

**TOWN OF TUFTONBORO
NEW HAMPSHIRE**

CAPITAL IMPROVEMENTS PROGRAM

FOR THE PERIOD

2011 to 2020

Issued November 16, 2010

**Capital Improvements Program
Tuftonboro, New Hampshire
2011-2020**

In this, our fourth report, Tuftonboro’s Capital Improvements Program (“CIP”) Committee wishes to acknowledge and to thank Tuftonboro’s Department Heads, Committee and Commission Chairs, the Town Treasurer, the Superintendent of the Governor Wentworth Regional School District, Tuftonboro’s School Board representative, and the Chair of the Carroll County Delegation, each of whom assisted us readily and effectively in our work. Their willingness to take the time to respond to our requests for information regarding their plans for capital projects, or the absence thereof, helped us to be as efficient as possible.

The CIP Committee especially thanks Tuftonboro’s Board of Selectmen for their active support. Carolyn Sundquist’s participation as a CIP Committee member this year maximizes the likelihood that our efforts, as reflected in this report, will benefit the citizens and residents of Tuftonboro.

Town of Tuftonboro Capital Improvements Program Committee - 2010

Terry Smith	Chair
John Simms	Vice-Chair
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John Lapolla	Planning Board Representative
Bill Marcussen	CIP Committee Member
Kristen Pike	CIP Committee Member
Carolyn Sundquist	Board of Selectmen Representative
Lloyd Wood	Budget Committee Representative

Board of Selectmen – 2010

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Introduction

Tuftonboro's CIP Committee began at the 2007 Town Meeting where voters approved a petitioned Warrant Article to “. . . authorize and direct the Selectmen to appoint a committee to prepare a Capital Improvement Program in accordance with RSA 674:5.” The Selectmen (who recommended voter approval of the article) appointed seven residents to serve on this new committee. The authorization for CIP Committees is in the NH state statutes. The standards for their formation and operation, and a delineation of their responsibilities are found in Chapter 16 of *The Planning Board in New Hampshire - A Handbook for Local Officials*, published by the New Hampshire Office of Energy and Planning.

In October, 2007, Tuftonboro's CIP Committee prepared and presented its first annual report to the Selectmen laying out a projected schedule of Capital Projects for Tuftonboro for the period 2008 to 2017. As the first annual report for Tuftonboro's CIP Committee, it was lengthy and included a great deal of background material that does not require repeating or updating here. This 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 detailed information about the history of expenditures by the Town of Tuftonboro (both capital and operating) dating back to 1991. This laboriously extracted data provided the foundation for the Committee's establishment of a **Capital Capacity** for Tuftonboro that, in turn, led to projections for a “reasonable” level of Capital Expenditure projected out through 2017.

For the reader interested in this background, copies of each of the CIP Committee reports are available at the Tuftonboro Library. Copies may be viewed and downloaded through links found on the CIP Committee's page on Tuftonboro's website (www.tuftonboro.org/Pages/TuftonboroNH_Boards/Capital).

In this 2010 CIP report, we list the projects proposed by Tuftonboro's various departments, committees, commissions, and boards for the period 2011 to 2020; we describe what each entails; we provide the CIP Committee's recommendations to the Selectmen on each project; and, we suggest a timetable and financing schedule for these on a summary spreadsheet.

We also include in this report a summary schedule from the previous year showing what was proposed by the CIP Committee, proposed by the Board of Selectmen for Town Meeting to vote on, and the final decisions made by the voters at the 2010 Town Meeting.

At the end of this report, we include the history of tax rates from 2006 through 2010 broken down into “Town Only” and “Non-Town” expense components. The former includes Town operating and capital expenses while the latter includes school and county operating expense as well as identifiable capital projects as well as tax effects of certain state mandates. We extend this data series as our projection of what Tuftonboro's taxpayers might expect to see over the period 2011-2016.

Copies of this report are available at the Town Offices, the Tuftonboro Free Library, and at the Town website as noted above.

Our Capital Improvements Program -- The Fundamentals

The CIP Committee has defined a *Capital Project* to be a specified item or activity with a cost of at least \$10,000 *and* with a useful life of two 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

In late summer, the CIP Committee solicits input from all departments, commissions, and committees in Tuftonboro. It requests a description of all Capital Projects contemplated for the next ten years. The CIP Committee then reviews each proposed project (often with the sponsors presenting their projects), arrays these on a single spreadsheet reflecting priority, an optimum financing method, and a schedule for each year consistent with the Town's Capital Capacity. The CIP Committee then votes to accept the final version of the spreadsheet. The Committee prepares its report (this document) summarizing its work and including the suggested form of Warrant Articles for the recommended projects that can be used by the Board of Selectmen and the Budget Committee. A public presentation of the report is made to a joint meeting of the Selectmen, Budget Committee and Planning Board. While CIP Committee members may speak on Capital Projects in various meetings up to and including Town Meeting, only the recommendations of the Selectmen and Budget Committee will appear with the Warrant Articles submitted to Town Meeting for approval in March.

The expected benefits from using the CIP process and the CIP report in budgeting municipal expenditures have been increasingly realized as the various users of our work product have become familiar with it. There are the management benefits from a capital budgeting process and the discipline associated with long range planning. Also, the CIP provides a formal, legally recognized, bridge between the Town's Master Plan and the annual budgeting activity. This is the basis for the Planning Board to be represented on the CIP Committee. The CIP report, with its identified 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, and
- permits the Town to consider using impact fees and growth management ordinances

In legal terms, 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, the report is proving to be an essential, helpful, management tool for all involved in planning the Town's future.

Capital Capacity

Probably no other aspect of the CIP Committee’s report generates as much discussion as *Capital Capacity*. Our committee has re-affirmed the method used and refined by previous CIP Committees since 2007. Briefly, this method plots on a graph the *actual* expenditures for Capital Projects, including road resurfacing projects, as extracted from Town Reports from 1991 through 2010 (for 2010, we use the most recent estimates of full year totals). Next a “best fit” line is plotted in spreadsheet software using the historic expenditure points (1991-2010) and *extended* by the software for another ten years. Two popular spreadsheet applications were used to generate our line, and both were in very close agreement. This year, we utilized one of them, Microsoft’s Excel, to determine for the first time the precise numerical values along the extension of the line from 2011 out to 2020. The Excel feature used was its “linear trendline.” The values are displayed, as well as the historical data, in Table 1 below. The values in this table are those used in this report for Tuftonboro’s Capital Capacity.

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Cap. Exp. (\$ 000’s)	214	260	222	293	373	207	645	387	457	231	349	431	523	570	705

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cap. Exp. (\$ 000’s)	1,157	491	581	508	532										
Cap. Cap. (\$ 000’s)						706	729	753	777	800	824	848	872	895	919

Table 1: Tuftonboro’s Capital Expenditures and Capital Capacity 1991-2020

The Board of Selectmen and the Department heads now use Capital Capacity in their budget deliberations. If the reader wishes to learn more about the history of Capital Capacity’s development, reference to previous years' reports will be most helpful.

