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Special Meeting of the
Hillsborough County Board of Commissioners
FY2008 Budget #1
February 12, 2007
Bouchard Building, Goffstown, NH

Minutes of the Public and Non- Public Session
(Not Official Until Approved by the Board and signed by the Clerk.)

Present: Comm. T. Pappas, Comm. C. Holden, Comm. M. Clemons, D. Essex, M. Pilotte, L. Movsesian, E. Robinson, M. Rusch, B. Moorehead, J. O'Mara, M. Montmini, J. MacDonald, L. Adams, M. Wageling, P. Boardman, C. Kirby, A. Durette, D. Reidy, G. Chandler, C. Roach, D. Kearsley, L. Croteau, C. French, G. Wenger, and R. Pomroy.

1. Pledge to the Flag

Comm. Pappas called the meeting to order at 3:35 P.M. G. Wenger led those present in the Pledge to the Flag.

2. Welcome and Introductions

Following the commencement of the meeting, the Board initiated a round of introductions of those present.

3. Overview of Commissioners' Budget Process

G. Wenger was recognized. He informed the Board and those present that the budget process this year will follow a similar process as in the past 4-5 years with the exception of this meeting. He noted that the purpose of this meeting was to have a joint discussion with all of the Departments present, which is different from the past where the Board would have met with the individual Departments over several days. He noted that if necessary the Board would follow up with the individual Departments as needed. He described to those present the expectations of the Board regarding the Budget process noting that the purpose of this meeting is for the Departments to outline their needs and potential major purchases for the upcoming fiscal year. He advised those present that following this meeting, the Business Office would be preparing the Commissioners' budget manuals for the Departments. He stated that though similar information as in the past was included in the manuals, there are several changes that the Departments should be conscience of. He outlined the general schedule of deadlines as follows:

- Thursday, March 15th: The deadline for the Departments to input their budget recommendations into Munis
- 4:00 P.M., March 15th: Munis access will be terminated; all subsequent changes will be done upon the Board's approval.
- Thursday, March 22nd: Business Office will submit to the Board the Departments' budget recommendations.
- March 22nd – May 2nd: The Board will review the budget recommendations and will hold meetings with the individual Departments as necessary.
- May 2nd: The Board will mail its budget recommendation to the Delegation, the local municipalities, etc as required by the statute.
- May 7th or May 8th: The Board will hold its public hearing
- Wednesday, May 9th: The Board will send a letter to the Delegation with any suggested changes to its recommendation resulting from its public hearing.

4. State of the Departments – Presentations and Discussion

Business Office / Revenue

G. Wenger informed the Board that based on the information available to the Business Office, the County continues to be in a strong financial position through this point in the fiscal year. He noted that the major revenue items appear to be on budget. A brief discussion followed regarding the Registry of Deeds. He noted that the Sheriff's receipts are behind, which he anticipated was due to a billing cycle. He stated that the invested fund earnings line is doing very well due to the monies on hand and higher interest rates. He noted that excluding the \$4.25 million in surplus the

remaining revenue lines are at about 59% consistent with budget. He stated that the Department expenditures are also about 58% for their expenditures and they should be able to meet expenses within their lines.

Business Office

Mr. Wenger advised the Board that he is exploring the need to bring forward a request for an additional employee to address the emergency management/pandemic planning, risk management issues. He also advised the Board of a probable request to increase hours in the CIS Department, to meet the increasing service demands on the department.

Department of Corrections

J. O'Mara was recognized. He advised the Board that due to constant wear and tear, the aging 16-year-old Corrections building is in need of repairs including:

- Repairs to 2 hot water tanks due to the corrosion of firing tubes.
 - Approximate cost: \$50,000.
- Repair/Replacement of the air conditioning units.
 - Approximate cost: \$225,000.

He noted that the Department would look to cover these items within its budget prior to requesting assistance from the Business Office. He noted that the Department is anticipating a very limited request for the next fiscal year, which should include a global 3.5% - 5%.

