

TOWN OF TUFTONBORO
NEW HAMPSHIRE

CAPITAL IMPROVEMENTS PROGRAM

FOR THE PERIOD

2013 to 2022

Issued December 3, 2012

**Capital Improvements Program
Tuftonboro, New Hampshire
2013-2022**

Tuftonboro's Capital Improvements Program ("CIP") Committee wishes to acknowledge and to thank Tuftonboro's Department Heads, Committee and Commission Chairs, the Town Treasurer, the Superintendent of the Governor Wentworth Regional School District, Tuftonboro's School Board representative, and the Chairman of the Carroll County Delegation. Their willingness to take the time to respond to our requests for information regarding their plans for capital projects helped us to be as efficient as possible in completing our work.

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

Town of Tuftonboro Capital Improvements Program Committee - 2012

Bill Marcussen	Chairman
John Lapolla	Vice-Chairman & Planning Board Representative
Kristen Pike	Secretary
Wayne Black	Budget Committee Representative
Jill Cromwell	CIP Committee Member
Bob McWhirter	CIP Committee Member
John Simms	CIP Committee Member
Carolyn Sundquist	Board of Selectmen Representative

Board of Selectmen – 2012

Daniel Duffy, Chairman
Carolyn Sundquist
Lloyd Wood

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Introduction

In October 2007, Tuftonboro's CIP Committee prepared and presented its first annual report to the Selectmen, laying out a projected schedule of Capital Projects for the period 2008 to 2017.

The first annual report includes a great deal of background material for the interested reader. Material covered includes the establishment of Tuftonboro's CIP Committee, the 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 the 2012 CIP report, 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 2007 through 2012 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 2013 – 2018, using the 2011 net assessed property valuation.

Our Capital Improvements Program -- The Fundamentals

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

Typical Capital Projects include:

- Purchasing vehicles or other equipment
- Purchasing land or buildings
- Constructing, expanding, or renovating a building
- Upgrading named roads
- Contracting for services with a work order for a defined task

In late summer, the CIP Committee solicits input from all departments, commissions, and committees in Tuftonboro for all Capital Projects contemplated for the next ten years. The CIP Committee then reviews each proposed project (often with the sponsors presenting their projects), presents these on a single spreadsheet reflecting priority, a suggested financing method, and a schedule for each year consistent with the Town's Capital Capacity. The CIP Committee then votes to accept the final version of the spreadsheet. The Committee prepares a report (this document) summarizing its work and including the suggested form of Warrant Articles for the recommended projects. This report is presented to a joint meeting of the Board of Selectmen and Budget Committee.

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

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

The CIP provides a formal, legally recognized bridge between the Town's Master Plan and the annual budgeting activity. This is the basis for the Planning Board to be represented on the CIP Committee. The CIP report, with its identified costs and forward-looking timetable, is the action plan to implement the goals of the Master Plan.

Legally, 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 "normal" 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 18.

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Expense (000s)	\$214	\$260	\$222	\$293	\$373	\$207	\$645	\$387	\$457	\$231	\$349	\$431	\$523	\$570	\$705	\$1,157
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expense (000s)	\$491	\$581	\$508	\$643	\$502											
Capacity (000s)						\$710	\$732	\$755	\$777	\$799	\$822	\$844	\$867	\$889	\$911	\$934