While actual expenditures (as opposed to voter authorized amounts) are subject to year to year fluctuations and changing economic conditions, our work using these totals strongly suggests they provide the best basis from which to determine Tuftonboro’s Capital Capacity. This justifies the additional research sometimes necessary to establish the actual amounts spent.

Another year of calculating our Capital Capacity values suggests a consistency with town spending behavior. Spending levels “acceptable to” and “accepted by” our voters seem to be reflected in these numbers.

The full graph of Tuftonboro’s Capital Capacity is found on the next page in Figure 1. The plotted points are those from Table 1, above. These values are at the heart of the work of the CIP Committee. They capture the Town’s history, provide actual numbers to guide Town planning, and are firmly grounded upon the actual actions and decisions of the voters of Tuftonboro.

Capital Expense History and Capital Capacity Projections for Tuftonboro from 1991-2020

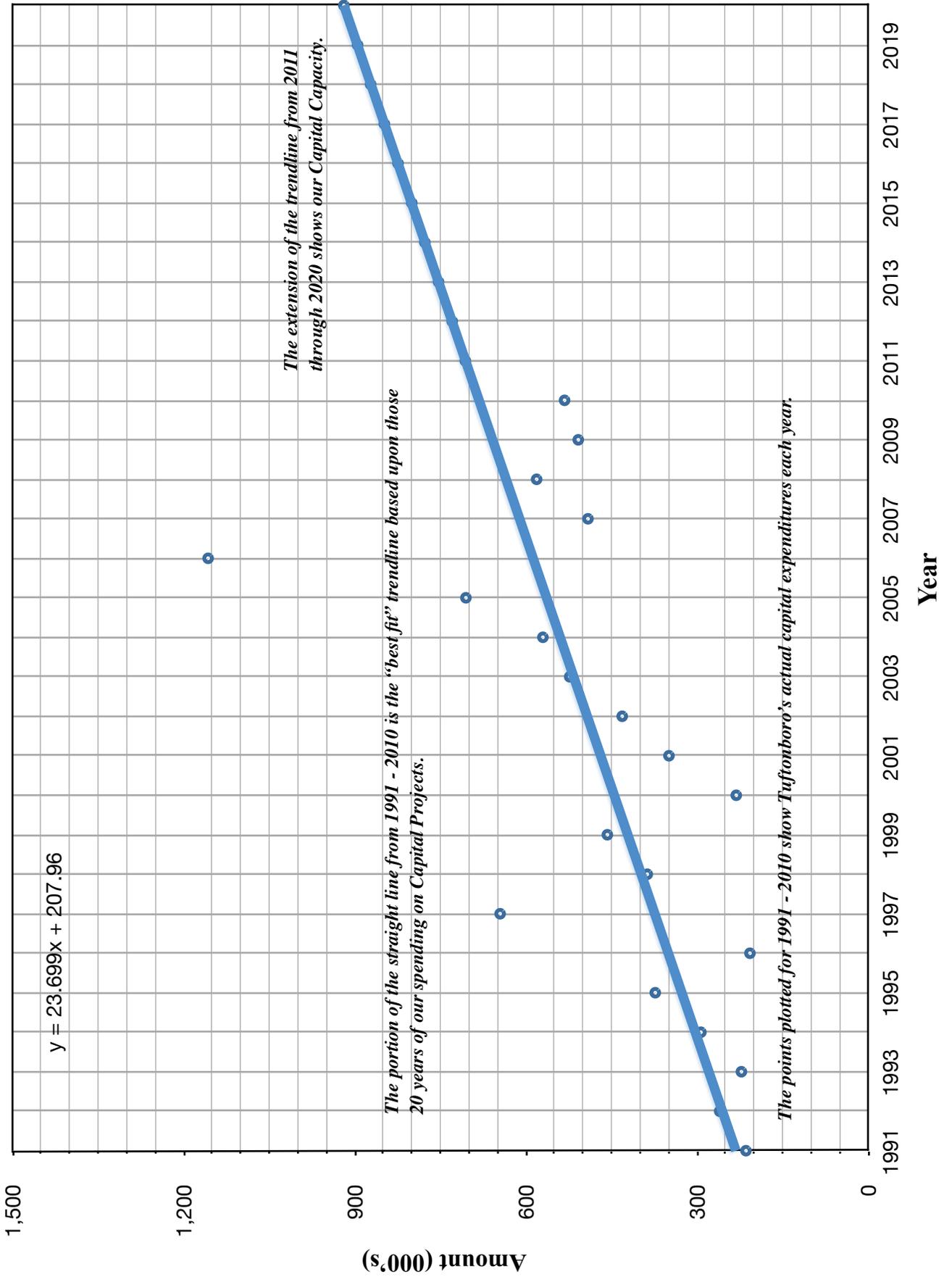


Figure 1 -- Capital Capacity Graph

Proposed Capital Projects & Purchases

The CIP Committee contacted the heads/chairs of each department, committee, and commission in Tuftonboro with the request to prepare a project submission form for each Capital Project planned or contemplated for implementation during the next 10 years. Following this table are detailed descriptions of each project we determined to be ready for submission to the Selectmen. The comments and recommendations of the CIP Committee are also included.

Details of Town Proposals

A. Board of Selectmen

The Board of Selectmen proposed four Capital Projects. The first is "Road Improvement Projects" and is fully described under the "Highway Department" heading. The second is "Assessing" and is discussed under the "General Government" heading, as is the third project, "Updating Tuftonboro's Tax Map." The fourth is a major project set carried forward from previous years and is discussed under "Public Safety Facilities" later in this report. This fourth project addresses the shortcomings of our current Fire and Police facilities. The continuing need for a larger Library building becomes more acute. The Library project is discussed in a section with that title later in the report.

B. Emergency Management Service

1. Emergency Generator at Town Offices

The present 11KW generator, providing emergency power for the Town Office complex, is a manually operated, gasoline powered unit. Its output is insufficient to power the Town Office and the Police Department. The Town Offices are also Tuftonboro's Emergency Operations Center ("EOC"). The proposed project is to replace this unit with a new 21KW, propane fueled unit, equipped to start automatically upon power failure and also to run periodic self-tests. The output is sufficient to power all EOC functions at the Town Office site as well as the Police station, furnace, water pump, and other critical functions. The old unit can be redeployed (perhaps to the Transfer Station). The total estimated cost of this project is \$16,000 and may be partially covered by a grant. Purchasing this generator can be expected to reduce personnel, operating, and maintenance costs and will improve community safety.

CIP Committee Comments: The Committee continues to consider this an important project. Although recommended last year, it was not presented to Town Meeting due to expense control. The estimated cost, which includes all accessory equipment, has been pruned to \$16,000 from last year's \$28,000 by re-sizing and careful costing. There is a possibility of a 50/50 cost share grant still being available from the State.

CIP Committee Recommendation: Support a \$16,000 Warrant Article for 2011.

2. Improved Radio Coverage for Emergency Services

This project is to place a 100 watt radio repeater on the Prospect Hill cell phone tower. The Town's present radio locations leave dead spots and weak reception zones for vital communications services. The proposed project (which has been refreshed for this year) will improve the radio capabilities available for emergency services and road crews.