Mr. O'Mara informed the Board that the County is able to bond and borrow money like other municipalities and suggested that the Board may wish to request the Departments submit information for a 5 year capital improvement plan. A discussion followed. The Board agreed to take the matter under advisement.

Nursing Home

B. Moorehead was recognized. He presented the Board with an overview of revenues and expenses to date, noting that the revenues are approximately \$200,000 over budget, which was attributed to a good quality mix in part due to the contacts that J. Stacey has with the local hospitals and referral groups. He noted that expenses are approximately \$1.5 million under budget due to the department delaying several equipment purchases and capital projects, which include repaving the parking lot at an approximate cost of \$85,000. He advised the Board that the following lines may need a transfer of funds by the close of the 2007 fiscal year:

- Bed Assessment, MQIP Bed Tax Expense line
- Sewer Expense line, approximately \$15,000
- Pharmacy line

Mr. Moorehead referred to the turnover of employees at the facility. He noted that the rates offered are competitive; however rates for RNs, LPNs, COTAs, and PT Assistants require attention or the County risks losing the employees to the commercial market.

B. Moorehead informed the Board that he will be submitting, by the end of the fiscal year, a bad-debt write-off list for the years of 1999- FY 2006. He noted that these were incurred due to software and other issues over the years and the auditors have been booking an average bad debt expense/write-offs of \$272,000 per year for the last 3 years, which is based on a percentage of the facility's total revenue.

Mr. Moorehead advised the Board that the Nursing Home is 31 years old and at some point, the County will need to consider replacing the plant or undergo a major renovation of the current foot print, noting that overtime the marketability of the facility will begin to diminish. He suggested looking into a Nursing Home that can provide over time both assisted and independent living. He suggested adding onto the current building, to keep from driving up the cost of the current Nursing Home beds. He noted that by providing this service it would save the patients the trauma of being relocated off site.

Mr. Moorehead informed the Board that the Tuition Reimbursement program is inadequate. He noted that the program is used for non-licensed staff to become licensed as RNs, LPNs, Physical Therapy Assistants, Certified OT and PT Assistants. He proposed including in the budget the funds to pay full tuition for up to 5 students per year, which they would be required to remain employed at the facility for a specified number of years following graduation or face having to reimburse the County the unpaid years. He noted that this could cost the County approximately \$8,000-\$10,000 or more per employee per year depending on the courses.

Mr. Moorehead informed the Board that the facility is looking into the possibility of harnessing wind power to supplement the annual electric expense. He advised the Board that the County would be able to sell the energy back to the electric company and would the tower would take up a minimal amount of space on County land. He noted that the current electric bill for the facility is approximately \$180,000 per year, a figure that excludes the Bouchard Building.

Comm. Clemons inquired what a fair price would be for the proposed increase in the Tuition Reimbursement program, to which Mr. Moorehead advised the Board that he would like to budget approximately \$10,000 per student, for 5 students. Comm. Holden noted that she anticipated that the Master Plan Committee would discuss the possibilities of harnessing wind power for the County.

Convention

M. Rusch was recognized. She advised the Board that the Delegation is currently on target with its budget, and noted that the large expenses typically come at the end of the year with printing and binding and mileage. C. Kirby was recognized. She advised the Board that her budget is on target and the only major expenses that she is anticipating are: the purchase of RSAs in the amount of \$500, and the addition of a new telephone line for her assistant. She advised the Board that there are no major issues regarding litigation with the exception of one case that was scheduled for trial for this fiscal year, that has been pushed back to be tried during the next fiscal year.

Comm. Holden noted that she reviewed the County's budget and noticed that the Convention's budget has gone up \$75,000 from FY2000 to FY2007 to \$350,000.

G. Wenger noted that the CIS department is in the process of putting together a recommendation for a global solution to the telephone issues. He noted that it is his expectation to have a proposal this year's budget process to address the County's telephone needs.

