

**TOWN OF TUFTONBORO
NEW HAMPSHIRE**

CAPITAL IMPROVEMENTS PROGRAM

FOR THE PERIOD

2014 to 2023

December 9, 2013

**Capital Improvements Program
Tuftonboro, New Hampshire
2014-2023**

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 Tuftonboro’s representative to the Carroll County Delegation. Their willingness to take the time to respond to our requests for information regarding their plans for capital projects helped us to be as efficient as possible in completing our work.

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

Town of Tuftonboro Capital Improvements Program Committee - 2013

Bill Marcussen	Chairman
John Lapolla	Vice-Chairman & Planning Board Representative
Jill Cromwell	Secretary
Gary Chehames	Budget Committee Representative
Helen Hartshorn	CIP Committee Member
Jim McIntyre	CIP Committee Member
John Simms	CIP Committee Member
Carolyn Sundquist	Board of Selectmen Representative

Board of Selectmen – 2013

Carolyn Sundquist, Chairman
Lloyd Wood
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Introduction

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 the period 2008 to 2017.

The first annual report includes a great deal of background material for the interested reader. Material covered includes the establishment of Tuftonboro's CIP Committee, the Revised Statutes Annotated (RSA)s 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 contains detailed information about the history of expenditures by the Town of Tuftonboro (both capital and operating) dating back to 1991. This data provided the foundation for the Committee's establishment of a Capital Capacity for Tuftonboro which in turn led to projections of "reasonable" or "normal" levels of Capital Expenditure through 2017.

Previous CIP Committee reports can be viewed and downloaded through links found on the CIP Committee's page on Tuftonboro's website, www.tuftonboro.org. Copies of the reports are also available at the Tuftonboro Free Library and a limited supply is available at the Town Offices.

In this 2013 CIP report, covering the years 2014-2023, we list projects proposed by Tuftonboro's various departments, committees, commissions, and boards for the next ten years. Each project proposal includes the presenter's submission, this committee's discussion and recommendations, and a suggested timetable and financing approach. Financial data for these projects is also included in a summary schedule.

This report also includes a summary schedule from the previous year showing what was recommended by the CIP Committee, what was proposed by the Board of Selectmen for Town Meeting, the Budget Committee's action, and the decisions made by the voters at the Town Meeting this past March.

In the final two pages of this report, we include the history of tax rates from 2008 through 2013 broken down into "Town Only" and "Non-Town" expense components. The former includes Tuftonboro's own operating and capital expenses while the latter includes school and county operating expense as well as identifiable capital projects and any tax effects of important state mandates. We extend this data series as our projection of what Tuftonboro's taxpayers might expect to see over the period 2014 – 2019, using the 2011 net assessed property valuation.

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 for all Capital Projects contemplated for the next ten years. The CIP Committee then reviews each proposed project (often with the sponsors presenting their projects), presents these on a single spreadsheet, a suggested 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 a report (this document) summarizing its work and including the suggested form of Warrant Articles for the recommended projects. This report is presented to a joint meeting of the Board of Selectmen and Budget Committee.

There are substantial benefits to managing a capital budgeting process and developing the discipline associated with a long range planning culture. For example, the work done by the CIP Committee:

- 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

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.

Tuftonboro's CIP report is an advisory document. The Selectmen and Budget Committee are not bound to follow any of its recommendations. However, the report is proving to be an essential, helpful management tool for everyone 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. Using spreadsheet software, we plot a graph with the points representing the Town’s actual expenditures for Capital Projects as extracted from Town Reports beginning with 1991. The software generates a line from these points that is the “best fit” to show their trend. This historical trend line will be described by an equation. Our next step is to extend that trend line through the coming 10 year period within which the CIP Committee works. Using the equation from our first step, we enter values that produce this extension. The result is a line describing Tuftonboro’s capital expenditure levels since 1991 that has been projected from the current year to the end of the period covered in this report. The trend line equation will change with each year of actual Capital Project expenditures.

Table 1 (below) lists the historical data as well as the values for Tuftonboro’s Capital Capacity utilized by the CIP Committee this year. They will also be found in the “Proposed Project Schedule”, Table 2 on page 20.