CIP Committee Comments: A useful and important project. Reliable communication is a critical success factor to emergency operations and public safety. The availability of the cell phone tower solves the location question in previous iterations of this proposal.

CIP Committee Recommendation: Schedule for 2012 as requested.

C. Fire / Rescue Department

1. 10-Engine-1

10-Engine-1 is a class A pumper which will be 20 years old in 2011. Our Fire/Rescue department follows the National Fire Protection Association (“NFPA”) guidelines which call for retiring fire fighting apparatus after 20 years of service. In addition, the *annual* maintenance expenses on the present 10-Engine-1 have increased to around \$5,000 over the past several years. The order-to-delivery time for a new class A pumper is approximately nine months. Last year, a proposed addition to the fleet would have extended the useful life of this pumper. That project, however, was not submitted due to cost considerations. As a result, the Town needs to place its order for this direct replacement as soon as possible to avoid major repairs and to ensure the safety of our citizens. The estimated cost is \$450,000. The proposed financing has five annual payments of \$90,000. Financing costs are not included in these amounts.

CIP Committee Comments: The NFPA guidelines address both maintenance costs and safety considerations and support a 20 year replacement cycle. This appears to be a cost effective project which should be presented to Town Meeting. The project and the financing schedule appear reasonable and are consistent with the department’s previous Capital Project planning.

CIP Committee Recommendation: Support a Warrant Article for a five year lease/purchase at \$90,000 (plus financing costs) per year starting in 2011.

2. 10-Utility-2

10-Utility-2 is a 1985 Chevrolet C-30, one ton, flat bed truck. This 25 year old multipurpose vehicle is widely used. Last year, a proposed addition to the fleet would have extended the useful life of this vehicle. That project, however, was not submitted due to cost considerations. The result is the need to replace this vehicle to avoid major repairs and to ensure safety of our citizens. Scheduled for 2012, the proposed funding is a five year lease/purchase with annual payments of \$14,000 for a total purchase cost of \$70,000. Financing costs are not included in these amounts.

CIP Committee Comments: The replacement appears to be necessary with the vehicle being 27 years old in 2012 when the lease/purchase would begin.

CIP Committee Recommendation: Schedule for 2012-2016 as requested.

3. 10-Engine-2

This class A pumper will be 20 years old in 2018. Our Fire Rescue department follows the NFPA guidelines which call for retiring fire fighting apparatus after 20 years of service. This is the third piece of emergency equipment to have been affected by a proposed addition to the fleet, last year, which would have extended the useful life of this pumper. That project, however, was not

submitted due to cost considerations. The result is to schedule replacement of this pumper at an estimated cost of \$550,000 through a five year lease/purchase with annual payments of \$110,000 beginning in 2018. Financing costs are not included in these amounts. The lead time on orders for class A pumpers is currently nine months.

CIP Committee Comments: The size of this expenditure leads us to schedule it now even though the first payment would not occur until 2018. The NFPA guidelines address both maintenance costs and safety considerations and support a 20 year replacement cycle. The 20 year replacement cycle makes this a cost-effective project. The project and the financing appear reasonable and are consistent with the department's previous Capital Project planning.

CIP Committee Recommendation: Schedule for 2018-2022 as requested.

4. 10-Rescue-1

This project is an updated, re-submission of the request last year that was withdrawn due to cost considerations. The plan would be to replace the current rescue truck with a new, multipurpose rescue/pumper. In addition to increasing our rescue capabilities, as a class A pumper this addition would bring our count of class A apparatus to four. This would help meet anticipated growing demands for safety services by a larger town population as well as providing expanded coverage to our geographically spread-out community. The expected cost is \$600,000 and could be financed with a five year lease/purchase requiring annual payments of \$120,000. Financing costs are not included in these amounts.

CIP Committee Comments: The size of this expenditure leads us to schedule it now even though the first payment would not occur until 2020. The 20 year replacement cycle makes this a cost-effective project. The project and the financing appear reasonable and are consistent with the department's previous Capital Project planning.

CIP Committee Recommendation: Schedule for 2020-2024 as requested.

D. General Government

1. Revaluation

This project would create a Capital Reserve for updating the Town's property assessments. A revaluation is required of the Town every five years. The Town conducted a statistical revaluation in 2010 at a cost of approximately \$100,000. Although regular \$10,000 contributions to a Capital Reserve account established to help fund the next revaluation will probably only cover about half the cost, the Board of Selectmen and the CIP Committee feel the relatively low impact of this reserving is a good practice.

CIP Committee Comments: A good way to soften the quinquennial impact of required revaluations.

CIP Committee Recommendation: Establish a Capital Reserve account for this purpose and schedule annual contributions of \$10,000 beginning in 2011.

2. Tax Map Update

The Town's tax map is over 30 years old and does not have all the building changes that have occurred since it was drawn. Updating the map with the changes and transferring the data to computer will make it much more user-friendly for the community and better for planning purposes. The estimated cost is approximately \$150,000.

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

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

E. Highway Department

Tuftonboro has an elected Road Agent with the responsibility for maintaining and upgrading the Town's roads, bridges and docks. There are 45 miles of Town-maintained roads in Tuftonboro of which 33 miles are paved. Each year, at Town Meeting, the Town votes on three related highway budget items: (a) individual Named Road Improvement projects which are proposed by the Board of Selectmen; (b) "Paving and Shoulder" work; and, (c) the operating budget which includes summer and winter maintenance. In the past, the Board of Selectmen has proposed that item (a) be a single authorization initially set to be \$100,000 per year but has reduced that amount to \$50,000 in 2011 and in 2012. The CIP Committee proposes that the individual projects in this lump-sum appropriation, and the projects in the "Paving" Warrant Article, be identified in the Town Warrant by name with proposed amount of expenditure.

1. Road Improvement Projects (BoS proposal)

Each year, the Highway Department undertakes several road/culvert/ditch projects beyond the scope of the Paving Warrant Article. Past examples are Lang Pond Road and County Road and the upgrades of dangerous intersections. Roads being considered for improvement in 2011 include Ledge Hill and Union Wharf.

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

CIP Committee Recommendation: Given the very tight fiscal picture, we propose that this project be held to \$50,000 per year for 2011 and 2012, rising to \$75,000 for each of the next four years, before being set to \$100,000 per year thereafter beginning in 2017.

2. "Paving" Warrant Article

Each year, a sum is allocated for major road resurfacing/rebuilding. This used to be called "Special for Tar" but is now called "Paving." This amount has been \$185,000 for the last several years, and the Road Agent has indicated that amount would be sufficient for 2011. The Projects for 2011 are tentatively selected to be Ledge Hill Road and Union Wharf Road.

CIP Committee Comments: It is important to maintain the quality of the Town's roads.

CIP Committee Recommendation: Support the Paving Warrant Article at \$185,000.

F. Library

1. New Library Building

Although the Selectmen voted at their regular meeting on August 31, 2009, to support a building project sequence of: Fire Station, Library, and Police Department, the plan has become less defined. As described elsewhere in this report, the two public safety projects may be combined into one new building which would change this sequence.