Sheriff's Office

A. Durette was recognized. He distributed a document to the Board that highlighted increases in duties performed by the Sheriff's Office since 2002. He noted that there has been an increase in both the number of people being picked up for crimes and in the levels of the crimes committed, which he noted puts more demand on the Sheriff's Office to pick up these people and for court security. He advised the Board that there is a delay in processing revenues within the Sheriff's Office, in part due to two employees leaving. He informed the Board that he anticipates requesting some additional full time personnel to cover transports and possibly another high capacity transport vehicle in the upcoming budget. He noted that he is not anticipating any further large requests.

Comm. Pappas inquired if the County Business Office would be able to assist the Sheriff's Office with matters relating to accounting, considering the two vacancies in its Billing Department, to which Mr. Durette noted that he would be open to suggestions. Mr. Wenger noted that the Business Office would be happy to assist.

County Attorneys

M. Wageling was recognized. She advised the Board that there are Union negotiations coming up and she is unsure how that will affect the budget at this time. She advised the Board of the following potential increases to the budget:

- Funding for a new attorney and related staff due to increased crime, which puts greater demands on her office
- Consulting Expense line regarding the hiring of experts to assist in trials, which has been increasing over the years
- Printing and Binding
- Postage Line due to increasing demands to supply police reports
 - An increase was made to this line the previous year
 - A possible solution to this would be to work with CIS to update the technology, allowing for the submittal of information electronically
- Extraditions line
 - Increased due to the increasing amount of extraditions and the increasing costs of flights
- Travel line

She then outlined several projects the County Attorney's Office is anticipating

- Removal of asbestos from the Chestnut Street Courthouse by the State
- Creation of a new filing system
 - Current system not conducive to acceptable working conditions as employees must constantly lift boxes
- Creation of an Adult Diversion Program for those with drug and alcohol abuse problems
 - Would be self funded following the initial start up costs
- Incorporation of a possible grant through the Attorney General's office to fund a re-entry program for violent offenders in Manchester
 - Possibly \$1.5 million

Registry of Deeds

J. MacDonald was recognized. She advised the Board that the current budget is on track and that she anticipates that the Registry's FY 08 budget will remain the same as current year.

UNH Cooperative Extension

D. Reidy was recognized. He advised the Board that the current budget is in good shape. He noted that the Printing and Binding line is high but that it should last the rest of the fiscal year. He advised the Board that the only line that he anticipates increasing is the Travel line due to the increase in the mileage rate.

Human Services

Temple Street

E. Robinson was recognized. She advised the Board that the Repair lines were increased during the FY 07 budget and those projects continue to move forward. She noted that those repairs include: carpet replacement, flooring replacement, chimney re-pointing, skylight repairs, wall repairs, and painting. She inquired how the Board would like to go forward with the elevator, noting that she would plan on putting the elevator upgrade into the FY 08 budget.

Human Services Administration

Ms. Robinson noted that there are some issues in some small lines otherwise, the entire operation is in good shape. She informed the Board that there is an issue with the postage meter due to the volume of mail produced by her department, noting that the machine itself is not efficient for large volumes. G. Wenger advised the Board that the postage meter will have to be upgraded by December 2007 and will requested to be included in the FY 08 budget.

Human Services Public Assistance

E. Robinson provided the Board with an overview of expenses, revenues and savings in the Human Services Public Assistance Department. She noted that OAA and APTD are running in the red; however, the other lines are in relatively good shape. She noted that the State budget is due into the House Finance on Thursday, and if there are no large increases, the short falls to be added to the budget would be \$175,000.

Ms. Robinson informed the Board that HB 851 would drastically change the way Counties are charged for Medicaid, changing it to an Equalized Valuation basis. She noted that it would be a positive change for Hillsborough County. She noted that Hillsborough County has 26.65% of Equalized Valuation with 31.27% of paid Medicaid Nursing Home beds. She noted that the cost would be disproportionately leveled against certain towns in the County. She noted that the HB would hurt Rockingham County in that it has 26.65% EV with 15% of paid Medicaid Nursing Home beds. She noted that it would also hurt Belknap County, Carroll County, and Grafton County. She advised the Board of the following:

- Clawback went into effect on 1/1/2006
 - Before it went into effect Hillsborough County was responsible for \$295,000 per month for Provider Payments
 - Now Hillsborough County is responsible for \$150,000 per month in Provider Payments
 - Savings of \$40,000 per month
- YDC has increased its juvenile population by 27
 - 40%-50% are from Hillsborough County
 - Currently 98 juveniles at \$370 per day

Comm. Holden noted that the cost of the Human Service Administration has tripled since the year 2000, noting that it was around \$298,000 in 2000, and it is currently up to \$873,000.

