

**TOWN OF TUFTONBORO
NEW HAMPSHIRE**

CAPITAL IMPROVEMENTS PROGRAM

FOR THE PERIOD

2018 to 2027

Presented
December 12, 2017

**Capital Improvements Program
Tuftonboro, New Hampshire
2018-2027**

Tuftonboro’s Capital Improvements Program (“CIP”) Committee wishes to acknowledge and to thank Tuftonboro’s Department Heads, Committee and Commission Chairs, the Trustees of the Trust Funds, the Business Office of the Governor Wentworth Regional School District, and the Carroll County Finance Office. 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. Bill Marcussen’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. Selectmen’s Administrative Assistant, Karen Koch, was very helpful in updating our website and web-based forms.

Town of Tuftonboro Capital Improvements Program Committee - 2017

Jill Cromwell	Chair
George Gettman	Vice-Chairman
Laureen Hadley	Secretary & Planning Board Representative
Helen Hartshorn	Budget Committee Representative
Polly Jeffers	CIP Committee Member
Maryann Lynch	CIP Committee Member
Bill Marcussen	Board of Selectmen Representative
Tom Young	CIP Committee Member

Board of Selectmen – 2017

**Lloyd Wood, Chair
William “Chip” Albee
Bill Marcussen**

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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 (RSAs) which govern the work of the CIP Committee, the responsibilities of the Committee, and the annual process to be followed by the Committee. In addition, the first report 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 2017 CIP report, covering the years 2018-2027, 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 2012 through 2017 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 2018 – 2023, using the 2017 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
- Paving and upgrading 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) and presents these on a single spreadsheet with 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, Budget Committee, and Planning Board.

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 aspect of the CIP Committee’s report generates as much discussion as Capital Capacity. Using spreadsheet software, a graph is plotted 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 is described by an equation. The next step is to extend that trend line through the coming 10-year period within which the CIP Committee works. Using the equation from the first step, values are generated for this extension. The result is a line describing Tuftonboro’s capital expenditure levels since 1991 and a projection 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 3 on page 23.

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Expense (000s)	\$ 214	\$ 260	\$ 222	\$ 293	\$ 373	\$ 207	\$ 645	\$ 387	\$ 457	\$ 231	\$ 349	\$ 431	\$ 523
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expense (000s)	\$ 570	\$ 705	\$ 1,157	\$ 491	\$ 581	\$ 508	\$ 643	\$ 502	\$ 694	\$ 717	\$ 729	\$ 811	\$ 785
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027		
Capacity (000s)	\$ 817	\$ 839	\$ 861	\$ 884	\$ 906	\$ 928	\$ 950	\$ 972	\$ 994	\$ 1,016	\$ 1,038		

Table 1 - Tuftonboro’s Capital Expenditures and Capital Capacity 1991-2027

While actual expenditures (rather than voter-authorized amounts) are subject to year-to-year fluctuations and changing economic conditions, 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” town 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.