In a June, 2010, meeting with the Selectmen, the Library Trustees agreed to raise a total of \$250,000 in their Building Fund (the present balance is just under \$100,000). This total would contribute slightly in excess of 10% of their anticipated project cost of \$2.1 million. This “ten percent down” could be used either to reduce the total amount borrowed or to help cover early debt service requirements. Anticipating a delay of several years before an opportunity to come before the voters with their project, the Trustees expressed concern that without evidence of the Town’s continuing commitment to a new Library building, their fundraising efforts would be severely impaired. Recalling that the Library project narrowly missed the required 2/3 approval from voters at the 2009 Town Meeting, the Trustees have requested support with a warrant article authorizing a contribution to their Capital Reserve account. That account was established at the 2010 Town Meeting and currently holds \$85,300 representing the unexpended balance of funding for engineering and design work under a non-lapsing warrant article approved in 2006.

In their meeting with the CIP Committee, the Library Trustees also emphasized the importance of retaining momentum in their fundraising efforts. Tangible evidence of Town support would be important to potential contributors. The Trustees asked the Town to add to this Capital Reserve in 2011.

It is important to understand that the \$250,000 from fundraising refers only to the Trustees’ Building Fund. Town contributions to the Capital Reserve are not counted toward the \$250,000 goal.

CIP Committee Comments: The Library space problems become more severe with the passage of time. While Fire, Police, and Library each require substantial investments to improve their facilities, Fire will be the first priority. The needs of Library and Police also require Town attention. Requiring Police and Library to wait until the Fire project is completed is increasingly difficult, and our citizens will expect continued high service levels from each. We believe it is essential to maintain visible momentum as evidence of Town intention to provide adequate facilities for these two units. In the process, we should accumulate some funding for each. Our recommendation for Police is found under that heading in this report. Since the Library is central in more than location to many in our Town, especially to our seniors and to our young families, it is important that the Town continue providing financial support directed to the building project.

CIP Committee Recommendation: A Warrant Article authorizing a contribution of \$50,000 to the Library’s Capital Reserve account in 2011.

G. Police Department

1. Vehicle Replacement Schedule

The Police Chief and the Board of Selectmen envisioned two different schedules for replacement of Police Department vehicles. The Police Chief's schedule was based upon reverting to a six year replacement cycle with an increase in staffing to five officers in 2015. The Selectmen expect to hold the staffing level at four officers and to retain the eight year vehicle replacement cycle, and they directed the CIP Committee to reflect this in its deliberations. This latter plan replaces each vehicle when it is eight years old resulting in a purchase every other year for the four vehicle fleet. The Department's 2004 Chevrolet Tahoe purchased in 2003 will require replacement in 2011.

CIP Committee Comments: The CIP Committee accepted the Board of Selectmen's recommended action that the Police Department continue to use the four officer, eight year vehicle replacement model for its planning.

CIP Committee Recommendation: A Warrant Article authorizing \$42,000 to purchase a replacement for the 2004 Chevrolet Tahoe.

H. Fire-Police Building(s) -- Board of Selectmen

For at least 10 years, Tuftonboro has been working hard through the efforts of four committees and others to find an acceptable solution to increasingly urgent facilities deficiencies in Fire, Police, and Library. Three studies done since 2000 have recommended a combined public safety facility and other options.

The Selectmen appointed a Public Safety Facilities Committee in early 2008 to study this issue and to make recommendations. Following their final report to the Board of Selectmen on August 31, 2009, the Selectmen voted to proceed with a new, stand-alone Fire Station as the initial project, followed in sequence by a new Library, and finally the Police Department project. Following Town Meeting in 2010, the Selectmen chose an architect from a group of firms responding with proposals to assist them in the design and costing for a Public Safety Building that would be suitable for the Fire Department and, depending upon cost and other factors, could also accommodate the needs of the Police Department (either immediately or perhaps in a phased implementation). At this writing, their meetings with the architect continue in an effort to define a cost-effective solution for the Town. The CIP Committee's recommendation in last year's report suggesting a professional evaluation of the Library building's suitability as a solution for the Police Department needs has not been acted upon by the Board of Selectmen.

CIP Committee Comments: The general economic environment is such that any proposed solution, if it is to secure approval by the required 2/3 of those voting at Town Meeting, must be unquestionably essential to a department's ability to function effectively and safely. Any new building must be designed and constructed to meet Town standards for quality and appearance and must be perceived by voters as adequate for a reasonable period into the future. A project must also be seen to cost only what is required to address departmental *needs* while leaving the unit's *wants* for future consideration after deficiencies in other essential Town facilities have been addressed.

It was through this “lens” that our committee examined the needs of all three units (Fire, Police, and Library) and tried to view them from a voter’s standpoint. What solution(s) provided the best, achievable remedy considering urgency of need, benefit to the Town, and minimized cost?

The additional cost to build a combined facility for Police and Fire appears sufficiently large to jeopardize passage thus leaving the Fire/Rescue need unmet for another year. We understand building a combined facility today would cost less than building a “second phase” or a standalone Police facility several years from now. On balance, however, we believe the importance of moving now, without further delay, to build the Fire facility outweighs the burden of some additional future expense. This would particularly be the case if the deferred solution for the Police Department included use of the present Library building.

Requiring the Library and Police units to standby until the Fire project is completed is difficult, and our citizens will expect continued high service levels from each. This is all the more reason to propose a project that stands the best chance of being accepted by the required 2/3 of those voting at the next Town Meeting.

1. Fire Station

The need for a new, main fire station in Tuftonboro has been generally acknowledged since at least March, 2007, when a proposal for a \$4.0 million combined fire and police facility was rejected by the voters. Since then, the Selectmen have pursued several avenues toward finding a solution to a critical need. The decision has been made to use the Gould Property for the site, and the final installments paying off the acquisition financing on that property have been made. There have also been incremental improvements to the satellite fire stations, but the central need remains unresolved.

CIP Committee Comments: We believe it is important to public safety that the Town be given an opportunity to approve a proposal specifically targeted to remedy the inadequate facilities for our Fire/Rescue department. Past inability to obtain voter approval for a combined facility has consumed time and energy while the underlying need becomes more urgent each year. While Fire, Police, and Library each require a substantial investment to meet their facilities needs, the Fire/Rescue department has the most public support to be the first in line for relief.

CIP Committee Recommendation: A Warrant Article for 2011 to construct a new Fire/Rescue facility at a cost of between \$1.8 million and \$2.0 million. The form of the Warrant Article and the terms of financing will be decided by the Selectmen.

2. Police Department Facilities

Tuftonboro's Police Department operates from very crowded quarters and lacks important amenities. In addition, the facilities are not in compliance with several Federal and State requirements. Lack of privacy and space are recognized issues that badly need addressing. Last year, the Selectmen decided that the Fire/Rescue department's needs were the highest priority. As noted in the introductory remarks above, the idea of combining the Police solution with that of the Fire/Rescue department is one possibility currently being discussed.

CIP Committee Comments: As noted above in the Fire Station comments, the general economic environment is such that any proposed solution must be viewed as unquestionably essential to a department’s ability to function effectively and safely. A project must also be seen to cost only

what is required to address department *needs* while leaving its *wants* for future consideration once deficiencies in other essential Town facilities have been addressed.

