

**TOWN OF TUFTONBORO
NEW HAMPSHIRE**

CAPITAL IMPROVEMENTS PROGRAM

FOR THE PERIOD

2009 to 2018

Capital Improvements Program

Tuftonboro, New Hampshire

2009-2018

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 will use this report for the benefit of the citizens and residents of Tuftonboro, for their support and attention.

Town of Tuftonboro Capital Improvements Program Committee - 2008

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Introduction

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

For the reader interested in this additional material, copies of the 2007 CIP Committee report are available at the library.

In this 2008 report, we will list all the projects proposed by the various departments and committees of Tuftonboro for the period 2009 to 2018, describe what each entails, provide the CIP Committee's recommendations to the Selectmen and summarize these on a spreadsheet.

We will also include in this report, a summary of the CIP schedule for the previous year, what was actually proposed by the Board of Selectmen for the Town to vote on, and the final dispositions taken at the 2008 Town Meeting by the voters.

This report will be readily available on the Town's web site, at the library and at the Town Offices.

Capital Improvement Program Foundations

Definitions & Rationale

The CIP Committee has defined a Capital Project to be 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 task

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

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

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

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

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.

Local Authorization & Organization

The CIP process in Tuftonboro grew out of the Master Plan rewrite project undertaken in 2005/2006. With this finished, attention turned towards implementation, and the next logical step was to establish a CIP Committee to generate annual CIP reports. 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 voters at the Town's March 2007 Town Meeting approved formation of a CIP Committee and the Selectmen then appointed seven residents to serve on this Committee. The New Hampshire Office of Energy and Planning has published a chapter in "The Planning Board in New Hampshire - A Handbook for Local Officials" January 2006 edition, devoted solely to the formation, operation and responsibilities of CIP Committees, and this has proven to be of great assistance in our work.

Local CIP Process

With the foundational work completed in the first year of the Committee's existence, most of the subsequent annual tasks consist of revisiting earlier assumptions, requesting new inputs and updating the projections for the upcoming and future years.

One significant change from 2007 is that the CIP Committee has kept the Board of Selectmen informed of our discussions about the different projects as they progress so that the final recommendations are not a surprise to anyone. We also revised and simplified the CIP Proposal form and made it available online for download.

Capital Capacity

Discussion

The concept of Capital Capacity, and why this concept is essential in understanding Capital Project expense projections, was discussed at length in last year's report. Part of this discussion bears repeating.

What is Capital Capacity?

Attributing dollar numbers to Capital Capacity is a way of quantifying Tuftonboro's ability to undertake Capital Expenditures. The upper limit of Capital Capacity represents the level at which voters reject any but the most critical of additional Capital Projects. The lower limit represents the level at which increases in expenditure for additional Capital Projects meet little voter resistance. The CIP Committee reviewed the history of capital expenditures in Tuftonboro from 1991 to 2006, graphed these, and used the average and its slope to project this average into the future. This was used to establish future capital expenditure goals. These numbers define the Town's Capital Capacity.

We certainly expect the total of capital expenditures in any particular year to deviate from this average, but if Tuftonboro's expenditure rate exceeds the Capital Capacity for a sustained period, we would expect to see voter resistance. Conversely, if we under-spend the Capital Capacity significantly, the town is not spending on Capital Projects at a rate that would otherwise be tolerated by the voters.

We have made one significant change in methodology between the 2007 and 2008 reports. One of our goals has been to break out major road rebuilding projects from the Highway Department's total budget and label them as Capital Projects so they become visible to the voters who can then approve them individually and track costs associated with each. The road agent agreed to do this for 2009 and future years, and he projected a total of \$180,000 for such projects for 2009, equal to the \$180,000 allocated in 2008. We took this number and projected it backwards and forwards in time, using 6% inflation. We then took the historical road rebuilding data, adjusted it for road projects already included in the capital expenditure history and redrew the graph of historical Capital Expenditures in Town.

The historical numbers for Capital Project expenditures are now larger than given in last year's report by the amount of past under-reporting of road repaving costs. Future projections for Capital Project expense will also be increased by including the road repaving activities as Capital Projects.

The modified historical data appear in Figure 1 below. From these, the numbers for Tuftonboro's future Capital Capacity are given in Table 1. We feel that, by including the highway repaving projects as Capital Projects, we present an improved picture of total capital expenditures in Tuftonboro. The voters can then more readily compare priorities for all Capital Projects in Town.