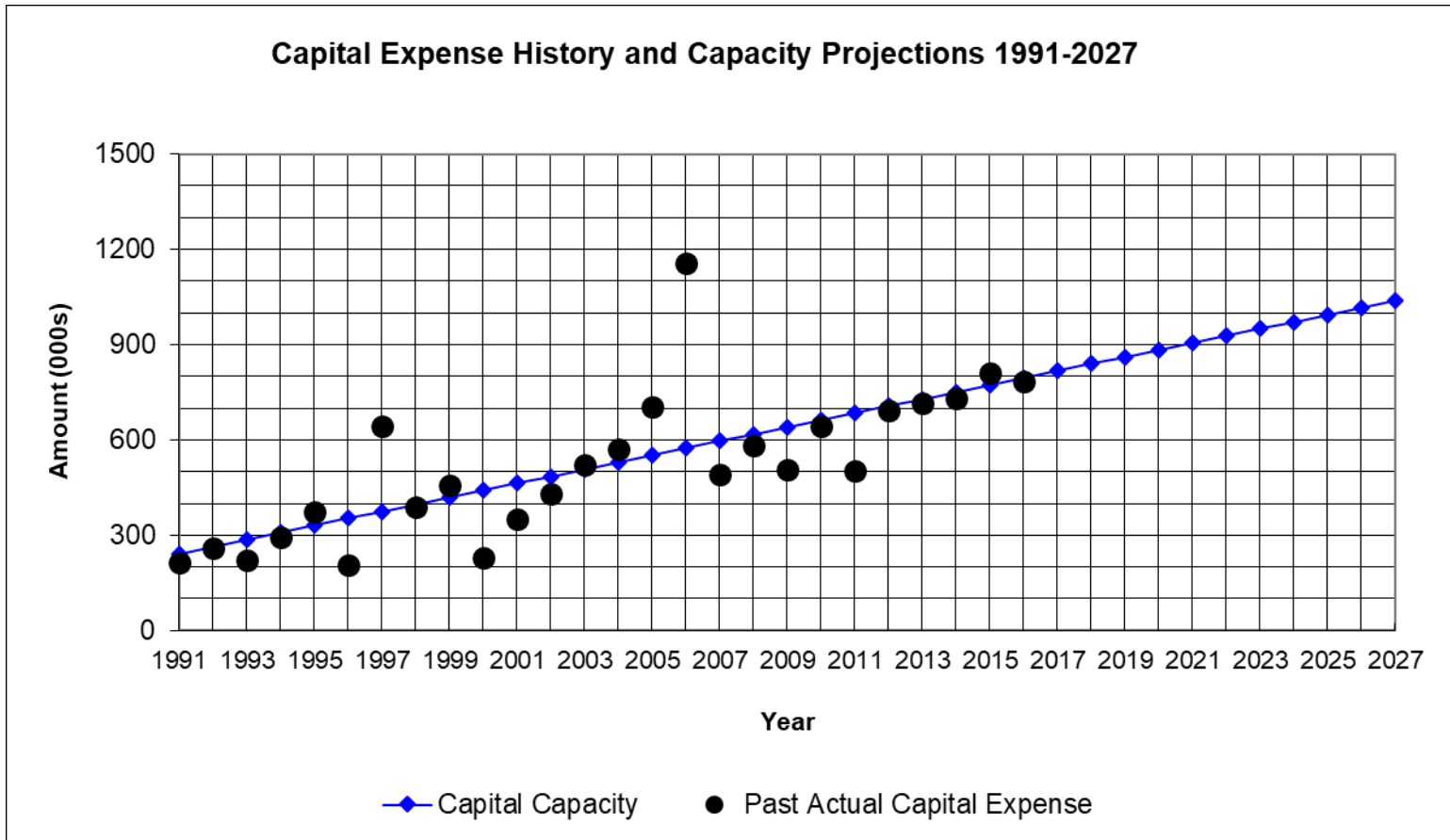


Figure 1

Proposed Capital Projects & Purchases

The CIP Committee contacted the head of each department, committee, and commission in Tuftonboro during the summer of 2017 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 “Code Officer”, “Highway Department”, “Library”, and “Public Safety Facilities.”

B. Code Officer

1. Code Enforcement Vehicle (resubmitted – no change)

Submission: The current vehicle is a 2008 Chevrolet Colorado pickup truck with approximately 82,000 miles on it. It needs to be replaced in 2018. The replacement vehicle is expected to be a Chevrolet Colorado four-wheel drive extended cab with tonneau cover for rear bed and seat covers.

CIP Committee Comments: Vehicle size, ground clearance, drive configuration, and additional space is an appropriate platform to support the code officer’s duties.

CIP Committee Recommendation: Schedule \$35,000 for this project in 2018.

2. A/C Replacements Town Offices (new)

Submission: Replace a/c units in File room, Town Clerk’s office and Police Department.

CIP Committee Comments: Present units were installed in 1998, leak (causing damage to the building), and cannot be fixed. The new heat pump units will provide heat and a/c which may save on oil costs. Each unit costs \$4,200.

CIP Committee Recommendation: Schedule \$13,000 for this project in 2018.

3. Front Entrance Replacement Town Offices (new)

Replace front foyer doors with aluminum storefront type and automatic door opener for ADA compliance.

CIP Committee Comments: This includes replacing the two sets of doors in the entrance vestibule which were installed during the 1998 addition to the building. There are signs of rot around them now and they are not ADA compliant.

CIP Committee Recommendation: Schedule \$22,000 for this project in 2018.

C. Fire / Rescue Department

1. Continue Lease/Purchase payments on Rescue 1 & Ambulance (Previously approved projects)

2. Engine 2 (updated)

Submission: The scope of this project is to replace the existing Engine 2. The current Engine 2 will be 20 years old in 2018. Twenty years is the average life of a class A pumper. With state of area roads and call volume the current engine 2 has done very well to last as long as it has. The estimated cost of replacement for the engine is approximately \$580,000. This is slightly higher than previous years' estimates. Now that we are closer to the project and have working specifications, a more accurate price is obtainable. The updated cost of the project is reflected in lease purchase payments of \$116,000 over 5 years. The lead time for a class A pumper is approximately 9 to 12 months from order date so if a truck is ordered in 2018 it will be almost a year older before the new one arrives. This project needs to proceed on schedule in order to keep the remaining projects in the CIP on track and evenly spread out.

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

CIP Committee Recommendation: Schedule \$116,000 for this project in 2018 as a lease/purchase for the next five years.

3. Engine 4 (resubmitted – no change)

Submission: The scope of this project is to replace the current Engine 4 at the end of its 20-year service life. When this truck is due for replacement in 2025 it is expected to cost \$800,000. As the project comes closer to fruition a better cost estimate will be available.

CIP Committee Comments: Consistent with NFPA service life guidelines.

CIP Committee Recommendation: Schedule for 2025 - 2029 as requested.