Table 1 - Tuftonboro's Capital Expenditures and Capital Capacity 1991-2022

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 1991-2022

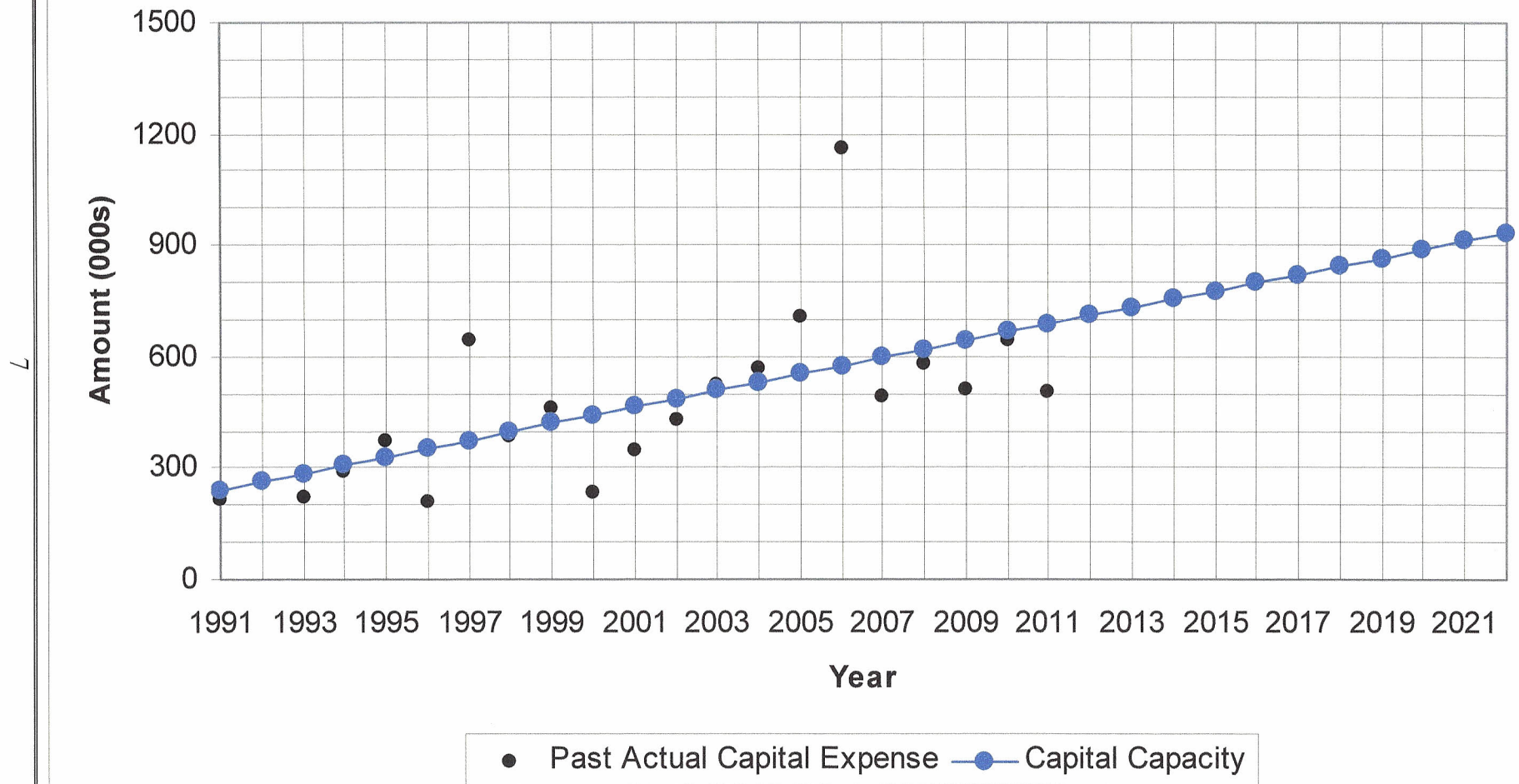


Figure 1 – Capital Capacity Graph

Proposed Capital Projects & Purchases

The CIP Committee contacted the head of each department, committee, and commission in Tuftonboro during the summer of 2012 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 “General Government,” “Highway Department,” and “Public Safety Facilities.”

B. Emergency Management Services

1. Emergency Radio Coverage for Emergency Services

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. By placing a 100 watt radio repeater on the County Road tower it will help alleviate these “dead zones” and increase the existing coverage. Better radio coverage will provide for safer and more efficient use of manpower and equipment.

CIP Committee Comments: A useful and important project. Reliable communication is a critical success factor to emergency operations and public safety.

CIP Committee Recommendation: A Warrant Article for \$15,000 for this project in 2013.