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

**Capital Expenditure History and Capital Capacity Projections
for Tuftonboro, from 1991 to 2018.**

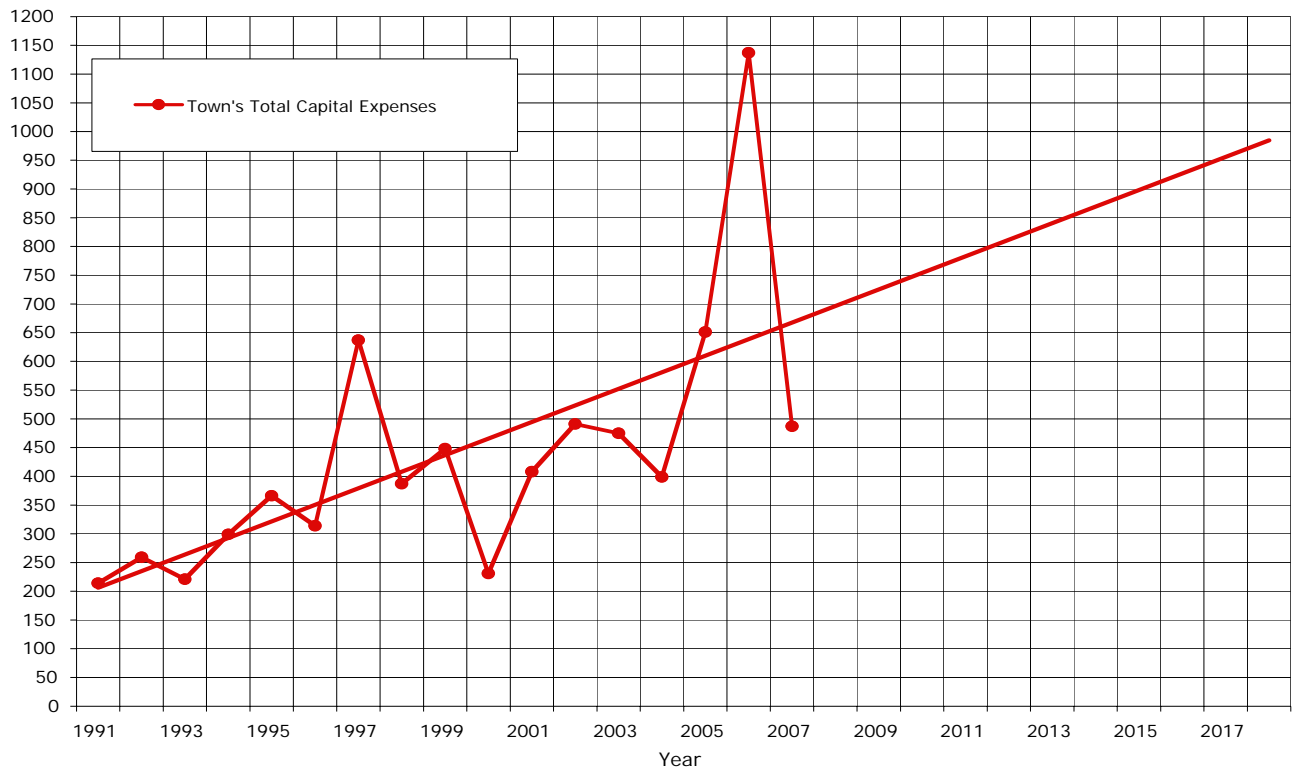


Figure 1

Figure 1 graphs expenditures in Tuftonboro for Capital Projects, including road resurfacing projects, from 1991 to 2008. The slope of the data projects forward to 2018 to establish a guide for future Capital Project expenditures. This is the Town's future Capital Capacity. *(Please note that the spike in expenses for 2006 is the result of typical Capital Projects plus \$204K for the Cheney Farm, \$245K for the Dearborn property and \$115K for Cemetery expansion)*

<u>Year</u>	<u>Capital Capacity</u>
2009	\$720,000
2010	\$750,000
2011	\$780,000
2012	\$810,000
2013	\$840,000
2014	\$870,000
2015	\$900,000
2016	\$930,000
2017	\$960,000
2018	\$990,000

Table 1

Table 1 shows the Town's future Capital Capacity in dollar amounts.

Proposed Capital Projects & Purchases

The CIP Committee contacted the heads/chairs of each Department and Committee in Tuftonboro with the request to prepare a project submission form for each project planned or contemplated for implementation during the next 10 years. The table below lists their responses. Some did not meet the definition of a Capital Project. Most were very carefully prepared with significant backup material.