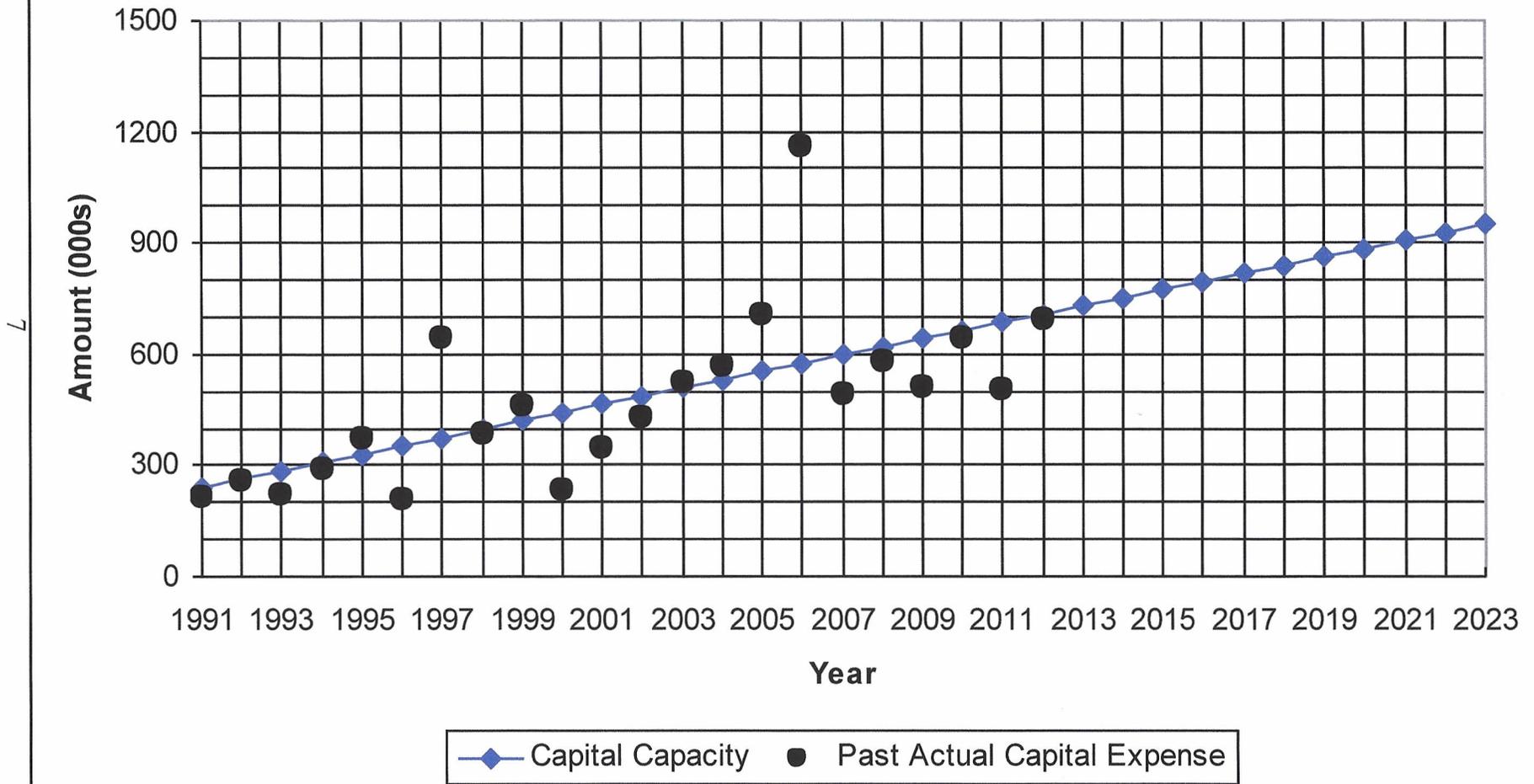
Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Expense (000s)	\$214	\$260	\$222	\$293	\$373	\$207	\$645	\$387	\$457	\$231	\$349	\$431
Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expense (000s)	\$523	\$570	\$705	\$1,157	\$491	\$581	\$508	\$643	\$502	\$694		
Capacity (000s)											\$730	\$752
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023			
Expense (000s)												
Capacity (000s)	\$774	\$796	\$818	\$840	\$862	\$885	\$907	\$929	\$951			

Table 1 - Tuftonboro’s Capital Expenditures and Capital Capacity 1991-2023

While actual expenditures (rather than voter-authorized amounts) are subject to year-to-year fluctuations and changing economic conditions, our work using these actual totals strongly suggests they provide the best basis from which to determine Tuftonboro’s Capital Capacity. Spending levels that may be variously described as “normal for,” or “acceptable to,” or “accepted by” our voters seem to be reflected well in these numbers. The more we work with them, the more we understand they are not a “budget” but rather a description of Tuftonboro’s “normal” capital spending levels.

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 Capacity Projections 1991-2023



Proposed Capital Projects & Purchases

The CIP Committee contacted the head of each department, committee, and commission in Tuftonboro during the summer of 2013 with a request to prepare a project submission form for each Capital Project planned or contemplated for implementation during the next 10 years. The responses are summarized in the next several pages together with associated comments and recommendations of the CIP Committee.

Details of Town Proposals

A. Board of Selectmen

The projects proposed by the Board of Selectmen are listed under the functional headings of “Highway Department” and “Public Safety Facilities.”

B. Cemetery Trustees

1. Cemetery Expansion (new)

Department Submission: This project is to provide for expansion of burial plots at either the town-owned Callendar Cemetery or Town House Cemetery. Both cemeteries have room for additional sites. Costs of expansion would include surveying, monumentation and additional access roads. Expansion will ensure that there are adequate burial plots available for people who wish to be buried in Tuftonboro for the foreseeable future. The need for this expansion is expected within the next five to ten years.

CIP Committee Comments: Adequate available burial capacity is required by statute. Early identification of a potential future capital expenditure is beneficial and admirable. Additional background information and detail are required before the committee can properly evaluate, prioritize and finalize a project recommendation.

CIP Committee Recommendation: Schedule a placeholder of \$15,000 for this project in 2018.

C. Emergency Management Services

1. Emergency Radio Coverage for Emergency Services (updated)

Department Submission: This project is to provide better radio coverage for the town’s emergency services and highway crew. Currently, due to the topography of the town, there are numerous areas that do not have good radio coverage. The County is working towards improving its infrastructure in the next few years to address this issue. Their timeline and the impact of their improvements will determine if and what should be done at the local level. Radio and pager testing has been conducted around town with some positive results but work continues on a cost effective solution. Better radio coverage will provide for safer and more efficient use of manpower and equipment.

CIP Committee Comments: The project requested for 2013 was withdrawn by the department due to uncertainty regarding adequacy of the proposed solution. A coordinated county-level approach may be the most effective and beneficial arrangement. Reliable communication is a critical success factor to emergency operations and public safety. A county-level solution is anticipated within the next two or three years.

CIP Committee Recommendation: Schedule a placeholder of \$15,000 for this project in 2016.