C. Fire / Rescue Department

1. Rescue-1

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 principle 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. Large Fire Department apparatus 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

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. Financing costs are not included in these amounts. The lead time for 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.

D. General Government (Board of Selectmen)

1. Tax Map Update (Board of Selectmen; unchanged from the 2011 report)

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

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

CIP Committee Recommendation: Push this project out to 2017.

E. 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. 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) the operating budget which includes the regular road maintenance. Because the sums involved are usually significant, the CIP Committee continues to ask the Board of Selectmen to specify the roads being worked upon in projects proposed under item (1) and identify roads in item (2) on the Town Warrant by name with proposed amount of expenditure.

1. Road Improvement Projects (Board of Selectmen)

Each year, the Highway Department undertakes several road/culvert/ditch projects beyond the scope of the Paving Warrant Article. Past examples are Lang Pond Road and County Road and upgrades of dangerous intersections. This year, the road agent and selectmen have identified areas on Sodom Road, Phineas Graves Road and Canaan Road for road improvement work.

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

CIP Committee Recommendation: Schedule \$75,000 per year for road improvement in the operating budget.

2. "Paving" Warrant Article

Each year, a sum is allocated for 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 2013. The Projects for 2013 are to finish top coat the lower section of Ledge Hill Road and rebuild about 4,000 feet of Sodom Road between the Highway garage and the Melvin River.

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

CIP Committee Recommendation: A Paving Warrant Article for \$185,000 in 2013.

3. Lang Pond Road Project (Board of Selectmen)

The Selectmen presented this project last year to start the engineering and design work for the project. At that time Town Meeting appropriated the amount of \$148,181.00 (20%) and provided for the possibility of grant or stimulus for the rest of the project, \$436,819.00 (80%). The 80% was ultimately not made available due to the lack of grants and stimulus funds so must now be raised by taxes. This year we are requesting \$440,000.00 to complete the project.

The improvements to Lang Pond Road include centering 1400 feet of road in the right of way, new culverts and ditch work. This will, in effect, widen the road, which helps the highway department plow and maintain the road, and reduce/eliminate runoff into Mirror Lake. The Selectmen have requested an extension of the Wetlands Permit, which expires in February 2013.

CIP Committee Comments: The intended benefits of this project are: 1) reduced siltation of Mirror Lake; 2) reduced maintenance cost; and 3) easier winter maintenance. Discussions with a representative from H E Bergeron Engineers suggest that the extent of potential reduction to lake siltation has not yet been estimated. Also, our road agent estimated that the reduction in maintenance cost would be less than \$1,000 annually.

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

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

The Lake Road boat launch ramp needs rebuilding. This is one of two actively used, town-owned launch ramps on Lake Winnepesaukee. In addition, the bulkhead structure running the length of the road from the launch area south to the rip rap needs some repairs and backfilling with gravel. The cost of repairs to the launch ramp is estimated at \$109,000.

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

CIP Committee Recommendation: Schedule \$109,000 for this project in 2016.

5. Repairs to Union Wharf (Board of Selectmen)

The north side of Union Wharf requires rebuilding. 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 2015.

F. Library

1. New Library Building

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

In the eight years since, registered borrowers have increased significantly, with over 500 new library patrons since 2009 (107 through August this year alone). In fact, TFL's 1,776 local patrons (NOT including seasonal residents or local non-resident cardholders) represent 74% of 2010 Tufonboro's population of 2,387. Circulation has also exploded by over 65% since 2004. The library now houses just under 30,000 items, 50% over design capacity for the building. Despite the huge popularity and high circulation of

digital and electronic media, and the availability of free eBook and audio downloads through the TFL website, books still out-circulate all other materials combined, and stacks are jammed despite virtually continuous weeding. In some parts of the collection, there is no room to shelve something new without discarding something else, which erodes the depth and quality of the collection as a whole.

Over 40% of the adult fiction collection has been moved into the Hamel Meeting Room. The three additional public computer stations installed there since 2010 have also added to the crowding in that room, leaving increasingly inadequate space to accommodate the growing number of scheduled public programs and events. Since August 2011, we've produced 130 library programs for adults and children, and served as the site for 79 other local meetings, for a total of 209 public uses of the room by 25 different community groups and Town committees.