4. Car 1 (resubmitted – no change)

Submission: The scope of this project is to replace the current Car 1 on its normal 10-year replacement cycle. Car 1 is used primarily by the chief as his command vehicle but also as a vehicle that members use to respond to all types of calls, take to trainings outside of the department and any other department business. It is used daily. The cost of the project is estimated to be in the \$90,000 range when it comes in 2020.

CIP Committee Comments: Though originally requested for 2020, Chief Thompson thought it could be postponed until 2024 since it has a new engine and is now garaged and not kept running so that the medical equipment would not freeze.

CIP Committee Recommendation: Schedule for 2024 as amended by the department.

5. Utility/Forestry 1 (resubmitted – no change)

Submission: The scope of this project is to replace the current Utility 1/Forestry on its normal replacement cycle of 15 years. This vehicle is a pickup with a forest fire skid unit in the back. It is used for forest/grass fires, daily errands and medical calls. The cost of this project is estimated to be \$100,000 in 2023.

CIP Committee Comments: Consistent with NFPA service life guidelines.

CIP Committee Recommendation: Schedule for 2023 as requested.

6. Boat 2/Airboat (resubmitted – no change)

Submission: The Scope of this project is to replace Boat 2 the air boat on its normal replacement cycle of 20 years. This boat is used for ice rescue, safely going to the islands in the winter cold weather months and as a backup for boat 1 when the weather/water conditions permit. The boat has been an asset to the department since it was purchased in 2005. It has been on numerous cold-water rescues and recovery missions. It gives the department a way of getting manpower and equipment to the islands when there is little or no ice or in the winter in the event of a fire or emergency. The boat is used under severe conditions and needs to be kept in good repair for safety. The estimated cost of replacement is \$100,000.

CIP Committee Comments: Consistent with NFPA service life guidelines.

CIP Committee Recommendation: Schedule for 2025 as requested.

7. ATV/Trailer, Rescue Sled (resubmitted – no change)

Submission: The scope of this project is to replace the existing ATV and rescue sled at its normal replacement cycle of 20 years. This unit allows the department to access the snow machine, hiking trails and off-road areas around town. In the warm weather the unit carries a small removable water/pump unit for forest fires and in the winter it gets equipped with tracks to better handle going off road in snow and mud. A good used unit may be available at the time of replacement but that is not guaranteed. An estimated replacement cost of \$50,000 for the package of atv/utv, tracks, rescue trailer and an enclosed trailer for transport is needed.

CIP Committee Comments: Consistent with NFPA service life guidelines.

CIP Committee Recommendation: Schedule for 2021 as requested.

8. Portable Radio Replacement (updated)

Submission: The Department's radios are in need of replacement. The mobile radios were replaced in 2017. The portables were obtained in 2006. All of these radios were part of a state-wide grant that was a direct result of the 9/11 tragedy. The intent of the program was to address the need of every member of the department having a portable radio that operated the same and could communicate with all of the agencies in the region. This was an incredible cost savings for the community and it allowed all of the state agencies to communicate better. However, the radios will no longer be supported by the manufacturer after 2021 due to their age (the manufacturer increased their support an additional 5 years last year). So, the radios cannot be repaired if needed. Some are starting to fail. Like the SCBAs the radios are considered part of a firefighter's protective equipment. Each firefighter has a radio assigned to them that is coded with their number and a man down button so that in the event of an emergency they can simply push a button to alert dispatch of the emergency if they are unable to talk, getting them the help they need as soon as possible. By purchasing the radios at the same time all of them will be the same model and operate the same way so that any firefighter can use any radio in the event of an emergency if their own is lost or not with them. The department has 36 portable radios. The cost estimate per radio is \$4,300 in 2021, bringing the total project cost to \$155,000. Hopefully the new radios will last 10 to fifteen years like their predecessors. These radios were part of last year's CIP request but were able to be deferred due to the manufacturer's update on how long they could be serviced.

CIP Committee Comments: The failure of existing portable radio units and the fact that they will not be repairable due to the manufacturer's plan to no longer support them in 2021, creates personnel and fire safety issues.

CIP Committee Recommendation: Schedule the replacement for 2021 at \$155,000.

9. SCBA (Self Contained Breathing Apparatus) (updated)

Submission: Firefighters depend on SCBAs to keep them safe from unsafe environments and keep them from breathing toxic fumes and gases. They are a key component of the personal protective equipment that are required to be worn by firefighters. SCBAs allow them to perform their job as safely as possible. The Fire Rescue Dept. currently has 22 SCBAs. 19 were procured with a Home Land Security grant in 2007. The remaining 3 were purchased as refurbished units in 2012 to allow for members to take them to training and not deplete the front-line apparatus of SCBAs. The department also maintains a spare air bottle for each pack and has a few reserve bottles that can be used to change out quickly in the event they are needed and later refilled as time allows. SCBAs have a service life of 15 years. The Department's 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 any federal grants available when it comes time to replace the SCBAs. The current replacement cost of an SCBA is \$6,000 per SCBA and \$775 per spare bottle. SCBAs have been and continue to go 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 \$352,210. However, SCBA standards are changed every 5 years so the cost of the changes cannot be foreseen.

