

Budget Meeting of the
Hillsborough County Board of Commissioners
March 17, 2010
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. Pappas, Comm. C. Holden, Comm. M. Clemons, P. Coughlin, J. Hardy, R. Walsh, C. Beaulac, V. Chandler, J. Dimick, C. Kirby, B. Moorehead, J. O'Mara, D. Reidy, M. Rioux, C. Roach, E. Robinson, M. Rusch, G. Wenger, and L. Stonner. Representatives present included R. Boisvert, S. Jasper, and S. Vaillancourt.

1. Opening

Comm. Pappas called the meeting to order at 8:38 a.m., and wished everyone a happy St. Patrick's Day.

Mr. Wenger distributed a FY Revenue Historical Analysis for the years 2000 through 2010 as well as a Department summary report and Surplus (Undesignated Fund Balance) History for the years FY 1991 through FY 2009.

Comm. Pappas noted that each of the Departments will have an opportunity to present information relative to the coming year's budget.

Supt O'Mara reported that there are no major projects planned for the coming year at the Department of Corrections and explained that there are many capital improvements being done that use Stimulus funds, and that is really helping the budget. He indicated that there will not be any new positions and noted that he was pleased to inform the Board that there are 20 inmates helping out in the community as part of the day-reporting program.

Supt. O'Mara noted that the Courts are beginning to see the value of home confinement resulting in a favorable effect on the expenses. He explained that in the upcoming year, the DOC will be working with the Courts in looking at the pre-trial population, which is 2/3 of the population; the goal is to have some of those who have a bail of \$500 to \$1000 stay in the community, maintain their employment and connections to their families rather than create more burden on the taxpayer by becoming wards of the State or the County.

Comm. Clemons offered that it makes sense to let a person with a \$500 bail remain in the community, noting that it is much less expensive to lose the \$500 bail than it is to house an inmate; then, if necessary, the person not living up to the agreement can then usually be found. Supt O'Mara agreed with Comm. Clemons; he noted that in one occasion he arranged to have the individual bailed out so that he could attend to some significant medical needs, including dialysis every other day; if that had not been done, in addition to the cost of housing the inmate, the DOC would have had to pay two correctional officers overtime to drive the man to Concord for dialysis every two days. He encouraged the Board to consider this issue, noting that the DOC has the ability to strap an ankle bracelet on the person so there would be no question as to the person's whereabouts. Chief Deputy Durette offered that this would also save the Sheriff's office the expense of transferring an inmate to and from Court if they weren't in jail.

Chief Deputy Durette reported that the economy has had a significant effect on the Department's workload, noting that with a bad economy, the workload and revenue goes up; the move to Nashua has increased the cost of gasoline for moving prisoners as well as increased time for the officers involved.

Chief Deputy Durette reported that there will be a request for an increase in radio equipment related to moving the communications equipment from the Manchester Courthouse; there are additional components needed.

Chief Deputy Durette reported that there will be a grant program in the budget; the intention is to fund the related position at \$1, making it contingent on grant approval. He noted that as a result of the increased workload, there are incremental requests for items such as postage, office supplies, printing, etc.

Comm. Holden inquired about the approval process for the Family Justice Center in Hillsborough County; she noted there is a position where the person is housed in one of the Departments under the Commissioner's control, and asked when that was approved. Chief Durette noted that it has not been approved but will be addressed in the budget. Comm. Holden responded that the person already has a desk in an office. Chief Deputy Durette responded that this has nothing to do with the Domestic Violence Project; what she is doing now is not related. He noted that the current Domestic Violence person works here in the Court and sits at a desk in the Human Services Department occasionally, but that has nothing to do with his Department at this time.

Comm. Holden noted that the person is working in the (Human Services) Department, and the Commissioners should have known about this in advance. She noted that she will look into it further.

M. Rusch informed the Board that the Delegation will be reduced because of the mileage reduction; she anticipates no other change.