D. Fire / Rescue Department

1. Rescue-1 (unchanged)

Department Submission: Rescue 1 / Multi Response Vehicle. This project should be retained for 2016 at an approximate cost of \$450,000. It has been recent town practice to lease/purchase vehicles on a 5 year schedule. In this case, that would produce 5 principal payments of \$90,000. This project would not change any other projects that the department has planned.

This vehicle will replace the current Rescue 1 with a larger multi-purpose vehicle. Large Fire Department vehicles are intended to last 20 years. Like many of the smaller vehicles, this vehicle is scheduled to be replaced in 15 years because of its daily use. Rescue 1 is used for all medical, fire, motor vehicle accidents and many of the daily operations of the Department.

The intent of this project is to provide better fire, rescue and EMS coverage to meet the Town of Tuftonboro's increasing demand for services. Procuring a multi response emergency vehicle will provide rescue/EMS capability and add a class A pumper to the fleet, bringing the total to four. This will help maintain the Town's ISO insurance rating, improve Department efficiency by carrying more life saving equipment and personnel than is currently available on Rescue 1 and potentially reduce the number of vehicles required for a response.

CIP Committee Comments: The size of this expenditure leads us to schedule it as a five year lease purchase. The project and the financing appear reasonable and are consistent with the department's previous Capital Project planning.

CIP Committee Recommendation: Schedule for 2016-2020 as requested.

2. Engine-2 (unchanged)

Department Submission: The scope of this project is to replace Engine 2. The current vehicle will be 20 years old in 2018, which is the average life of a class A pumper. The replacement of this pumper has an estimated cost of \$550,000, utilizing a five year lease/purchase with annual payments of \$110,000 beginning in 2018. The lead time for delivery of a class A pumper is currently nine months.

CIP Committee Comments: National Fire Protection Association (NFPA) guidelines address both maintenance costs and safety considerations and support a 20 year replacement cycle. The project and the financing schedule appear reasonable and are consistent with the department's previous Capital Project planning.

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

3. Self Contained Breathing Apparatus (SCBA) (new)

Department Submission: Fire fighters depend on SCBAs to keep them safe from unsafe environments and keep them from breathing toxic fumes and gases. They are a key component in the personal protective equipment required to be worn by firefighters. SCBAs allow them to perform their job as safely as possible. The Fire Rescue Department currently has 22 SCBAs. 19 were procured with a Home Land Security Grant in 2007. The remaining 3 were purchased used/refurbished in 2012 to allow for members to take them to training and not deplete the vehicles. The department also maintains spare air bottles for each pack with a few in reserve so that they can be changed out quickly in the event of an emergency and later refilled as time allows.

SCBAs have a service life of 15 years. The Departments' SCBAs are due to be replaced no later than 2022. It is not unreasonable to think that at the time of replacement approximately 30 packs and 40 spare bottles will be needed. It is unknown if there will be federal grants available to replace the SCBAs at that time. The current replacement cost is \$6,000 per SCBA and \$775 per spare cylinder. The trend has been that the cost per SCBA has gone up 5% per year. At that rate, in ten years the same SCBA will cost \$10,015 and \$1,294 per spare cylinder bringing the cost of the project to \$300,450 for SCBAs and \$51,760 for spare cylinders for a total of \$352,210.

However the SCBA standards are changed every five years so the cost of the changes cannot be foreseen.

CIP Committee Comments: The 15 year maximum service life reflects both the effects of wear and tear on the equipment and gradual obsolescence as standards are updated to embrace technology and safety enhancements. Ideally, replacement funds would be accumulated across the full equipment life cycle. Given the substantial estimated replacement cost, we should begin setting funds aside in this budget cycle.

CIP Committee Recommendation: A Warrant Article in 2014 to establish an SCBA Capital Reserve Fund. Schedule annual contributions of \$45,000 from 2014 through 2021.

E. Highway Department

Tuftsboro has an elected Road Agent responsible for maintaining and upgrading the Town's roads, bridges and docks. Tuftsboro maintains approximately 34 miles of paved and 12 miles of unpaved roads. Each year, Town Meeting votes on three related highway budget items: (1) individual Named Road Improvement projects which are proposed by the Board of Selectmen; (2) "Paving and Shoulder" work (previously called "Special for Tar"); and (3) regular road maintenance. Because the sums involved are usually significant, the CIP Committee continues to ask the Board of Selectmen to specify the roads being worked upon in projects proposed under item (1) and identify roads in item (2) on the Town Warrant by name with proposed amount of expenditure.

1. Road Improvement Projects (Board of Selectmen) (annual)

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 upgrades of dangerous intersections. This year, the Road Agent and selectmen have identified areas on Sodom Road, Phineas Graves Road and Canaan Road for road improvement work.

CIP Committee Comments: The road construction to be done on Sodom is in conjunction with the repaving. Phineas Graves work will be continued in the bridge area and include adding a guard rail to one side and widening a portion of the road. Canaan Road will see some widening and drainage improvements.

CIP Committee Recommendation: Schedule \$50,000 per year for road improvement in the operating budget.

2. "Paving" Warrant Article (annual)

Each year, a sum is allocated for a project encompassing major road resurfacing/rebuilding. This amount has been \$185,000 for the last several years and the Road Agent has indicated that amount would be sufficient for 2014. This year, he presented a 10 year plan for road repaving work, identifying specific road locations and their lengths. In future years, this plan will also identify smaller contingency projects that can also be completed if available funds exceed large project requirements. The project for 2014 is to reclaim and pave with 2" base coat approximately 7000' feet of Sodom Road between NH Route 171 and the Melvin River.

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

CIP Committee Recommendation: A Paving Warrant Article for \$185,000 in 2014.