Following this table are summary descriptions of each project with the comments and recommendations 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 1
Cemetery Trustees		NO 1
Code Enforcement Officer	X	NO
Conservation Commission	X	YES 2
Emergency Management	X	YES 3
Fire/Rescue Department	X	YES 6
Government	X	YES 1
Health Officer	X	NO
Highway Department	X	YES 5
Joint Loss Safety Committee		NO
Library	X	YES 2
Moderator		NO
Parks & Recreation Commission		NO
Planning Board	X	YES 1
Police Department	X	YES 1
Public Safety Facilities		YES TBD
Solid Waste Department	X	YES 3
Supervisors of the Check List		NO
Tax Collector		NO
Trustees of Trust Funds		NO
Town Clerk	X	NO
Treasurer		NO
Zoning Board of Adjustment	X	NO

Details of Town Proposals

A. Board of Selectmen

Although the Selectmen proposed only one capital project, they made recommendations for other projects listed under the respective responsible department.

1. Office Computer Update

This project is to improve the Town's office computer hardware and software. This will update the server and the back-up unit, improve the network software and update the anti-virus software. Quotations have been obtained totaling \$12,000 for the package.

CIP Committee comments: The Office computer system is aging and it is important to keep these systems current, especially for security.

CIP Committee Recommendations: A Warrant Article for \$12,000 in 2009.

B. Conservation Commission

1. Land and easement acquisitions

The Conservation Commission plans acquisition of easements, land or development rights if it furthers their charter to protect the natural resources of Tuftonboro. 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 the voters of Tuftonboro. The Conservation Commission does receive funds for this purpose from conversion of Current Use property to developable status, using a formula. Generally, this provides a few thousand dollars per year. The Conservation Commission is proposing to purchase an easement for a sum of up to \$500,000. Actual proposed cost will be known closer to Town Meeting.

CIP Committee Comments: This project was presented to the CIP Committee without explanation because, in part, of the sensitive nature of ongoing negotiations.

CIP Committee Recommendation: The CIP Committee has no recommendation at this time.

2. Ecological Study of Melvin River

The project will consist of hiring a firm to conduct a background study of Melvin River so future conditions can be compared with today's.

CIP Committee Comments: This project has been discussed informally within the Conservation Commission, and we understand that they intend to include this as an operating cost in their departmental budget request. The CIP committee feels that this is not appropriate, and lists it here as a Capital Project.

CIP Committee Recommendation: The CIP Committee recommends that the Conservation Commission be asked to provide a definition of this project, with timetable, goals, uses of the data and the procedure to be followed in managing the project. The CIP Committee has no other recommendation for this project at this time, although we are, in general, in favor, of this type of project.

C. Emergency Management Service

1. Emergency Generator at Town Offices

The present 5KW generator is a manually operated gasoline powered unit and is insufficient to power the Town Office and the Police Department. The Town Office is also the location for Tuftonboro's Emergency Management Center during time of emergency. The project is to replace this unit with a new 20KW 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 total estimated cost of this project is \$20,000. It would reduce personnel, operating and maintenance costs.

CIP Committee Comments: The Committee feels this is an important project. This project was earlier scheduled for 2011 but the Emergency Management Director suggested that it be brought forward one year to 2010. The capacity of this generator may have to be changed to reflect decisions made regarding any change in the police facilities.

CIP Committee Recommendation: Schedule a \$20,000 Warrant Article for 2010.

2. Ambulance Service

An ambulance service run by the Fire/Rescue Department should better serve the community and might 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 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 for the future. More planning and discussion needed. This is not a project to launch within 10 years; however as the population ages we may need to consider it.

CIP Committee Recommendation: No action at this time.

3. Improved Wireless Coverage for Mutual Aid.

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

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

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

D. Fire/Rescue Department

1. Water Storage Cistern Placement in Several Locations around Town

Many areas in town have limited or no sources of water for fighting fires, except that which is brought by the equipment. Replenishment supplies are distant and this inhibits the ability of the fire department to efficiently overcome major incidents in these areas. If we can place cisterns in these areas, replenishment of water for fighting a major fire is quicker. Each cistern costs about \$50,000 plus site costs. The cisterns would be replenished by trucking in the water. The town could ideally use several of these, but installing one every 5 or 6 years might make sense.

CIP Committee comments: Useful if the town has funds available and if done over an extended period.

CIP Committee recommendation: Schedule a Capital Reserve for this task and appropriate \$10,000 per year.