A capital Reserve fund has been established and has been funded over the last few years. The need for this project hasn't changed and over the last year several air packs needed substantial repairs. This capital reserve should continue to be funded annually so that the impact to the tax payers is spread out over time and the SCBAs can be purchased on time.

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 \$134,821.

CIP Committee Recommendation: Continue annual contributions to the SCBA Capital Reserve Fund in 2018, continuing through 2022. An article on the Town Warrant for \$43,000 for this project in 2018 and schedule \$43,000 or \$44,000 in each year 2019-2022.

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. In the past, Town Meeting voted on three separate highway budget items: (1) "Paving and Shoulder" work (previously called "Special for Tar"); (2) individual Named Road Improvement projects identified by the Board of Selectmen; and (3) regular road maintenance. Item (1) was listed as a separate article on the Warrant, while (2) and (3) were included in the operating budget. Starting in 2015, the Road Improvement project and the Paving project were combined and presented as a single article on the Warrant, with regular road maintenance continuing in the operating budget. This will continue for 2018.

1. Paving and Improvements on Town Roads (updated)

Submission: Replace metal culverts and rebuild ditch lines as needed. Excavate rocks and debris from under pavement. Cut trees where needed for proper drainage. Grind existing pavement on last ¼ of Durgin Road and turn into base material with 2" base course. Same on section of Brown Road on Wolfeboro end.

CIP Committee Comments: The CIP Committee feels that level funding is meeting the needs of the town to properly maintain town roads.

CIP Committee Recommendation: A Paving and Road Improvements article on the Town Warrant for \$235,000 in 2018.

2. Heating System Upgrade at Town Garage (resubmitted – no change)

Submission: Estimated Total Cost \$15,000; Estimated Useful Life 25 years. To lower heating costs of the highway garage. The current system is not economically efficient.

CIP Committee Comments: The current system (which is set at 50 degrees) is as old as the building (over 30 years old) and includes three different heaters.

CIP Committee Recommendation: Schedule \$15,000 in 2020.

3. Paving Highway Garage, Parking and Loading Area (New)

Submission: Removing old pavement in front of garage to re-grade so water will not puddle on building. Pave new loading dock that was built last year. Pave existing parking area. Replace dilapidated cement wall along front of building.

CIP Committee Comments: Fixing this area so that ice formation in front of the garage is eliminated, will stop the building's foundation from deteriorating and provide safe egress for plow trucks.

CIP Committee Recommendation: Schedule \$31,000 in 2018.

4. New 6-Wheel Plow Truck (New)

Submission: Replacement of 2002 dump/plow truck.

CIP Committee Comments: A 10-wheel truck was purchased in 2017. A 6-wheel truck is good for the narrower roads in town and can be used to haul gravel in the spring. This replacement is scheduled for 2023 - at the 20-year life of the existing truck. Today's cost was submitted at \$176,317.

CIP Committee Recommendation: Schedule \$200,000 (a cost adjusted for inflation) in 2023.

5. Lake Road Culvert Wall and Dredging (updated)

Submission: Lake Road Boat Launch is being replaced in 2017. The second part of the project was resubmitted to update the timeline and costs to rebuild the culvert wall and possibly dredge the channel to the lake.

CIP Committee Comments: The Town's access for boats should be maintained in a condition that contributes to the recreational appeal of our town and region.

CIP Committee Recommendation: Schedule \$160,000 for this project in 2020.

6. Union Wharf Bulkhead Reconstruction (updated)

Submission: The north side of Union Wharf was originally scheduled for 2018. This submission updated the timeline and cost estimate.

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

CIP Committee Recommendation: Schedule \$75,000 for this project to 2019.

7. Sodom Road Bridge Replacement (updated)

Submission: This bridge is currently on the state red list and recently had load capacity restrictions placed on it. The State estimated this project to be \$235,000. The state bridge program will reimburse 80% of this cost but the current backlog in this program is 8 years. HEB has notified the Selectmen that this amount does not address hazard mitigation. Based on their experience they have estimated that this project's replacement cost would be

\$525,0000. Repairs that can extend the current bridge's life for up to 10 years may be needed sooner, but there would be no state support.

CIP Committee Comments: It is important to maintain the quality and safety of the Town's bridges and allow oil delivery trucks and fire engines to have access across it. This bridge is included in the state replacement program and we have scheduled its replacement in accordance with that schedule at this time. Options for a solution sooner need to be explored and funding mechanism added to the Capital Plan.

CIP Committee Recommendation: Schedule replacement of the Sodom Road Bridge for \$525,000 in 2024.

8. Tuftonboro Neck Bridge Replacement (updated)

Submission: This bridge is close to being red-listed by the state. Estimated replacement cost was updated by the State from \$935,000 to \$905,000. The state bridge program will reimburse 80% of this cost but the current backlog in this program is 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. This bridge is included in the state replacement program.

CIP Committee Recommendation: Move the scheduled replacement of the Tuftonboro Neck Road Bridge to 2026.

