

CAPITAL IMPROVEMENTS PROGRAM REPORT

TUFTONBORO

NEW HAMPSHIRE

2015 - 2024

**Prepared by the
Capital Improvements Program Committee
Presented to the Selectmen of Tuftonboro
December 16, 2014**

TOWN OF TUFTONBORO
NEW HAMPSHIRE

CAPITAL IMPROVEMENTS PROGRAM

FOR THE PERIOD

2015 to 2024

December 16, 2014

**Capital Improvements Program
Tuftonboro, New Hampshire
2015-2024**

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, and Tuftonboro's School Board representative. 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 - 2014

Bill Marcussen	Chairman
John Lapolla	Vice-Chairman & Planning Board Representative
Jill Cromwell	Secretary
Helen Hartshorn	CIP Committee Member
Laureen Hadley	CIP Committee Member
Jim McIntyre	CIP Committee Member
Bob Theve	Budget Committee Representative
Carolyn Sundquist	Board of Selectmen Representative

Board of Selectmen – 2014

Lloyd Wood, Chairman
Daniel Duffy
Carolyn Sundquist

TABLE OF CONTENTS

Acknowledgements	2
Table of Contents	3
Introduction	4
Our Capital Improvements Program -- The Fundamentals	5
Capital Capacity	6
Table 1 -- Capital Capacity Data	6
Figure 1 -- Capital Capacity Graph	7
Proposed Capital Projects & Purchases	8
Details of Town Proposals	8
A. Board of Selectmen	8
B. Emergency Management Service	8
C. Fire / Rescue Department	8
D. Highway Department	10
E. Library	13
F. Planning Board	14
G. Police Department	14
H. Public Safety Facilities	14
I. Solid Waste Department	15
Governor Wentworth Regional School District Capital Projects	17
Carroll County Capital Projects	17
Conclusions and Recommendations	18
Table 2 - 2014 Town Decisions Compared with CIP Recommendations	19
Schedule of Articles Recommended for the 2015 Town Warrant	20
Schedule of Other Capital Spending Recommended for the 2015 Town Budget	20
Table 3 - Proposed Project Schedule	21
Projected Tax Rates for 2015 to 2020	22
Table 4 - Projected Tax Rates for 2015 to 2020	23

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 2014 CIP report, covering the years 2015-2024, 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 2009 through 2014 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 2015 – 2020, using the 2014 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 suggested Articles for the Town Warrant and other recommended capital spending for the coming year. 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 19.