2. 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, hauling 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. This was originally scheduled for 2013 but increased deterioration suggests earlier replacement.

CIP Committee Comments: Vehicle needs replacement soon.

CIP Committee Recommendation: Schedule Warrant Article for \$38,000 in 2010.

3. 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 the HAZMAT 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 Chevy Suburban or equivalent vehicle at a cost of about \$55,000 (was \$50,000 last year). The Chief has requested that this purchase be brought forward to 2009.

CIP Committee Comments: Vehicle needs replacement soon.

CIP Committee Recommendation: Schedule Warrant Article for \$55,000 in 2009.

4. 10-Rescue-1 (No change from 2007)

This project is to acquire a rescue pump truck to increase the department's capabilities. The current 2001 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 pump truck 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.

5. 10-Engine-1 (No change from 2007)

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.

6. Ladder 1/Tower 1 (No change from 2007)

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.

E. General Government

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

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

CIP Committee Comments: The existing tax map is manually updated every year. It is not clear that a computerized version would be as easy to use or as accessible to the public as the existing paper map. 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 2014.

F. 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.

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. The CIP Committee proposes that all road-related Capital

Projects are individually specified and funded, with tracking of individual costs. With the cooperation of the Road Agent, this has been done for 2009. We propose that a lump sum for named roads be budgeted for future years, and that the projects be identified and broken out as individual Capital Projects one year in advance.

1. 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 \$100,000, of which an uncertain percentage may be reimbursed in the future under the State's bridge program. (A larger program of repair to Lang Pond Road was proposed at last year's town meeting, for \$225,000, but was rejected by the voters)

CIP Committee Comments: The Board of Selectmen proposed this as a project. They and the Road Agent agreed that the cost will be about \$100,000 and it will take about two years to complete the project.

CIP Committee Recommendation: Given the uncertainty surrounding this project, the CIP Committee has no recommendation at this time, but we do note that part or all of this project may be classified as a "Bridge" project by the State, thus qualifying for 80% reimbursement at a future date.

2. Sodom Road Repaving

Tuftonboro's Road Agent resigned in mid September 2008, after he had named the road upgrade projects as Capital Projects but before he had described the justification for each one. These are items 2, 3 and 4 in this section. At the time this is being written, a replacement Road Agent has not been selected and it is not possible to be specific about these projects, or even if they will be done next year. Given the uncertainty, we have allocated the amounts estimated by the previous agent to these projects, but expect that the actual expenditures next year may be different.

CIP Committee Comments: See above

CIP Committee Recommendation: \$90,000 proposed as a separate individual Warrant Article

3. Union Wharf Road Repaving

CIP Committee Comments: See above

CIP Committee Recommendation: \$70,000 proposed as a separate individual Warrant Article

4. Pine Mill Road Repaving

CIP Committee Comments: See above

CIP Committee Recommendation: \$25,000 proposed as a separate individual Warrant Article

G. 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 2009, with construction lasting approximately 10 months and a projected move-in date of February 2010.

The most recent estimate for this project (September, 2007) is \$ 2,084,000.00. The Trustees propose funding the project through a 15 year bank financing package with most of the first two years' payments made from accumulated gifts and trust funds, the remainder of the 2006 Town appropriation, and firm pledges.

CIP Committee Comments: Trustees and Building Team need to continue to publicize this project and continue fundraising. CIP Committee agreed to support a Warrant Article in 2009. No tax cost in 2009 or 2010.

CIP Committee Recommendations: Move the start of the project by one year to 2009.

2. Existing Library Building (No change from 2007)

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. If a police station, the cost will come from the Public Safety Facilities fund.

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. The CIP Committee recommends to the Selectmen that they give some serious attention to what they wish to do with this building, assuming that the new library Warrant Article is accepted by the voters. The existing library building is a Town asset of significant utility.

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. We recommend that the Selectmen request the Public Safety Facilities Committee to include the existing library in their thinking.

H. 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, subdivision and site plan regulations for compliance and consistency with the Vision Statement, State regulations and recommendations outlined in the 2007 Master plan.

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.

CIP Committee Recommendation: Accept the Planning Board's schedule of \$15,000 in 2009. Place a \$15,000 Warrant Article on 2009 ballot.

I. Police Department

1. Vehicle Replacement Schedule

The Police Chief and the Board of Selectmen prepared two different schedules for replacement of Police Department vehicles. The Police Chief's was based upon a 6-year replacement cycle. The Selectmen proposed a less aggressive schedule, replacing each vehicle when it is 8 years old. The oldest Tahoe is 8 years old this year, and has about 110,000 miles on it. If we stay with 8 years to replacement, the schedule would be to replace this vehicle in 2009, with one vehicle every other year thereafter.

