bond funding has limitations. The debt cannot be paid off early, interest rates are slightly higher than commercial rates, and funds are only available twice a year. Two thirds majority positive vote is required at town meeting.

5. Bank debt financing. This is an alternative to bonding a project. With the appropriate bank relationship, one has more flexibility such as a lower interest rate, no early payoff fees, and funds are available when needed and projects as low as \$50,000 can be funded in this way. Two thirds vote at town meeting is also required.

6. User fees are usually only a minor part of the cost of the project, even when added over several years. In principle, they could be a significant source of funds except that, in Tuftonboro's case, fees are taken in as general revenue and are not coupled with the project that generated them. Unless that is changed, user fees are not a realistic funding mechanism for us.

7. Seller financing. If the seller of a piece of equipment is willing to finance the purchase at a favorable interest rate, this is a viable technique for efficient use of limited funds. We have used this in the past, and propose using it again if and where available. With appropriate wording of the warranty article, this financing method only requires a majority vote at Town Meeting.

The CIP Committee has carefully selected a mix of these funding techniques to meet the goal of providing the projects needed by the town within the constraints of the town's Capital Capacity.

The previous sections of this report have concentrated on the individual projects proposed by the departments and committees of Tuftonboro, on assigning priorities and documenting comments about these projects, and on establishing a model and numbers for the Capital Capacity of the town.

From these discussions, the CIP Committee has created a schedule of projects that is modeled on our understanding of the town's priorities and needs, yet fits within a budget we believe the town will support. We are very pleased and proud to present this schedule, shown on the next two pages, to the Board of Selectmen, the Budget Committee and the voters of Tuftonboro

As in all of our deliberations, we have addressed the annual tax burden, using actual expenditures on the Town's Capital Projects, and these are given as the projected expenses in this figure. This schedule is the culmination of many meetings where we prepared many earlier versions of this schedule, leading to this, which, we believe, represents the optimum compromise between the competing interests in town.

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. As can be seen, we are remarkably close, with the ten-year total Capital Project expense matching the total Capital Capacity to within 1%.

As explained elsewhere in this report, annual expenses on Capital Projects do not match annual appropriations for the same projects. From our recommendations about project expense levels and timing, we have created a list of suggested Warrant Articles and related Appropriations that would

satisfy the goals of this CIP Report. We present these with the clear understanding that they are suggestions, and that different circumstance will influence what the Selectmen and the Budget Committee will propose for each year's town meeting, and what the voters will support.

However, they also represent the culmination of the work of the CIP Committee. They are derived from as many inputs as the Committee could solicit, containing the collective wisdom of all these people, seasoned by the deliberations of the CIP committee. We hope that they meet the expectations of the Selectmen and of the voters of the town of Traftonboro.

Total Capital Project Expenses for the Period 2008 to 2017

recommended by the Tuftonboro CIP Committee

Department and Name of Project 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018+	NO DATE	Dept Priority	CIP Priority	Comments	TOTAL 2008- 2017	Financing comments
All Numbers are \$,000s																	
Cemetery Trustees																	
Cemetery Expansion (BoS Project)											20		IV	V	For future study and scheduling. Cemetery capacity is good for many more years.	0	
Conservation Commission																	
Acquisition of Property and Rights	10	10	10	10	10	10	10	10	10	10		400	II	V	Need discussion to identify projects or to justify a Capital Reserve	100	Capital Reserve - withdrawals subject to subsequent vote at town
Emergency Management																	
Upgrade Generator At Town Office and PD				10	10								II	V	Necessary if Police Department moves? Emerg. Mgt. Center located here. Desirable, not critical.	20	Direct from taxes
Ambulance Service												150	III	V	Needs further study.	0	
Fire/Rescue																	
Fireboat	30	30	30										I	I	This is an urgent issue, for the upcoming year's town warrant.	90	3 year lease purchase
SCBA Breathing Apparatus		36	36	36	36	36	36	36					I	II	Many questions about scheduling, what is involved, alternatives? Grant Possibility?	252	7 year lease purchase data from Chief
10-Utility-2						38							I	III	Failing Utility truck. \$20K available as grant, balance from taxes.	38	\$18K direct from taxes
10-Car-1			30										II	II	Private funds may be available, in part, for this purchase, once the town commits.	30	Direct from taxes, no donation assumed
10-Rescue-1								70	70	70			III	III	Further study requested by the Fire Chief. Discussion needed about priorities and	210	5 year payment schedule assumed
10-Engine-1					70	70	70	70	70	70			III	II/III	Discussion needed about priorities and funding sources. Consider refurbishment.	420	10 year payment schedule assumed
Ladder 1/Tower 1											1,200		V	V	Needs further study for long term needs of the community.	0	
Fire Truck (and Loader)	66	66	66	66											Unavoidable commitment for fire truck lease (also includes loader for Solid Waste Dept.)	264	Already committed
Government																	
Tax Map Update							50	50	50				III	III	More information needed, alternatives, priority, scheduling. No cost/benefit analysis.	150	Assume 3 year finance plan, or spread payments.
Town Office/Piper House Remodel											200		V	V	No definition provided. Is this a series of small jobs? Urgency? Priority?	0	Delayed until defined
Gould Property Payments	138	133	129	123	119										Unavoidable Debt repayment schedule, but could be rescheduled if required.	642	Currently obligated.
Tax Collector - Revaluation - Capital Reserve	25	25	25	25	25	25	25	25	25	25			II	II	Full town eval. Every 10 years, or half every 5 years. Create a Capital Reserve Account.	250	Capital Reserve - withdrawals subject to vote at town meeting
Highways Department																	
Lang Pond Road Repair (also a BoS Project)	50	50	50	50									II	II	Repair and reconstruction of a section of Lang Pond Road, engineering work approved and underway.	200	Some reimbursement possible in the future. Use non-lapsing Warrant Article or debt financing.
Lang Pond Road Upgrade													III	III	This would bring the full length of Lang Pond Road up to year round use.	0	Funds should be available in the operating budget for this project.
County Road													II	II	Scheduled but not yet approved.	0	Funds should be available in the operating budget for this project.
Other Named Roads													II	II	Continuation of historical pattern, but not approved. Part of "Paving". Roads need to be named and expenses tracked by project.	0	
Truck Replacement						20	20	20	20	20			III	III	Truck will be 10 years old in 2011. Will need replacing at some point.	100	Suggest no Capital Reserve, fund with 5 year debt package.
Library																	
New Library Building			239	224	217	211	204	198	192	185	179		II	II	Same project as previously submitted at town meeting. Assume resubmitted in 2009 for \$2 million.	#REF!	Assumes 15 year bond - 1st payment one year after approval, covered by donations, second and later payments from taxes.
Old Library Building													V	V	Cost of conversion will be zero unless used by Police Dept. who will cover cost of	0	Not a CIP project at this time.

Parks & Recreation																			
Tennis & Basketball Complex														500	III	V	Undefined, strategy for Gould property not set by town, recreation center not agreed to.	0	
Planning Board																			
Implementing Master Plan Policies	15	15													II	II	Already underway - single contract with defined (if evolving) work statement.	30	Already committed
Police Department																			
Vehicles (BoS Schedule)	40	35	20	20	25	25	25	25	25	25	25				I	I	Police Chief's projection assumes a growing department and a 6-year vehicle replacement schedule. BoS projection assumes level staffing and 8-year replacement schedule. Go with BoS for now. See text.	265	Capital Reserve - withdrawals subject to subsequent vote at town meeting. 2008 and 2009 are catch-up years, direct from taxes.
Public Safety Facilities																			
Fire/Safety facilities - update	100	100														I		200	From taxes for immediate work
Fire/Safety facilities - new					239	224	217	211	204	198						II		1293	Warrant Article in 2011, \$2 million, 15 year bond. Payments from taxes.
Police Department facilities - upgrade	50	50														I		100	From taxes for immediate work
Police Department facilities - new							80	78	76	74						III		308	Warrant Article in 2014, \$0.8 million, 15 year bond. Payments from taxes.
Solid Waste Department																			
Replace Bobcat										35					III	III	Schedule is somewhat arbitrary, but reasonable.	35	Direct from taxes
Vertical Baler				25	25	25									II	II	Schedule is somewhat arbitrary, but reasonable.	75	Fund the purchase with seller financing or with debt.
Replace Quonset Hut							25	25							II	III	Replacement of Quonset hut with steel building. Uncertain if this is part of the upgrade proposal.	50	Fund the purchase with seller financing or with debt.
Waste Oil Recycling Program															II	II	Wolfeboro will no longer take our used oil. This is for a storage and pump out facility.	0	Not a Capital Project.
Transfer Station Upgrades (BoS Project)			40	40	20										I	III	Undefined. This was rejected in 2006 at town meeting. Needs more study - priority?	100	Direct from taxes, spread over 2 or 3 years.
Credits																			
Reserves			-20	-66															Direct credit in the year shown.
Donations and Set-asides			-200			-20													Direct credit in the year shown.
TOTAL PROJECT EXPENSE	524	550	455	563	796	664	762	818	742	712								6586	Total Project Expenses (Tax Burden)
Capital Capacity	540	570	600	620	650	675	700	720	750	770							Taken from the Capital Capacity graph.	6595	Total Capacity
Capital Capacity minus total Project Expense	16	20	145	57	-146	11	-62	-98	8	58	0							9	This is the Capital Capacity shortage with this financing model
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018+	NO DATE		Dept Priority	CIP Priority			TOTAL 2008-2017	

Schedule of Action Items

In order to translate the capital project financing schedule proposed by the CIP Committee into a series of steps to make it happen, we have used the financing schedule of the previous section to build a calendar of Warrant Articles and related action items for Capital Projects, covering town meetings for the years 2008 - 2017. If the voters will support and approve these steps, the Town's Capital Project and capital expense goals will be met.

2008 Warrant Articles

1. Create a Capital Reserve for acquisition of Conservation Easements and Rights. Appropriate \$10,000 from current taxes into this Capital Reserve.
2. Create a Capital Reserve for Town Revaluation. Appropriate \$25,000 from current taxes into this Capital Reserve.
3. Generate a Warrant Article for \$80,000 for a new fireboat. Finance with a three-year lease purchase package at \$30,000 per year. Appropriate \$30,000 for first year's payment from current taxes.
4. Create a non-lapsing Warrant Article for \$200,000 for the repair of Lang Pond Road. Appropriate \$50,000 for first year's payment from current taxes.
5. Create a non-lapsing Warrant Article for a consultant to propose zoning changes to implement the Master Plan at a cost of \$30,000. Appropriate \$15,000 for the first year from current taxes.
6. Appropriate \$40,000 from current taxes for a replacement police vehicle.
7. Appropriate \$100,000 from current taxes for facility upgrades at the existing fire stations.
8. Appropriate \$50,000 from current taxes for facility upgrades at the existing police station.

Continuing from current taxes:

\$66,000 for fire truck lease
\$138,000 for Gould property purchase

2009 Warrant Articles

1. Appropriate \$10,000 into the Conservation Commission Capital Reserve from current taxes.
2. Appropriate \$25,000 into the Revaluation Capital Reserve from current taxes.
3. Create a Warrant Article for Self Contained Breathing Apparatus for the Fire/Rescue department, for \$215,000. Funded by a seven-year lease purchase agreement at \$36,000 per year. Appropriate \$36,000 for the first year's payment from current taxes.
4. Appropriate \$35,000 from current taxes for replacement of police vehicle.
5. Appropriate \$100,000 from current taxes for facility upgrades at the fire stations.
6. Appropriate \$50,000 from current taxes for facility upgrades at the police station.
7. Create Warrant Article for \$2,000,000 for a new library, \$200,000 of which is to come from gifts, donations and previous appropriations. Confirm voter support for use of previous unused library appropriations. No expenses in 2009, funded with debt, first full payment due from current taxes in 2011.

Continuing from current taxes:

\$66,000 for fire truck lease payment
\$133,000 for this year's Gould property payment
\$30,000 for new fireboat
\$50,000 for Lang Pond Road repair
\$15,000 for Planning Board consultant

2010 Warrant Articles

1. Appropriate \$10,000 into the Conservation Commission Capital Reserve from current taxes.
2. Appropriate \$25,000 into the Revaluation Capital Reserve from current taxes.
3. Appropriate \$30,000 from current taxes for replacement of Fire/ Rescue Department 10-Car-1.
4. Appropriate \$20,000 from Fire Truck Capital Reserve for part payment of fire truck lease.
5. Create a Capital Reserve for Police vehicle replacement. Appropriate \$20,000 into this Reserve from current taxes.
6. Vote to accept gifts, prior appropriations, etc. towards library debt payment.
7. Create a non-lapsing Warrant Article for Transfer Station upgrades at \$100,000. Appropriate \$40,000 from current taxes for this year's payment.