This year, the Selectmen have been proceeding toward a combined facility encompassing the Fire/Rescue and Police departments. For reasons outlined above, we do not believe the combined facility has the best chance of voter acceptance and, as a result, could delay the Town's progress toward solving these evident problems. This would serve neither Police nor Fire/Rescue's interests.

During our discussions, recognizing our recommendation for a Fire-only project would leave the Police needs unmet, the idea arose to investigate suitability of some temporary facility to meet the needs for privacy and space, etc., (e.g., leasing a portable structure similar to the mobile classrooms in use at the Kingswood Project).

Although necessitating completion of both a new Fire Station and a new Library facility, we continue to suggest the possibility of using the present Library building for the Police Department's relocation.

A Warrant Article establishing a Capital Reserve dedicated to a facilities solution for the Police Department would be a constructive step toward solving the Town's three facilities problem.

CIP Committee Recommendation: A Warrant Article establishing a Capital Reserve for new Police facilities with an initial deposit of \$50,000.

I. Solid Waste Department

The Solid Waste Department is continuing to evolve through a number of changes including facility reconfiguration, increased emphasis on re-cycling, cost-efficient strategies, and staffing. There has been a significant increase in the revenue stream from recycling (both from increased patron participation and improved commodity prices) and an emphasis on determining "best practices" through outreach to other towns' centers. These actions appear to be showing results. The Department's management continues to work with the Recycling Committee appointed by the Board of Selectmen.

1. Backhoe Purchase

Currently, our Construction and Demolition debris containers are very loosely packed. Any effort by Transfer Station staff to compact them entails potentially hazardous handling of the debris. Our containers are hauled out for a fixed fee (currently \$110), and vendor weighing of the containers hauled (showing on our invoices) is that they are generally three to five tons in weight rather than a compacted capacity load of eight to ten tons. A backhoe is the tool best-suited to accomplish the compacting by crushing the loaded debris and eliminating voids. The department believes a used machine can be purchased for about \$30,000. The proposal is to purchase the backhoe and sell the front end loader "T-Rex." The expected proceeds from the sale would be \$20,000. The backhoe apparatus (supplemented by the station's Bobcat) would be able to handle all the functions now requiring the T-Rex loader.

CIP Committee Comments: At current rates, this equipment exchange would reduce our hauling charges resulting in an attractive pay back on the Town's investment. It avoids waste. It also reduces the possibility of injury to our staff in their efforts to compact the debris in the containers.

CIP Committee Recommendation: A Warrant Article for \$30,000 in 2011.

2. Building Improvements

The glass crusher continues to present challenges to the Transfer Station staff. In addition to the age of the machine, it remains a safety and noise hazard to those near it when operating. This project proposes enclosing the "back porch" of the main Transfer Station building and moving the glass crushing mechanism to that area. Only the hopper assembly would remain inside the main building. The discharge would then be directly into the crushed glass bunker below the porch. By weatherproofing this area (but not heating it), it could be used for storage of baled recyclables. The current estimated project cost is about \$12,000, and there is a possibility of covering a portion with a grant.

CIP Committee Comments: A modest cost to address several of the ever-present glass-crusher problems.

CIP Committee Recommendation: Schedule a Warrant Article for \$12,000 in 2011.

3. Weight Scale

Our Transfer Station operates on the basis of volume for its charges to patrons. An alternative is to operate on the basis of weight -- especially since the waste we have hauled by vendors includes weight as one of the bases used to determine charges. This proposal is for a weight scale to be used to determine charges to our commercial patrons with an eye to recouping what seems to be generally understood to be lost revenue in our present model. A second use would be to act as an accurate weighing station for commercial interests which would otherwise not be using our facility. There is a market for this service which might generate revenue. There are a number of possible lease/purchase arrangements, and we are estimating the cost of the scale at \$57,000.

CIP Committee Comments: This appears to be a justifiable project with potential for a good result. It is also one which raises important questions about the operating model of the Transfer Station where there have been many changes over a relatively short period. We have suggested to both the Board of Selectmen and the Solid Waste Department that a strategic analysis of our Transfer Station's operations is essential before embarking on a significant expenditure such as this and others which can be reasonably expected to follow. We believe this project will prove to be cost-efficient, but we also believe the Town will be well-served by having a comprehensive understanding of what the next 5-10 years of Transfer Station operations will entail.

CIP Committee Recommendation: If the suggested assessment of the Transfer Station's future needs supports it, a Warrant Article in 2015 for \$57,000 should be scheduled.

4. Bobcat Replacement

The current Bobcat is a multi-purpose machine purchased in 1998. It is an essential piece of equipment for the Transfer Station. It is versatile and is used for moving prepared bales of

materials, road grading, and snow removal. General maintenance is performed regularly, but plans for replacement should be made. Projected replacement cost will be \$30,000 to \$40,000.

CIP Committee Comments: The Bobcat is in good condition and well maintained. Proposed acquisition of a backhoe (see above) may change the purpose and level of use of the Bobcat and the resulting effects should be monitored. Continued maintenance allows the Department to choose the timing of its replacement.

CIP Committee Recommendation: A Warrant Article in 2017 for \$35,000.

Governor Wentworth Regional School District Capital Projects

Tuftonboro belongs to the Governor Wentworth Regional School District (“GWRSD”). Last year, GWRSD funded and began construction of its Kingswood Project. Construction is well underway and will provide a major overhaul of the District's high, middle and technical schools. Information on the Kingswood Project has been widely disseminated and is readily available both from the District and from past copies of *The Granite State News*. The structure of the \$60 million bond issue changed somewhat from the plan we saw last year in an effort to ease the near year burden on District taxpayers by placing greater loads into the later years. This was in expectation of reducing the effective cost of the financing through effects of inflation and a larger tax base in the District.

This year, GWRSD again provided the CIP Committee with a schedule showing Tuftonboro's payments on existing debt, new debt and the combination, extending out to FY 2040. These numbers are used in our tax projections found on page 25. Four District school projects are included in the “New School Building Cost - Tax Rate” line until 2015 when the value reflects only the Kingswood Project. Tuftonboro’s share of these capital financing costs amount to 15.5% with that percentage calculated using the method outlined below and thus subject to annual adjustment. Our share of the District’s debt service payments in the coming year total \$213,289 of which \$163,950 (77%) is in connection with the Kingswood Project.

GWRSD does not foresee any unusual changes in Tuftonboro’s student census nor does it anticipate any new capital projects of which we should be aware. As a result, we are not projecting any new GWRSD projects with notable financial impact. However, New Hampshire’s future educational funding policies are not predictable at this point. The imminent return of the Donor Town Tax (see next section) involves increasing the education funding burden of towns deemed to be “rich” under the legislative formula.