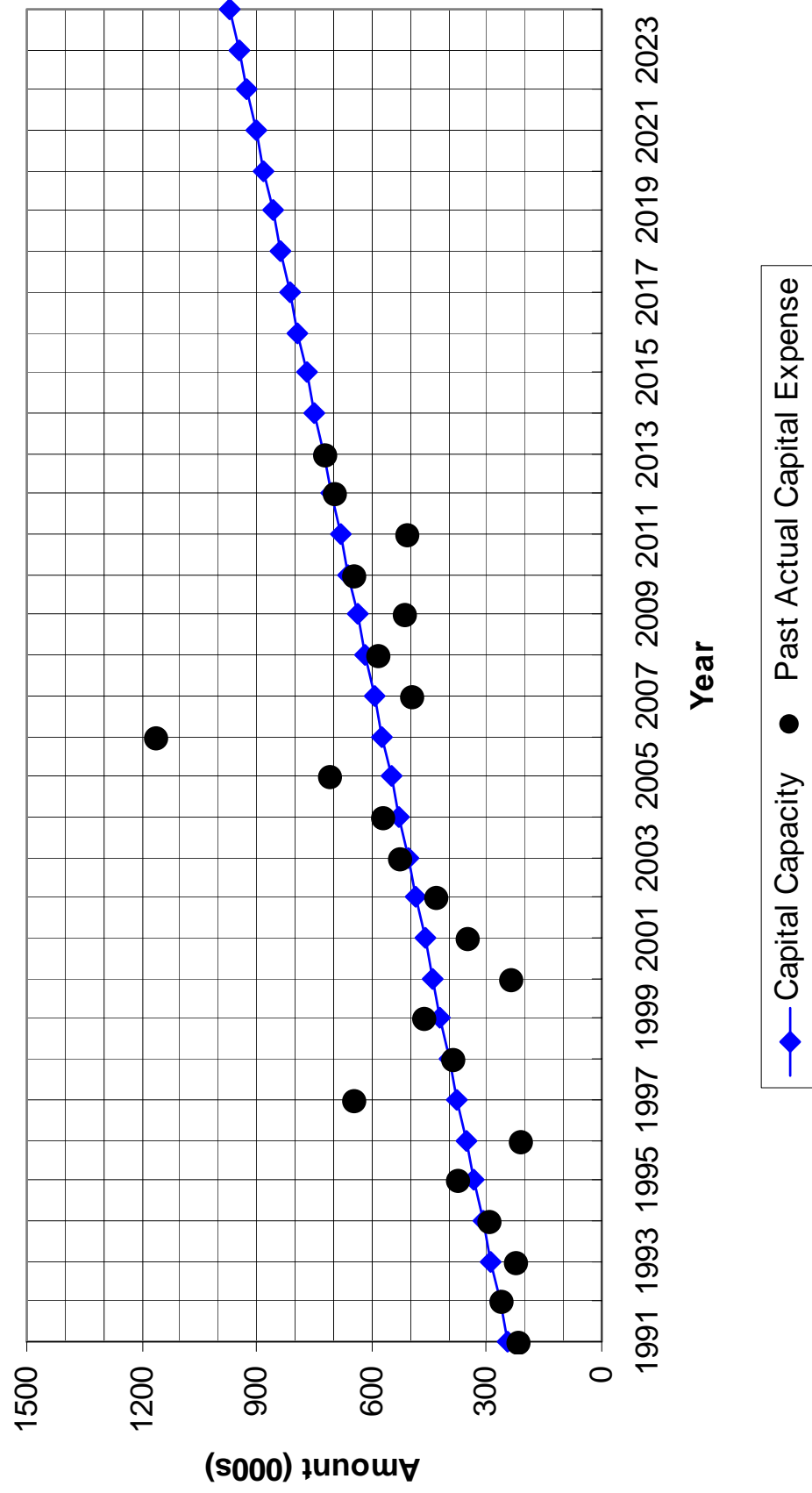
Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Expense (000s)	\$214	\$260	\$222	\$293	\$373	\$207	\$645	\$387	\$457	\$231	\$349	\$431
Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expense (000s)	\$523	\$570	\$705	\$1,157	\$491	\$581	\$508	\$643	\$502	\$694	\$717	
Capacity (000s)												\$ 750
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Expense (000s)												
Capacity (000s)	\$772	\$794	\$816	\$838	\$860	\$882	\$904	\$926	\$948	\$970		

Table 1 - Tuftonboro’s Capital Expenditures and Capital Capacity 1991-2024

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 1991-2024



Proposed Capital Projects & Purchases

The CIP Committee contacted the head of each department, committee, and commission in Tuftonboro during the summer of 2014 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. Emergency Management Services

1. Emergency Radio Coverage for Emergency Services (unchanged)

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.

C. 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. Engine Exhaust Removal System – Melvin Village (new)

Department Submission: Vehicle exhaust is a known carcinogen. It is important to limit the exposure of exhaust as much as possible to help with the long term health and well being of fire fighters. It is not uncommon for fire fighters to stand by at the station after vehicles depart to await an assignment or to stand by due to storms, etc.

Exhaust removal systems are already in place at the Central and Mirror Lake Stations but it was previously believed impractical at Melvin Village Station due to space limitations. However, alternative equipment has recently been identified that will work within available space.

CIP Committee Comments: An important health and safety project.

CIP Committee Recommendation: Schedule \$13,000 for this project in the 2015 building maintenance budget.

4. Self Contained Breathing Apparatus (SCBA) (unchanged)

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, a Capital Reserve Fund was established in 2014. This fund currently contains \$45,000 in previous contributions.

CIP Committee Recommendation: A Warrant Article for 2015 adding \$45,000 to the SCBA Capital Reserve. Continue annual contributions of \$45,000 to the SCBA Capital Reserve Fund through 2021.

D. Highway Department

Tuftonboro has an elected Road Agent responsible for maintaining and upgrading the Town's roads, bridges and docks. Tuftonboro maintains approximately 34 miles of paved and 12 miles of unpaved roads. The Town also owns 5 bridges, 5 boat launch access locations and 2 wharves. 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 Board of Selectmen 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 Union Wharf Road for road improvement work.

CIP Committee Comments: The road construction to be done on Union Wharf Road is in conjunction with the repaving.