Continuing from current taxes:

\$46,000 for fire truck lease payment
\$129,000 for this year's Gould property payment
\$30,000 for new fireboat
\$50,000 for Lang Pond Road Repair
\$36,000 for Self Contained Breathing Apparatus
Approximately \$30,000 for library payment

2011 Warrant Articles

1. Appropriate \$10,000 into the Conservation Commission Capital Reserve from current taxes.
2. Appropriate \$25,000 into the Revaluation Capital Reserve from current taxes.
3. Create non-lapsing Warrant Article for \$20,000 to replace generator at Town Offices. Appropriate \$10,000 for 2011 payment from current taxes.
4. Create Warrant Article for purchase of new police vehicle at \$40,000. Appropriate \$20,000 from current taxes for this purchase, plus withdraw \$20,000 from police vehicle Capital Reserve.
5. Create Warrant Article to approve debt package for \$75,000 to add a vertical baler at the Transfer Station. Tax burden will be \$25,000 per year for three years. Appropriate \$25,000 for first payment from current taxes.
6. Create Warrant article for \$2,000,000 (?) for a new fire station. No expenses from current taxes this year.
7. Create Warrant Article to approve withdrawal of \$66,000 from fire truck Capital Reserve for last lease payment on fire truck.

Continuing from current taxes:

\$123,000 for this year's Gould property payment
\$50,000 for Lang Pond Road Repair
\$36,000 for Self Contained Breathing Apparatus
\$224,000 for library debt payment
\$40,000 for Transfer Station upgrades

2012 Warrant Articles

1. Appropriate \$10,000 into the Conservation Commission Capital Reserve from current taxes.
2. Appropriate \$25,000 into the Revaluation Capital Reserve from current taxes.
3. Create a Warrant Article for replacement of the fire truck, 10-Engine-1, at \$510,000. Fund with debt for 10 years at \$70,000 per year. Appropriate first payment of \$70,000 from current taxes.
4. Appropriate \$25,000 from current taxes into the police vehicle replacement Capital Reserve.

Continuing from current taxes:

\$119,000 for this year's last Gould property payment
\$36,000 for Self Contained Breathing Apparatus
\$217,000 for library debt payment
\$239,000 for first annual payment on the fire station
\$10,000 for Town Office generator
\$25,000 for vertical baler payment
\$20,000 for transfer station upgrades

2013 Warrant Articles

1. Appropriate \$10,000 into the Conservation Commission Capital Reserve from current taxes.
2. Appropriate \$25,000 into the Revaluation Capital Reserve from current taxes.
3. Appropriate \$38,000 for replacing Fire department's 10-Utility-2. \$20,000 will be donated, \$18,000 comes from current taxes.
4. Create Warrant Article for purchase of new police vehicle police at \$45,000. Appropriate \$25,000 from current taxes for this purchase, plus withdraw \$20,000 from police vehicle Capital Reserve.
5. Create Warrant Article for \$800,000 (?) for a new police station. No expenses in this year.
6. Create a Warrant Article to replace the Highway Department Truck at \$80,000. Fund with debt at \$20,000 per year for 5 years. Appropriate first payment of \$20,000 from current taxes.

Continuing from current taxes:

\$211,000 for library debt payment
\$224,000 for the new fire station
\$36,000 for Self Contained Breathing Apparatus
\$25,000 for vertical baler payment
\$70,000 for fire truck 10-Engine-1 payment

2014 Warrant Articles

1. Appropriate \$10,000 into the Conservation Commission Capital Reserve from current taxes.
2. Appropriate \$25,000 into the Revaluation Capital Reserve from current taxes.
3. Create a non-lapsing Warrant Article for tax map update at \$150,000. Appropriate first year's payment of \$50,000.
4. Appropriate \$25,000 from current taxes into the police vehicle replacement Capital Reserve.
5. Create a non-lapsing Warrant Article for \$50,000 for repair of the Quonset hut at the Transfer Station. Appropriate \$25,000 for first payment from current taxes.

Continuing from current taxes:

\$36,000 for Self Contained Breathing Apparatus
\$204,000 for library debt payment
\$70,000 for fire truck 10-Engine-1 payment
\$217,000 for the new fire station payment
\$80,000 for the new police station
\$20,000 for new Highway Department Truck

2015 Warrant Articles

1. Appropriate \$10,000 into the Conservation Commission Capital Reserve from current taxes.
2. Appropriate \$25,000 into the Revaluation Capital Reserve from current taxes.
3. Create a Warrant Article for replacement of fire department vehicle, 10-Rescue-1, for \$300,000. Fund with debt. Appropriate \$70,000 from current taxes for the first payment.
4. Create Warrant Article for purchase of new police vehicle police at \$45,000. Appropriate \$25,000 from current taxes for this purchase, plus withdraw \$20,000 from police vehicle Capital Reserve.

Continuing from current taxes:

\$36,000 for Self Contained Breathing Apparatus
\$198,000 for library debt payment
\$70,000 for fire truck 10-Engine-1 debt payment
\$211,000 for the new fire station
\$20,000 for the new Highway Department truck
\$78,000 for the new police station
\$25,000 for second payment for Quonset hut replacement
\$50,000 for second payment for tax map upgrade

2016 Warrant Articles

1. Appropriate \$10,000 into the Conservation Commission Capital Reserve from current taxes.
2. Appropriate \$25,000 into the Revaluation Capital Reserve from current taxes.
3. Appropriate \$25,000 from current taxes into the police vehicle replacement Capital Reserve.

Continuing from current taxes:

- \$192,000 for library debt payment
- \$204,000 for the new fire station payment
- \$76,000 for police station payment
- \$70,000 for fire truck 10-Engine-1 debt payment
- \$20,000 for the new Highway Department truck
- \$70,000 for new fire dept vehicle, 10-Rescue-1 debt
- \$50,000 for last payment for tax map upgrade

2017 Warrant Articles

1. Appropriate \$10,000 into the Conservation Commission Capital Reserve from current taxes.
2. Appropriate \$25,000 into the Revaluation Capital Reserve from current taxes.
3. Create Warrant Article for purchase of new police vehicle police at \$50,000. Appropriate \$25,000 from current taxes for this purchase, plus withdraw \$25,000 from police vehicle Capital Reserve.
4. Appropriate \$35,000 from current taxes to replace Bobcat at the Transfer Station.

Continuing from current taxes:

- \$185,000 for library debt payment
- \$198,000 for the new fire station payment
- \$74,000 for police station payment
- \$70,000 for fire truck 10-Engine-1 debt payment
- \$20,000 for the new Highway department truck
- \$70,000 for new fire dept vehicle, 10-Rescue-1 debt

Tax Rate Projection

If the town will follow the guidelines presented in the previous pages we can estimate the tax rates for all Capital Projects over the next ten years, and these are shown in the next table. Because of the uncertainty underlying the County Capital Projects, we have elected to enter them below our subtotal for all probable Capital Projects.

With the exception of the County possibilities, it can be seen that the CIP committee has been able to create and offer a spending plan for our Capital Expenditures that keeps them under sufficient control that building a new school will not cause our tax burden to rise significantly above the 2006 level.

TAX RATES FOR CAPITAL PROJECTS AND OTHER EXPENSES

THESE NUMBERS ARE TAX PAYMENT PER \$1,000 OF VALUATION, ASSUMING A TOWN WIDE VALUATION OF \$1,030,390,894 (Actual Valuation in 2006)	2006		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Numbers for 2006 are given for reference.												
Town Capital Projects - <u>per CIP proposal</u>	0.93		0.57	0.51	0.39	0.51	0.77	0.68	0.78	0.80	0.75	0.68
Existing GWRSD Capital Project Debt	0.08		0.06	0.04	0.04	0.04	0.03	0.03				
New GWRSD Capital Project Debt (Assuming a 30 year, \$50,000,000 bond)				0.16	0.41	0.41	0.40	0.39	0.38	0.36	0.35	0.34
Total tax rate for Capital Projects (without Court Order)	1.01		0.63	0.71	0.84	0.96	1.20	1.10	1.16	1.16	1.10	1.02
Possible County Capital Projects (New Nursing Home?)								0.10	0.10	0.10	0.10	0.10
"Donor Town Taxes"					0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58
School Operating Expenses (5% annual increase)	4.23		4.75	5.00	5.24	5.50	5.77	6.06	6.37	6.68	7.02	7.37
County Operating Expenses (5% annual increase)	0.76		0.80	0.84	0.88	0.93	1.02	0.97	1.02	1.07	1.13	1.18
Town Operating Expenses	2.69											
Town Revenues	-1.62											
Total tax rate per \$1,000.	7.07											
				Gray cells are the only ones influenced by the CIP report.								

Appendix A

NH RSAs Governing the CIP Committee

The CIP process is governed by a series of RSAs (Revised Statutes Annotated) which are the State of New Hampshire's rules governing municipal activities. The RSAs which govern the CIP program are 674:5 to 674:8.

Capital Improvements Program

Section 674:5 674:5 Authorization. – In a municipality where the planning board has adopted a master plan, the local legislative body may authorize the planning board to prepare and amend a recommended program of municipal capital improvement projects projected over a period of at least 6 years. As an alternative, the legislative body may authorize the governing body of a municipality to appoint a capital improvement program committee, which shall include at least one member of the planning board and may include but not be limited to other members of the planning board, the budget committee, or the town or city governing body, to prepare and amend a recommended program of municipal capital improvement projects projected over a period of at least years. The capital improvements program may encompass major projects being currently undertaken or future projects to be undertaken with federal, state, county and other public funds. The sole purpose and effect of the capital improvements program shall be to aid the mayor or selectmen and the budget committee in their consideration of the annual budget.

Section 674:6 674:6 Purpose and Description. – The capital improvements program shall classify projects according to the urgency and need for realization and shall recommend a time sequence for their implementation. The program may also contain the estimated cost of each project and indicate probable operating and maintenance costs and probable revenues, if any, as well as existing sources of funds or the need for additional sources of funds for the implementation and operation of each project. The program shall be based on information submitted by the departments and agencies of the municipality and shall take into account public facility needs indicated by the prospective development shown in the master plan of the municipality or as permitted by other municipal land use controls.

Section 674:7 674:7 Preparation. – I. In preparing the capital improvements program, the planning board or the capital improvement program committee shall confer, in a manner deemed appropriate by the board or the committee, with the mayor or the board of selectmen, or the chief fiscal officer, the budget committee, other municipal officials and agencies, the school board or boards, and shall review the recommendations of the master plan in relation to the proposed capital improvements program.

II. Whenever the planning board or the capital improvement program committee is authorized and directed to prepare a capital improvements program, every municipal department, authority or agency, and every affected school district board, department or agency, shall, upon request of the planning board or the capital improvement program committee, transmit to the board or committee a statement of all capital projects it proposes to undertake during the term of the program. The planning board or the capital improvement program committee shall study each proposed capital project, and shall advise and make recommendations to the department, authority, agency, or school district board, department or agency, concerning the relation of its project to the capital improvements program being prepared.

Section 674:8 674:8 Consideration by Mayor and Budget Committee. – Whenever the planning board or the capital improvement program committee has prepared a capital improvements program under RSA 674:7, it shall submit its recommendations for the current year to the mayor or selectmen and the budget committee, if one exists, for consideration as part of the annual budget.

In RSA 674:5, the local legislative body (the voters) may authorize either the Planning Board or the governing body (the Board of Selectmen) to form a CIP Committee. In Tuftonboro's case, the Warrant Article language (per Selectmen's request) authorized and directed the Board of Selectmen to appoint the committee.

The CIP Committee recommends return to the use of Capital Reserve Funds for some items. The RSAs governing Capital Reserves are RSA 35:1 to 35:15, two of which are given below.

CAPITAL RESERVE FUNDS OF COUNTIES, TOWNS, DISTRICTS, AND WATER DEPARTMENTS

Section 35:1 35:1 Establishment of Reserves Authorized. – Any town, school district, village district, or county, as provided by RSA 35:3 may raise and appropriate money for the establishment of a capital reserve fund for the financing of all or part of the cost of:

- I. The construction, reconstruction or acquisition of a specific capital improvement, or the acquisition of a specific item or specific items of equipment; or
- II. The construction, reconstruction, or acquisition of a type of capital improvement or the acquisition of a type of equipment; or
- III. A reappraisal by appraisers of the department of revenue administration or such other appraisers, appraisal firms or corporations approved by the commissioner of revenue administration, of the real estate in such town for tax assessment purposes; or
- III-a. The acquisition of land; or
- IV. The acquisition of a tax map of said town; or
- V. Extraordinary legal fees and expenses related to present or foreseeable litigation involving the town or its officers and employees; or
- VI. Municipal and regional transportation improvement projects including engineering, right-of-way acquisition and construction costs of transportation facilities, and for operating and capital costs for public transportation.