Comm. Clemons inquired how the County would inform the Demers Group on which side they should be on regarding legislation, to which E. Robinson noted that there is a Legislative Conference Call every Friday during which there is a discussion and if the Counties have different opinions, the Demers Group will not take a position for all Counties. She noted that at that point the Counties themselves would have to take a position on the piece of legislation. She informed the Board that the Demers Group will flag issues they feel would impact County Government. She noted that the County gets emails on a weekly basis regarding these matters. Comm. Clemons inquired if the Demers Group lobbies for all of the Counties, to which Ms. Robinson stated, yes.

Mr. Wenger advised those present that the budget manuals will include the following forms to be completed:

- New Position Request Forms
 - Include all costs relating to the new positions i.e. computers, retirement, etc.
- Computer Request Forms
 - Include all requests for new hardware or software

Mr. Wenger noted that he anticipates there will be a line for the revenues/expenses relating to unanticipated grants, noting that he has a concern regarding where the County stands with the amount of current grants, as it has an impact on the County's EEOP filing. He noted that once the County gets over \$500,000 in grants, the requirements of the report multiply. A. Durette inquired if the EEOP requirement was per calendar or fiscal year, to which Mr. Wenger stated that it is his understanding that it includes active grants.

G. Wenger advised the Board that regarding Health Insurance line, the rate is presently set at 8%, which is the best rate the County has had in a number of years. He noted that there is one more review scheduled prior to the completion of the budget process.

Mr. Wenger noted that the Mileage Rate would increase from 44.5¢ per mile to 48.5¢ per mile for FY 08.

G. Wenger noted that the County should expect that the retirement will have a significant increase this year; Group 1 from 6.81% to 8.74%, Group 2 from 9.68% to 11.84%, and based on present salary lines equates to approximately a \$40,000 increase.

Mr. Moorehead noted that unemployment has been going rather high on the current expenditure control report, to which Mr. Wenger stated that payments are required in advance and that the lines appear on budget.

M. Rusch inquired if the County will be putting vending machines in the Bouchard Building, to which Mr. Wenger noted that it could be looked into. He noted that the County Complex's budget was not discussed and will have to be addressed. He noted that the issue with the vending machines has been finding an appropriate location.

Comm. Pappas noted that there are some capital expenditures that will be taken into consideration. G. Wenger noted that every department that has a facility had discussed the need for repairs. He noted that there are ways to fund these expenditures such as bonding, and capital reserve funds. He suggested that the Board may wish to look at a capital reserve fund funded out of surplus under Chapter 35. He noted that there are some issues that should not be put off for another year, and if the Board is not comfortable taking out a bond, there are alternatives.

Comm. Clemons inquire how specific would the County have to be regarding bonding, to which Mr. Wenger noted that he would defer to Legal Counsel for the answer. Counsel suggested the request would be specific. A question was asked by L. Movsesian regarding the amount of the County's surplus, to which G. Wenger noted that the surplus as of June 30, 2006 was \$21,956,341, of that \$4,250,000 was designated to reduce taxes. He noted that the available surplus is \$17,706,341.

Comm. Pappas noted that another aspect the Board was hoping to incorporate into the budget was central purchasing as in the telephone issue. G. Wenger informed the Board that during the 07 fiscal year, the Business Office, Sheriff's Office, and UNH Cooperative Extension participated in the consolidated purchase of copy machines. A discussion followed. G. Wenger noted that the County consolidates its purchasing of Health Insurance, Workers' Comp., and it will be looking into the telephone issue as a consolidated purchase.