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 2015. The project for 2015 is to reclaim and base coat Union Wharf Road beginning at Middle Road and continuing approximately $\frac{3}{4}$ of the length toward Governor Wentworth Highway.

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 2015.

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.

H E Bergeron Engineers presented a design with an estimated cost of \$440,000 to complete the project, including centering 1,400 feet of road in the right of way, new culverts and ditch work. This approach was abandoned due to excessive cost and because it would upgrade and change the character of the road.

In 2013, the Selectmen created the Mirror Lake Watershed Advisory Committee to review alternatives and suggest appropriate ways to reduce runoff from the road into Mirror Lake. The committee has recommended that the town pursue upsized replacement of the four (4) existing culverts and installation of a perched beach at the current beach location. This project will probably require a new state permit and is estimated to cost \$25,000.

CIP Committee Comments: An appropriate approach to reducing siltation of Mirror Lake from road overwash while maintaining the existing character and seasonal classification of Lang Pond Road. The project can be phased over two years.

CIP Committee Recommendation: Schedule \$15,000 for culvert replacement in the 2015 road maintenance budget. Schedule \$10,000 for installation of a perched beach in 2016.

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 to replace the launch ramp and repair the bulkhead is currently estimated at \$150,000. This year, the Board of Selectmen contracted with an engineer to develop design and permit information for this project. This information has not yet been completed.

CIP Committee Comments: Our boat launches should be maintained in a condition that contributes to the recreational appeal of our town and region. Spreading the cost over several years will allow for complete plan development and level out the budget impact.

CIP Committee Recommendation: A Warrant Article in 2015 to establish a Lake Road Launch Area Capital Reserve Fund. Schedule annual contributions of \$50,000 from 2015 through 2017.

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

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. Repairs to Sodom Road Bridge (new)

This bridge is currently on the state red list and requires repair or replacement to avoid derating load capacity or potential closure. Estimated replacement cost is \$215,000. The state bridge program will reimburse 80% of this cost but the current backlog in this program is 6 – 8 years. Repairs that can extend the current bridge's life for up to 10 years can be accomplished for \$35,000 - \$50,000 but with no state support.

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

CIP Committee Recommendation: Immediately apply for inclusion of this bridge in the state replacement program. Schedule replacement of the Sodom Road bridge for 2021.

7. Replacement of Tuftonboro Neck Bridge (new)

This bridge is close to being red-listed by the state. Estimated replacement cost is \$895,000. The state bridge program will reimburse 80% of this cost but the current backlog in this program is 6 – 8 years. The construction of this bridge does not lend itself to interim repairs.

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

CIP Committee Recommendation: Immediately apply for inclusion of this bridge in the state replacement program. Schedule replacement of the Tuftonboro Neck Road bridge for 2022.

8. Town Truck (updated)

The town truck needs to be replaced by 2020 or sooner, due to vehicle age and rust. The Road Agent believes that replacing the existing 6-wheel truck with a 10-wheeler will increase the vehicle's utility and estimates cost of the larger truck at \$175,000.

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: A Warrant Article in 2015 to establish a Town Truck Capital Reserve Fund. Schedule annual contributions of \$25,000 from 2015 through 2020.

E. Library

1. New Library Building (revised)

Trustees Submission: In 2004, a space needs consultant hired by the Library 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 2006, this need was recognized and incorporated it into the Town Master Plan.

In 2014, an article was placed on the town warrant to build a new 9,500 square foot library on the hill behind the current building at a total cost of \$2.6 Million. The article narrowly missed achieving the 2/3 super majority vote required for passage at Town Meeting.

This past spring, the Board of Selectmen created a Library Building Advisory Committee to determine library needs and make a recommendation for a new library building. This committee was comprised of representatives from the Board of Selectmen, Budget Committee, CIP Committee, Library Trustees, Planning Board and several at-large members from the general public. They established a space requirement, evaluated alternative building sites, visited other libraries across the state and interviewed several architectural firms. The committee recommended SMP Architects to develop a concept design. Over a number of meetings and work sessions, including 3 public input forums, SMP developed an 8,500 square foot, single story 'New England vernacular' design, sited on the Dearborn property across from the existing library building.

Based on their performance as construction manager for the 2012 Central Fire / Rescue Station project, the Selectmen chose Bauen Corporation to provide detailed cost information for this new design. They have developed an initial cost estimate for the project of \$2.5 Million.