Section 35:3 35:3 Meetings. – Except as provided in RSA 35:7, the authority granted by RSA 35:1 shall be exercised only by a majority vote of the legal voters present and voting at an annual or special meeting in the case of a town, school district, or village district. The warrant for a town, school district, or village district meeting, to consider the establishment or discontinuance of such a reserve, shall include an article distinctly stating the purposes for which such reserve is to be established or was established as appropriate. In the case of a county, the authority granted in RSA 35:1 shall be exercised by a majority vote of the county delegation after a public hearing on the budget as required by RSA 24:23, RSA 24:13-c, IV, or RSA 24:14-a. The public notice of such hearing shall include a statement distinctly stating the purpose for which such reserve is to be established.

In addition to the RSAs governing the development of the CIP report and Capital Reserve Funds, several RSAs address growth controls which become available to the Town after preparation of a valid CIP report. One relates to growth management, as below. A second relates to user fees, also given below. However, both topics are complex and all the related RSAs should be read before drawing any conclusions.

Zoning

Section 674:22 674:22 Growth Management; Timing of Development. – The local legislative body may further exercise the powers granted under this subdivision to regulate and control the timing of development. Any ordinance imposing such a control may be adopted only after preparation and adoption by the planning board of a master plan and a capital improvement program and shall be based upon a growth management process intended to assess and balance community development needs and consider regional development needs.

Section 674:21 674:21 Innovative Land Use Controls. – (In Part) V. As used in this section "impact fee" means a fee or assessment imposed upon development, including subdivision, building construction or other land use change, in order to help meet the needs occasioned by that development for the construction or improvement of capital facilities owned or operated by the municipality, including and limited to water treatment and distribution facilities; wastewater treatment and disposal facilities; sanitary sewers; storm water, drainage and flood control facilities; public road systems and rights-of-way; municipal office facilities; public school facilities; the municipality's proportional share of capital facilities of a cooperative or regional school district of which the municipality is a member; public safety facilities; solid waste collection, transfer, recycling, processing and disposal facilities; public library facilities; and public recreational facilities not including public open space. No later than July 1, 1993, all impact fee ordinances shall be subject to the following: (a) The amount of any such fee shall be a proportional share of municipal capital improvement costs which is reasonably related to the capital needs created by the development, and to the benefits accruing to the development from the capital improvements financed by the fee. The upgrading of existing facilities and infrastructures, the need for which is not created by new development, shall not be paid for by impact fees. (b) In order for a municipality to adopt an impact fee ordinance, it must have enacted a capital improvements program pursuant to RSA 674:5-7.

For an index of RSAs, the reader is directed to: <http://www.gencourt.state.nh.us/rsa/html/nhtoc.htm>

APPENDIX B

A History of Municipal Expenditures in Tuftonboro, by Department, (1991 to 2006)

Introduction

The Tuftonboro CIP Committee is charged with collecting projections of future expenditures for Capital Projects, from each of the departments and committees of Tuftonboro, looking 10 years ahead. In order to present these projections in context, the Committee felt it necessary to present the relevant history so that the Selectmen and the voters can understand the overall trends of spending in Tuftonboro, and evaluate the future as an extension of the past.

We selected the Tuftonboro Town Reports as our primary sources of data for several reasons:

- They are public documents and are readily available.
- They are prepared with care, and examined in detail by the public at each annual meeting.
- There is a reasonable consistency of presentation helping year-to-year tracking.
- The Warrant Article discussions are reported, helping resolve discrepancies in the data.

Firstly, we collected the expenditure data by department and generated a spreadsheet and graph for each of the major departments in town, showing operational expenditures and Capital Project expenditures.

Secondly, we examined the history of Capital Projects and the use of Capital Reserves to fund them. As part of this examination, we compared the tax burden with use of Capital Reserves, and without, showing how using Capital Reserves results in a more level tax burden on the town. Tuftonboro used Capital Reserves extensively as a fiscal management tool until about 1996. Thereafter we retained two significant Capital Reserves, dedicated respectively to the landfill closure and to 19 Mile Bay Beach. The former, in particular, saved the town a major tax bump in 2002 when a \$540,000 payment came due. Since 1996, we have not started new Capital Reserves as a routine feature of our tax policy.

The third manner of looking at history is from the top down, comparing overall tax expenditures, receipts versus revenues, and the significance of Capital Projects in the overall taxation picture. We decided to use the "Approved Town Tax Effort" figure for net taxes due, since this number has been reviewed and approved by New Hampshire Department of Revenue Administration.

Our hope is that, by presenting these data in this Appendix, the Selectmen and the voters can assess what would be a reasonable level of future expenditure by Tuftonboro on both its Capital Projects and its operating expenses.

As mentioned above, the data from which the tables and graphs have been derived all come from Town Reports. In all cases, we have used "actual" rather than "appropriated" figures since the former represent what was actually spent. While the "appropriated" figure is what the town voted to spend on the activity defined in the Warrant Article or in the budget, "actual" is what was spent in each specific year. The difference between "appropriated" and "actual" does not disappear, but moves into the General Fund or can also be "held over", and is available for future spending under defined circumstances. This last point creates considerable confusion in trying to reconcile year-to-year discrepancies in the financial reports.

Some Capital Projects have been partially funded out of Capital Reserves. In our analysis, payments into Capital Reserves are taken as an expense in the year authorized. Later, when the project payment is made, we take the total payment, less the transfer from the Capital Reserve, as the actual expense.

In the Town Reports, however, a contribution to a Capital Reserve is taken as an expense in the year authorized, yet the full cost of the relevant project is taken later as an expense when the project is done. The Capital Reserve withdrawal for this same project is usually shown as general income, which distorts both the Income and Expense side of the Town Reports.

The purchase or renovation of a building has been taken as a charge against a specific department, such as the Sodom Road yard going against Highways, Piper House going against Government. Or it has been set into Other Capital Projects if no department owned the job, such as the Cheney Farm easement. The only years with other Capital Projects are 2005 and 2006.

Public safety is divided into its components of Police, Fire, Ambulance and Other. Several of the Capital Projects for these departments have been funded through Capital Reserves. Please note that \$10K is an abbreviation for \$10,000, etc. Costs are rounded to the nearest whole thousand.

Now a disclaimer: Those of us who prepared these results are not accountants so we make no claim of accuracy. The numbers do not usually crosscheck because of rounding errors, misreporting or omitted data and unresolved discrepancies. In particular, tracking cross-year transfers from the general fund was difficult to verify because general fund totals are not reported. In addition, for several years, the actual expenditures for identified Warrant Articles were not listed. Never the less, we are reasonably confident that these departmental expense presentations show the general history and trends of municipal spending in Tuftonboro.

In the following sections we first present a series of tables of data detailing the year-by-year expenditures of each department, identifying the major activities, if possible. In order to answer any question that might arise about a single datum point, a trend or a series of expenditures, we have included, at the end of this Appendix, a section of notes discussing the sources of the data.

Finally, since many people prefer a graphical presentation of data, we have also generated a series of graphs from the data in the tables. Some of these graphs will be used in the body of the CIP report, especially concerning the history of Capital Projects.

Tables of Expenses

Table B1 lists all expenses, by department, for the period 1991 to 2006. Appropriations are not shown since they have little correlation with actual expenses. We have tried to list the actual costs to the taxpayer in each year, of the activities of that year, by department.

Table B2 is an expanded version of Table B1, separating operating expenses from Capital Projects. Capital Projects are defined as projects with a cost of \$10,000 or more, and a useful life of 2 years or more.

Table B3 presents details about the Capital Projects (including named street projects) for the highway department. We included the relevant appropriation for reference only. The "Spent" figure is what is used in our reports. In 2001, 2002, 2003, 2005 and 2006, road upgrade projects were not specified by name, were not reported separately, and cannot be tracked. The CIP Committee, in consultation with the Road Agent, imputed a "Named Road" total for these years.

Table B4 is a listing of all Capital Projects undertaken by Tuftonboro (not including highway department projects) for the same period of 1991 to 2006. In this table, "Spent" is the actual cost of the project in that year, where as "Tax Burden" is the "Spent" total adjusted for any withdrawals from Capital Reserves for that same project. Capital Reserves were not historically used by the highway department.

Table B5 shows the values of each of the Capital Reserves at yearend for the period under study. Note that the Capital Reserve grew through additions from taxes through Warrant Articles and also from earned interest, which was significant at times. Reductions were withdrawals for the stated purposes.

There will be many questions arising from these tables. To help answer these, please refer to the year-by-year narrative for the numbers in Table B2, included at the end of the Appendix. This narrative highlights the sources for the data, discusses the uncertainties, identifies the significant expenditures and provides some explanation for the causes of expenditure.

**SUMMARY OF DEPARTMENTAL EXPENSES FOR TUFTONBORO
FOR THE PERIOD 1991 TO 2006**

SUMMARY OF DEPARTMENT EXPENSES	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
TOTAL GOVERNMENT	173	207	292	242	214	220	416	389	285	329	390	481	469	567	769	698
TOTAL PUBLIC SAFETY	107	194	119	166	159	168	239	213	238	256	347	398	551	520	639	662
TOTAL HIGHWAY	267	303	316	251	500	276	481	405	412	319	415	363	477	650	564	514
TOTAL SOLID WASTE	90	70	98	141	86	239	178	207	211	261	227	325	273	294	261	437
TOTAL PARKS & RECREATION	18	20	22	25	21	22	25	27	143	24	55	29	32	42	24	24
TOTAL LIBRARY	54	26	28	30	43	46	49	52	54	59	59	67	80	94	101	120
TOTAL OTHER EXPENSES	35	34	34	25	34	28	28	42	43	44	40	32	39	45	45	45
TOTAL OTHER CAPITAL PROJECTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	568
TOTAL TOWN EXPENSES	744	854	909	880	1057	999	1416	1335	1386	1292	1533	1695	1921	2212	2408	3068

TABLE B 1

**DETAILS OF DEPARTMENTAL EXPENSES FOR TUFTONBORO
FOR THE PERIOD 1991 TO 2006 TABLE B 2**

DEPARTMENTAL EXPENSES - \$(,000)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
GOVERNMENT OPERATIONS: 4130 - 4199	148	162	261	179	189	217	251	336	285	329	390	432	421	505	586	680
GOVERNMENT CAPITAL PROJECTS	25	45	31	63	25	3	165	53	0	0	0	49	24	62	183	18
TOTAL GOVERNMENT EXPENSE	173	207	292	242	214	220	416	389	285	329	390	481	445	567	769	698
POLICE OPER. EXPENSES: 4210-4214	40	48	48	49	65	90	94	95	116	124	145	162	191	176	169	215
POLICE CAPITAL PROJECTS	2	11	0	0	19	0	19	0	25	17	14	0	39	0	47	27
TOTAL POLICE EXPENSE	42	59	48	49	84	90	113	95	141	141	159	162	230	176	216	242
FIRE OPER. EXPENSES: 4220-4229	33	34	36	32	36	38	31	41	43	66	89	121	149	168	209	224
FIRE CAPITAL PROJECTS	0	66	0	44	0	0	53	31	1	0	40	52	69	66	93	66
TOTAL FIRE EXPENSES	33	100	36	76	36	38	84	72	44	66	129	173	218	234	302	290
AMBULANCE: 4215-4219	20	21	21	21	21	26	27	27	27	30	33	43	42	45	69	90
OTHER PUBLIC SAFETY: 4240-4299	12	14	14	20	18	14	15	19	26	19	26	20	61	65	52	40
TOTAL PUBLIC SAFETY: 4210-4299	107	194	119	166	159	168	239	213	238	256	347	398	551	520	639	662
HIGHWAYS: 4311-4319. NAMED STREETS	36	56	24	41	112	8	154	123	63	24	75	75	75	94	80	80
SUMMER MAINTENANCE	33	40	45	55	52		42	48	55	58				67	88	79
WINTER MAINTENANCE	76	75	83	91	109		133	103	100	111				97	103	112
OTHER HIGHWAY OPER. EXPENDITURES	122	132	164	64	178	238	123	131	194	126	270	288	342	200	235	238
HIGHWAY CAPITAL PROJECTS	0	0	0	0	49	30	29	0	0	0	70	0	60	98	58	5
TOTAL HIGHWAY	267	303	316	251	500	276	481	405	412	319	415	363	477	556	564	514
SOLID WASTE OPER. EXPENSES: 4321-4329	60	40	58	45	63	80	71	91	143	179	176	171	203	207	228	240
LANDFILL CLOSURE - CAPITAL PROJECT	30	30	40	35	0	0	35	0	0	60	16	154	70	59	11	0
TRANSFER STATION - CAPITAL PROJECT	0	0	0	61	23	159	72	116	68	22	35	0	0	13	15	190
TOTAL SOLID WASTE	90	70	98	141	86	239	178	207	211	261	227	325	273	279	254	430
PARKS & REC. OPER. EXPENSES: 4520-4529	18	20	22	25	21	22	25	27	21	21	24	29	32	34	21	24
PARKS & RECREATION CAPITAL PROJECTS	0	0	0	0	0	0	0	0	122	3	31	0	56	8	21	0
TOTAL PARKS & RECREATION	18	20	22	25	21	22	25	27	143	24	55	29	88	42	42	24
LIBRARY OPER. EXPENSES: 4550-4559	24	26	28	30	43	46	49	52	54	59	59	67	80	94	101	112
LIBRARY CAPITAL PROJECTS	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8
TOTAL LIBRARY	54	26	28	30	43	46	49	52	54	59	59	67	80	94	101	120
TOTAL OTHER OPER. EXPENSES	35	34	34	25	34	28	28	42	43	44	40	32	39	45	45	45
TOTAL OTHER CAPITAL PROJECTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	568
TOTAL OF DEPARTMENTS (OPER. + CAP.)	744	854	909	880	1057	999	1416	1335	1386	1292	1533	1695	1953	2103	2419	3061
TOTAL OF ALL CAPITAL PROJECTS	123	208	95	244	228	200	527	323	279	126	281	330	393	400	513	962
RATIO OF CAPITAL EXPS. TO TOTAL	16.5%	24.4%	10.5%	27.7%	21.6%	20.0%	37.2%	24.2%	20.1%	9.8%	18.3%	19.5%	20.1%	19.0%	21.2%	31.4%