E. Library

1. Library Septic System Replacement (New)

Submission: The Library's leach field has failed and needs to be replaced. It is being pumped monthly in the interim. This amount is a very fluid number and is just a place holder until a firm number is available.

CIP Committee Comments: This is a project that safeguards public health and alleviates substandard conditions. It needs to be addressed as soon as possible.

CIP Committee Recommendation: A warrant article for \$30,000 (or an updated amount) for 2018.

2. Addition to existing Tuftonboro Free Library (updated)

Submission: Estimated Total Cost \$1.92 million; Estimated Useful Life 40 to 50 years; Estimated existing funding by March of 2018 - \$700,000 to \$875,000 (based on existing Capital Reserve funds, Library Building fund and pledges, and additional fundraising). This project is for an addition to the existing library building rather than a whole new building that had been discussed in the past.

CIP Committee Comments: Construction of an addition to the library building is consistent with priorities established by the Town Master Plan and reaffirmed by the Board of Selectmen. The cost is significantly less than a new building and an architect has confirmed that it can be done on the site without impacting the wetlands. In 2014 the warrant article for a new library narrowly missed achieving the 2/3 super majority required

for passing at Town Meeting. In 2015, an article for \$2.39 million was placed on the town warrant to build a new library using a new design. The project received a 60% affirmative vote at Town Meeting, short of the 2/3 required for passage. Additional money was approved in 2016 and 2017 to be added to the Library Capital Reserve Fund.

CIP Committee Recommendation: Schedule the \$1,920,000 project at a net cost to the town of \$1,100,000 (which assumes that \$820,000 will be obtained from the Library Capital Reserve fund, Library Building fund and additional fundraising) with a 20-year loan for 2018 – 2038.

F. Police Department

1. Police Vehicles (updated)

Submission: Updating previous submissions for the cruiser replacement would need updated costs with new equipment and expected equipment costs as the previously submitted cycle is continued. In 1999 there were three full-time officers and one part-time officer. Police vehicles were kept for six years. The costs of maintenance and repairs along with residual value were better for the sedans under the six-year cycle. We now are at an eight-year replacement cycle. Going back to a six-year rotation would mean vehicles would be under warranty for more of their service life. Most police vehicles now come with a 5 year and 100,000-mile warranty on the drivetrain. Repairs not only have direct financial costs, there are the hidden costs of lost time and overtime for two officers to relay the vehicles. Switching to a six-year service life would be a better use of taxpayer dollars and improve safety of the public by increased reliability and less time spent on repairs. The shorter service life would mean fewer repairs and maintenance. Many major maintenance services are required around 100,000 miles. The vehicles would be worth more when they are sold. As newer vehicles come out they will get better mileage. Leaving staffing at the present level forever is unrealistic. The vehicle for an increase in staffing is not included in the chart. Vehicles and equipment have become more expensive over the years. The replacement cost of a base utility vehicle before upfitting is around \$35,000. The total with equipment will be close to \$55,000. It is expected that the replacement for the 2012 Charger will also have a similar cost in 2019. Almost all the equipment in the vehicles will need to be replaced each time they are replaced and the cost is increasing. The NH State bids have not been released yet.

The Town is presently using an eight-year replacement cycle, not the Police Department's recommendation for a six-year replacement schedule. The CIP Committee has not made an allowance for adding to the department staffing at any point in the upcoming 10 years. It has remained static for over 10 years already and to think it will not at any time increase is wishful thinking. The Police Department expects that within five years there will be an increase of one officer. Adding an officer is not practical without a new station. Even without adding an officer retaining our next vehicle as a spare should be considered since there have been several times when there was not a vehicle available for an officer due to details, repairs or training.

The proposal for 2019 is a new SUV at \$55,000. The cost is expected to be similar to that every two years with one added for the new officer(s) or as a spare.

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. CIP will continue to plot this schedule on the capital project chart until the Selectmen address the additional officer request, but have added an additional purchase in 2020 for the 2011 Sedan if it is kept as a spare.

CIP Committee Recommendation: Maintain scheduled cruiser replacements at \$55,000 in 2019, 2021, 2023, 2025 and 2027, with an additional purchase in 2020.

G. Public Safety Facilities

1. Fire Station: Continue loan payments of the previously approved new Fire Station.

2. Police Facility Plan/Design (New)

Submission: There should be a warrant article in 2018 to allow the Town to pay for professionals to plan a new police facility and get accurate cost estimates for a project for 2019. There have been multiple studies going back to 2004 outlining the issues with the present facility. The issues jeopardize the safety of town employees, hinder efficient service to the town, and expose the town to liability for violations of state and federal laws on privacy and accessibility. An estimated size of 4,000 square feet was determined when some facilities were to be shared with the fire station. A later study which recommended a renovation and an addition onto the existing Library Building (if it were abandoned) called for 4900 square feet. Bauen estimated the cost of a needs study and design to be \$25,000 - \$30,000.

CIP Committee Comments: The need to expand the current station has been clearly demonstrated and it is time to study police needs, plan for a new or expanded facility, and obtain firm size requirements and cost projections.