State of New Hampshire Donor Town Tax

Until 1998, Tuftonboro taxpayers paid one tax directly to GWRSD to support all the costs of the District. Tuftonboro's share was (and continues to be) calculated with 75% of the charge based on Tuftonboro’s percentage of the GWRSD student census. The remaining 25% of the charge was (and still is) based upon the ratio of Tuftonboro’s Equalized Valuation to the Equalized Valuation of all GWRSD towns combined. Both values, percentage of student census and percentage of District equalized valuation, would be adjusted annually. Tuftonboro's share of the total cost of GWRSD is currently approximately 15.5%.

In 1998, legislation resulting from what are generally referred to as the “Claremont Lawsuits” imposed a new scheme for raising and distributing school taxes in New Hampshire. Tuftonboro began paying one reduced education tax directly to GWRSD and paid a second education tax to the State. This second tax was then divided into two parts by the State, one of which was directed back to GWRSD while the other was distributed to various school districts in New Hampshire with “inadequate” funding as determined under the legislation. This was the origination of the “Donor Town Tax,” and this model continued through 2004. Over the period 1999 - 2004, slightly over one-half (about 56%) of education taxes paid by Tuftonboro residents ended up with GWRSD -- while the remainder (approximately 44%) went to other districts. One source estimates our “donations” over this period exceeded \$6.3 million. Beginning in 2005, the Donor Town Tax (i.e., the portion retained by the state) was set to zero. This relief will expire July 1, 2011 making this subject important to our town.

The legislative history, and the formulas used to determine key terms in the tax calculations, are very complex. Under its court-ordered legislation, the State levies a Statewide Educational Property Tax (“SWEPT”) at one uniform rate against the equalized valuation of every locality in the state. The tax is billed and collected by the locality. Because Tuftonboro’s equalized valuation is high relative to the number of students we send to our schools, we will collect more SWEPT than is needed (according to the formula) to provide our schoolchildren with an adequate education. That makes us a Donor Town. We will be required to remit all of the excess SWEPT to the State for distribution to localities that are “poor” under the formula. The formula gives no consideration to median incomes of localities.

Tuftonboro belongs to the Coalition Communities -- a group of 36 former Donor Towns formed to fight for revision of the current laws. According to information assembled by the Coalition staff, Tuftonboro will be required to send \$684,758 to Concord as our “donation” to receiver towns, and we will see a reduction of \$201,448 in education aid from the State. In last year’s report, we suggested the net effect on our taxes in 2011 arising from reinstatement of the Donor Town Tax could be \$1 million. While less than that, the combined effect will be an increased tax burden of \$886,206.

There is at least one bill, probably to be taken up in January, which postpones the reimposition of Donor Towns for up to four years. It is too early to estimate the likelihood of success in making changes. As a result, we have shown the projected impact on our taxes in “Donor Town Tax Rate” line on page 24.

Carroll County - Capital Projects

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

The CIP Committee met with the Chair of the Carroll County Legislative Delegation to review County plans for Capital Projects. Construction of the new nursing home is underway, reportedly on schedule and tracking well to its budget. General obligation bonds totaling \$23.5 million were sold with a combined cost of 3.38% and a final maturity of 12/31/2030. The structure of the bond issue results in annual payments ranging from \$2.0 million in 2011 to \$1.2 million in 2030.

Tuftonboro’s share of the County’s tax burden is 7.95% this year. The combined operating budget and financing costs of existing capital projects (other than the nursing home project) is \$13.1 million in 2010. Table 3, on page 25, shows the portion of a Tuftonboro resident’s tax bill dedicated in support of the

County. The nursing home bond debt service is broken out for clarity. Tuftonboro's apportioned share of the County tax burden is adjusted annually based upon our share of the total valuation of the 19 localities in the County. While up slightly from 7.76% last year, it has been as high as 8.47% (2008).

The Legislative Delegation approves the County's budget in March. Last year they changed their oversight process resulting in more direct communication, earlier in the budget process, outlining their expectations as to limitations on budget growth. They expect to come very close to level funding of the County budget (not including nursing home debt service) for 2011. Some employee compensation is under contract and thus slow to change, but the Delegation's sense is their close attention is proving effective in keeping increases in our tax burden under control.

Conclusions and Recommendations

The experts charged with defining the length of America's business cycles have declared the recession began in December, 2007, and ended in June, 2009. They were careful to add that "ended" doesn't mean economic conditions since then have been "favorable" nor does it mean the economy has returned to operating at its normal capacity. In fact, they note that economic activity is typically below normal levels in the early stages of a recovery and that this "below normal" may continue for some time. There has been little in our local experience to challenge that last point. Suffice it to say the current "below normal" economic conditions are having a pronounced negative impact upon the State of New Hampshire, Carroll County, the Town of Tuftonboro, and, as a result, upon many (if not most) of our residents.

In last year's report, we noted that in such an environment "it is very important for the Town to hold spending to a minimum and to delay any projects where the consequences of delay will not be severe." The problem, of course, is that regardless of economic conditions: our fire apparatus and police vehicles continue to incur wear and tear; the need for both a centrally located fire station and adequate police facilities becomes more pressing as time passes; the Library, out of necessity, will soon be operating at 150% of its design capacity; equipment will continue to need replacement; roads will require repairs, rebuilding and paving; and projects will be proposed that offer opportunities for immediate savings and new sources of income to the Town.

At this writing (mid-November), there is a strong probability that as of July 1, our Town will be required to remit over \$684,000 to the State for distribution to other school districts. Simultaneously, our level of education aid from the State will be reduced by over \$201,000. The combined effect, unless some legislative relief passes early in 2011, will be an increase in our property taxes by about \$.88 per thousand in assessed value from this factor alone. This extra burden on our taxpayers can be expected to continue until some alternative to the current law develops. A most unfortunate secondary effect, unless legislative relief occurs or is a virtual certainty, may be a Town Meeting unwilling to approve necessary expenditures and, by so doing, defer increasingly necessary projects for another year. The successful efforts of our Selectmen, County Commissioners and the GWRSD to control operating budgets may not counterbalance the impact of Donor Town taxes on our willingness to make necessary investments during already uncertain economic times.

Our schedule of recommended projects found on page 21 is the product of our several months of work. At the bottom of the schedule, we show the total of all recommended Capital Project expenses, by year, and also the Capital Capacity value for each year. The difference between the two numbers indicates

whether our recommendations exceed or fall below our model for a spending level with which voters can reasonably be expected to be comfortable. This is where the continued external influence of weak economy and overhanging State taxes comes into play. In the 20 years of history in our Capital Capacity model, similar external events and forces affected capital spending. Those variables are “baked into” the slope of the plotted line that defines our future Capital Capacity.

As noted in previous sections of this report, Tuftonboro’s elected officials and our residents have collectively devoted remarkable amounts of time and energy to developing an acceptable solution to our public safety facility needs. Substantial, although somewhat less, effort has been devoted to meeting the space requirements of our widely-used and enjoyed free public library. The CIP Committee has wrestled with these questions once again this year. In spite of all efforts to date, no proposal on either public safety or library has yet been accepted by the required 2/3 of registered voters at Town Meeting.