CAPITAL PROJECTS IN THE HIGHWAY DEPARTMENT
TABLE B 3

HIGHWAY CAPITAL PROJECTS		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL
WHITTEN ROAD	Appropriated	12,000																12,000
	Spent	20,370																20,370
NORTH LINE ROAD	Appropriated	15,000	0															15,000
	Spent	15,470	27,852															43,322
WAWBEEK ROAD	Appropriated		0															0
	Spent		27,962															27,962
HIGH STREET	Appropriated			0														0
	Spent			24,030														24,030
19 MILE BAY DOCKS & PIER	Appropriated				18,875													18,875
	Spent				6,400													6,400
BROWN ROAD	Appropriated				0	54,000	91,068	0										145,068
	Spent				16,210	40,932	7,268	83,687										148,097
STILLINGS ROAD	Appropriated				0													0
	Spent				18,547													18,547
NEW ROAD	Appropriated					66,289												66,289
	Spent					65,509												65,509
COUNTY ROAD	Appropriated					0	15,300	1,900										17,200
	Spent					5,210	1,206	14,703										21,119
SODOM ROAD	Appropriated							64,000	53,500									117,500
	Spent							55,797	56,074									111,871
TUFTONBORO NECK ROAD	Appropriated								69,000									69,000
	Spent								67,264									67,264
UNION WHARF ROAD	Appropriated									63,000								63,000
	Spent									63,000								63,000
DAME ROAD	Appropriated									25,000	0							25,000
	Spent									0	23,599							23,599
SODOM STORAGE YARD	Appropriated																	
	Spent					49,127	30,452	29,154										108,733
TRUCK	Appropriated											70,000						70,000
	Spent											69,950						69,950
COUNTY ROAD BRIDGE	Appropriated													60,000	90,000	0	0	150,000
	Spent													60,000	97,579	57,768	4,601	219,948
IMPUTED NAMED ROADWORKS*	Spent											75,000	75,000	75,000		80,000	80,000	385,000
*See Text																		
TOTAL Spent = Tax Burden		35,840	55,814	24,030	41,157	160,778	38,926	183,341	123,338	63,000	23,599	144,950	75,000	135,000	97,579	137,768	84,601	

CAPITAL PROJECTS - ACTUAL COSTS AND TAX BURDEN
(Not including highway department projects)
TABLE B 4

CAPITAL PROJECT TAX BURDEN		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL
LAND PURCHASE	Spent										15,586						115,000	130,586
Other	Tax Burden										15,586						115,000	130,586
TOWN OFFICE COMPUTER	Spent	17,150																17,150
Government	Tax Burden	17,150																17,150
REVALUATION	Spent	0	0	88,182	42,983								49,464	24,117	17,074	166,748		388,568
Government	Tax Burden	5,000	20,000	21,986	42,983								49,464	24,117	17,074	166,748		347,372
FIRE VEHICLE	Spent	38,340	101,396		0			52,935	100,755	1,310		0	87,061	80,564	66,039	92,939	66,039	687,378
Fire	Tax Burden	0	65,998		44,350			52,935	30,565	1,310		40,000	52,061	75,000	66,039	92,939	66,039	587,236
POLICE VEHICLE	Spent		14,893			18,762		19,450		24,625	0	34,686		39,456		46,884	26,801	225,557
Police	Tax Burden		10,953			18,762		19,450		24,625	17,000	14,302		39,456		46,884	26,801	218,233
TRANSFER STATION	Spent				61,400	22,493	159,494	71,711	115,913	67,678	22,260				0	0	0	520,949
Solid Waste	Tax Burden				61,400	22,493	159,494	71,711	115,913	67,678	22,260				0	0	0	520,949
PIPER HOUSE	Spent	0	0	0	0	0	3,239	328,084	52,716									384,039
Government	Tax Burden	2,500	25,000	10,000	20,000	25,000	3,239	164,518	52,716									302,973
LANDFILL CLOSURE	Spent	0	0	0	0			0			10,483	16,079	561,039	70,490	58,984	11,093		728,168
Solid Waste	Tax Burden	30,000	30,000	40,000	35,000			35,000			60,483	16,079	154,189	70,490	58,984	11,093		541,318
19 MILE BAY BEACH	Spent		0	0		18,732				122,500	12,406	30,679			7,780	21,000		213,097
Parks & Recreation	Tax Burden		30,000	20,000		0				122,500	2,406	5,679			7,780	3,093		191,458
TRANSFER STATION RENOVATION	Spent														21,160	15,023	190,086	226,269
Solid Waste	Tax Burden														21,160	15,023	190,086	226,269
LIBRARY EXPANSION	Spent	74,620															8,422	83,042
Library	Tax Burden	30,000															8,422	38,422
PUBLIC SAFETY BUILDING	Spent															4,857	249,044	253,901
Other	Tax Burden															4,857	249,044	253,901
CHENEY FARM EASEMENT	Spent																203,994	203,994
Other	Tax Burden																203,994	203,994
TOWN HOUSE RENOVATIONS	Spent															15,747	18,267	34,014
Government	Tax Burden															15,747	18,267	34,014
TOTALS	Spent	130,110	116,289	88,182	104,383	59,987	162,733	472,180	269,384	216,113	60,735	81,444	697,564	214,627	171,037	374,291	877,653	
	Tax Burden	84,650	181,951	91,986	203,733	66,255	162,733	343,614	199,194	216,113	117,735	76,060	255,714	209,063	171,037	356,384	877,653	

CAPITAL RESERVE HISTORY
For the period 1991 to 2006

TABLE B 5

CAPITAL RESERVES AT YEAR END	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
REVALUATION	33,912	41,536	62,299														
FIRE VEHICLE	80,493	47,286	13,030	13,478	58,908	62,261	65,436	68,918				40,300	5,541	75,014	75,755	77,919	81,616
POLICE VEHICLE	1,683	3,801									17,522						
PIPER HOUSE/TOWN OFFICES	44,549	50,376	78,353	91,592	115,924	148,230	155,787										
LANDFILL CLOSURE	54,827	89,714	124,716	171,441	214,788	227,163	238,744	287,249	302,318	316,956	387,733	402,520					
19 MILE BEACH			30,642	52,511	54,905	39,280	41,281	43,478	45,760	47,975	40,708	17,002	17,256	17,395	17,567		
COUNTY ROAD BRIDGE														60,000	60,011		
LIBRARY	44,560																
TOTALS	260,024	232,713	309,040	329,022	444,525	476,934	501,248	399,645	348,078	364,931	445,963	459,822	22,797	152,409	153,333	77,919	81,616

Graphs of Expenses

For many people, data are more understandable when presented in graphical form. We have, therefore, taken the data of Table B2 and graphed them in Charts B10 and onwards.

Chart B10 is a presentation of the total expenses for the town for the years 1991 to 2006, showing both the total expenses and the capital expenses, illustrating the relative importance of these two categories of expense. Each of the charts that follow, Chart B11 to Chart B19, show the expenditures for each major department in town over that same period. Please note that Chart B13 is a comparison of Police and Fire department total expenses, both of which are part of the Public Safety numbers. Again for a sense of proportion, Charts B18 and B19 show the relative magnitudes of Capital expenses and Operating expenses in the Police and Fire Departments respectively. Chart B20 is a compilation of all the departments added together in bar graph form, so the relative contributions of each department are made evident.