CIP Committee Comments: The Committee agreed to remain with the Selectmen's schedule of replacing a vehicle after 8 years of use. The Town purchased a new vehicle in 2008 and if a second new vehicle is purchased in 2009, we can then maintain the 8-year cycle by creating a Capital Reserve and allocating \$20,000 to this each year thereafter.

CIP Committee Recommendation: Generate a warrant Article for a new vehicle for 2009 at \$35,000, then create a Capital Reserve and fund it with \$20,000 each year thereafter.

J. Public Safety Facilities

1. Public Safety Facilities

The Selectmen appointed a Public Safety Facilities Committee in early 2008 to study this issue and make recommendations and this committee has been meeting frequently since then. They are due to deliver a report to the Selectmen in November 2008.

The CIP Committee met with the Public Safety Facilities Committee to discuss schedule and likely proposals for the 2009 Town Warrant for this activity. The PSB Committee informed us that these matters were beyond its charter, which ends with their presentation of 2 or 3 alternatives to the Board of Selectmen.

The CIP Committee feels that the Public Safety Facilities Committee, the Selectmen and the voters should take as much time as required to arrive at an optimum solution for the needs of our public safety departments. It will be counterproductive if this process is rushed, since the voters in Tuftonboro have rejected large Capital Projects that are not clearly presented.

For that reason, as well as for reasons of matching our Capital Capacity with our capital expenses, the CIP Committee recommends delaying submission of the major Warrant Article for this project until the 2010 Town meeting. We suggest that engineering and design work during 2009 be funded from a 2009 Warrant Article.

CIP Committee Comments: See above.

CIP Committee Recommendation: Submit a Warrant Article for public presentations, obtaining public input and engineering work. We propose \$50,000, non-lapsing, subject to adjustment by the Board of Selectmen.

K. Solid Waste Department

1. Bobcat Replacement (No change from 2007)

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 \$20,000.

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

CIP Committee Recommendation: Schedule a Warrant Article for \$20,000 in 2009.

3. Glass Crusher

The existing glass crusher is aging and will either need major overhaul or replacement soon. A new glass crusher will be safer to operate and will replace the existing unit which would then be used as backup. The cost of a new unit would be about \$10,000.

CIP Committee Comments: See above.

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

4. Transfer Station Upgrades

The Board of Selectmen has decided to shelve any discussion about modifying the Transfer Station facilities until the committee studying mandatory recycling has prepared its report on that subject. If this report is available before Town Meeting, if the Selectmen decide to bring a Warrant Article before the Town concerning mandatory recycling, and if the Town approves such a change, the outcome will affect the volume of materials being processed by the Transfer Station, leading to a need for increased equipment and facility space in the future.

With that in mind, the CIP Committee does not recommend any change in physical facilities at the transfer station at this time except for items 2 and 3 above.

Governor Wentworth Regional School District Capital Projects

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

In 1998, a new scheme for raising and distributing school taxes was put into effect where the Town paid one reduced tax directly to GWRSD and a second tax to the State. This second tax was then divided into two parts by the State, one of which was returned to GWRSD while the other was distributed to other school districts in New Hampshire with inadequate funding (Donor Town Tax). From 1999 to 2004, inclusive, the portion of the Donor Town Tax retained by the State and not returned to GWRSD was approximately 44% of the State assessment, which equals 25% of all Tuftonboro taxes raised to support our schools.

In 2005, and subsequently, 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 of Donor Town Tax previously retained by the State.

Our understanding from Tuftonboro's State Representative, Betsey Patten, and others, is that this Donor Town Tax will be reinstated, given the strains on all aspects of the State budget. Timing for reinstatement is uncertain, and the amount is even less predictable. The advice we received, if we wish to be conservative, is to assume reinstatement in 2011, at a magnitude at least as great as previously paid (about \$600,000 per year). It may be significantly higher but this will lead to political tensions that may change all assumptions. The Superintendent of the GWRSD advised us that the reinstated Donor Town Tax might be as high as \$1,000,000. We decided to assume that the Donor Town Tax will be reinstated in 2011 at a level of \$800,000 per year from Tuftonboro.