In 2006, the Town voted \$100,000 for preliminary design and site work. In 2011, voters approved an additional contribution of \$50,000 to the Fund. This year's unanimous approval of \$75,000 more brings total Town appropriations to \$225,000. To date, about \$15,000 has been expended on architect's fees, wetlands and topographical mapping, perc testing, and some preliminary septic design work. Thanks to the good stewardship of the Trustees of Trust Funds, the balance of Town funds on hand as of August 31, 2012 has grown to \$233,448.57.

In 2010, the Trustees committed to raising a total of \$250,000 in private donations for this project. So far, past and current gifts total \$148,884.23, or about 60% of the fundraising goal. Appropriated funds and private donations can be used either to reduce the total amount borrowed, or to reduce the first year's loan payment. Moreover, the Friends of the Library have committed to continue fundraising specifically to reduce annual payments throughout the life of the loan.

The Trustees are acutely aware of current needs for the community, as well as the overall national economic situation. We are however also bound by our responsibility to serve the citizens of the community and to provide a facility that meets their needs in an appropriate manner. We are fortunate to have a dedicated staff as well as a loyal group of Friends who diligently work to serve our mission. With this in mind, the Trustees are again requesting a contribution of \$150,000 to the Library Capital Reserve account.

CIP Committee Comments: The Library space problems become more severe each year. A recent review by a consultant confirmed that the library shelving and space are "maxed out." Any expansion of the collections or additional computer workstations must be offset by reducing already cramped space for patrons and/or those using the Hamel Room for meetings.

It is important that funds continue to be reserved for this Library project. The Library is an essential part of our town and especially important to seniors and young families. We should continue to provide financial support directed to the building project and anticipate a building project within the next three to five years.

CIP Committee Recommendation: A Warrant Article authorizing a contribution of \$125,000 to the Library's Capital Reserve account in 2013.

G. Parks & Recreation Committee

1. Playground Replacement (updated from 2011)

Committee Submission: The playground equipment at Davis Field (adjacent to Tuftonboro Central School) was installed in 1993 at a cost of \$17,500. While it has given hours of happiness to countless children of all ages, it requires increasing levels of maintenance and replacement parts. With the passage of time, the availability of parts becomes more uncertain. Currently, there are several areas of worn metal and a cracked sliding tube that may be impossible to replace. The Parks and Recreation Committee believes that replacement will be necessary earlier than previously scheduled and has begun fundraising and seeking out grants and is requesting \$35,000 this year to replace this aged equipment.

CIP Committee Comments: The request to accelerate this project by 5 years triggered the CIP committee to conduct an independent review of the condition and prospects for the playground equipment. Discussions with those who supervise daily use did not reveal significant hazards or a pattern of injuries. We believe that there is significant life left in the current equipment that can be realized through judicious application of repairs and replacement parts.

CIP Committee Recommendation: Retain scheduled replacement for 2018 at an updated cost of \$35,000.

H. Police Department

1. Police Vehicle Replacement

Department Submission: The present schedule is for replacement of the 2005 SUV in 2013. Also, as vehicles are being replaced, they will require new radios. The estimated cost of the replacement vehicle is approximately \$50,000 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 authorizing the purchase of a replacement police cruiser for \$50,000 in 2013.

I. Public Safety Facilities (Board of Selectmen)

1. Police Department Facility

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. These are recognized issues that need to be addressed. Last December, the Board of Selectmen tasked Bauen Corporation with creating rough estimates of the cost of two separate scenarios for addressing future police needs; adding

to the present police facility adjacent to the town offices and renovating the existing library space for use as a police station.

CIP Committee Comments: The Selectmen have recently reaffirmed their priority on building a new library followed by conversion of the existing library building for future police use. The committee believes that clearly set priorities will facilitate good project planning and future capital projections.

CIP Committee Recommendation: A Warrant Article for 2013 adding \$125,000 to the Capital Reserve fund for a new Police facility.