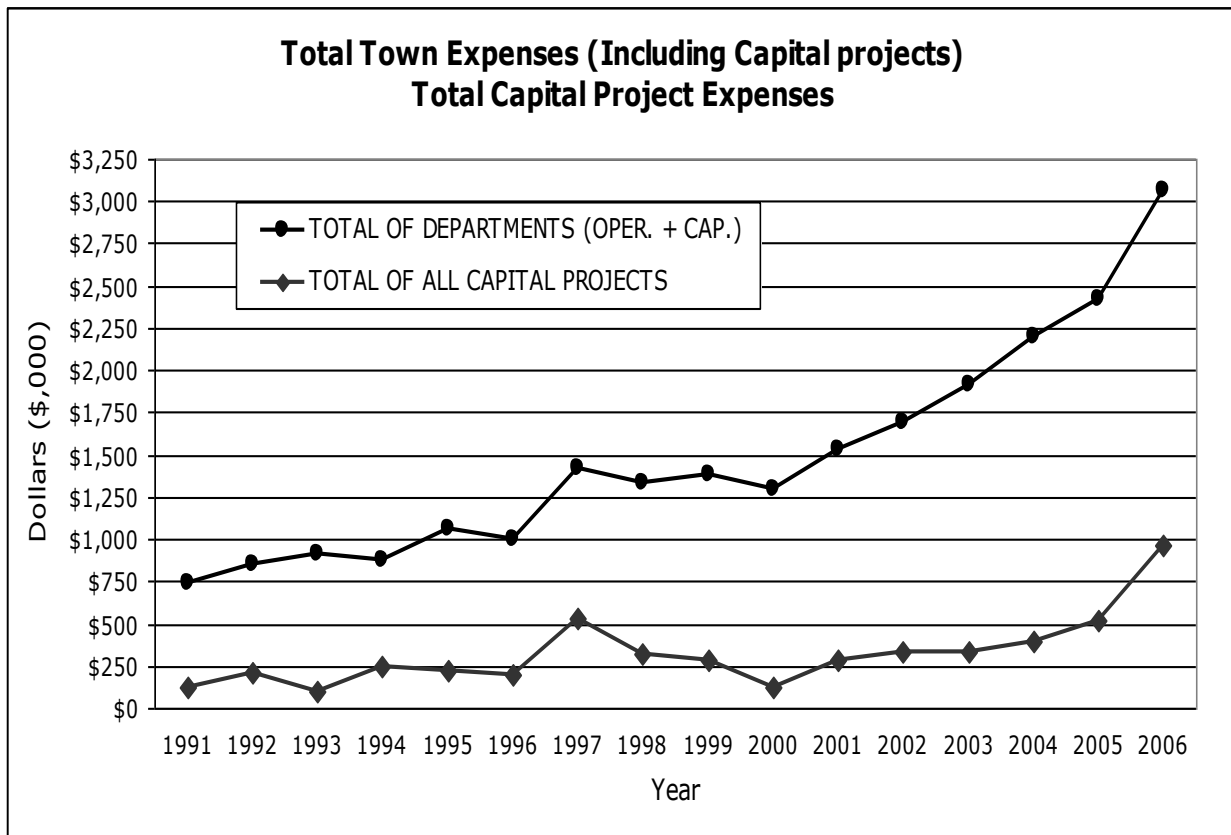


Chart B10

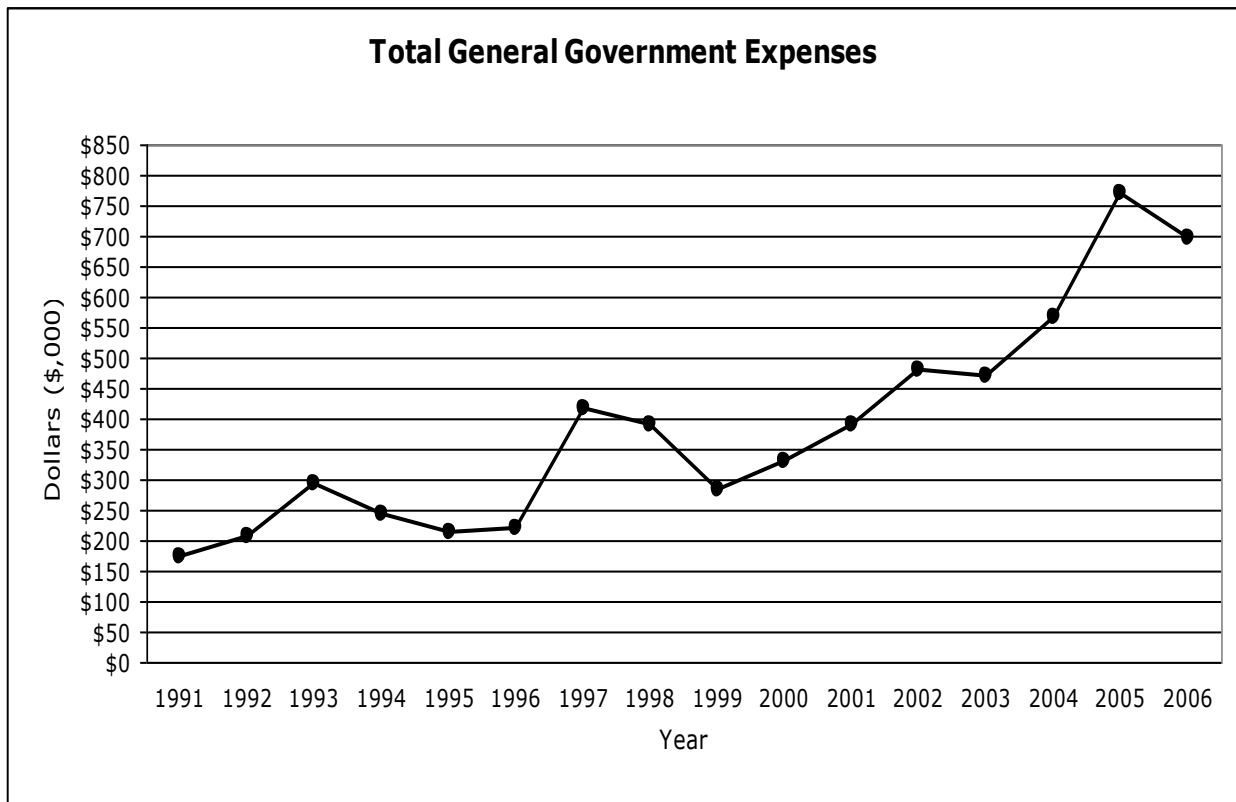


Chart B 11



Chart B 12

Comparison of Fire and Police Departments Total Expenses Including Capital Expenses

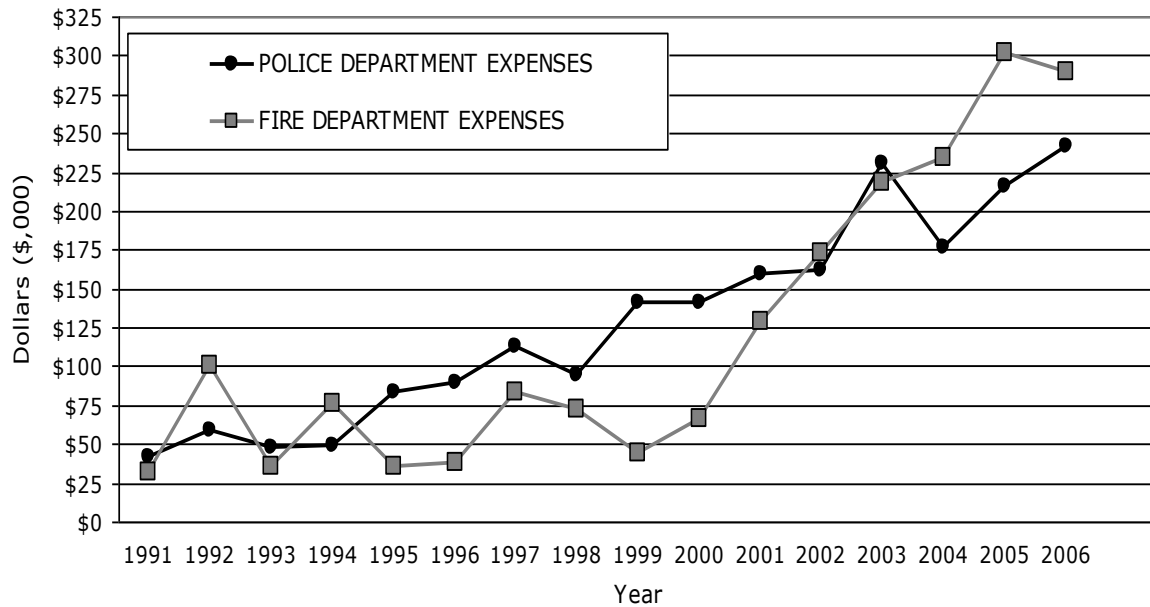


Chart B 13

Total Highway Expenses (Including Capital Projects)