In addition to the Donor Town Tax issue, GWRSD has, for the last several years, been attempting to pass a bond issue for a new school, without success. A new attempt will be made this coming year and, if successful, will result in \$67 million bond issue. Funding will come from different sources, especially for the vocational training aspects of the project, leaving about \$27 million to be raised from the voters throughout the School District. We are projecting a \$27 million bond in 2009 for this project, paid over 30 years, with 50% of the annual payment due in 2009.

Carroll County - Capital Projects

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

The CIP Committee met with the Chair of the Carroll County Delegation to review County plans for Capital Projects. The Delegation has voted to build a new County Nursing Home. It is not clear when this will occur, but we were advised that we should plan on expenditures beginning Spring 2010.

Discussions are ongoing to find a cost-sharing partner, but nothing is secured yet and, according to the latest reports, nothing will be. The cost of the project, including interest, is estimated to be a little over \$9 million. The number of beds is set, by permit, to be 103 and the construction cost is about \$150 per square foot, plus site work.

In discussions with the County Delegate, we decided to assume a total project cost of \$10 million, with a 20-year bond, at 6.5% interest, resulting in an annual cost to the county of about \$0.9 million. Tuftonboro's share of this cost is 7 to 8%. Our conclusion is to plan for an additional cost to Tuftonboro in the county tax burden of \$70,000 per year, starting in 2010.

Conclusions and Recommendations

Financing Considerations

There are five basic methods for paying for a project:

- Pay in advance (saving - Capital Reserve) - majority vote
- Pay at purchase (current taxes) - majority vote
- Pay later (debt financing - Bond or Bank) - two thirds vote
- Pay later (debt financing - Seller) - usually majority vote
- Pay as you go - Enterprise Fund (generally for operating expenses)

All five 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 is the preferred approach. However, if the demand for capital expenditures exceeds the Capital Capacity, debt financing is the way to reduce the difference. Tuftonboro has not used an Enterprise Fund, but this concept may be worth considering for revenue generating departments, such as the Transfer Station, to alleviate operating expenses,

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 reasonable to ask those who benefit from its use to pay in advance for its replacement through 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 through repayment of debt.

The CIP Committee has suggested the most appropriate funding technique for each project to bring the total annual cost of the proposed projects to approximately equal 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 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.

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

Total Capital Project Expenses for the Period 2009 to 2018 recommended by the Tuftonboro CIP Committee

Department and Name of Project	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019+	NO DATE	Dept Priority	CIP Priority	Comments	TOTAL 2009- 2018	Financing comments
All Numbers are \$,000s																		
Board of Selectmen																		
Office Computer Update																Upgrade Server, back-up unit and security software.		Direct from taxes
Conservation Commission																		
Conservation Easement																Anticipated Conservation Easement Purchase		Cost uncertain, may be significantly less, but not more.
Monitoring Melvin River																Baseline Monitoring Project for Melvin River.		Periodic Projects, direct from taxes
Emergency Management																		
Upgrade Generator At Town Office and PD														II	V	Needed, capacity to be determined after public safety building proposal is submitted.		Direct from taxes
Ambulance Service													150	III	V	Future Study		
Emergency Radio Coverage																Improves Mutual Aid response, coordinates town departments, fills in dead spots.		
Fire/Rescue																		
Cistern placements (Capital Reserve)																Improve fire service delivery, brings water to dry regions, ongoing project, \$50K+ per cistern.		
10-Utility-2														I	III	Falling Utility truck		Direct from taxes
10-Car-1														II	II	Ageing Suburban for Chief's use.		Direct from taxes
10-Rescue-1 (Capital Reserve)														III	III	Further study requested by the Fire Chief. Discussion needed about priorities and funding sources. Consider refurbishment.		
10-Engine-1 (Capital Reserve)														III	IV/III	Needs further study for long term needs of the community.		
10-Engine-2														V	V	Unavoidable commitment for fire truck lease (also includes loader for Solid Waste Dept.)		Already committed
Fire Truck (and Loader) (Debt Repayment)																		
Government																		
Tax Map Update														III	III	More information needed, alternatives, priority, scheduling. No cost/benefit analysis. Unavoidable Debt repayment schedule, but could be rescheduled if required.		Assume 3 year finance plan, or spread payments. Currently obligated.
Gould Property Payments (Debt Repayment)																		
Highways Department																		
Lang Pond Road Repair														II	II	Repair and reconstruction of a section of Lang Pond Road, engineering work		Some reimbursement possible in the future.
Soddom Road Repaving														II	II	Used to be in a combination Warrant Article		Individual Warrant Article
Union Wharf Road Repaving																Used to be in a combination Warrant Article		Individual Warrant Article