CIP Committee Recommendation: An article on the Town Warrant for \$30,000 to study and prepare a design in 2018 for a new or expanded Police Facility.

3. Police Department Facility (updated)

Submission: The estimated size is 4,000 square feet and was previously estimated at \$250 a square foot. Recent examples in Hinsdale and Brookline were \$267 and \$336 per square foot respectively. This may also be a low estimate as the prior designs have been 4,000 feet when sharing some facilities with the fire station. However, a better estimate cannot be given without getting a professional estimate and scheduling it.

The department has been staffed at four officers for over 10 years; no other department in the area has remained at the same staffing during that period. The present facility cannot accommodate additional staffing, part or full time, should the need arise. Adding an officer within five years should be expected.

CIP Committee Comments: It is important to address the needs of the Police Department. If the Police Facility Plan/Design project is approved for 2018, it will provide a better estimate of the costs to address this need.

CIP Committee Recommendation: Schedule \$550,000 to be financed as a 20-year loan starting in 2019 for the net amount of a \$1,000,000 project minus the Capital Reserve funds.

H. Solid Waste Department (Transfer Station)

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

1. Compactor Replacements (updated)

Submission: Compactor life is 12-15 years. Compactor #1 is currently 20 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 replacement could be pushed out to 2019. It has been serviced every year for upkeep and preventative maintenance. Compactor #2 could be scheduled to be replaced in 2023.

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 1997 and #2 was new in 2005.

CIP Committee Recommendation: Schedule \$20,000 to replace Compactor #1 in 2019 and \$25,000 to replace Compactor #2 in 2023.

2. Maintenance / Storage Facility (updated)

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

Priority for this project may be moved higher if a possible \$200,000 grant (up to 50% of actual cost) from NH Dept. of Resources and Economic Development and the Lakes Region Planning Commission can be obtained. Timing for completing this new building will be AFTER both the library and police building issues are completed, so as to not compete for limited tax dollars with them. Start a Capital Reserve for the project in 2020.

CIP Committee Comments: This facility will allow for increases in operating efficiency, reduction in costs and increases in commodity prices that may improve the transfer station revenue contribution. It is consistent with best practices for transfer station recycling operations in the state of New Hampshire.

CIP Committee Recommendation: Schedule this project for 2020 at a net cost to the town of \$200,000 after a grant of \$200,000 with a ten-year loan starting in 2020. Re-examine cost and saving projections in 2019 and financing options.

3. Truck Weight Scales (New)

Submission: Construction Debris (c/d) costs and the sheer volume of material brought to the Transfer Station is escalating exponentially. Residents and contractors own large dual axle trailers and dump trucks that are impossible to price accurately for volume and weight. Purchasing and installing truck weight scales will allow us to accurately assess and charge residents and contractors in order to offset the actual costs for disposal of C/D. For example, at a charge of \$.08/lb for disposal of C/D, the costs of installing truck weight scales could be paid for within 3 years and we would collect enough money in disposal fees to offset the actual cost of C/D disposal, and not come up short in fees collected. Weight Scales take the conflict of pricing between resident and employee out of the equation. Additionally, a Grant for \$5K may be available from New Hampshire the Beautiful NHTB.

CIP Committee Comments: Allowing the Transfer Station to accurately assess the volume and weight of construction debris and charge accordingly is critical to an equitable cost sharing plan for waste disposal. Siting plans and costs can be developed in 2018.

CIP Committee Recommendation: Schedule this project for 2019 at a cost of \$70,000.

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 15.3% of the GWRSD budget down from the 15.8% last year.

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.

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. 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 7.71% this year, down from the 8.1% last year. The combined operating budget and financing costs of existing capital projects (other than the nursing home project) is \$17.9 million in 2017, slightly more than the \$17.6 million in 2016. Table 4, on page 25, 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. Apportioned shares of the County tax burden are adjusted annually based upon the total valuation of the 19 localities in the County. Tuftonboro’s share has been as high as 8.5% (2008).

Conclusions and Recommendations

Tuftonboro has demonstrated an ability to move forward to address major capital needs. A review of the Capital Capacity graph on page 7 shows that Tuftonboro's capital expenditures from 1991 through 2006 varied widely from one year to the next. However, expenditures since 2006 show much less variability and have been consistently below our projected normal level except in 2015 when the town meeting voted to appropriate \$150,000 for a new town truck instead of placing \$25,000 into a capital reserve account as recommended. This suggests that the capital planning process is working, providing a more predictable effect on the budget and taxes.