3. Lang Pond Road Project (Board of Selectmen) (updated)

The Selectmen presented this project in 2012 to start the engineering and design work. At that time, Town Meeting appropriated the amount of \$148,181 (20%) and provided for the possibility of grant or stimulus for the rest of the project, \$436,819 (80%). The 80% was ultimately not made available due to the lack of grants and stimulus funds so must now be raised by taxes.

H E Bergeron Engineers presented a design with an estimated cost of \$440,000 to complete the project. The recommended improvements to Lang Pond Road include centering 1,400 feet of road in the right of way, new culverts and ditch work. This would, in effect, widen the road, which helps the highway department plow and maintain the road, and reduce/eliminate runoff into Mirror Lake. The Selectmen have requested and received an extension of the Wetlands Permit, which expired in February 2013.

This summer, the Selectmen appointed a Mirror Lake Watershed Committee to investigate, evaluate and recommend actions to improve water quality in Mirror Lake, including improvements to Lang Pond Road. The Selectmen will reassess the project after the committee presents its recommendations.

CIP Committee Comments: Improvements to reduce siltation of Mirror Lake and improve road maintenance issues are needed. However, there is likely a simpler and less costly approach to achieving these objectives.

CIP Committee Recommendation: Defer consideration to allow for the project cost and benefits to be more fully developed and understood by the Mirror Lake Watershed Committee.

4. Repairs to Lake Road Launch Ramp and Bulkhead (Board of Selectmen) (updated)

The Lake Road boat launch ramp needs to be rebuilt. This is one of two actively used, town-owned launch ramps on Lake Winnepesaukee. In addition, the bulkhead structure running the length of the road from the launch area south to the rip rap needs some repairs and backfilling with gravel. The cost of repairs to the launch ramp is estimated at \$110,000. The Selectmen and Road Agent agree that the first step, to be done in 2014, will be to hire an engineer and secure the proper permits from the state. The actual work on the ramp and bulkhead, which includes dredging, would be done in 2015. The engineer would provide a much better idea of the project cost.

CIP Committee Comments: Our boat launches should be maintained in a condition that contributes to the recreational appeal of our town and region.

CIP Committee Recommendation: Schedule \$110,000 for this project in 2015.

5. Repairs to Union Wharf (Board of Selectmen) (updated)

The north side of Union Wharf requires repair. The Road Agent estimates \$16,000 to complete these repairs.

CIP Committee Comments: This project continues significant maintenance spending on this important Town asset.

CIP Committee Recommendation: Schedule \$16,000 for this project in 2016.

6. Town Truck (new)

The highway vehicle needs to be replaced by 2020 or sooner, due to vehicle age and rust. The Road Agent estimates replacement cost at \$150,000 and recommends putting \$50,000 toward a new vehicle in years 2015, 2016 and 2017

CIP Committee Comments: This truck is used primarily for winter road plowing and salting. A capital reserve fund should be used to spread the cost over as long a period as possible. Six years significantly flattens the budget impact.

CIP Committee Recommendation: Establish a capital reserve fund in 2015. Schedule \$25,000 per year for this project in 2015 through 2020.

F. Library

1. New Library Building (revised)

Trustees Submission: In 2004, a space needs consultant hired by the Trustees at the Selectmen's request reported that according to American Library Association guidelines, the Tuftonboro Free Library (TFL) actually required almost double the present space (3,984 sq. ft.) to fully support the level of service being provided at that time.

In the nine years since, registered borrowers have increased significantly, with over 600 new library patrons since 2009 (75 through August this year alone). In fact, TFL's 1,893 local patrons (NOT including seasonal residents or local non-resident cardholders) represent 79% of 2010 Tuftonboro's population of 2,387.

Circulation has also exploded by over 65% since 2004. The library now houses just under 30,000 items, 50% over design capacity for the building. Despite the huge popularity and high circulation of digital and electronic media, and the availability of free eBook and audio downloads through the TFL website, books still out-circulate all other materials combined, and stacks are jammed despite virtually continuous weeding. In some parts of the collection, there is no room to shelve something new without discarding something else, which erodes the depth and quality of the collection as a whole.

Over 40% of the adult fiction collection has been moved into the Hamel Meeting Room. The two additional public computer stations installed there since 2010 have also added to the crowding in that room, leaving increasingly inadequate space to accommodate the growing number of scheduled public programs and events. Through September of this year, the library has presented 116 library programs for adults and children, and served as the site for 62 other local meetings, for a total of 178 public uses of the room by 25 different community groups and Town committees.

In September, 2006, project costs for the new building were estimated at \$2,020,000, including design, engineering, site work and septic, construction, furnishings and landscaping. In 2008, the warrant article that was presented to voters was for \$2,056,600. As of October 2013, the estimated cost is \$2,600,000. The Trustees feel that the least expensive, most flexible and fairest way to pay for this project is to borrow principal and repay the loan over 15 years.

The Town voted \$100,000 for preliminary design and site work in 2006. In 2011, voters approved an additional contribution of \$50,000 to the Fund. In 2012, \$75,000 was added and this year an additional \$125,000, bringing the total Town appropriations to \$350,000. To date, about \$15,000 has been expended on architect's fees, wetlands and topographical mapping, perc testing, and some preliminary septic design work. The Library Capital Reserve Fund stands at \$335,000 plus interest. In addition, the library currently has \$184,000 in private donations and gifts toward construction of a new building.

The Selectmen and Trustees have contracted with Architect Peter Tennant and Construction Manager Andre Kloetz of Bauen Construction to work up preliminary cost estimates for the new building.

CIP Committee Comments: Construction of a new Library building is consistent with priorities established and reaffirmed by the Board of Selectmen. Moving forward with the project in 2014 allows the town to take advantage of continuing low cost financing and reasonable building costs.