Pine Mill Road Repaving	25																		Used to be in a combination Warrant Article	Individual Warrant Article
Other Named Road Repaving		196	208	220	234	248	262	278	295	313								II	Roads need to be named each year and expenses tracked by project.	
Library																				
New Library Building	110	210	205	200	195	190	185	180	175	170								II	Same project as previously submitted at town meeting.	
Old Library Building																		V	Cost of conversion will be minimal unless used by Police Dept. who will cover	Not a CIP project at this time.
Parks & Recreation																				
Planning Board																			No Project Submitted	
Police Department	15																		Will have more information in the fall	
Vehicles (Capital Reserve)																			8-year replacement schedule	Capital Reserve
Public Safety/Facilities	35	20	20	25	25	25	25	25	25	25								I		
Fire/Safety facilities	50	100	200	200	200	200	200	200	200	200	200								CIP Committee assumption in the absence of alternative guidance.	
Police Department facilities		50	100	100	100	100	100	100	100	100	100								CIP Committee assumption in the absence of alternative guidance.	
Solid Waste Department																				
Replace Bobcat										35								III	Schedule is somewhat arbitrary, but reasonable.	Direct from taxes
Vertical Baler	20																	II	One needed now.	Fund the purchase with seller financing or with debt.
Glass Crusher			10																Repair or replace, as needed	
Transfer Station Upgrades																		I	To be defined by the Selectmen, subject to upcoming mandatory recycling study.	Direct from taxes, over 2 years.
Credits																				
Reserves		-20	-66																From fire truck Capital Reserve.	Direct credit in the year shown.
Donations and Set-asides	-110	-90																	Grant and Donation Funds. Up to \$200K available for library.	Direct credit in the year shown.
Unexpended Appropriations																				
TOTAL PROJECT EXPENSE	810	839	976	974	934	893	972	983	980	2088										Total Project Expenses (Tax Burden)
Capital Capacity		720	750	780	810	840	870	900	930	960	990								Taken from the Capital Capacity graph.	Total Capacity
Capital Capacity minus total Project Expense		-90	-89	-196	-164	-94	-23	-72	-53	-20	-1098									This is the Capital Capacity shortage with this financing model
27 October 2008	Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019+	NO DATE					Priority	CIP	2008-2017

Schedule of Proposed Warrant Articles for 2009

- 1 Generate a Warrant Article to appropriate \$12,000 from taxes for Town Office computer system upgrade.
- 2 Generate a Warrant Article to approve purchase of a yet-to-be-identified easement for \$500,000. Create a Capital Reserve for acquisition of this easement. Appropriate \$100,000 from current taxes into this Capital Reserve. *Proposed by Conservation Commission, subject to further discussion.*
- 3 Generate a Warrant Article for a consulting contract to monitor the Melvin River - \$29,000 from current taxes. *Proposed by Conservation Commission, subject to further discussion.*
- 4 Generate a Warrant Article to create a Capital Reserve to install water tank cisterns around town and appropriate \$10,000 from current taxes into it for this task.
- 5 Generate a Warrant Article for \$55,000 for a new 10-Car-1. Finance with a three-year bank package. Appropriate \$20,000 from current taxes for this.
- 6 Fire truck lease (\$66,000) and Gould property (\$133,000) payments should be noted, but not voted upon.
- 7 Create a non-lapsing Warrant Article for \$100,000 for the repair of Lang Pond Road. Appropriate \$50,000 for first year's payment from current taxes.
- 8 Create a Warrant Article (non-lapsing?) for the resurfacing of Sodom Road, appropriate \$90,000 from taxes for this task.
- 9 Create a Warrant Article (non-lapsing?) for the resurfacing of Union Wharf Road, appropriate \$70,000 from taxes for this task.
- 10 Create a Warrant Article (non-lapsing?) for the resurfacing of Pine Mill Road, appropriate \$25,000 from taxes for this task.
- 11 Create a non-lapsing Warrant Article to build a new library. Fund this project with the remaining dollars from previous authorizations, donations and a mortgage of some type for the balance, in that order. *Details, including cost, to be confirmed.*
- 12 Create a Warrant Article to appropriate \$15,000 from current taxes for a contract between the Planning Board and a consulting organization for upgrading zoning regulations.
- 13 Create a Warrant Article to appropriate \$35,000 from current taxes for a new police vehicle.
- 14 Create a Warrant Article to appropriate \$150,000 from unexpended appropriations to fund the further study, design and planning of Public Safety Facilities. *Details to be confirmed.*
- 15 Create a Warrant Article to appropriate \$20,000 from current taxes for the purchase of a baler.