CIP Committee Comments: Construction of a new Library building is consistent with priorities established by the Town Master Plan and reaffirmed by the Board of Selectmen. This new design provides improved functionality in a better location with good visibility and accessibility from the road at a lower total project cost. Moving forward with the project in 2015 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 \$2,500,000 in 2015 with about \$600,000 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.

F. Planning Board

1. Master Plan Update (new)

Department Submission: The current master plan was published in 2006 and requires outside services during 2015 in order to be ready for republishing in 2016.

CIP Committee Comments: The Town Master Plan is the basic document relied on for guidance on land use and future development and is supposed to be updated every 10 years. It is important that the master plan reflect the current conditions and situation in the town.

CIP Committee Recommendation: Schedule \$18,000 for this project in the planning board budget.

G. 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 \$47,000 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: A Warrant Article for 2015 for \$47,000 to purchase and equip a replacement police cruiser.

H. Public Safety Facilities (Board of Selectmen)

1. Police Department Facility (updated)

The Tuftonboro 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. This summer, the Selectmen established a Police Facility Advisory Committee to explore various alternatives for meeting current and future police department requirements. The committee reviewed three options and recommended conversion of the current library building at an estimated cost of \$950,000. A 32' x 32' garage structure would be added to the existing 3,984 square foot building. This estimate does not include furnishings or landscaping and is contingent on moving the library to a new structure.

CIP Committee Comments: The recommended conversion of the existing library building provides the most cost effective approach to meeting police department needs. A Capital Reserve Fund was established in 2012. This fund currently contains \$250,000 in previous contributions.

CIP Committee Recommendation: A Warrant Article for 2015 adding \$75,000 to the Police Facility Capital Reserve Fund. Schedule a project for 2018 to convert the existing library building to a new police facility at an estimated cost of \$950,000.

2. **Dearborn House Demolition** (new)

The Dearborn property was purchased by the town for future building needs. The house and garage on the property have been vacant for many years, are not inhabitable and represent a safety and health hazard. Quoted cost to raze the structure is \$15,000.

CIP Committee Comments: An important health and safety project. The structure should be demolished as soon as possible.

CIP Committee Recommendation: Schedule \$15,000 for this project in the 2015 building maintenance budget.

I. Solid Waste Department

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

1. **Skid Steer Loader (Bobcat) Replacement** (updated)

The Bobcat is getting old and maintenance costs are rising. Due to these increased maintenance costs and increased servicing expectations, replacement should be accomplished in 2015. Right now the Bobcat is 16 years old, has 3,600 hours and has already had two major servicing requirements for worn out parts. These expenses take away from other planned projects in the budget. A new skid steer loader will have a planned life expectancy of 15 years. Grant money may be available.

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

CIP Committee Recommendation: A Warrant Article for \$34,000 in 2015 to purchase a replacement skid steer loader.

2. **Refuse Compactor Replacement** (unchanged)

Compactor life is 12-15 years. Compactor #1 is currently 13 years old. In 2012, 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.

3. Maintenance / Storage Facility (updated)

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.

More research is required to identify the best facility design and construction.

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 2019 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 15% of the GWRSD budget.

The Kingswood Complex project was completed in 2011. The project was financed with general obligation bonds totaling \$57.5 million with an effective interest rate of 4.39% and a final maturity of 8/15/2039.

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 interest rate of 3.38% and a final maturity of 12/31/2030.

Tuftonboro’s share of the County’s tax burden is 8.20% this year, essentially unchanged from 8.21% last year. The combined operating budget and financing costs of existing capital projects (other than the nursing home project) is \$14.3 million in 2014, an increase of about 5% from \$13.7 million in 2013. Table 4, on page 23, 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 down a slight amount 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 conducted investigation and planning for two major future construction projects – a new library and a new police station.

A review of the Capital Capacity graph on page 7 shows that Tuftonboro's capital expenditures from 2007 through 2013 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 2014, capital spending in the current year will also fall below the 2014 Capital Capacity level.

This year's CIP Report recommends funding in 2015 for several new projects that we believe should move ahead, additions to existing capital reserve funds and establishment of new capital reserve funds for important future projects. The recommended capital expense schedule includes 3 types of funding: direct payment of total project cost in the current (2015) 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. 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 and accompanying Table 3, found on pages 20 and 21 respectively, are the product of several months of work. At the bottom of the table, 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 2 on page 19 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 and other capital expenditures included in the Town Budget. 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.