CIP Committee Recommendation: A Warrant Article to construct a new library building at a cost of \$2,600,000 in 2014 with about \$500,000 from capital reserve and gifts and the balance to be borrowed. The form of the Warrant Article and the terms of financing to be decided by the Selectmen.

G. Parks & Recreation Commission

1. Davis Field Rehabilitation (new)

Commission Submission: Refurbish Davis Field ball field and replace the Eagle Scout apparatus which are in rough shape. By correcting the dimensions of the field, Cal Ripkin baseball & softball could use Davis field as a game field. There is a shortage of playing fields and playing at the Nick is cost prohibitive. Tuftonboro residents and players will not have to go to Wolfeboro for every game! The field would also be suitable for adult league baseball/softball or family use.

- Bring the ball field back to playing shape. Fixing the base paths to correct distances between bases. Extend the infield to meet current playing field specifications. Rebuilding the pitching mound and batters/catchers boxes to withstand the extra pressure during a game. Replace the backstop with a new regulation backstop and wing fences with player benches, for the safety of players.
- Replace the current bars (Eagle Scout Project) on the edge of the field which are currently in fair territory if the field were used for game play. Relocate new fitness equipment along the Rte 109A fence in foul territory. The field can then be utilized as an outdoor fitness spot for walkers/runners or the like. There are also trails on the town's property adjacent to the field.

CIP Committee Comments: This project will significantly improve the utility of this town asset. Spreading it across two years provides an opportunity to complete it properly without stressing town resources.

CIP Committee Recommendation: A Warrant Article for a 2-year progressive project for \$23,000 in 2014 and \$11,000 in 2015.

H. Police Department

1. Police Vehicle Replacement (updated)

Department Submission: The present schedule is for replacement of the 2007 sedan in 2015. Also, as vehicles are being replaced, they will require new radios. The estimated cost of the replacement vehicle is approximately \$45,000 including equipment and a new radio.

CIP Committee Comments: The Board of Selectmen has established an eight year vehicle replacement cycle resulting in a purchase every other year for the four vehicle fleet. This schedule continues to meet the town's police vehicle requirements cost effectively.

CIP Committee Recommendation: Update scheduled cruiser replacements to include cost for the addition of mobile reporting equipment to \$45,000 in 2015, \$55,000 in 2017, \$49,000 in 2019 and \$52,000 in 2021. Schedule \$51,000 for 2023.

2. Mobile Reporting (new)

Department Submission: This project involves integrating the department's software with the County database and having the ability to use a mobile link to the database. It will provide the ability for officers to do more of their work in the field.

There are two steps to this project. The first is relatively easy, allowing the sharing of basic information from the police department's office computer with a database computer managed at the Sheriff's Department. This may result in a slight reduction in annual software maintenance cost but the reduction will be offset by additional cost for mobile and administrative modules.

It will also help reduce the time spent on the radio as some submissions would go through the mobile system. It will reduce errors in the data entry as some data will be automatically backfilled into the database. It will reduce duplication of the logs between the police department and the sheriff's office. It will make it possible to enter and read the Dispatch log portion of the software. Presently, calls get faxed to the station in order to read them. There will be some savings there.

Other departments in the county have indicated their support for the county database. After implementation, the department's server will no longer need to host the Tri Tech database. Cost figures are not yet available from Tri Tech. Also, the project has not been reviewed by the County Commissioners and Delegation.

CIP Committee Comments: This appears to be a worthwhile and beneficial project. More complete information will allow an informed evaluation and recommendation in the future.

CIP Committee Recommendation: Schedule a placeholder of \$15,000 for this project in 2016.

I. Public Safety Facilities (Board of Selectmen)

1. Police Department Facility (updated)

The Tufonboro Police Department's facility is not in compliance with several Federal and State requirements. In addition, the department operates from quarters lacking important amenities including adequate victim privacy and sufficient administrative space. These are recognized issues that need to be addressed. Bauen Corporation created budget estimates for two separate scenarios to address future police needs; adding to the present police facility adjacent to the town offices and renovating the existing library space for use as a police station.

CIP Committee Comments: The Selectmen have recently reaffirmed their intent to convert the existing library building for future police use should the building become available. The committee believes that clearly set priorities will facilitate good project planning and future capital projections.

CIP Committee Recommendation: A Warrant Article for 2014 adding \$50,000 to the Capital Reserve fund for a new Police facility.

J. Solid Waste Department

The projects outlined below are part of the Transfer Station strategic vision and long range plan.

1. Refuse Compactor Replacement (new)

Department Submission: Compactor life is 12-15 years. Compactor #1 is currently 12 years old. Last year the piston was rebuilt at a cost of nearly \$4,500, because that particular piston is no longer available. Compactor #1 could fail at any time and should be replaced in 2016. It has been serviced every year for upkeep and preventative maintenance.

CIP Committee Comments: The refuse compactors are critical components in the town's ability to collect solid waste for transfer to a land fill. Compactor #1 was new in 2001 and compactor #2 was new in 2005.

CIP Committee Recommendation: Schedule \$20,000 to replace Compactor #1 in 2017 and \$25,000 to replace Compactor #2 in 2021.

2. Bobcat Replacement (updated)

Department Submission: The Bobcat replacement was previously scheduled for 2017. The bobcat is getting old and unexpected maintenance costs are rising. Due to these increased maintenance costs and the increased servicing expectations, the replacement schedule should be pulled forward to 2015. Right now the Bobcat has 3,600 hours, but it has already had two major servicing requirements this year for worn out parts. These expenses take away from other planned projects in the budget. This will cause an increase in the equipment maintenance budget line for future years. A new Bobcat will have a planned life expectancy of 15 years. Grant money may be available.