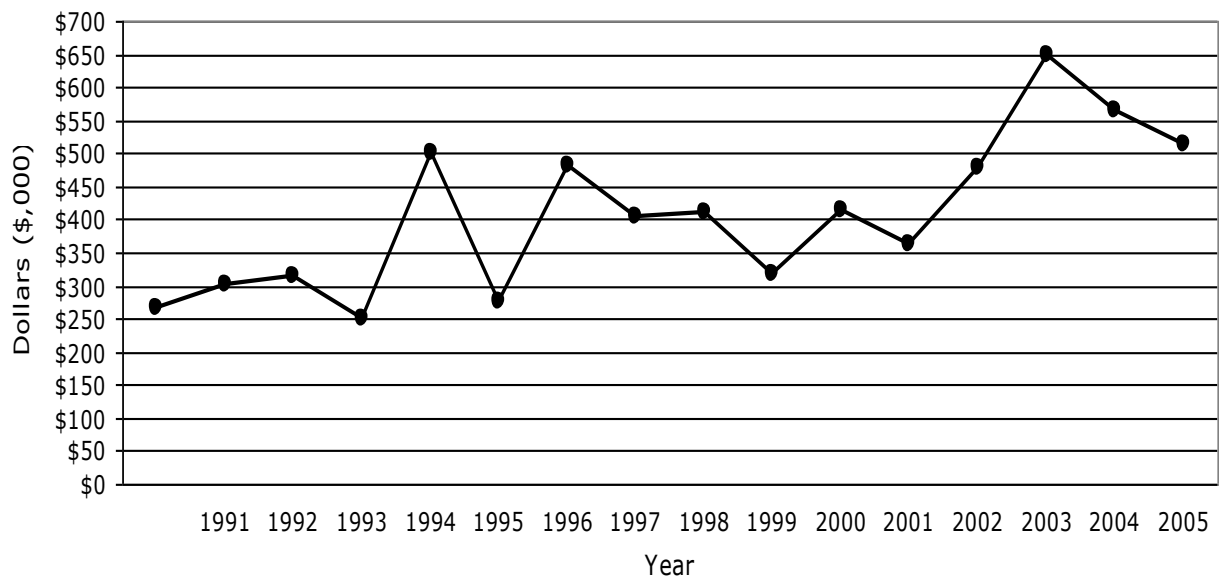


Chart B 14



Chart B 15

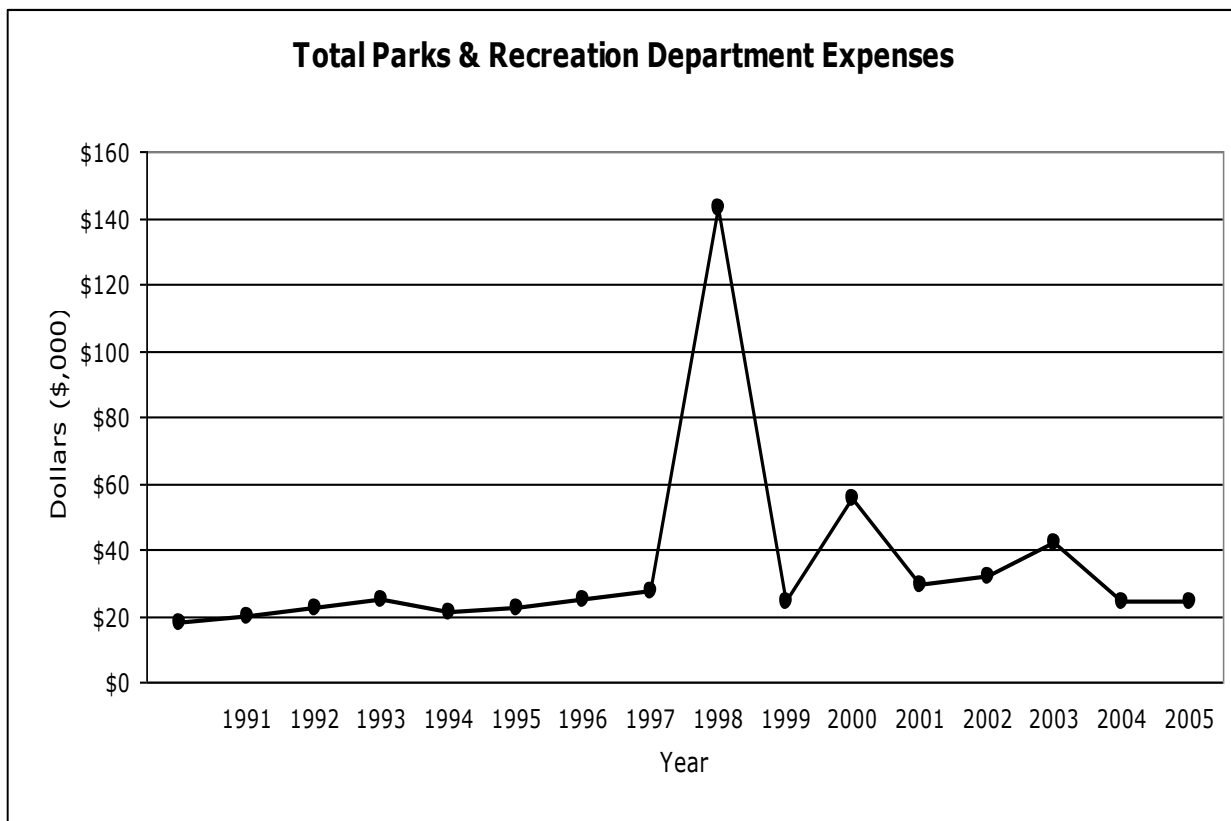


Chart B 16

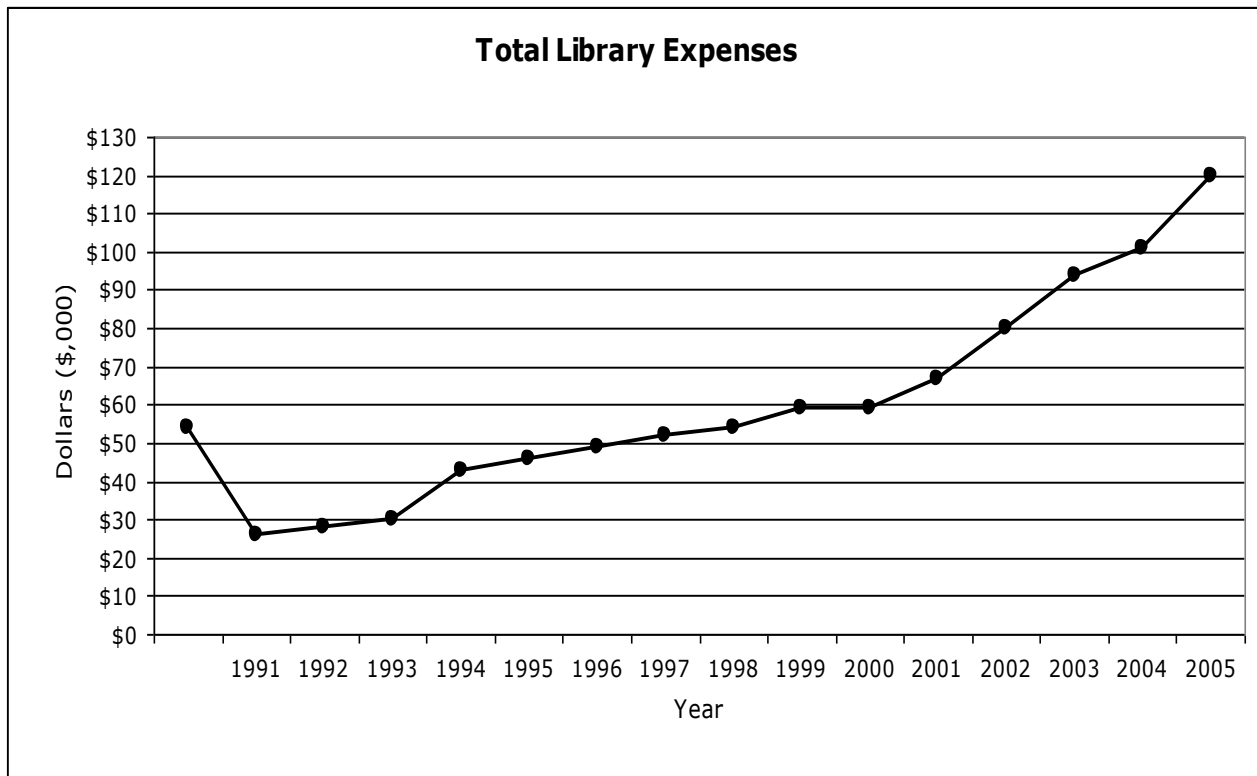


Chart B 17

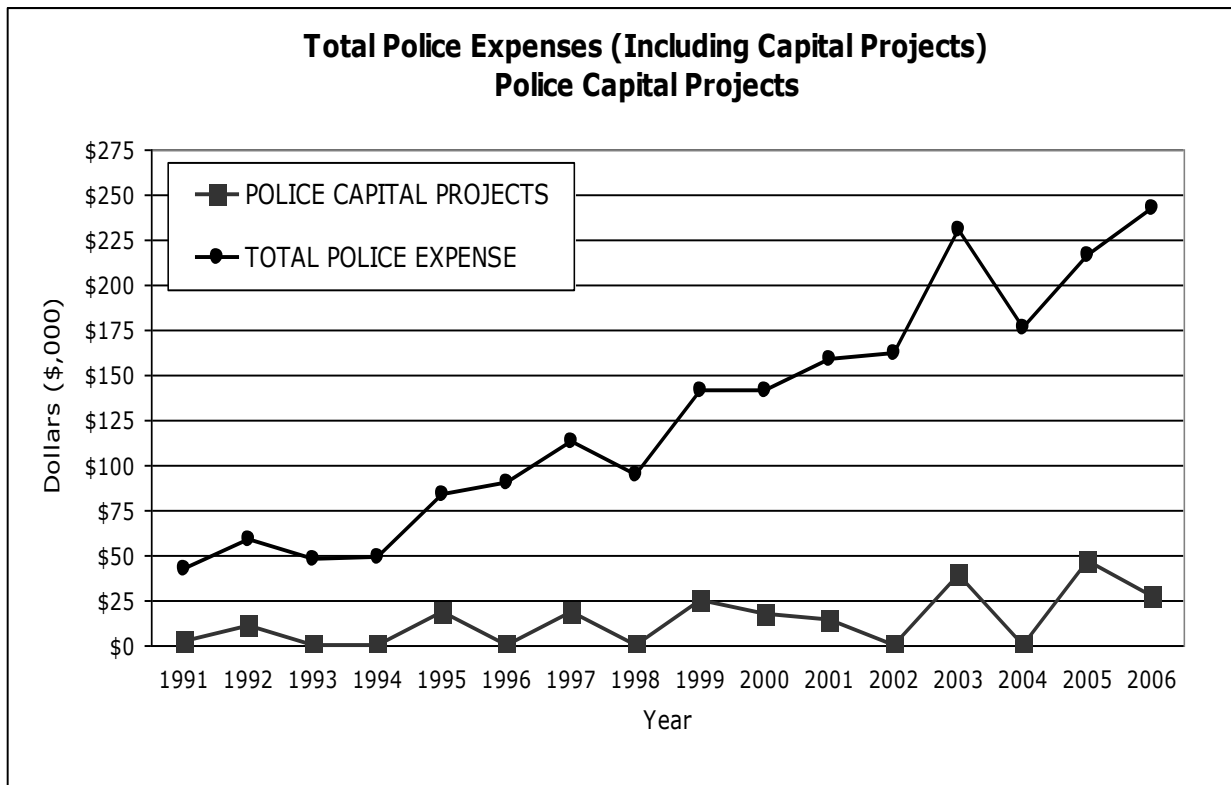


Chart B 18

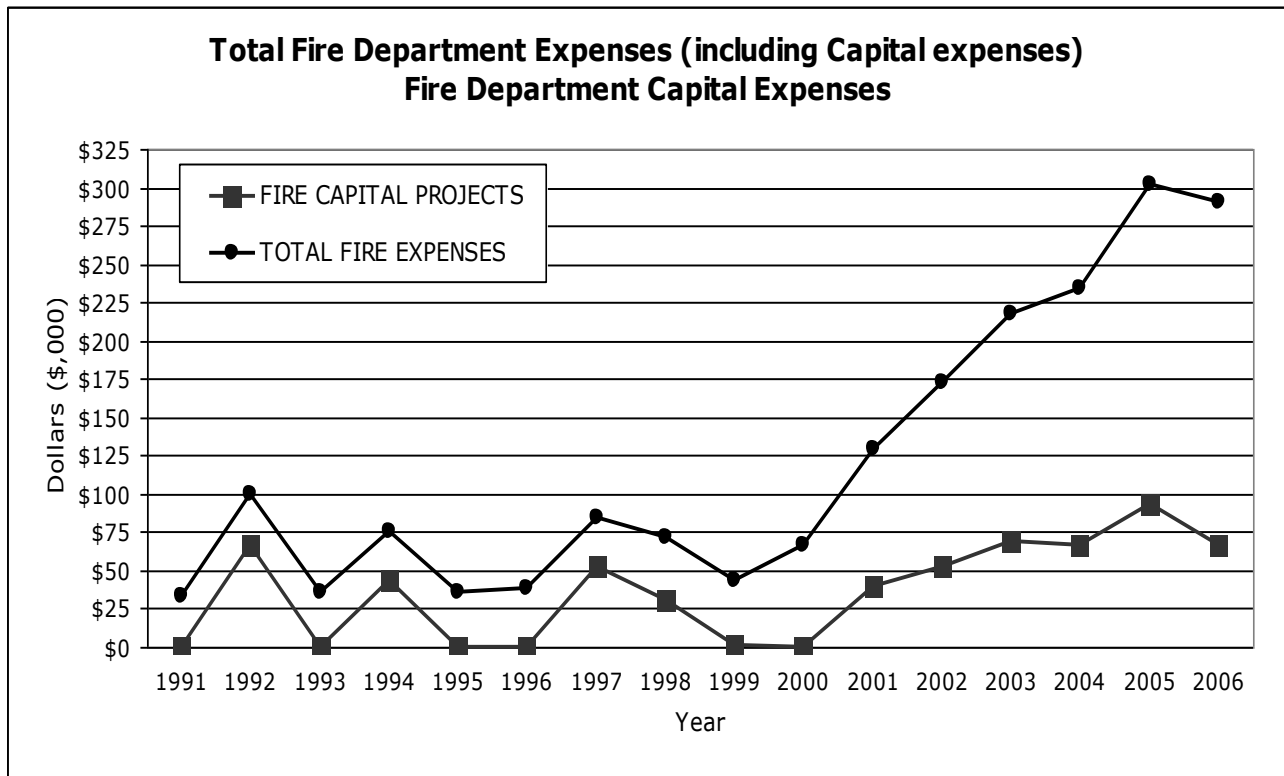


Chart B 19

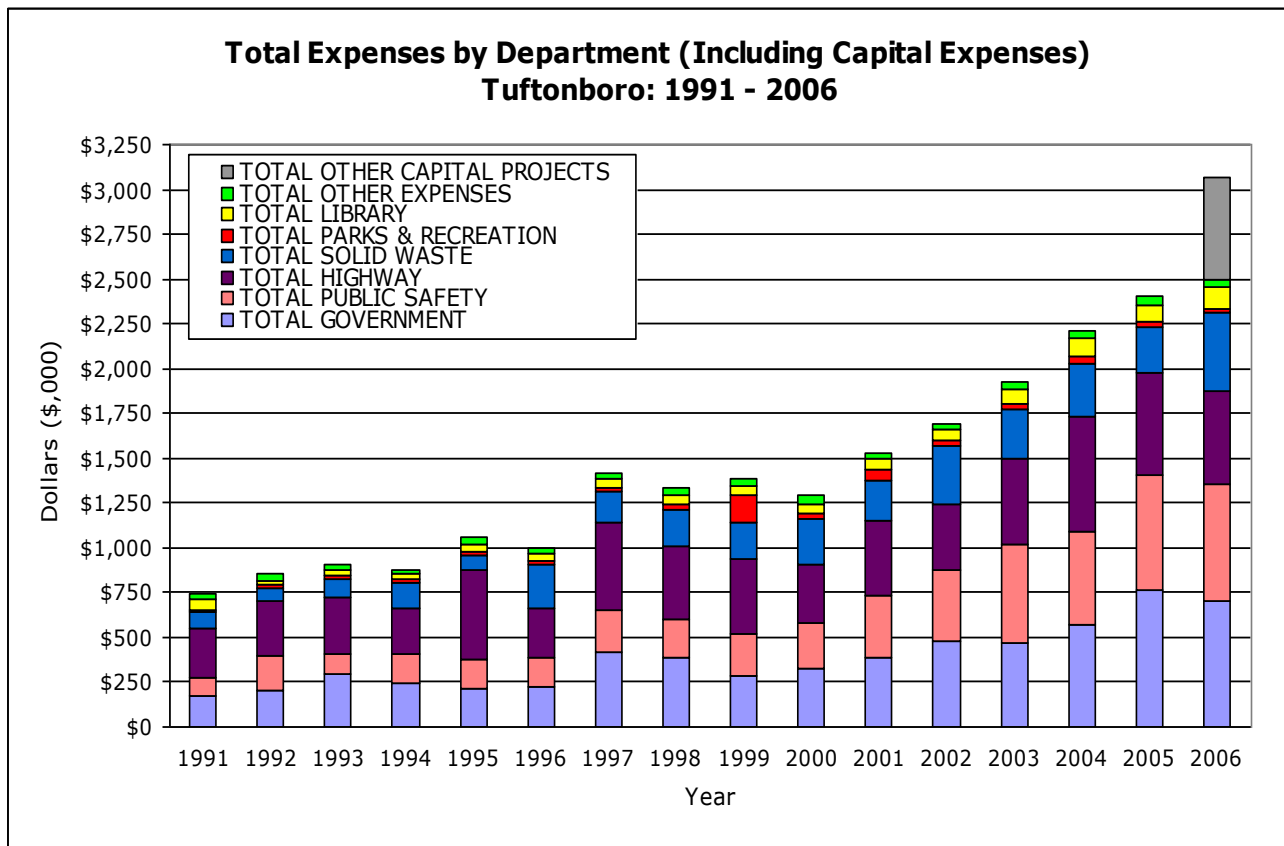


Chart B 20

Table and Graphs of Tax Burden

The final table, Table B6, lists top-down information for the first time. Since we had difficulty reconciling the bottom-up expense data with the summary expense and revenue figures reported in the Town Reports, for the several reasons discussed above and in the narrative, we elected to use the NHDRA approved net tax burden figures "Net from Taxes (Expense less Revenues after Adjustments per NHDRA)" as the difference between our income and our expenses. It is this actual difference that we pay with our property taxes.

In Table B6 we show the net amount to be raised from taxes for municipal expenses and the resultant municipal tax rate. We also give the tax rate for County expenses, and the school tax rates. The sum of these is the total property tax rate. The total assessed valuation used in calculating municipal taxes is given as a guide.

Chart B21 is a plot of the difference between our income and our expenses from 1991 to 2006. This is the total raised each year from taxes.

In Chart B22, we show the percentage of our total taxes that goes for municipal expenses. If we assume that all taxing entities are experiencing inflation and population changes in similar ways, we might expect this percentage to fluctuate, but it should only change substantially for good reason.