J. Solid Waste Department

This year, the Transfer Station Manager presented a strategic vision and long range plan for the Transfer Station and Recycling Center. The projects outlined below are part of this plan.

1. Paving Of The Dirt Area

Department Submission: The dirt area to the east and south of the recycling building that wraps around the building from near the Mixed Paper container to the end of the Construction Debris containers needs to be paved. This area constantly washes out and is a safety hazard to the public attempting to drop off recyclables and to the vendors heavy trucks used to pick up our containers. This area is used daily by our residents and by our own heavy equipment. When it is wet and muddy, it is very difficult to operate safely in this area. During the Spring and late Fall snows, it is extremely difficult to plow without tearing up the ground. Most of the dirt washes down the drain after major rainfalls and snow melt and runoff will eventually clog the drainage system causing significant problems.

CIP Committee Comments: This project continues town effort to enhance and improve operations at the transfer station and warrants priority attention.

CIP Committee Recommendation: A Warrant Article for \$25,000 in 2013 to pave the working area adjacent to the transfer station recycling facility.

2. Bobcat Replacement

Department Submission: The Bobcat replacement is currently scheduled in the CIP for 2017. The bobcat is getting old and the unexpected maintenance costs are rising. Due to these increased costs of maintenance and the increased servicing expectations, we recommend the replacement schedule should be pulled forward to 2015. Right now the Bobcat has 3600 hours, but we have already had two major servicing requirements this year for worn out parts. These expenses take away from other planned projects in the budget. This will cause an increase in the equipment maintenance budget line for future years. A new Bobcat will have a planned life expectancy of 15 years. Grant money may be available.

CIP Committee Comments: The Bobcat is in good condition and well maintained. Continued maintenance allows the Department to choose the timing of its replacement.

CIP Committee Recommendation: Schedule \$40,000 for this project in 2015.

3. Maintenance / Storage Facility

Department Submission: Recommend establishing a capital reserve fund with 40K placed in annually for a new facility to be constructed in 2017 for the maintenance and storage of equipment and for the storage of commodities in “full truck load” amounts. With the addition of new vehicles and equipment, and with the new streamlined layout of the recycling building, our outlook on the Quonset hut replacement has changed. We will leave the Quonset hut as is and recommend a new facility be constructed that is centrally located to our commodity collection area.

This new facility would be a barn style heated enclosed building with a poured concrete floor and a loading dock area that would be centrally located to the east of the recycling building. This building will allow us to store commodities until full truckload quantities are on hand, allowing us to time their sale for the best pricing and to take advantage of full load freight rates. It would also allow us to process outbound shipments at the same time as we are open to the public without interfering with the public or creating a safety hazard, reducing labor costs by not having to bring employees in on off days to ship out commodities. It would additionally allow us to store and work on our vehicles and equipment out of the weather.

This facility could also house, in a separated area, a swap shop and a contractor swap shop to help reduce the amount of items we currently discard (reuse, reduce, recycle). We could explore a waste oil burner or solar panels which may provide significant discounts for heat and electricity. Grant money may be available.

CIP Committee Comments: This facility appears to be a significant move toward improved efficiency and safety. However, additional work is required to thoroughly identify the space needs and optimum configuration for this building. There was extensive discussion within the committee regarding optimum timing for the scheduling of this project.

CIP Committee Recommendation: A Warrant Article for \$20,000 in 2013 to develop specifications and finalize a facility design. Schedule potential capital reserve accumulation beginning in 2014. Accelerated timing is possible if major savings can be realized.

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 14.7% of the GWRSD budget.

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

This year, GWRSD once again provided the CIP Committee with a schedule showing Tuftonboro’s payments on District debt through 2040. These numbers are used in our tax projections found on page 25. While the Kingswood Project is the major component of this cost, four additional District school projects are included in the “New School Building Cost -Tax Rate” line until 2015 when the cost reflects only the Kingswood Project. In this GWRSD Fiscal Year (July 1, 2012 - June 30, 2013), Tuftonboro’s portion is \$425,323. The Kingswood Project comprises about 85% of the District’s debt service burden.