Shortly before completing this report, seven of our committee members attended the first public forum sponsored by the current public safety facilities committee. It was held to offer voters an in-depth look at the design under consideration and an opportunity to question the architect and the committee. The project is a single story, 16,000 square foot building designed to be both the Town’s main fire station and its police station. The floor plan, the rendering of the front elevation, and the location of the structure on the site evidenced attention to the needs of the two departments while appearing to “fit” in our community.

Although impressed with the project under discussion, the CIP cycle was “ahead” of the development of more complete planning and cost estimates which are still being developed as we complete our report. As a result, our committee elected to recommend a stand-alone fire station, designed to be built at a cost which fits the Capital Capacity of our town. We emphasize the importance of presenting it, in advance of Town Meeting, to as many of the public as possible as the most cost effective, acceptably and realistically priced solution to our Town’s most widely recognized facility need. We believe it is essential to move ahead with a project which can be approved by Tuftonboro’s voters.

We hope the planning for this project results in a proposal that will ultimately earn voter acceptance. With only one opportunity each year to address the Town’s acknowledged need(s), a strong proposal at Town Meeting is essential. The times are certainly difficult, but financing costs are very low and the number of builders which might be suitable for this project is reportedly high. This favorable alignment of conditions is unlikely to continue indefinitely.

**CAPITAL PROJECTS AND CAPITAL EXPENSES FOR THE PERIOD 2011 TO 2020 FOR TUFTONBORO
RECOMMENDED TO THE BOARD OF SELECTMEN BY THE TUFTONBORO CIP COMMITTEE**

Department and Name of Project	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021+	No Date	Total	Comments	Financing comments
All Numbers are \$,000s															
Board of Selectmen - See Below															
Emergency Management															
Upgrade Generator At Town Office and PD	16												16	Desirable update of infrastructure	Direct from taxes (possible 50% grant)
Emergency Radio Coverage		12											12	Improves Mutual Aid response, co-ordinates town department; fills in dead spots.	Direct from taxes
Fire/Rescue															
10-Engine-1 (Lease purchase)	90	90	90	90	90								450	Existing vehicle 20 years old in 2011. Possible Capital Reserve if no purchase	Lease Purchase
10-Utility -2	14	14	14	14	14	14							70	Existing vehicle 27 years old in 2012	Lease Purchase
10-Engine 2 (Lease Purchase)							110	110	110	110	220		550	Existing vehicle 20 years old in 2018	Lease Purchase
10-Rescue-1										120	480		600	Needs further study for long term needs of the community.	Capital Reserve or Lease Purchase
Government															
Revaluation	10	10	10	10	10	10	10	10	10	10			100	Create Capital Reserve for periodic revaluation.	\$50K every 5 years or \$100K every 10 years.
Tax Map Update				50	50	50							150	More information needed, alternatives, priority, scheduling.	Assume 3 year finance plan, or spread payments.
Highway Department															
Road Improvement Projects (BoS Proposed)	50	50	75	75	75	75	100	100	100	100			800	To be defined by BoS at Town Meeting each year.	Direct from taxes
Named Road Repaving ("Paving" Wmt. Art.)	185	185	185	185	185	185	185	185	185	185			1,850	Roads need to be named each year and expenses tracked by project. Held level.	Direct from taxes
Library															
New Library Building	50	50	50	50	50	50	50	50	50	50			500	Similar project as previously submitted at town meeting. To be scheduled.	Annual Payments to Capital Reserve.
Police Department															
Vehicles	42		50		43		51		45				231	Remains at 4 officers, 8 year vehicle replacement cycle.	Direct from taxes
Public Safety Facilities - BoS Project															
Fire Station	120	120	120	120	120	120	120	120	120	120			1,200	BoS Project, \$1.5 - 2.0 Million project for approval in 2011; 20 year payment schedule.	Assumes level payment schedule from taxes against mortgage.
Police Department facilities	50	50	50	50	50	50	50	50	50	50			500	Police Dept. Facilities to be defined and scheduled.	Annual Payments to Capital Reserve.
Solid Waste Department															
Backhoe	30												30	Immediate benefit.	Offset by Equipmt. Sale and ? Grant of \$20 - 25K.
Building Improvements	12												12	Segregate glass crusher for safety, etc.	
Weight Scale				57									57	Justification and analysis needed	Direct from taxes
Replace Bobcat							35						35	Schedule is reasonable.	Direct from taxes
Credits															
Reserves															
Donations and Capital Reserves														Donations and Capital Reserve available for library, totalling about \$200K	Direct credit when expenses begin
TOTAL PROJECT EXPENSE	655	581	644	644	744	554	601	625	670	745					Total Project Expenses (Tax Burden).
CAPITAL CAPACITY	706	729	753	777	800	824	848	872	895	919				Taken from the Capital Capacity graph.	Town's Capacity for Capital Expenses.
CAPITAL CAPACITY MINUS total PROJECT EXPENSE	51	148	109	133	56	270	247	247	225	174				Positive # means spending less than Capital Capacity, keeping taxes lower.	
Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021+	No Date			

Table 2 -- Proposed Project Schedule

Schedule of Proposed Warrant Articles for 2011 Town Meeting

1. A Warrant Article for \$16,000 from taxes for an automatic generator for the Town Office/Police Department/Emergency Operations Center complex.
2. A Warrant Article for \$450,000 to purchase a replacement for fire apparatus "10-Engine-1." Finance with a five year lease/purchase agreement.
3. A Warrant Article to create a Capital Reserve for Revaluation. Appropriate \$10,000 from current taxes for this activity.
4. A Capital Project for \$50,000 from current taxes for the repair of specified road/culvert/bridge projects.
5. A Warrant Article for "Paving" at \$185,000 from current taxes. Specify the roads planned for paving/repaving.
6. A Warrant Article to appropriate \$50,000 from current taxes for the Library Capital Reserve.
7. A Warrant Article to appropriate \$42,000 from current taxes for replacement of a Police vehicle.
8. A Warrant Article to build a Fire Station. Fund this project with remaining funds from previous authorizations and with a mortgage appropriate to the project. Details, including final cost of up to \$2 million, to be determined.
9. A Warrant Article to create a Capital Reserve for Police facilities. Appropriate \$50,000 from current taxes for this activity.
10. A Warrant Article to purchase a backhoe for the Transfer Station. Appropriate \$30,000 from current taxes for this activity.
11. A Warrant Article to appropriate \$12,000 from current taxes to enclose the rear of Transfer Station building and to reposition the glass crusher.

2010 Town Decisions Compared with 2009 CIP Report

The table below is a comparison of Capital Projects proposed by the 2009 CIP Committee, Warrant Articles proposed by the Selectmen for 2010 Town Meeting and actual results. Note that a Capital Project need not necessarily be a Warrant Article, and vice versa, although they are usually the same. Some Warrant Articles did not rise to the definition of a Capital Project.