CIP RECOMMENDATIONS FOR 2014 COMPARED TO 2014 TOWN MEETING DECISIONS

Project	CIP Committee Proposal	Selectmen Proposal	Budget Committee Proposal	Town Meeting Approval	Comments
Fire/Rescue Engine 1	\$176,000 (\$88,549 included in operating budget \$87,451 for warrant article)	\$87,451 (Recommended 3-0)	\$87,451 (Not Recommended 3-5)	Passed	Lease Purchase. To make the final 2 payments in 2014
Fire/Rescue SCBA	\$45,000	\$45,000 (Recommended 3-0)	\$45,000 (Recommended 8-0)	Passed	Capital Reserve. Equipment must be replaced at end of service life in 2022
Paving	\$185,000	\$185,000 (Recommended 3-0)	\$185,000 (Recommended 8-0)	Passed	
Road Improvement Projects	\$50,000	\$50,000	\$50,000	In Operating Budget	Passed in Operating Budget
Davis Field Rehab	\$34,000	\$34,000 (Recommended 3-0)	\$34,000 (Recommended 5-3)	Passed	Two year project
Police Facility Capital Reserve	\$50,000	\$50,000 (Recommended 3-0)	\$50,000 (Recommended 8-0)	Passed	From fund balance. Capital reserve created in 2012, balance as of 12/31/13 was \$200k+
New Library	\$2,600,000	\$2,600,000 (Recommended 3-0)	\$2,600,000 (Not Recommended 3-5)	Not passed (252 Yes / 147 No) (63%)	\$2.1 million financed, \$500k+ from Capital Reserve & library building fund

Table 2 – Town Decisions v. CIP Recommendations

Schedule of Articles Recommended to the Board of Selectmen for the 2015 Town Warrant

1. An Article to raise and appropriate \$45,000 to be added to the previously established Self Contained Breathing Apparatus Capital Reserve Fund.
2. An Article to raise and appropriate \$185,000 for the paving of town roads.
3. An Article to establish a capital reserve fund for improvements to the Lake Road Boat Launch Area and to raise and appropriate \$50,000 as an initial contribution.
4. An Article to establish a capital reserve fund for replacement of the Town Truck and to raise and appropriate \$25,000 as an initial contribution.
5. An Article to raise and appropriate \$2,500,000 to build and equip a new library with all funds to be applied from the existing Library Capital Reserve Fund and from library capital fund donations (approximately \$600,000 total), and the balance to be financed in a means and for a term to be determined by the Board of Selectmen.
6. An Article to raise and appropriate \$47,000 to purchase, equip and upfit a replacement police cruiser.
7. An Article to raise and appropriate \$75,000 to be added to the previously established Police Facility Capital Reserve Fund.
8. An Article to raise and appropriate \$34,000 to purchase a replacement transfer station skid steer loader.

Schedule of Other Capital Spending Recommended for the 2015 Town Budget

1. An expenditure of \$13,000 in the building maintenance budget for purchase and installation of an apparatus exhaust system in the Melvin Village Fire Station.
2. An expenditure of \$50,000 in the highway maintenance budget for road improvement projects.
3. An expenditure of \$15,000 in the highway maintenance budget to replace culverts on Lang Pond Road.
4. An expenditure of \$18,000 in the planning board budget for Master Plan update.
5. An expenditure of \$15,000 in the building maintenance budget for demolition of the existing buildings on the Dearborn property.