CIP Committee Comments: The Bobcat is in good condition, is well maintained, but is aging.

CIP Committee Recommendation: Schedule \$45,000 for this project in 2015.

3. Maintenance / Storage Facility (updated)

Department Submission: The new building will be a simple, covered, modestly heated (using mostly waste oil) structure. It will enable the Transfer Station to further increase efficiency.

It will provide the ability to segregate and store recyclable materials, ship out full truckloads of recycled material on open days, operate both a consumer swap shop and a contractor swap shop, and provide space to store and maintain equipment during the winter. In the details below, projections are based on 2013 material volumes and commodity prices effective in October 2013.

This building will allow segregation, baling and storage of plastics into grades 1, 2 and 3-7. Plastics are not currently separated and disposal costs \$17.50 per ton plus shipping, about \$5,800 per year. By segregating and baling plastic into these three categories, these costs are eliminated and replaced with revenue of about \$19,100 per year.

Baling the mixed paper stream, instead of shipping it out in open containers, will save about \$1,000 in shipping costs since there will be fewer outgoing loads. Baled paper may also sell at a higher price if the bales are stored dry.

Shipping full instead of partial truckloads of aluminum cans will increase revenue by about \$2,500 per year, and for steel cans, the corresponding increase will be about \$600 per year. No savings are currently expected from baling and storing cardboard dry.

Being able to load outgoing shipments in a separate building on open days saves about \$1,000 in labor costs currently being incurred to bring in people on closed days, since intermingling the public presence and the outgoing shipments currently presents an unacceptable safety hazard.

Both the consumer swap shop “Tuftonboro Mall” and the contractor swap shop “Second Life Shop” will divert material from the outgoing streams, which reduces disposal costs. Given current experience with the consumer swap shop, estimated cost savings of about \$3,000 are expected for each shop. It is anticipated that the “Second Life Shop,” open to all residents, could evolve into a very important asset for the Town, and an additional incentive for people to use the Transfer Station.

CIP Committee Comments: This facility will allow for increases in operating efficiency, reduction in costs and increases in commodity prices that will improve the transfer station revenue contribution by an estimated \$30,000 per year. It is consistent with best practices for transfer station recycling operations in the state of New Hampshire.

CIP Committee Recommendation: Schedule this project for 2015 at a cost to be determined.

Governor Wentworth Regional School District Capital Projects

Tuftonboro belongs to the Governor Wentworth Regional School District (“GWRSD”), which also includes the towns of Brookfield, Effingham, New Durham, Ossipee and Wolfeboro. Each town’s share of the school district budget is based 75% on the town’s proportion of school age children attending one of the district's schools and 25% on the town’s proportion of assessed valuation. Tuftonboro currently is responsible for 13.5% of the GWRSD budget.

The Kingswood Project is now complete. The structure of the \$60 million bond issue was changed somewhat to ease the near years’ burdens on District taxpayers. This was done in expectation of reducing the real cost of the financing through the effects of inflation and to have the costs assumed by an expected larger tax base in the District.

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. New Hampshire’s future educational funding policies are not settled at this point. Although it appears that there is little political appetite for a return of the Donor Town Tax, there is no long-term mechanism in place. The state school aid question continues to be a topic of vital interest to our town.

Carroll County - Capital Projects

The Carroll County government is responsible for County Administration, the County Jail, the Sheriff’s Department, the County Farm and Mountain View Community, the county’s nursing home. The County Court is a state agency, paid for out of New Hampshire state appropriations.

The Mountain View Community continues to be fully occupied with a waiting list. The future of the former nursing home structure is still undecided. However, there are sufficient capital reserve funds on hand to fund alterations or modification without additional impact on taxpayers. The Mountain View project was financed with general obligation bonds totaling \$23.5 million with an effective rate of 3.38% and a final maturity of 12/31/2030.

Tuftonboro’s share of the County’s tax burden is 8.21% this year, up from 8.05% last year. The combined operating budget and financing costs of existing capital projects (other than the nursing home project) is \$13.7 million in 2013 which is up from \$13.2 million in 2012. Table 4, on page 24, shows the portion of a Tuftonboro property owner’s tax bill dedicated in support of the County. The Mountain View 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 last year, it has been as high as 8.47% (2008).

Conclusions and Recommendations

As the US economy continues to grow slowly, Tuftonboro has demonstrated an ability to cope with current economic realities and move forward to address major capital needs. This year, our town completed construction of the new Central Fire Station, approved by Town Meeting in 2012. The project was completed on time and on budget.

A review of the Capital Capacity graph on page 7 shows that Tuftonboro's capital expenditures from 2007 through 2012 were below what has been our "normal" level when measured against spending over the entire period since 1991. In the two decades of history in our Capital Capacity model, external events and forces affected capital spending. Those variables are incorporated into the model that defines our Capital Capacity. When the books close on 2013, capital spending in the current year will fall below the 2013 Capital Capacity level.

This year's CIP Report recommends funding in 2014 for several new projects that we believe should move ahead, addition to an existing capital reserve fund and establishment of a new capital reserve fund for important future projects. The recommended capital expense schedule includes 3 types of funding: direct payment of total project cost in the current (2014) year, "saving" for future major projects by accumulating funds in capital reserve accounts, and "borrowing" to complete projects through lease/purchase agreements or long-term loans. Tuftonboro currently has 15 year financing for the new fire station and lease/purchase payments on fire/rescue Engine-1. The GWRSD and Carroll County both have their long term financing in place and neither anticipates significant increases in capital spending.

Our schedule of recommended projects found on page 20 is the product of 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.