Mr. Moorehead noted that the Nursing and Rehabilitation Departments have often had to flip personnel between full time and per diem and there is an issue with the amount of time it takes to change the positions. He requested if it would be possible to include in the budget per diem positions funded at \$1, noting that this would cut down the amount of time significantly. Mr. Wenger noted that there is a similar issue in the Sheriff's Office and suggested that the Sheriff may wish to consider setting up a pool of part time positions as well.

Mr. Moorehead advised the Board that regarding the matter E. Robinson mentioned earlier on the Equalized Valuation, and with the Federal Government looking to eliminate Proshare and reduce the bed tax expense, which generates around \$4 million for the County, some creative budgeting may need to be done to make up for that loss in revenue. E. Robinson noted that the concern is that Congress has already approved the reduction in bed tax to 5.5%, and in that approval they gave CMS the Federal Medicaid vote that gave them the ability to negotiate lower rates. She noted that as States put in State plan amendments, they have negotiated or forced a decrease in lowering the bed tax. She noted that on the plus side as they decreased from 6% to 5.5% in bed tax, there will be a corresponding increase in Proshare, at least on the short term.

Comm. Pappas inquired if there was anything further G. Wenger wished to discuss, to which he replied that the Munis System has recently been updated and if there are any issues to make CIS aware. He noted the only thing still outstanding would be the budget schedule. Comm. Pappas noted that the Board will discuss the dates and thanked those present for coming.

Recess

Motion: To go into recess. By Comm. Holden, second by Comm. Clemons. Motion carried unanimously.

The Board went into recess at 5:10 P.M.

Motion: To come out of recess. By Comm. Holden, second by Comm. Clemons. Motion carried unanimously.

The Board came out of recess at 5:18 P.M.

Comm. Holden noted that the Board will have to separate the departments' wants from their needs. A discussion followed regarding possible salary increases at the DOC and other increases in the Department's budget over the present year. Mr. Wenger noted that any request for a new position would be detailed with a cost analysis, and that this would be separate from the initial budget request itself. He noted that after the Board has an opportunity to review the requests, if it feels inclined to incorporate them into the budget, it can do so by a motion or request the department to include the positions in their budgets. He noted that in the past when positions were discussed they only discussed the salary, which does not include all of the other costs associated with the position. A discussion followed.

Mr. Wenger informed the Board that there are 2 dates between March and May that he will need to be decided prior to the Departments submitting their budgets. He advised the Board that he will need a memorandum from the Board which will instruct the Departments on what kind of budget it would like to see. He stated that in the past the memorandum included the general language of "a budget that will not increase the burden on our taxpayers." He noted that the budget between FY 06 and FY 07 increased \$1,895,000.00, taxes went up \$292,000.00, and the designated surplus increased \$250,000.00, which translates to about an 18% increase in the taxpayers' responsibility. Comm. Holden referred to the memorandum the Board submitted the previous year.

G. Wenger advised the Board that there would be 2 negotiations going forward with the anticipation of 3 other contracts, noting that there is a potential of significant increase in the wage lines. He noted that the County has not had that in a couple of years. He stated that based on today's salaries, a 1% increase in the wages equates to about \$375,000.00 increase, including roll-ups, across the entire County.

Comm. Clemons inquired how the meetings would be handled in case of a snowstorm, to which Comm. Holden noted that Comm. Pappas would cancel the meeting. The Board returned to discussing the budget memorandum. Comm. Clemons referred to the sentence containing: "to address the needs to deliver the necessary services with the least possible burden on the County taxpayers," noting that he certainly agrees with that. A discussion followed

Comm. Holden noted that she would be going to Concord tomorrow to speak on a couple of bills, and she could either speak on behalf of the Board or herself depending how the other Commissioners feel. She noted that the bill is regarding LCHIP, which is asking the Registry of Deeds to collect \$40 for a number of transactions relating to documents. It was noted that Comm. Holden would not speak on behalf of the Board.

There being nothing further to discuss, the Board entertained a motion to adjourn.

11. Adjourn

Motion: To adjourn. yes; Comm. Pappas, Comm. Holden, yes, yes; Comm. Clemmons. Motion carried.

The meeting adjourned at 5:37 P.M.