**TAX RATES AND RATIOS FOR TUFTONBORO
FOR THE PERIOD 1991 TO 2006**

TABLE B 6

TAX BURDEN COMPUTATIONS	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
NET FROM TAXES	436	521	563	709	625	756	763	731	696	735	776	815	977	1,230	1,413	2,061
(Expenses less Revenues, After Adjustments per NHDRA)																
TOTAL TOWN ASSESSMENT (in \$Million, or (\$,000,000))	203	197	199	354	354	357	361	361	370	374	381	387	392	398	1,030	1,030
MUNICIPAL TAX RATE	2.15	2.64	2.83	2.00	1.76	2.12	2.12	2.03	1.88	1.96	2.04	2.10	2.49	3.08	1.38	1.99
GWRSD SCHOOL TAX RATE	11.56	13.12	12.96	7.15	7.86	7.57	7.36	7.56	4.08	4.02	4.22	4.51	5.52	6.64	1.65	2.08
STATE EDUCATION TAX RATE	0	0	0	0	0	0	0	0	6.88	6.79	6.43	6.63	5.83	5.18	2.38	2.23
STATE ED. TAX KEPT BY GWRSD									3.86	3.81	3.73	3.73	3.26	2.79	2.38	2.23
COUNTY TAX RATE	1.27	1.44	1.42	0.79	0.86	0.95	0.92	0.90	0.88	0.81	0.89	1.00	1.46	1.73	0.68	0.76
ADJUSTED TOTAL TAX RATE (Muni + County + GWRSD + Retained State Ed Tax)	14.98	17.2	17.21	9.94	10.48	10.64	10.4	10.49	10.7	10.6	10.88	11.34	12.73	14.24	6.09	7.06
MUNI. TAX AS % OF ADJ. TOTAL	14.4%	15.3%	16.4%	20.1%	16.8%	19.9%	20.4%	19.4%	17.6%	18.5%	18.8%	18.5%	19.6%	21.6%	22.7%	28.2%

NET RAISED FROM TAXES FOR TOWN COSTS (Total Expenses less Revenues - per NHDRA)

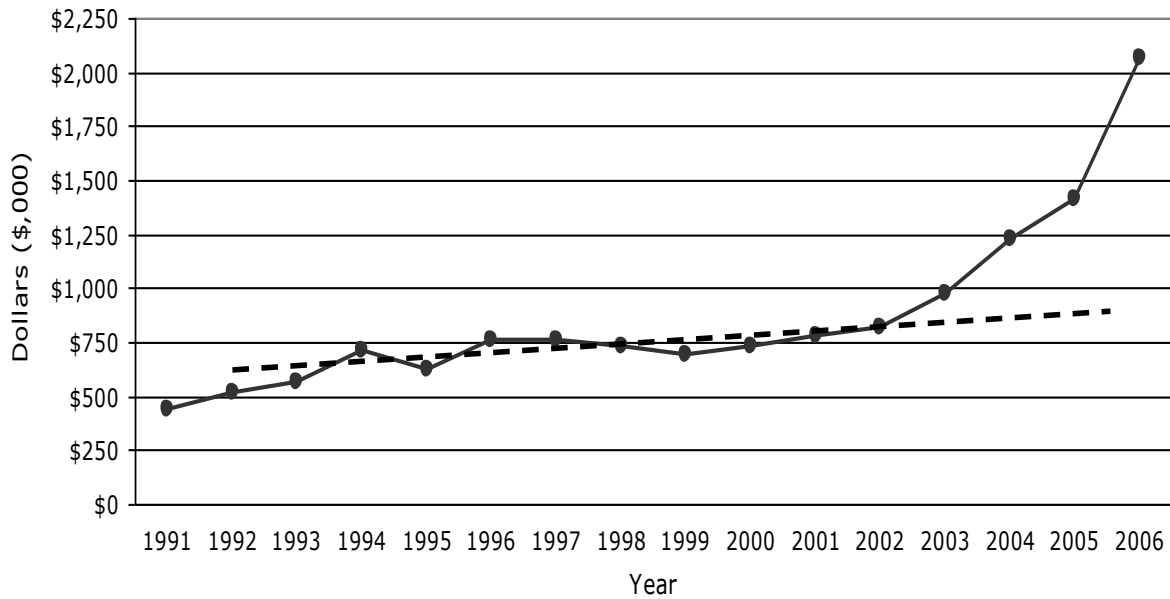


Chart B 21

TAXES FOR MUNICIPAL EXPENSES AS A PERCENTAGE OF TOTAL PROPERTY TAXES

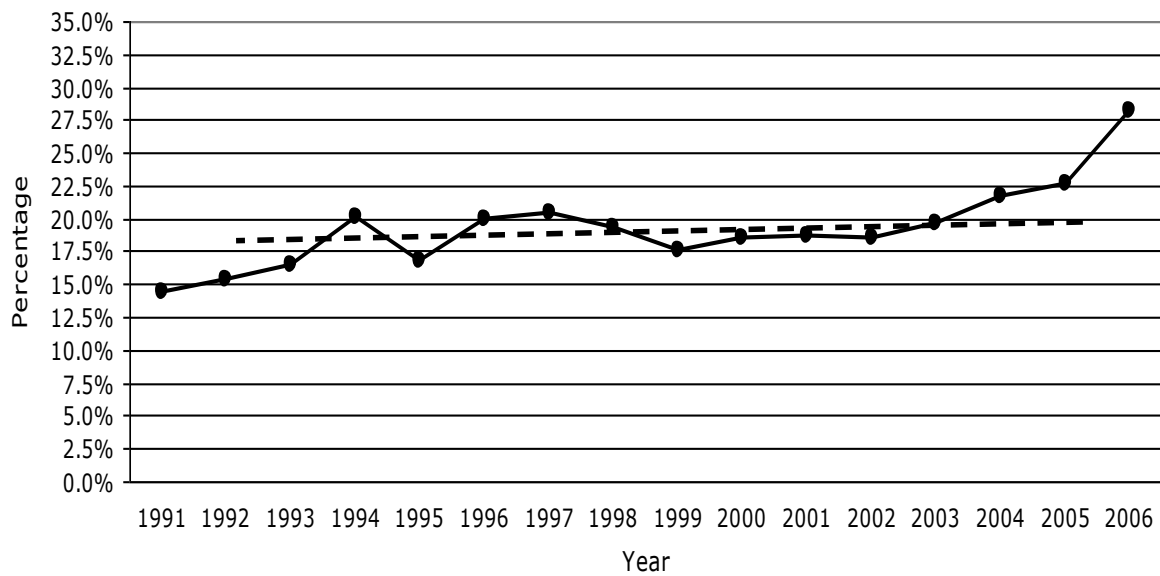


Chart B 22

Narrative for the Data from Tuftonboro's Town Reports used in Table B2.

1991

General Government: Several Capital Projects have been charged against Government. These include the town office computer system, which was funded directly from taxes, a payment of \$5K into an existing Capital Reserve for revaluation (already holding \$34K), and payment of \$2.5K into an existing Capital Reserve for Piper House/Town Office renovations (already holding \$45K).

Police: \$2K into Cruiser Capital Reserve.

Fire: "Appropriated" was \$66k into Capital Reserve, \$145K out for truck purchase. "Actual" was \$34K taken from Capital Reserve - no tax expense item in 1991, See 1992

Highways: Summer and winter maintenance figures taken from "Selectmen's Orders Paid" or from "Analysis of Expenditures", if available. Named road figures come from Warrant Article language, "Selectmen's Orders Paid" (which can be misleading because payments sometime occur in a year different from when the expense is posted), from the budget summary (often not provided) or from the "Analysis of Expenditures". Sometimes the numbers from these different sources do not agree. "Other Expenses" are derived by subtracting the Summer and Winter totals from the overall departmental operating expenses.

Solid Waste: Expenses plus payment to Capital Reserve fund of \$30K for dump closure.

Library: Expenses plus \$30K payment for expansion (balance of \$44K for expansion came from Capital Reserve for this purpose).

Parks & Rec.: No capital projects

Other Capital Projects: None

1992

General Government: Expenses plus \$20K was paid into the Capital Reserve for revaluation and \$25K was paid into the Piper House/Town Office renovation Capital Reserve.

Police: Purchase of a vehicle at a total of \$15K, net of Capital reserve with tax burden of \$11K

Fire: The balance of the cost of purchasing a new fire truck is paid in 1992, \$34K out of Capital Reserve and \$66K from taxes. Leaves \$13K in fire truck Capital Reserve.

Highways: Note, no Capital Reserve fund has been established for the highway department from 1991 until 2006, except for a two-year fund for the County Road Bridge project in 2003. The two named road projects for 1992 are derived from "Selectmen's Orders Paid" and "Analysis of Expenditures", but are not included in "Budget Summary Actual Expenditures".

Solid Waste: Expenses plus a payment to the Capital Reserve for Landfill Closure of \$30K.

Parks & Rec.: Expenses plus a payment of \$30K to create a new Capital Reserve for 19 Mile Beach.

Other Capital Projects: None

1993

General Government: Expenses plus \$10K was put into the Piper House/Town Office renovation Capital Reserve, and \$88K was spent on revaluation. Of the \$88K, \$66K came out of the related Capital Reserve, leaving a zero balance, and \$22K came from current taxes.

Police and Fire: No Capital Projects this year.

Highways: Same note as 1992 concerning named road projects. Same in subsequent years as well. No other capital projects.

There is no "Analysis of Expenditures" for 1993, and "Selectmen's Orders Paid" and "Budget Summary - Actual Expenses" do not agree for highway expenditures. Inspection of the related Warrant Articles suggests that the "Budget Summary" is to be relied on in this instance, but it is not clear. Since this situation pertains in most of the Town Reports, we suggest that alternative presentations be considered for the future.

Solid Waste: Expenses plus transfer of \$40K to landfill closure.

Parks & Rec.: Expenses plus transfer of \$20K into 19 Mile Bay Beach Capital Reserve.

Other Capital Projects: None

1994

General Government: We put a further \$20K into the Piper House/Town Office renovation Capital Reserve. We also spend a further \$43K on revaluation.

Police: No Capital Projects

Fire: Expenses, plus \$44K added to the fire truck Capital Reserve fund.

Highways: \$42K spent on named roads, not mentioned in "Budget Summary", but listed in Warrant Article description and in "Selectmen's Orders Paid". Otherwise, only expenses. No "Special for Tar" expenditure is given, perhaps an oversight.

Solid Waste: Expenses, plus \$35K into landfill closure Capital Reserve, and an additional \$61K in direct tax burden to begin building a transfer station. While Capital Reserves are being used to spread out the costs on closing the landfill, Capital Reserves were not used at any time for spreading out the costs of building the transfer station.

Parks & Rec.: No capital expenditures.

Other Capital Projects: None

1995

General Government: \$25K additional to the Piper House/Town Office Capital Reserve.

Police: Expenses, plus \$19K for a cruiser from current taxes.

Highways: Expenses, plus \$112K for named roads, plus \$49K for storage building at Sodom Road.

Solid Waste: \$22K spent on transfer station directly from taxes.

Other Capital Projects: None

1996

General Government: \$3K spent on Piper House/Town Office renovation without withdrawal from the related Capital Reserve.

Police and Fire: No Capital Projects for

Highways: Named roads are Brown and County. Curtis is a one-time expense below \$10K. Summer and Winter maintenance are not reported separately, \$30K also spent on Sodom Road storage yard.

Solid Waste: Expenses plus \$159K spent directly from taxes on the transfer station.

Other Capital Projects: None

1997

1997, 1998, 1999, 2000 and 2001 were years where incomplete information was given in the Town Report about actual expenditures for Capital Projects and Warrant Articles, especially concerning Capital Projects for roads where funding was a mixture of the current year appropriation and hold-over from previous year(s).

General Government: This was the big year for Piper House/Town Office renovation. The cost of \$328K became due, and this was paid partly by transferring all funds from the Capital reserve, totaling \$156K, with the balance of \$165K coming directly from 1997 taxes.

Police and Fire: \$53K for fire vehicle, \$19K for police vehicle.

Highways: The highway expenditures are confusing for this year. The named roads were County, Brown and Sodom. Most of the expenditure on these was held over from 1996 appropriations, and only reported in "Selectmen's Orders Paid". They did not appear in "Budget Summary" but are probably real for 1997. \$30K was spent on the Sodom Road storage yard.

Solid Waste: \$35K was put into the landfill closure Capital Reserve. \$72K was spent directly from taxes on the transfer station.

Other Capital Projects: None

1998

General Government: Piper House/Town Office renovation received another payment of \$53K directly from taxes.

Police: No Capital projects

Fire: New fire truck at a cost of \$101K - \$70K of this came from Capital Reserve and \$31K came from current taxes.

Highways: Named roads were Sodom and Tuftonboro Neck. Part of the Sodom Road expense was a hold over from 1997.

Solid Waste: A major payment for the transfer station was made this year - \$116K, all of which came from current taxes.

Other Capital Projects: None

1999

General Government: No Capital Projects

Police and Fire: \$24K was spent on a police vehicle, \$1K on the residual payment on the fire vehicle. Neither used Capital Reserves.

Highways: Union Wharf Road was upgraded at a cost of \$63K, all from current taxes. No other highway Capital Projects. \$25K was appropriated for Dame Road but not used until next year.

Solid Waste: Expenses, plus \$68K for continuation of building the transfer station.

Parks & Rec.: Property for 19 Mile Bay Beach was purchased at a cost of \$122.5K, from current taxes.

Other Capital Projects: None

2000

General Government: No Capital Projects this year.

Police and Fire: \$17K was put into a new Capital Reserve for a police vehicle.

Highways: No information is given in the "Budget Summary" about any Warrant Article expenditures, or any significant road projects. There is no analysis of the actual payments for 2000. The information about Capital Projects comes from a close reading of

the Warrant Articles and the "Selectmen's Orders Paid", neither of which is definitive. Dame Road is the only named road project, using hold-over funds. No other highway Capital Projects.

Solid Waste: \$10K was spent on engineering for the landfill closure and \$50K was put into the closure Capital Reserve. In addition, \$22K was spent from current taxes for transfer station paving.