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. There have as yet been No decisions have been made regarding possible uses for the former nursing home structure. However, there are sufficient capital reserve funds on hand to fund alterations or modification without additional impact on taxpayers. The Mountain View project was financed with general obligation bonds totaling \$23.5 million with an effective rate of 3.38% and a final maturity of 12/31/2030.

Tuftonboro’s share of the County’s tax burden is 8.05% this year. The combined operating budget and financing costs of existing capital projects (other than the nursing home project) is \$13.2 million in 2012 which is up from \$12.7 million in 2011. Table 4, on page 22, shows the portion of a Tuftonboro property owner’s tax bill dedicated in support of the County. The Mountain View bond debt service is broken out for clarity. Tuftonboro’s apportioned share of the County tax burden is adjusted annually based upon our share of the total valuation of the 19 localities in the County. While up from 7.96% last year, it has been as high as 8.47% (2008).

Conclusions and Recommendations

As the US economy struggles to emerge from a prolonged recession, Tuftonboro has demonstrated an ability to cope with current economic realities and move forward to address major capital needs. This year, Town Meeting took a significant step forward by approving the construction of a state of the art central fire station. In addition, the Board of Selectmen recently affirmed a path forward toward meeting library and police facility needs.

A review of the Capital Capacity graph on page 7 shows that Tuftonboro's capital expenditures from 2007 through 2011 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 2012, capital spending in the current year will approximate the 2012 Capital Capacity level.

This year's CIP Report recommends funding in 2013 for several new projects that we believe must move ahead and additions to 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 (2013) year, "saving" for future major projects by accumulating funds in capital reserve accounts, and "borrowing" to complete projects through lease/purchase agreements or long-term loans. Tuftonboro currently has 15 year financing for the new fire station and lease/purchase payments on fire/rescue Engine-1. The GWRSD and Carroll County both have their long term financing in place and neither anticipates significant increases in capital spending.

Our schedule of recommended projects found on page 18 is the product of several months of work. At the bottom of the schedule, we show the total of all recommended Capital Project expenses by year and also the Capital Capacity value for each year. The difference between the two numbers indicates whether our recommendations exceed or fall below our model for a spending level with which voters can reasonably be expected to be comfortable.

As Table 3 on page 20 shows, there will never be perfect coincidence between CIP recommended actions and the final list of Warrant Articles presented to the voters at Town Meeting. The path of a department's Capital Project proposal begins in late summer with the CIP Committee. The form of the project after it leaves our committee is quite likely to change as the Selectmen and the Budget Committee and sometimes the public's input all have their effects along the way. The end result should be a Capital Project that clearly benefits the Town and therefore has the best chance of being accepted by Town Meeting.