This year's CIP Report recommends funding in 2018 for several new projects that we believe should move ahead and an addition to an existing capital reserve fund. The recommended capital expense schedule includes 3 types of funding: direct payment of total project cost in 2018, "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 schedules of recommended projects and accompanying Table 3, found on pages 22 and 23 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 21 shows, there will never be perfect alignment 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 public 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 2017 COMPARED TO 2017 TOWN MEETING DECISIONS

Project	CIP Committee Proposal	Selectmen Proposal	Budget Committee Proposal	Town Meeting Approval	Comments
Watershed Management Plan	\$15,000	\$15,000 (Recommended 3-0)	\$15,000 (Recommended 5-0)	Passed	
Fire/Rescue Radio Replacement	\$180,000	\$41,268 (Recommended 3-0)	\$41,268 (Recommended 5-0)	Passed	Fire/Rescue request amended to include only mobile radios. Portable radio replacement postponed.
Fire/Rescue SCBA (Capital Reserve)	\$42,000	\$42,000 (Recommended 3-0)	\$42,000 (Recommended 5-0)	Passed	Capital reserve created in 2014. Balance as of 12/31/16 was \$92,821.
Paving and Improvements on Town Roads	\$235,000	\$235,000 (Recommended 3-0)	\$235,000 (Recommended 4-1)	Passed	
Air Filtration System for Town Garage	\$13,000	\$13,000 (Recommended 3-0)	\$13,000 (Recommended 5-0)	Passed	
Lake Road Boat Launch and Ramp Area	\$25,000	\$25,000 (Recommended 3-0)	\$25,000 (Recommended 5-0)	Passed	
Library Building (Capital Reserve)	\$50,000	\$75,000 (Recommended 3-0)	\$75,000 (Recommended 5-0)	Passed	Capital reserve created in 2009. Balance as of 12/31/16 was \$335,543.
Police Department Vehicle	\$55,000	\$55,000 (Recommended 3-0)	\$55,000 (Recommended 5-0)	Passed	
Police Facility (Capital Reserve)	\$50,000	\$75,000 (Recommended 3-0)	\$75,000 (Recommended 4-1)	Passed	Capital reserve created in 2012. Balance as of 12/31/16 was \$390,896.

Table 2 – Town Decisions v. CIP Recommendations

**Schedule of Articles Recommended to the Board of Selectmen
for the 2018 Town Warrant**

1. An Article to raise and appropriate \$35,000 to purchase a new vehicle for the Code Enforcement officer.
2. An Article to raise and appropriate \$13,000 to purchase and install new air conditioning units in the Town Office Building.
3. An Article to raise and appropriate \$22,000 to replace the main entrance doors in the Town Office Building.
4. An Article to raise and appropriate \$580,000 to purchase new fire apparatus to replace Engine 2 under a five-year lease/purchase agreement.
5. An Article to raise and appropriate \$43,000 to be added to the previously established Fire /Rescue Department SCBA (Self Contained Breathing Apparatus) Equipment Capital Reserve Fund.
6. An Article to raise and appropriate \$235,000 for the paving of town roads and road improvement projects.
7. An Article to raise and appropriate \$31,000 to regrade and pave the Town Garage parking and loading areas.
8. An Article to raise and appropriate \$30,000 to replace the septic system at the Tuftonboro Public Library.
9. An Article to raise and appropriate \$1,920,000 for the expansion and renovation of the Tuftonboro Public Library to be financed by a 20-year loan and to transfer the current Library Capital Reserve Fund to this project.
10. An Article to raise and appropriate \$30,000 for a study and design of a new or updated Police Facility.