C. Roach reported that the CIS Department will remain primarily the same; they will continue to update technology. Mr. Wenger reported that a significant part of that budget relates to annual maintenance agreements to maintain all County software; he noted that Microsoft will have an update. Mr. Roach explained that Microsoft is trying to walk away from XT, and as of a certain date it will prevent people from downloading any updates. He indicated there is a possible need for purchasing more licenses; this means that when a system fails, it can be reloaded with the new, safe, operating system versus an operating system "right out of the box" that cannot be updated.

Comm. Holden inquired about the progress on Nursing Home paperless project. Mr. Roach reported that he believes it is going well and the Nursing Home has an RFP that will be published in very near future.

Ms. Robinson reported on 19 Temple Street; she noted that in addition to there being boiler gaskets that need to be replaced at an approximate cost of \$4,500, a zone heating problem has been discovered that will require approximately \$2,500 to repair. There have also been window leaks and a leak on the third floor near a chimney; those repairs will be done soon. She further reported that in the coming year, the budget will address the back door entrance which needs to be replaced and made handicap accessible. Ms. Robinson informed the Board that she will also again propose a maintenance/security employee to handle the emergency maintenance issues as well as security; another issue added to the budget will be consideration of ways to control access to the third floor.

Comm. Clemons asked if this is a historic building, to which Ms. Robinson responded that the building is on the National Historic Register and it applies to the exterior of the building. Comm. Clemons suggested that the County needs to care for the building and address any potential issues this summer during good weather.

Ms. Robinson suggested that the Human Services Department needs a bathroom for its Drug Program and has asked Supt O'Mara to include that in the Bouchard Building budget. She noted that there is also a need for permanent walls for one office for confidentiality reasons where the LADEC staff person

conducts interviews. She noted that there may be three interns in her Department from Antioch College, so there will be a need for additional cell phones as well as one desk phone.

Ms. Robinson explained that the Domestic Violence individual does not have a desk assigned to her permanently, she keeps no files in the office; her office is in the Goffstown Police Department; she occasionally uses a desk and phone in the Human Services Department when she is working at the Goffstown District Court; on those occasions when there is no place to hold a confidential discussion upstairs she will temporarily use a desk in the HS office. Comm. Holden referred to the grant document where it notes that the Family Justice Center will be located in the Bouchard Building and asked where that will be located. Ms. Robinson responded that it is her belief that the Sheriff's Department hopes to add space for that individual; it was not her agreement that that person would be housed in her office. Chief Deputy Durette reported that there is approximately 20,000 square feet of unused space in this building; he reported that he does not know at this time specifically where the person should go, or what the Board or Delegation would approve; he noted that these are hypothetical questions because they simply don't know yet. Comm. Holden reported that she will continue to monitor the situation.

Ms. Robinson noted that she does have budget projections and asked if the Board would like them presented. She further noted that at this point, the Department has \$30,900,000 cap for Nursing Homes; the County has spent \$20,324,000 and has approximately \$10,587,000 left to pay. She explained that the monthly average for billing has increased by \$131,000 per month, noting that most of that is in HCBC funds; for fiscal year 2011 she is budgeting lower; the average will be less because it no longer includes juveniles; the share and cap will go down by about \$750,000. Comm. Holden noted that she is interested in seeing budget projections for the Department and Ms. Robinson agreed to present the information at the next meeting.

Comm. Pappas recognized Mr. Reidy who informed the Board that he does not anticipate any increases except for the normal increases in the wage and benefit lines.

Attorney Kirby reported that she does see any major increases, but in fact sees decreases in the budget. She noted that she will request that the litigation line remain constant because of an ongoing potential trial that may occur in May; this is a case that dates back to 2004. Comm. Clemons inquired whether Att'y Kirby foresees using any additional interns next year, to which she responded that she sees that continuing on a part time basis, but does not see any additional persons because there is not additional space for them. She noted that she did receive resumes, and she will forward those to the County Attorney's office.

Register Coughlin reported that she is anticipating that her budget will remain flat, except for items over which she has no control such as the salaries and wages lines. She noted that there will be a line for Postage; when they collect postage, it goes to the General Fund, and from an accounting perspective, the Department has to ask for that line in the budget and it is returned to the Department based on actual expenses.