CAPITAL PROJECTS AND EXPENSES RECOMMENDED TO THE BOARD OF SELECTMEN

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Addl.	Total	Comments	Financing comments
	Department														
	Name of Project (All Numbers are \$,000s)														
	Emergency Management														
	Emergency Radio Coverage		15										15		Direct from taxes
	Fire/Rescue														
	Rescue 1 (Lease Purchase)		90	90	90	90	90						450	Existing vehicle 15 years old in 2017	Lease Purchase
	Engine 2 (Lease Purchase)				110	110	110	110	110				550	Existing vehicle 20 years old in 2018	Lease Purchase
	Engine Exhaust Ventilation System – Melvin Village	13											13		Direct from taxes
	SCBA (Capital Reserve)	45	45	45	45	45	45	45					315	End of equipment service life is 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		Direct from taxes
	Lang Pond Road	15	10										25	Addresses problems along Mirror Lake.	Direct from taxes
	Lake Road Boat Launch Area (Capital Reserve)	50	50	50									150		Annual Payments to Capital Reserve.
	Union Wharf		16										16		Direct from taxes
	Sodum Road Bridge Replacement							43					43	Net impact of \$215K project	80% reimbursed from state bridge fund
	Tuftsboro Neck Bridge Replacement								179				179	Net impact of \$895K project	80% reimbursed from state bridge fund
	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		30	181	176	172	168	163	159	155	151	1,473	2,828	\$2.5 Mil design & build project	\$600 K + from Capital Reserve and library building fund, \$1.9 M financed – 20 yr loan
	Planning Board														
	Master Plan Update	18											18	10 year rewrite of 2006 original	Direct from taxes
	Police Department														
	Vehicles	47		55		49		52		51			254	8 year vehicle replacement cycle	Direct from taxes
	Public Safety Facilities - Board of Selectmen														
	Fire Station	203	200	196	192	188	184	181	177	173	169	484	2,347		15 Year loan, matures in 2027
	Police Facility (Capital Reserve)	75	75										150		Annual Payments to Capital Reserve.
	Police Department Facility					15	77	75	73	70	68	308	686	\$950K remodel of old library building	\$400K+ from Capital Reserve, \$550K financed – 10 year loan
	Dearborn House Demolition	15											15	Health & Safety Hazard	Direct from taxes
	Solid Waste Department (Transfer Station)														
	Replace Skid Steer Loader (Bobcat)	34		20									34	Existing equipment is 16 years old	Direct from taxes
	Compactor 1							25						Existing unit 15 years old in 2016	
	Compactor 2						5	49	48	46	45	202	395	Existing unit 15 years old in 2020	
	Maintenance / Storage Facility													Improves efficiency, increased recycling revenue offsets cost.	To be financed
	TOTAL PROJECT EXPENSE	775	791	897	873	929	939	978	981	730	668				Total Project Expenses (Tax Burden).
	CAPITAL CAPACITY														Town's Normal Capacity for Capital Expenses.
	CAPITAL CAPACITY MINUS TOTAL PROJECT EXPENSE	-3	3	-81	-35	-69	-57	-74	-55	218	302				
	Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Addl.	Total		

Table 2 – Proposed Project Schedule

Projected Tax Rates for 2015 to 2020

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 this year, a reassessment of property values was completed. This reassessment reduced the total Town valuation from \$1.025 Billion to \$967 Million. An additional expenditure of \$10,000 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 2013 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 2014 are similarly certified and will appear in the upcoming Town Report. The data for 2015 through 2020 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 2015 through 2020. 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 2014), the cost of the Nursing Home project, the School District’s operating budget (also assumed to increase at 3% annually beyond 2014) 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 2014 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 2015 -- 2020

YEAR	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Town Net Operating Expenses Tax Rate (\$/\$.000)	2.00	1.92	1.53	1.65	1.67	1.94	2.00	2.06	2.12	2.18	2.25	2.32
Town Net Capital Project Expense Tax Rate (\$/\$.000)	0.52	0.50	0.49	0.62	0.67	0.76	0.80	0.82	0.93	0.90	0.96	0.97
Total "Town Only" Tax Rate (\$/\$.000)	2.52	2.42	2.02	2.27	2.34	2.70	2.80	2.88	3.05	3.08	3.21	3.29
County Net Operating Expense Tax Rate - (\$/\$.000) - +3%pa.	0.97	1.02	0.80	0.90	0.95	1.08	1.11	1.15	1.18	1.22	1.25	1.29
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	0.14
Total "County Only" Tax Rate (\$/\$.000)	0.97	1.02	1.00	1.04	1.09	1.22	1.25	1.29	1.32	1.36	1.39	1.43
School Operating Expense Tax Rate - (\$/\$.000) - +3%pa.	5.52	4.92	5.48	5.55	5.46	5.78	5.95	6.13	6.32	6.51	6.70	6.90
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	0.31
Total "School Only" Tax Rate (\$/\$.000)	5.52	5.05	5.69	5.83	5.75	6.07	6.24	6.43	6.63	6.82	7.01	7.21
Total Tax Rate - (\$/\$.000) -	9.01	8.49	8.71	9.14	9.18	9.99	10.29	10.60	11.00	11.25	11.61	11.93

NOTES

- 1 Assumes a constant 2014 town valuation of \$967 million. (2015-2020)
- 2 Numbers for 2009 to 2013 are actual from Town reports.
- 3 Numbers for 2014 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