As Table 3 on page 22 shows, there will never be perfect coincidence between CIP recommended actions and the final list of Warrant Articles presented to the voters at Town Meeting. The path of a department's Capital Project proposal begins in late summer with the CIP Committee. The form of the project after it leaves our committee is quite likely to change as the Selectmen and the Budget Committee and sometimes the public's input all have their effects along the way. The end result should be a Capital Project that clearly benefits the Town and therefore has the best chance of being accepted by Town Meeting.

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

CAPITAL PROJECTS AND EXPENSES RECOMMENDED TO THE BOARD OF SELECTMEN

Department	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Addl.	Total	Comments	Financing comments	
Name of Project (All Numbers are \$,000s)															
Cemeteries															
Cemetery Expansion					15							15	Callendar or Town House Cemetery - needs further definition	Direct from taxes	
Emergency Management															
Emergency Radio Coverage			15									15	Improves Mutual Aid response, fills in dead spots.	Direct from taxes	
Fire/Rescue															
Engine-1 (Lease Purchase)	176											176	Ongoing lease payments. Approved in 2011	Lease Purchase	
Engine-2 (Lease Purchase)					110	110	110	110	110			550	Existing vehicle 20 years old in 2018	Lease Purchase	
Rescue-1			90	90	90	90	90					450	Existing vehicle 15 years old in 2017	Lease Purchase	
SCBA (Capital Reserve)	45	45	45	45	45	45	45	45				360	Equipment must be replaced at end of service life in 2022	Annual Payments to Capital Reserve.	
Highway Department / Board of Selectmen															
Road Improvement Projects (BoS Proposed Project)	50	50	50	50	50	50	50	50	50	50		500	Projects to be defined by Selectmen	Direct from taxes	
Named Road Repaving ("Paving" Warrant Article)	185	185	185	185	185	185	185	185	185	185		1,850	Roads are named in the text	Direct from taxes	
Lang Pond Road		♦♦										440	Addresses continuing problems with section along Mirror Lake.	Needs more information. See text of report.	
Lake Road Boat Launch Area		110											Engineering study to be performed in 2014		
Union Wharf			16										To be defined		
Replace Town Truck (Capital Reserve)		25	25	25	25	25	25					150	Existing vehicle 20 years old in 2020	Annual Payments to Capital Reserve.	
Library															
New Library Building		25	234	228	222	216	210	204	198	192	1,026	2,755	\$2.6 Mil design & build project	\$500 K + from Capital Reserve and library building fund, \$2.1 M financed	
Parks & Recreation Committee															
Davis Field rehab	23	11											Upgrade baseball field, relocate & replace fitness equipment		
Police Department															
Vehicles		45		55		49		52		51		252	Remains at 4 officers, 8 year vehicle replacement cycle.	Direct from taxes	
Mobile Reporting			15										Links town police HQ and vehicles with County Sheriff's system		
Public Safety Facilities - Board of Selectmen															
Fire Station	207	203	200	196	192	188	184	181	177	173	652	2,553	Approved in 2012	15 Year loan, matures in 2027	
Police Department Facility (Capital Reserve)	50	50	50	50	50	50	50	50	50	50		500	Police Department Facility to be defined and scheduled.	Annual Payments to Capital Reserve.	
Solid Waste Department (Transfer Station)															
Maintenance / Storage Facility			5	49	48	46	45	43	42	40	77	395	Improves efficiency; increased recycling revenue offsets cost.	To be financed	
Replace Bobcat		45										45		Direct from taxes	
Compactor 1				20											
Compactor 2								25							
TOTAL PROJECT EXPENSE	736	794	930	993	1,032	1,054	994	945	812	741				Total Project Expenses (Tax Burden).	
CAPITAL CAPACITY	<i>752</i>	<i>774</i>	<i>796</i>	<i>818</i>	<i>840</i>	<i>862</i>	<i>885</i>	<i>907</i>	<i>929</i>	<i>951</i>				20+ year history plotted and averaged forward, using actual expense data	Town's Normal Capacity for Capital Expenses.
CAPITAL CAPACITY MINUS TOTAL PROJECT EXPENSE	16	-20	-134	-175	-192	-192	-109	-38	117	210				Positive means spending less than Capital Capacity, keeping taxes lower.	
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Addl.	Total	♦♦ = Project known; cost unknown		

Table 2 – Proposed Project Schedule

**Schedule of Articles Recommended to the Board of Selectmen
for the 2014 Town Warrant**

1. An Article to establish a capital reserve fund for self contained breathing apparatus and raise and appropriate \$45,000 as an initial contribution.
2. An Article to raise and appropriate \$185,000 for the paving of town roads.
3. An Article to raise and appropriate \$2,600,000 to build and equip a new library with all funds to be applied from the existing Library Capital Reserve Fund (approximately \$335,000) and from library capital fund donations (approximately \$190,000), and the balance to be financed in a means and for a term to be determined by the Board of Selectmen.
4. An Article to raise and appropriate \$23,000 to rehabilitate the Davis Field ball field in 2014 and raise and appropriate \$11,000 to replace Davis Field fitness equipment in 2015.
5. An Article to raise and appropriate \$50,000 to be added to the previously established Police Facility Capital Reserve Fund.