Parks & Rec.: Spent \$3K on 19 Mile Bay Beach, otherwise normal expenses.

Other Capital Projects: We purchased land in Great Meadows for a total of \$16K, from current taxes.

2001

General Government: Normal expenses only

Police and Fire: Police paid \$35K for a vehicle, \$17K was taken from the new Capital Reserve for that purpose, \$3K came from a grant, and the balance of \$15K came from taxes. Fire department transferred \$40K from current taxes to a new Capital Reserve fund for a fire truck.

Highways: No Summer or winter maintenance figures broken out for 2001, 2002 and 2003. Capital Purchase of a dump truck was accomplished this year, from current taxes. No mention of road projects by name this year, or any year from 2001 to 2006. So all we can work from is total figures.

"Special for Tar", now called "Paving and Shoulder Work", is paid separately from the other highway payments (see "Selectmen's Orders Paid") and is in addition to the departmental expenses.

Solid Waste: \$16K was spent on engineering the landfill closure, and \$35K spent on paving at the transfer station. This latter payment only shows up in "Selectmen's Orders Paid".

Parks & Rec.: \$31K spent on 19 Mile Bay Beach. Again, this only shows in "Selectmen's Orders Paid", not in the "Budget Summary" where no actual expenditures are given for Warrant Articles.

Other Capital Projects: None

2002

Note - this is the first Town Report to give actual expenditures for Warrant Articles since 1996.

General Government: \$49K in revaluation taken as a Capital Expense.

Police and Fire: No police Capital projects. New fire rescue vehicle purchased at \$87K, \$52K of which came from current taxes, \$35K of which (not \$40K required by the Warrant Article) came from the fire truck Capital Reserve.

Highways: Expenses included "Special for Tar" at \$100K. No named road projects.

Solid Waste: This year the landfill closed, with a cost paid of \$546K. The landfill closure Capital Reserve had been built to \$407K and this was used against this cost. The balance of \$139K came from current taxes. In addition, land was purchased at a cost of \$15K for the septage lagoons.

Other Capital Projects: None

2003

No Warrant Article expenditure information

General Government: \$24K spent on revaluation.

Police and Fire: \$39K spent on a police vehicle, from current taxes. In addition, \$75K was transferred from current taxes to the fire truck Capital Reserve. On the other hand, \$6K was withdrawn from the fire truck Capital Reserve - the purpose is not specified. The increase in "Other Public Safety" was not described.

Highways: Expenses plus "Special for Tar". \$60K was transferred from taxes to a new Capital Reserve fund for County Road Bridge.

Solid Waste: Landfill closure expense of \$70K charged to current taxes. \$70K was appropriated for a second compactor, but nothing was spent this year.

2004

Starting in 2004, the Town Report contained a more detailed budget analysis. This is helpful in establishing precisely where the funds have been expended.

General Government: \$45K spent on revaluation. \$17K in Government expenses is also for revaluation so this has been allocated to the revaluation capital project and reduced from general expenses.

Police and Fire: No police Capital Projects this year. Fire department had to replace a failed truck. Entered into a 7-year lease for a \$402K equipment purchase, which included a front loader for the transfer station. The \$75K in the fire truck Capital Reserve is to be held for the last year's lease payment. The first year's lease payment is \$66K, which came from current taxes. It is estimated that the fire truck is \$K of the total of \$402K, so the lease payment will be divided into \$K from the fire department account and \$K from the transfer station account.

Highways: Summer and winter maintenance costs are reported. County Road Bridge used \$98K from current taxes. The Capital Reserve for County Road Bridge remains at \$60K. Otherwise department costs are expenses plus "Paving and Shoulder Work". Total figure for the latter is used since the details do not check.

Solid Waste: In addition to regular expenses, landfill closure takes \$59K and transfer station takes \$21K for a second compactor, both from current taxes.

Parks & Rec.: \$8K paid to relocate the utility lines at 19 Mile Bay Beach.

2005

General Government: \$167K was spent on town-wide revaluation, and \$16K was spent on town house renovations, both from current taxes. \$5K was also spent on the public safety building. It was felt that this project should be segregated from any departmental charges, and placed in "Other Capital Projects".

Police and Fire: The police department bought a new vehicle for \$47K, while the fire department bought a new air boat at \$25K, while also paying \$68K on the fire truck lease. All came from current taxes.

Highways: While several road names were mentioned in the budget presentation, none could be uniquely connected with a specific expenditure, so we elected to leave them in the overall expense figure. County Road Bridge is the only one called out specifically and is included in Highway Capital Projects.

Solid Waste: We have \$11K to the landfill closure and \$15K to the transfer station projects. Otherwise normal expenses.

Parks & Rec.: \$3K was spent on the 19 Mile Bay Beach program.

2006

General Government: This year we had no Capital Reserves to draw down. \$18K was spent on town house renovations. We chose to put the additional land purchases undertaken this year into "Other Capital Projects" so as not to distort departmental operating results.

Police and Fire: The police department purchased a new computer system for \$27K and the fire department paid its periodic lease payment for the new fire truck of \$66K.

Highways: County Road Bridge is the only identified project at \$5K.

Solid Waste: The primary capital expense is renovation of the transfer station at \$190K. The Warrant Article states that \$132K is to come from the unrestricted fund balance. This fund consists of monies appropriated in prior years, but unspent, and not carrying restrictions in the appropriation language. However, for our purposes, since we are only using actual expenditure totals, the expenditure this year for the transfer station renovation is the total cost of the project, since no partial cost has been taken in earlier years. This use of unrestricted fund balances confuses year-to-year tracking of fund flows.

Library: \$8K was spent on engineering for the library expansion.

Other Capital Projects: As discussed above, we are placing land purchases in this category. These consist of an actual expense of \$204K for the Cheney Farm easement, an actual expenditure of \$249K for the public safety building and \$115K for purchase of the land adjacent to the town offices.

2007

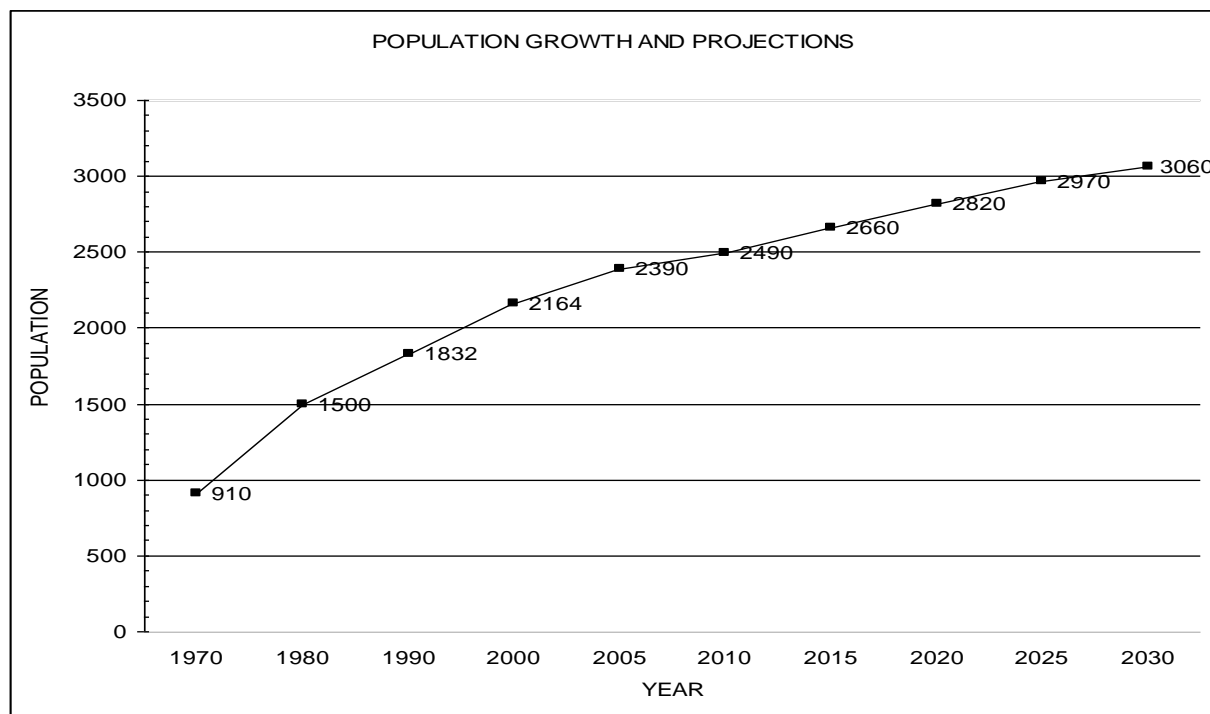
With one exception, we are not using any data for the year 2007 since the relevant town report will not be available until Spring 2008 and we are using "actual" numbers in all our analysis. The one exception is a projection for total Capital expenditure for 2007 since we can be relatively certain what will be spent. We assume \$66K for fire truck lease, \$80K imputed for named road projects, \$90K for the initial Gould property payment and \$50K for the Lang Pond Road project, totaling \$286K for 2007. We use this datum point in our tabulation of the history of Capital expenditures.

Appendix C: Population Projections

The US Census Bureau figures for the Town of Tuftonboro for 1970 - 2005 are shown below, together with estimates from NH Office of Energy and Planning (OEP) for 2010 - 2030.

Year	Population	Annual Growth
1970	910	
1980	1,500	6.5 %
1990	1,832	2.2 %
2000	2,164	1.8 %
2005	2,390	2.1 %
2010	2,490 (OEP est.)	0.8 %
2015	2,660 (OEP est.)	1.4 %
2020	2,820 (OEP est.)	1.2 %
2025	2,970 (OEP est.)	1.1 %
2030	3,060 (OEP est.)	0.6 %

These numbers are shown below in graphical form.



The CIP committee also examined and discussed many other inputs and data sources concerning population projections.

Tuftonboro's 2006 Master Plan, Chapter 2, estimates that in the year 2005 there were 1,096 year-round housing units and 1,085 seasonal housing units. The NH OEP numbers are slightly higher. They estimate a year-round occupancy rate of about 46% of the total number of housing units. Tuftonboro's Police Chief estimates a higher year-round occupancy rate due to conversions of seasonal residences to year-round use.

Although Tuftonboro's rate of growth has been reasonably steady between 1980 and 2000, at about 2% annually, it has not been as high as many of its neighbors. The towns that abut Tuftonboro have grown more quickly. This trend may be due to better road access, the availability of sewer and water, easier access to services (hospital, shops, gas stations, etc.) availability of lots, and other factors.

The Governor Wentworth Regional School District projects that Tuftonboro's school age population will remain about level although they also project a slow increase in school age population in the District at large. Since Tuftonboro is attracting a higher percentage of retired people than are present in the general population, Tuftonboro's population is aging. Between 1990 and 2000:

- The number of residents 65 years of age or older increased by 34% and the number of very elderly (85+ years) increased by 37%; while
- The number of residents less than 18 years of age decreased by 9.6%, and the youngest age group (< 5 years) decreased by 9.8%

We also considered the changes in construction permits and other factors.

PERMITS FOR RESIDENCES ISSUED IN TUFTONBORO

Year	# Issued	Total number of dwelling units	% Increase
		1,868	
1991	18	1,886	.96
1992	14	1,900	.74
1993	7	1,907	.37
1994	10	1,917	.52
1995	28	1,945	1.46
1996	22	1,967	1.13
1997	13	1,980	.66
1998	20	2,000	1.01
1999	19	2,019	.95
2000	25	2,044	1.23
2001	39	2,083	1.90
2002	48	2,131	2.30
2003	34	2,165	1.59
2004	38	2,203	1.75
2005	51	2,254	2.31
2006	25	2,279	1.10

The total number of voters registered in Tuftonboro as of August 2007 is 1,978. Applying national registration percentages results in a larger total population than the CIP Committee has assumed here, because a higher percentage of eligible voters have registered to vote.

After much discussion, the CIP Committee decided to use the population figures of the US Census and the OEP projections for Tuftonboro's year-round population, since these numbers seem to be conservative and widely used.

These data are for year-round residents. However, Tuftonboro experiences a large increase in summer population, consisting of seasonal residents, vacationers, campers, and counselors.

To estimate this increased population, the Committee assumes 95% occupancy of all the 2,247 dwelling units in Town at 2.34 persons per unit, and adds 1,200 for the campers and counselors at the 6 camps in Town, to arrive at a total summer population of about 6,200.

These numbers represent a general guide, not a normalizing factor to generate per-capita expenditures. It would be difficult to know which population figure to use for which Town service, and this needs further discussion. For example, Highway Department expenses should correlate well with road mileage but less so with population, whereas the expenses for Public Safety activities should follow population changes, especially from summer to winter. If we can resolve these questions, we may return to this issue in future CIP Reports and report data normalized for population changes and inflation.