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

CAPITAL PROJECTS AND EXPENSES RECOMMENDED TO THE BOARD OF SELECTMEN

Department	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Addl.	Total	Comments	Financing comments
Name of Project (All Numbers are \$,000s)														
Board of Selectmen - See Below														
Emergency Management														
Emergency Radio Coverage	15											15	Improves Mutual Aid response, coordinates town departments, and addresses dead spots.	Direct from taxes
Fire/Rescue														
Engine-1 (Lease Purchase)	89	89	89									267	Ongoing lease payments for 2011 purchase	Lease Purchase
Engine-2 (Lease Purchase)						110	110	110	110	110		550	Existing vehicle 20 years old in 2018	Lease purchase
Rescue-1 (Lease Purchase)				90	90	90	90	90				450		Lease Purchase
Government														
Tax Map Update					50	50	50					150	More information needed, alternatives, priority, scheduling.	3 year finance plan or spread payments.
Highway Department / Board of Selectmen														
Road Improvement Projects (BoS Proposed Project)	75	75	75	75	75	75	75	75	75	75		750	Projects to be defined by Selectmen	In Operating Budget
Named Road Repaving ("Paving" Warrant Article)	185	185	185	185	185	185	185	185	185	185		1,850	Roads are named in the text	Direct from taxes
Lang Pond Road			440										Addresses continuing problems with section along Mirror Lake.	Needs more information. See text of report.
Lake Road Boat Launch Area				109										
Union Wharf			16										To be defined	
Replace Town Truck								150				150		
Library														
New Library Building (Capital Reserve)	125	75	75	75	75	75	75	75	75	75	1,200	2,000	Building to be defined and scheduled	Annual Payments to Capital Reserve.
Parks & Recreation Committee														
Playground replacement						35						35	Schedule may vary	PTCO may assist
Police Department														
Vehicles	50		43		51		45		47			236	Remains at 4 officers, 8 year vehicle replacement cycle.	Direct from taxes
Public Safety Facilities - Board of Selectmen														
Fire Station	23	204	200	196	192	188	184	181	177	173	657	2,524	Approved in 2012	15 year loan
Police Department Facility (Capital Reserve)	125	75	75	75	75	75	75	75	75	75	200	1,000	Police Department Facility to be defined and scheduled.	Annual Payments to Capital Reserve.
Solid Waste Department														
Paving	25													
Maintenance/Storage Facility	20	40	40	40	40	40						220	Specifications and facility design	5 year finance plan or spread payments
Replace Bobcat			40									40	Schedule is reasonable.	Direct from taxes
Credits														
From Capital Reserves														
Grants														
Other														
TOTAL PROJECT EXPENSE	732	743	1278	845	833	923	889	941	744	693				Total Project Expenses (Tax Burden).
CAPITAL CAPACITY	732	755	777	799	822	844	867	889	911	934			20+ year history plotted and averaged forward, using actual expense data	Town's Normal Capacity for Capital Expenses.
CAPITAL CAPACITY MINUS TOTAL PROJECT EXPENSE	0	12	-501	-46	-11	-79	-22	-52	167	241			Positive means spending less than Capital Capacity, keeping taxes lower.	
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Addl.	Total		

Table 2 – Proposed Project Schedule

**Schedule of Articles Recommended to the Board of Selectmen
for the 2013 Town Warrant**

1. An Article to raise and appropriate \$15,000 to purchase and install a 100 watt radio repeater to provide better emergency radio coverage.
2. An Article to raise and appropriate \$185,000 for the paving of town roads.
3. An Article to raise and appropriate \$125,000 to be added to the previously established Library Capital Reserve Fund.
4. An Article to raise and appropriate \$50,000 to purchase and equip a replacement police cruiser.
5. An Article to raise and appropriate \$125,000 to be added to the previously established Police Facility Capital Reserve Fund.
6. An Article to raise and appropriate \$25,000 to pave the working area adjacent to the transfer station recycling building.
7. An Article to raise and appropriate \$20,000 to develop specifications and design a maintenance and storage building for the transfer station.