CAPITAL PROJECTS AND EXPENSES RECOMMENDED TO THE BOARD OF SELECTMAN															
Department	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Addl.	Total	Comments	Financing Comments	
Code Officer / Board of Selectmen															
Code Enforcement Vehicle	35											35	Existing vehicle 10 years old in 2018		
A/C Replacements Town Offices	13											13			
Front Entrance Replacement Town Offices	22											22			
Fire/Rescue															
Rescue 1 & Ambulance (Lease Purchase)	89	89	89									267	Approved 2016	Lease Purchase	
Engine 2 (Lease Purchase)	116	116	116	116	116							580	Existing vehicle 20 years old in 2018	Lease Purchase	
Engine 4 (Lease Purchase)									160	160	160	320	800	Existing vehicle 20 years old in 2025	Lease Purchase
Car 1							90					90	90	Existing vehicle 10 years old in 2020	
Utility/Forestry 1						100						100	100	Existing vehicle 15 years old in 2023	
Boat 2/Air Boat									100			100	100	Existing craft 20 years old in 2025	
ATV / Trailer, Rescue Sled				50								50	50	Existing equipment 20 years old in 2021	
Portable Radio Replacement				155								155	155	Existing equipment 13 or 11 years old in 2017	
SCBA (Capital Reserve)	43	43	43	44	44							217	End of equipment service life is 2022	Cap Reserve currently has \$134,821*	
Highway Department / Board of Selectmen															
Paving and Improvements on Town Roads	235	235	235	235	235	235	235	235	235	235	235	2,350	Projects to be defined by Selectmen		
Heating System Upgrade at Town Garage			15									15			
Paving Highway Garage, Parking and loading area	31											31			
New 6-wheel Plow Truck						200						200			
Lake Road Culvert Wall and Dredging			160									160			
Union Wharf Bulkhead Reconstruction		75										75			
Sodom Road Bridge Replacement							105					105	Net impact of \$525K project	80% reimbursed from state bridge fund	
Tuftonboro Neck Bridge Replacement									181			181	Net impact of \$905K project	80% reimbursed from state bridge fund	
Library / Board of Selectmen															
Library Septic System Replacement	30											30			
Library Expansion	25	105	102	100	97	95	92	90	87	85	742	1,620	Net of \$1.92 Mil project, including interest.	With additional fundraising, assumes net \$1.1M to be financed -20 yr loan. Cap Reserve for New Bldg currently has \$410,543*	
Police Department															
Vehicles		55	55	55		55		55		55		330	8 year vehicle replacement cycle with extra in 2020	Direct from taxes	
Public Safety Facilities / Board of Selectmen															
Fire Station	192	188	184	181	177	173	169	165	161	156		1,746	Approved in 2012 (\$2,553,073)	15 year loan, matures in 2027	
Police Facility Plan/Design	30											30		Cap Reserve currently has \$465,896*	
Police Department Facility		25	51	50	49	47	46	45	44	42	389	788	\$1M for new facility	Assumes net \$550K to be financed -20 year loan	
Solid Waste Department (Transfer Station)															
Compactor Replacements (2)		20				25						45	15 year service life	Direct from taxes	
Maintenance / Storage Facility			15	29	28	27	26	25	24	23	48	245	Net of \$400K project	Assumes \$200K to be financed + 200K grant	
Truck Weight Scales		70											Paid in 3 years with increased fees	Possible 5K grant	
TOTAL PROJECT EXPENSE	861	1021	1065	1015	746	957	763	875	892	756	1499			Total Project Expenses (Tax Burden)	
CAPITAL CAPACITY	839	861	884	906	928	950	972	994	1016	1038			20+ year history trended and projected forward, using actual expense data	Town's Normal Capacity for Capital Expenses	
CAPITAL CAPACITY MINUS TOTAL PROJECT EXPENSE	-22	-160	-181	-109	182	-7	209	119	124	282					
Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Addl.	Total			
														*calculated as 2016 market value plus 2017 appropriation.	

Table 3 – Proposed Project Schedule

Projected Tax Rates for 2018 to 2023

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 in 2014, a reassessment of property values was completed. This reassessment reduced the total Town valuation from \$1.025 billion to \$967 million. For 2015, total Town valuation increased slightly to \$970 million. For 2016 the Town valuation increased to \$973 million and to \$982 million in 2017. 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 2011 through 2016 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 2017 are similarly certified and will appear in the upcoming Town Report. The data for 2018 through 2023 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 2018 through 2023. The next line is for the Capital Project expense contributions. The future projections are taken from Table 3, the schedule of projects, found on page 23. 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 2017), the cost of the Nursing Home project, the School District’s operating budget (also assumed to increase at 3% annually beyond 2017) 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 2017 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 2018 - 2023

YEAR	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Town Net Operating Expenses Tax Rate (\$/,\$,000)	1.65	1.67	1.94	2.05	2.07	1.85	1.91	1.96	2.02	2.08	2.14	2.21
Town Net Capital Project Expense Tax Rate (\$/,\$,000)	0.62	0.67	0.76	0.84	0.84	0.88	0.88	1.04	1.08	1.03	0.76	0.97
Total "Town Only" Tax Rate (\$/,\$,000)	2.27	2.34	2.70	2.89	2.91	2.73	2.79	3.00	3.10	3.11	2.90	3.18
County Net Operating Expense Tax Rate - (\$/,\$,000) - +3%pa.	0.90	0.95	1.08	1.38	1.33	1.24	1.28	1.32	1.35	1.40	1.44	1.48
New Nursing Home Cost Tax Rate (\$/,\$,000)	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Total "County Only" Tax Rate (\$/,\$,000)	1.04	1.09	1.22	1.52	1.47	1.38	1.42	1.46	1.49	1.54	1.58	1.62
School Operating Expense Tax Rate - (\$/,\$,000) - +3%pa.	5.55	5.46	5.78	5.69	5.75	6.35	6.54	6.74	6.94	7.15	7.36	7.58
New School Building Cost Tax Rate (\$/,\$,000)	0.28	0.29	0.29	0.29	0.30	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Total "School Only" Tax Rate (\$/,\$,000)	5.83	5.75	6.07	5.98	6.05	6.66	6.85	7.05	7.25	7.46	7.67	7.89
Total Tax Rate - (\$/,\$,000) -	9.14	9.18	9.99	10.39	10.43	10.77	11.05	11.50	11.85	12.10	12.15	12.69

NOTES Assumes a constant 2017 town valuation of \$982 million (2017-2022)

Numbers for 2012 to 2016 are actual from Town reports

Numbers for 2017 are actual from DRA calculation

For all later years, assumes:

a) 3% annual increase in Town Operating Expenses

b) 3% annual growth rate in County Operating Expenses

c) 3% annual growth rate in School District Operating Expenses

Capital Project Expenses are calculated from projections

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

Table 4 - Projected Tax Rates