M. Rioux reported that there are few changes in the County Attorney's budget; the Re-entry Program will be going away as of the end of March, so that will not be included in the next budget. Att'y M. Zaino has been with the County Attorney since 1993; his salary has been funded by a grant that will end on June 30th; there will be a request to add a new position to cover those salary and wage expenses.

Mr. Moorehead reported that year-to-date revenues for the Nursing Home are running about \$500,000 ahead of budget partially due to patient mix and a higher than anticipated private pay population. He noted that expenses as of March 3rd are running about 1.95% under budget; this is about the tightest number he has ever seen in a \$24,000,000 budget. Mr. Moorehead explained that the Medicaid rate fell

\$11.97 in January from \$153 to approximately \$140; he noted that it was fortunate that this reduction came in the middle of the year rather than at the beginning. He noted that this could represent a \$900,000 drop coming into to fiscal year 2011. Mr. Moorehead explained that the proposed Medicare cuts on the Federal level are troubling; he is not sure how these cuts will affect Nursing Homes. He further noted that budgeted Medicare revenues are nearly \$5,000,000 a year, so that could be significant. Mr. Moorehead added that the current supplemental ARRA payments of about \$300,000 a quarter are scheduled to go away...he believes that will happen in December 2010 or 2011. Ms. Robinson noted that it is set to expire in December 2010, but it is her understanding that it will happen in 2011; she received an email this morning that indicates that it may be extended to June 2011, or possibly September. She added that because some States are in such dire straights, she believes there will be efforts to try to extend the Jobs Bill additional payments for Medicaid beyond June 2011.

Comm. Clemons inquired about a contingency plan for the Nursing Home in the event that all the funds discussed do go away. Mr. Moorehead noted that at this point, the one option would be to increase the private pay rate to about \$500, noting that it is one of the lowest in the area relative to competition. Mr. Moorehead explained that currently the supplemental ARRA money is covering the loss on the Medicaid side; should that go away it will be difficult.

Comm. Pappas asked Mr. Moorehead and Ms. Robinson to explain the Medicare cuts. Mr. Moorehead explained that it is part of the current Senate Healthcare Bill that is being debated; he noted that he has heard of a potential 500 billion Medicare cut over ten years. Ms. Robinson offered that it is her understanding that Medicare is not actually being cut, it is referred to as a "slowing of growth," and using that money to help fund the new Healthcare Reform Package. She offered that it is clear that in order to slow growth, it is necessary to control or cut costs. Ms. Robinson explained that another concern for the County that also applies to the non-profit and private Nursing Homes is that currently, the Stimulus money is filling the gaps for everyone, but once that goes away with the Medicaid rate so low compared to costs, there is real concern relative to Nursing Homes being able to stay in business. She stressed that this should be a real concern for the County going forward. Mr. Moorehead noted that at a recent committee meeting, there was a consensus that without the Stimulus money, several Nursing Homes would have folded.

Comm. Clemons noted that according to some, the actual impact could be absorbed by efficiency, and he is not sure how bad it really is. Mr. Moorehead responded, "It is bad;" he noted that he has not mentioned that he recently learned that the Federal intent was to take Medicare and turn it from a rehab focus program to a non-rehab focus program; he explained that currently it is all rehab-focused. He offered that it does not make sense to change the focus because it will mean that people will stay in Nursing Homes longer, and those who are discharged will return earlier.

Ms. Robinson offered that it is still at the rumor stage and the likelihood of Medicare being reduced by 500 billion will be a difficult challenge when you have the incredible growth that will occur in Medicare in the next ten years.

Mr. Moorehead re-iterated that there are two known facts currently; the supplemental ARRA is going away, and there have been significant cuts in Medicaid already. He noted that Medicaid has been the bread and butter for Nursing Homes for years...they are 80% of the patient mix.

Comm. Clemons expressed his opinion that there are many political issues involved. Comm. Holden mirrored the remarks of Rep. Pelosi, who said that we won't really know what is in the bill until it is passed, and some of the comments are scary; there will be extra taxes paid until 2014, and there won't be any benefits. Board members discussed the complexity of the bill.