CIP RECOMMENDATIONS FOR 2013 COMPARED TO 2013 TOWN MEETING DECISIONS

Project	CIP Committee Proposal	Selectmen Proposal	Budget Committee Proposal	Town Meeting Approval	Comments
Emergency Radio Coverage	\$15,000	Not considered	Not considered	Not presented	Withdrawn by department head.
Road Improvement Projects	\$75,000	\$50,000	\$50,000	In Operating Budget	Passed in Operating Budget.
Paving	\$185,000	\$185,000 (Recommended 3-0)	\$185,000 (Recommended 7-0)	Passed	
Library Capital Reserve	\$125,000	\$125,000 (Recommended 3-0)	\$125,000 (Recommended 5-2)	Passed	Capital Reserve created in 2009. Totals \$239,478 as of 12/31/12 which includes market value increase.
Police Vehicle	\$50,000	\$50,000 (Recommended 3-0)	\$48,000 (Recommended 5-2)	Passed	Replacement police cruiser.
Police Facility Capital Reserve	\$125,000	\$125,000 (Recommended 3-0)	\$125,000 (Recommended 4-3)	Passed	From fund balance. Capital Reserve of \$75,000 created in 2012.
Transfer Station Paving	\$25,000	\$25,000 (Recommended 3-0)	\$25,000 (Recommended 6-1)	Passed	
Transfer Station Maintenance/ Storage Facility	\$20,000	\$10,000 (Recommended 3-0)	(Not Recommended 5-2)	Defeated	To develop specifications and a facility design.
Sawyer Road Paving	Not considered	\$15,000 (Recommended 3-0)	\$15,000 (Recommended 4-3)	Defeated	Overwhelmingly defeated.
Replace Playground Equipment	\$36,000 Not recommended	(Not Recommended 3-0)	(Not Recommended 7-0)	\$32,073 Passed	Approved as a petitioned article.

Table 3 – Town Decisions v. CIP Recommendations

Projected Tax Rates for 2014 to 2019

Each year, the CIP Committee receives information and projections about contributions to our overall tax rate from the County, the School District, and the State. Believing this information to be very useful and of interest to the taxpayers, the CIP Committee makes it available in these reports. With this information, the Selectmen can plan expenditures in the context of our total tax rate, not just the Town portion, and the voters can consider Town expenditures in this same, wider context. After all, it is this total tax rate that we pay, not just the Town taxes.

Please note that with a total Town valuation of \$1.025 billion, \$10,000 of additional expenditure results in an increase of about 1 cent in the tax rate, which would increase taxes on a property with an assessed value of \$200,000 by about \$2.

The data presented in Table 4 (on the next page) are from a variety of sources. All the data for 2007 through 2012 are from the “Tax Rate Calculation” page in Tuftonboro’s Town reports and are certified by the New Hampshire Department of Revenue Administration (DRA). The data for 2013 are similarly certified and will appear in the upcoming Town Report. The data for 2014 through 2019 are estimates from sources discussed below.

The top section of Table 4 is for Town data with the expenditures given in terms of their impact on the tax rate. The operating expense contribution to the Town tax rate is given at the top of the table and is assumed to increase at 3% per year from 2013 through 2019. The next line is for the Capital Project expense contributions. The future projections are taken from Table 2, the schedule of projects, found on page 20. The third line, in larger numbers, summarizes these two elements of the Town tax rate.

The lower part of the table shows the tax rate components from the County’s operating budget (assumed to increase at 3% annually beyond 2013), the cost of the Nursing Home project, the School District’s operating budget (also assumed to increase at 3% annually beyond 2013) and the School District’s Capital Projects.

The last line in the table summarizes all these components to provide a projected overall tax rate. Projections are made using the 2011 net assessed property valuation.

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 2014 -- 2019

YEAR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Town Net Operating Expenses Tax Rate (\$/\$,000)	1.26	2.00	1.92	1.53	1.65	1.67	1.72	1.77	1.82	1.88	1.94	1.99
Town Net Capital Project Expense Tax Rate (\$/\$,000)	0.64	0.52	0.50	0.49	0.62	0.67	0.71	0.77	0.93	0.95	0.99	1.01
Total "Town Only" Tax Rate (\$/\$,000)	1.90	2.52	2.42	2.02	2.27	2.34	2.43	2.54	2.75	2.83	2.93	3.00
County Net Operating Expense Tax Rate - (\$/\$,000) - +3%pa.	1.00	0.97	1.02	0.80	0.90	0.95	0.98	1.01	1.04	1.07	1.10	1.13
New Nursing Home Cost Tax Rate (\$/\$,000)				0.20	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Total "County Only" Tax Rate (\$/\$,000)	1.00	0.97	1.02	1.00	1.04	1.09	1.12	1.15	1.18	1.21	1.24	1.27
School Operating Expense Tax Rate - (\$/\$,000) - +3%pa.	5.05	5.52	4.92	5.48	5.55	5.46	5.62	5.79	5.97	6.15	6.33	6.53
New School Building Cost Tax Rate (\$/\$,000)			0.13	0.21	0.28	0.29	0.29	0.29	0.30	0.31	0.31	0.31
Total "School Only" Tax Rate (\$/\$,000)	5.05	5.52	5.05	5.69	5.83	5.75	5.91	6.08	6.27	6.46	6.64	6.84
Total Tax Rate - (\$/\$,000) -	7.95	9.01	8.49	8.71	9.14	9.18	9.46	9.77	10.20	10.50	10.81	11.11

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NOTES

- 1 Assumes a constant town valuation of \$1.03 billion.
- 2 Numbers for 2008 to 2012 are actual from Town reports.
- 3 Numbers for 2013 are actual from DRA calculation.
- 4 For all later years, assumes:
 - a) 3% annual increase in Town's Operating Expenses.
 - b) 3% annual growth rate in School District's Operating Expenses.
 - c) 3% annual growth rate in County's Operating Expenses.
 - d) Capital Project Expenses are calculated from projections

NOTE -- These 3% growth assumptions are arbitrary and may be too low.

Table 4 -- Projected Tax Rates