Department and Name of Project	CIP Committee Proposal	Selectmen Proposal	Budget Committee Proposal	Town Meeting Approval	Comments
Town Office Generator	\$28,000	Not Approved	Not Submitted	Not Submitted	Not Considered
Capital Reserve for Water Cisterns	\$10,000	Not Approved	Not Submitted	Not Submitted	Not considered
Town-wide Assessing	\$33,000 phased	\$95,000	\$95,000	Passed	All at once, not phased
Purchase of Containers	Late Submission	\$10,000	\$10,000	Passed	Late Request from Transfer Station
Glass Crusher	\$10,000	Not Approved	Not Submitted	Not Submitted	Transfer Station Changed its Mind - See above
Gould Property Payment	\$138,000	\$253,000	\$253,000	Yes for extra payment	Double payments.
Library	Not Submitted	Create Capital Reserve for residual appropriation.	Agreed	Passed	Create Capital Reserve and transfer residual appropriation to it.
Fire Station Capital Reserve	\$200,000	Extra Gould payment made instead	Not Approved	Not Submitted	Extra Gould payment made instead
Police Vehicle Capital Reserve	\$20,000	Not Considered	Not Submitted	Not Submitted	
DASH milfoil harvester	Late Submission	\$10,000	Not Considered	Passed	Last minute submission. \$5,000 grant available.
Paving of Town Roads	\$185,000	\$185,000	\$185,000	Passed	Roads were listed.
Additional Road Repair	\$50,000	(see "Comments")	(see "Comments")	(see "Comments")	Included in Operating Budget

In 2009, the CIP Committee requested that a member of the Board of Selectmen be appointed as a member. This has helped enormously and we hope that our recommendations are more in line with what the Selectmen and the Budget Committee are thinking and are prepared to endorse and support. In addition, it is evident that the CIP Committee Report should be delayed until the State DRA has calculated the town portion of the tax rate for the upcoming year.

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

Projected Tax Rates for 2011 to 2016

Each year, the CIP Committee has received information and projections beyond the immediate scope of Tuftonboro's projected Capital Projects. Believing this information to be very useful and of interest to the taxpayers, the CIP Committee decided to make it available in its reports. This information includes the components of our overall tax rate from the County, the School District and the State. With this information, the Selectmen can plan expenditures in the context of our *consolidated* tax rate, not just the Town portion, and the voters can consider Town expenditures in this same, wider context. After all, it is this consolidated tax rate that we pay, not just the Town taxes.

The data presented in Table 3 (on the next page) are from a variety of sources. The data for 2005 through 2009 are from the "Tax Rate Calculation" page in Tuftonboro's Town report and are certified by the New Hampshire Division of Revenue Administration.

The data for 2010 are similarly certified and will appear in the upcoming Town Report. The data for 2011 through 2016 are estimates from sources to be discussed below.

The top section of Table 3 is for Town data, with actual amounts in thousands of dollars, and the resultant contribution to our tax rate. Operating costs and tax rate are given at the top of the table and are assumed to increase at 3% per year from 2011 through 2016. The next two lines are for the Capital Project expenses showing their tax rate contributions. Here, the future projections are taken from Table 2, the schedule of projects, found on page 21. This line intentionally omits monies proposed for the Library, Police and Fire buildings.

The fifth line of data, entitled "Capital Expense Rate for \$Trio" provides \$200K in 2011 and \$300K per year thereafter for constructing all three buildings – hence "\$Trio."

The next two lines summarize the Town Only tax rate without, and then with, \$Trio construction in order to show the effect of \$Trio construction on future tax rates.

The lower half of the table shows the tax rate components from the County's operating budget (assumed to increase at 3% annually), the cost of the Nursing Home project, the School District's operating budget (also assumed to increase at 3% annually), the School District's Capital Projects, and the re-imposition of Donor Town Taxes (see page 17).

The last three lines summarize all these components to provide a projected overall tax rate, without and with starting all three building projects being discussed in Tuftonboro.

We hope that this table, subject to its assumptions, will provide an additional tool for the Selectmen, the Budget Committee and the voters of Tuftonboro to consider projected Town expenditures within their larger context and to gain insight about the future growth of our taxes.

PROJECTED TAX RATES FOR THE TOWN OF TUFTONBORO FOR THE PERIOD 2011 TO 2016

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Town's Operating Expense Total less Income and Offsets (\$,000)	906	1,092	1,628	1,326	2,116	2,046	2,107	2,170	2,235	232	2,372	2,443
Operating Expenses less Income and Offsets; Tax Rate (\$/,\$,000)	0.88	1.06	1.58	1.26	2.00	1.93	1.99	2.05	2.11	2.17	2.24	2.30
Town's Capital Expense Total (\$,000) Actual or Proposed (w/o \$Trio).	513	962	292	659	552	532	520	361	434	424	524	334
Capital Expense Tax Rate - (\$/,\$,000) Actual or Proposed (w/o \$Trio).	0.50	0.93	0.28	0.64	0.52	0.50	0.49	0.34	0.41	0.40	0.49	0.32
Capital Expense Rate for \$Trio at \$200K for 2011, \$300K thereafter)							0.19	0.28	0.28	0.28	0.28	0.28
Total "Town Only" Expense Tax Rate (\$/,\$,000) Excluding \$Trio.	1.38	1.99	1.86	1.90	2.52	2.43	2.48	2.39	2.52	2.57	2.73	2.62
Total "Town Only" Expense Tax Rate, including \$Trio.							2.67	2.67	2.80	2.85	3.01	2.90
County Operating Expense Tax Rate - (\$/,\$,000) - +3%pa.	0.68	0.76	0.87	1.00	0.97	1.01	1.01	1.05	1.08	1.11	1.15	1.18
New Nursing Home Cost - Tax Rate (\$/,\$,000)							0.20	0.14	0.14	0.14	0.14	0.14
School Operating Expense Tax Rate - (\$/,\$,000) - +3%pa.	4.03	4.31	4.81	5.05	5.52	4.92	5.07	5.22	5.38	5.54	5.70	5.87
New School Building Cost - Tax Rate (\$/,\$,000)						0.13	0.21	0.29	0.32	0.31	0.33	0.34
Donor Town Tax Rate (Projected) (\$/,\$,000)							0.88	0.88	0.88	0.88	0.88	0.88
Total "Non-Town" Expenses Tax Rate (\$/,\$,000)	4.71	5.07	5.68	6.05	6.49	6.06	7.37	7.58	7.80	7.98	8.20	8.41
Total Tax Rate - (\$/,\$,000) - Excluding \$Trio.	6.09	7.06	7.54	7.95	9.01	8.49	9.85	9.97	10.32	10.55	10.93	11.03
Total Tax Rate - (\$/,\$,000) - Including \$Trio.							10.04	10.25	10.60	10.83	11.21	11.31

NOTES

- 1 Assumes a constant Town valuation of \$1.03 billion 2005 to 2008, \$1.06 billion thereafter.
- 2 Numbers for 2005 to 2009 are actual, from Town Reports. 2010 numbers are actual from DRA calculation.
- 3 For all other years, assumes:
 - a) 3% increase in Town's "Operating Expenses less Income and Offsets", 2012 and on.
 - b) 3% annual growth rate in School District's Operating Expenses, 2011 and on.
 - c) 3% annual growth rate in County's Operating Expenses, 2011 and on.
 - d) Capital Project expenses are calculated from actual/projected obligations.
 These rate assumptions are arbitrary, and may be too low.

Table 3 -- Projected Tax Rates 2011-2016