Mr. Moorehead noted that several people met with the affiliates working jointly with the State the previous day to see if there is any additional match money available. Mr. Moorehead explained that a new survey will begin in April, noting that it will be a challenge this year because the Director of Nursing is out on Medical leave, and a Medical Records Coordinator is out on FMLA, intermittently. He noted that the Nursing Home continues to negotiate with AFSCME; he is hoping there will be an agreement in place prior to May 7th.

Comm. Clemons asked for clarification relative to including potential raises in the budget in situations where a union contract has not been settled. Mr. Wenger responded that it is not possible to include raises that are unknown; he noted that this is why the County emphasizes to the unions that contracts need to be done early in the budget process so that raises can be included. He noted that once there is a tentative agreement that has been ratified by both sides, then the money has traditionally been put into Contingency. He explained that when the Executive Committee approves the budget, and the money is in Contingency, it then comes in or out if the Delegation approves it; there is a motion at the Delegation to approve the contract and if the Executive Committee places the money in Contingency, then it is moved later; if the Delegation does not approve it, there will be a second motion to take it out of the wage line.

Mr. Moorehead informed the Board that the Nursing Home turnover is low and it remains quite stable; he noted that with this economy there will be numerous challenges with Accounts Receivable. He further noted that the Nursing Home is trying to find an Oral Surgeon who will accept Medicaid; that is extremely problematic in this area; few are willing to accept Medicaid; this can mean a significant expense to the facility. Mr. Moorehead informed the Board that the electronic health record project continues; the RFP for the software will be going out soon; the RFP for the hardware should follow by approximately late May, and hopefully the project will be completed by late summer or early fall.

Comm. Pappas recognized V. Chandler, Director of Human Resources. Ms. Chandler informed that Board that her Department does not anticipate any major changes in the budget for this year. Comm. Clemons asked if the Human Resources Department ever utilizes interns, and if she would welcome them, to which Ms. Chandler responded that the Department has not used interns and that the Department has been able to keep up with the workload; there is limited space in the Department for another person, but she noted that she will keep it in mind.

Mr. Wenger informed the Board that the Business Office will be pretty much the same; he noted that the Board has asked him to consider some staffing issues, which he will look at. Mr. Wenger remarked that he would like to have a discussion with the Board about its budget; he noted that there has been discussion relative to televising the Board meetings, and the Board may wish to give that consideration.

Mr. Wenger explained that he would like to address revenues; he noted that from a County standpoint, there can be an optimistic and a pessimistic viewpoint, and referred to concern relative to the Nursing Home revenue. He explained that the Nursing Home has been the County's consistent revenue source and noted that Mr. Moorehead has been "right on target" with respect to his revenues. He remarked that he is not confident that this will continue because of issues beyond Mr. Moorehead's and the Nursing Home's control.

Mr. Wenger explained that if one looks at the County today, based on the budget that it has, the Stimulus money has created a very positive effect on revenue for this year. He explained that last year the FY 2009 budget included the use of 6.3 million of the budgeted surplus to reduce taxes; the County actually used about 4 million of that so at the start of the FY2010 fiscal year, the year began with an undesignated fund balance of 16.9 million, a reduction from 21 million at the start of the prior year. Mr. Wenger noted that an issue the Board has addressed is to use some of the surplus rather than continue to increase it. He

noted that if the County budget uses 6.5 million of budgeted surplus this year that will leave a budgeted surplus at the end of the current fiscal year (June 30th) of about 10 million dollars.

Mr. Wenger offered that another positive note in the budget this year is the availability of several million unanticipated Stimulus dollars that are coming in, so on the revenue side, it will be positive. On the expense side, in his experience, the budgets have never been as tight as they are now; that is a good thing from a budgeting standpoint, and was one of the Board's goals last year. He further explained that he has several transfers that he will be bringing to the Board, the majority of which involve simply moving funds around from various Departments. He noted that there are issues with the Retirement line because of changes made in the Retirement System after the budget process, as well as with the Insurance lines. There are others that were not anticipated that will have to be addressed. He summarized by saying that on the expense side, the County will be as close as it has ever been to the budget, yet it is possible that approximately 1% may be returned.