PROJECTED TAX RATES FOR THE TOWN OF TUFTONBORO FOR THE PERIOD 2008 TO 2011

Year	2005	2006	2007	2008	2009	2010	2011	05-11
Operating Expenses less Income & Offsets (\$,000)	906	1,092	1,628	1,326	1,432	1,547	1,670	
Operating Expenses less Income & Offsets, Rate (\$/,000)	0.88	1.06	1.58	1.27	1.37	1.49	1.60	+82%
Capital Expenses (\$,000)	513	962	292	659	810	839	976	
Capital Expenses (\$/,000)	0.50	0.93	0.28	0.63	0.78	0.80	0.93	+86%
Total Town Only Tax Rate	1.38	1.99	1.86	1.90	2.15	2.29	2.53	+83%
County Ops. Tax Rate (+11% p.a.)	0.68	0.76	0.87	1.00	1.11	1.23	1.37	+101%
School Ops. Tax Rate (+9% p.a.) (excluding Donor Town tax)	4.03	4.31	4.81	5.05	5.50	6.00	6.54	+62%
Donor Town Tax rate	0	0	0	0	0	0.78?	0.78?	
New School plus New Nursing Home Tax Rate	0	0	0	0	0.09	0.29	0.29	
Total Non-Town Tax Rate	4.71	5.07	5.68	6.05	6.70	8.30?	8.98?	+91%
Total Tax Rate	6.09	7.06	7.54	7.95	8.85	10.59?	11.51?	+89%

Notes: All numbers assume a constant town valuation of \$1.03B.
Assumes 8% annual growth from 2007 in "Operating Expenses less Income and Offsets".
2005 to 2007 is actual; 2008 to 2011 is estimated, based on the given assumptions.

Updated 11/17/08

2008 Tuftonboro Town Meeting Warrant Articles (2007 CIP Report)

Comparison of Capital Projects proposed by the 2007 CIP Committee, Warrant Articles proposed by the Selectmen and actual results. Note that a Capital Project need not necessarily be a Warrant Article, and vice versa, although they are usually the same. Some Warrant Articles did not rise to the definition of a Capital Project, such as \$8,550 for a police radar trailer and \$7,500 for County Road.

Department and Name of Project	CIP Committee Proposal	Selectmen Proposal	Budget Committee Proposal	Town Meeting Approval	Comments
Conservation Commission, acquisition of property	\$10,000	Not Recommended	Not Recommended	No	
Conservation Commission consultant	\$0	\$29,000 in Operating Budget	\$29,000 in Operating Budget	Yes	Should have been a Warrant Article
Fire Department, Fireboat	\$30,000 Capital Reserve	\$80,000	\$80,000	Yes	Cip Committee proposed seller financing. Outright purchase selected
Fire Department Self Contained Breathing Apparatus	\$0	\$132,783	\$132,783	Yes	CIP scheduled for 2010, \$126,144 grant became available in 2008
Fire Truck and Loader Lease Payments	\$66,000	Yes	Yes	No vote needed	Ongoing lease payment
Gould Property Payment	\$138,000	Yes	Yes	No vote needed	Ongoing bank debt payment
Tax Collector Capital Reserve for revaluation	\$25,000	Not Proposed	Not Proposed	N/A	Cost of revaluation is less due to computerization
Lang Pond Road Repair	\$50,000 progress funding	\$225,000	\$225,000	No	Selectmen increased scope of project and requested funding
Planning Board Consultant	\$15,000	In Operating Budget	In Operating Budget	Yes	Should have been a Warrant Article
New Police Vehicle	\$40,000	\$37,500	\$37,500	Yes	
Fire/Safety Facilities Update	\$100,000	\$10,000	\$10,000	Yes	Selectmen deferred upgrade payments until study is complete
Police Facilities Update	\$50,000	See Above	See Above		See Above
Paving of Town Roads	Not Addressed	\$185,000	\$185,000	Yes	Not considered by CIP Committee, will be addressed in 2009
Dredging of Melvin River	Not Addressed	\$10,000	\$10,000	Yes	Need arose too late for CIP Committee

One conclusion from this table is that the CIP Committee must interact more frequently with the Board of Selectmen during the year, and should also work more closely with the Budget Committee on Capital Projects, to ensure that the budget process benefits from earlier discussions between the Department Heads, the Selectmen and the CIP Committee.

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