CIP RECOMMENDATIONS FOR 2012 COMPARED TO 2012 TOWN MEETING DECISIONS

Project	CIP Committee Proposal	Selectmen Proposal	Budget Committee Proposal	Town Meeting Approval	Comments
Replace Fire/Rescue Utility-2	5 yr lease purchase at \$14,000 per year	\$65,000 [Recommended 3-0]	\$65,000 [Recommended 7-0]	Passed [132 Yes - 89 No]	Paid in full in 2012
Road Improvement Projects	\$70,000	\$70,000	\$50,000	In Operating Budget	\$50,000 passed In Operating Budget - Road construction
Paving	\$185,000	\$185,000 [Recommended 3-0]	\$185,000 [Recommended 5-1]	Passed	
Lang Pond Road	\$585,000	\$585,000 [Recommended 3-0]	\$585,000 [Recommended 6-1]	Passed	Contingent on receiving \$436,819 from grants (which were not received). \$148,181 appropriated.
Repair Mirror Lake Boat Launch	\$33,000	Not recommended	Not considered	Not presented	Request withdrawn by MLPA for further study
Repair Melvin Wharf	Recommended for 2013	\$29,500 [Recommended 3-0]	\$29,500 [Recommended 7-0]	Passed	
New Fire Station on Gould property	\$2,152,000	\$2,152,000 [Recommended 3-0]	\$2,152,000 [Recommended 5-0-1]	Passed (67.9%) [265 Yes - 125 No]	With no payment until 2013
Library Facilities Capital Reserve	\$75,000	\$75,000 [Recommended 3-0]	\$75,000 [Recommended 6-1]	Passed	Capital Reserve created in 2009. Totals \$221,981 as of 3/14/12, which includes market value increase through 12/31/11.
Police Facility Capital Reserve	\$75,000	\$75,000 [Recommended 3-0]	\$75,000 [Recommended 5-2]	Passed	To establish Capital Reserve
Milfoil Treatment	\$45,000	\$45,000 [Recommended 3-0]	\$45,000 [Recommended 6-0]	Passed	Reimbursement grant from NH Dept of Environmental Services for \$15,000 due by end of 2012
Transfer Station New Baler	\$16,000	\$12,749 [Recommended 3-0]	\$12,749 [Recommended 6-0]	Passed	Reimbursement grant from NH the Beautiful for \$2500 expected - \$3000 received
Transfer Station Backhoe	Recommended for 2013	\$50,900 [Recommended 3-0]	\$50,900 [Recommended 6-0]	Passed	\$25,000 came from trade of current Terex & expected \$5,000 from grant from NH the Beautiful (not received); remainder from taxes.

Table 3 – Town Decisions v. CIP Recommendations

Projected Tax Rates for 2013 to 2018

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

Please note that with a total Town valuation of \$1.025 billion, \$10,000 of additional expenditure results in an increase of about 1 cent in the tax rate.

The data presented in Table 4 (on the next page) are from a variety of sources. All the data for 2007 through 2011 are from the “Tax Rate Calculation” page in Tuftonboro’s Town reports and are certified by the New Hampshire Division of Revenue Administration (DRA). The data for 2012 are similarly certified and will appear in the upcoming Town Report. The data for 2013 through 2018 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 2012 through 2018. 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 18. 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 2012), the cost of the Nursing Home project, the School District’s operating budget (also assumed to increase at 3% annually beyond 2012) and the School District’s Capital Projects.

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

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

PROJECTED TAX RATES FOR 2013 – 2018
(TAX RATES ARE PER \$1,000 OF ASSESSED VALUATION)

YEAR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Town Net Operating Expense Tax Rate	1.58	1.26	2.00	1.92	1.53	1.65	1.70	1.75	1.80	1.86	1.91	1.97
Town Net Capital Project Expense Tax Rate	0.28	0.64	0.52	0.50	0.49	0.62	0.71	0.72	1.25	0.82	0.81	0.90
Total "Town Only" Tax Rate	1.86	1.90	2.52	2.42	2.02	2.27	2.41	2.47	3.05	2.68	2.73	2.87
County Net Operating Expense Tax Rate	0.87	1.00	0.97	1.02	0.80	0.90	0.93	0.95	0.98	1.01	1.04	1.07
New Nursing Home Cost Tax Rate					0.20	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Total "County Only" Tax Rate	0.87	1.00	0.97	1.02	1.00	1.04	1.07	1.09	1.12	1.15	1.18	1.21
School Operating Expense Tax Rate	4.81	5.05	5.52	4.92	5.48	5.55	5.72	5.89	6.06	6.25	6.43	6.63
New School Building Cost Tax Rate				0.13	0.21	0.28	0.29	0.29	0.29	0.30	0.31	0.31
Total "School Only" Tax Rate	4.81	5.05	5.52	5.05	5.69	5.83	6.01	6.18	6.35	6.55	6.74	6.94
Total Tax Rate	7.54	7.95	9.01	8.49	8.71	9.14	9.49	9.74	10.52	10.38	10.64	11.02

- NOTES
- 1 Assumes a town valuation of \$1.025 billion.
 - 2 Numbers for 2007 to 2011 are actual from Town reports.
 - 3 Numbers for 2012 are actual from DRA calculation.
 - 4 For all future 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