Mr. Wenger noted that he has provided the Board with the history of the Undesignated Fund balance; this year there was 6.5 million budgeted, of which 4.2 million was used.

Mr. Wenger addressed the Revenue Summary; he expressed his belief that the County has a 6 to 10 million structural deficit in the revenue side of the budget. His concerns include:

- Budgeted surplus...in the past two years the County has budgeted over 6 million dollars. Mr. Wenger noted that based on the budget, if all of that were used this year, the County would drop down to a 10 million dollar surplus; it will probably be around 14 million. He noted that there is a caveat with respect to the 14 million; there is 3.2 million that the Auditors are referring to as surplus, but that is actually Stimulus money that is being held in a separate account; it cannot be rolled into surplus; the County will have to designate where it will be spent. There is almost 3 million this year in additional money under the DHHS reimbursement that will be in the surplus this fiscal year, but it will have to be designated spending for next year. He noted that the Stimulus money is making a significant contribution, but under the present circumstances, that money is going away after FY 2011. Mr. Wenger noted that he has grave concerns that the County will be able to continue to maintain a budgeted surplus figure of 6.5 million dollars; it is not going to happen.
- Prescription rebates...current at \$25,000; these are reimbursements from the State that come from the Federal Government that will be disappearing.
- DHHS reimbursement...budgeted at 4.1 million in revenue this year; approximately 4 million of that is Stimulus money that we will have for half of the coming year, and it is not known if it will be extended. The amount the County will receive this year is 6.9 million; that is unanticipated revenue for this year, but is four million dollars that will not be received going forward.
- Other Grants & Reimbursements...budgeted at \$530,000 for the County Attorney Re-Entry Program; that money will be gone because the grant will end. He noted that the expense side of the program will also be gone.
- Nursing Home revenue...base on Mr. Moorehead's presentation, one can see that is not as stable a number as in the past.

Mr. Wenger noted that the other lines seem to be steady based on current practices. He explained that Invested Funds earnings will be lower, probably about \$400,000 less; that is a figure based on the

economy and the money the County has to invest. He explained that this year there will be a need to hold a discussion relative to funding the County's Debt line.

Mr. Wenger noted that based on what he heard today, the County Attorney's revenue will be down based on losing a grant for one of the Prosecutors.

Mr. Wenger summarized by saying that the County has budgeted much closer to actual expenses in lines that may have held additional monies in the past; there have been some new revenue lines, but most have been small; he explained that he does not see what significant additional revenues the County might have and suggested that there be a discussion relative to this concern because at some point, the County is going to have to make up those monies.

Comm. Clemons inquired about the impact of the increased share the State is asking the Counties to contribute to the Retirement System; no one had an answer at this time.

Supt O'Mara informed the Board that the DOC must replace its boiler; he noted that it might be able to do it in the current year by using transfers. He further noted that there is a sprinkler issue to be addressed and Ms. Robinson has asked for a re-configuration of her space to include a rest room. Supt O'Mara suggested that the County needs to start thinking "outside the box," noting that it has a tremendous amount of land that includes a high spot where the water tower is located that might be a good location for wind turbines or cell phone towers-space that could be rented.

Commissioner Pappas noted that the County is working on its Master Plan and those are good ideas.

Supt O'Mara remarked that it is his understanding that the revenue sources for the State are a little different than reaching into taxpayers pockets, but noted that when costs are shifted down to the Counties and Towns, they are truly reaching into the taxpayers pockets and an example would be Judges taking furloughs; this results in people staying in the County Jails longer because they are not being tried. He explained that at a cost of \$490 to \$500 a week to keep the inmates in jail he is not sure how much money is being saved. He offered that it looks great from a State perspective, but from a County perspective, it is costing the County money. He observed that the Association of Counties does a wonderful job of keeping the Counties abreast of news and the Local Government Center sends Legislative reports, but there is a real disconnect and the only time he feels connected is during the budget process when the Departments work with the Sub Committees; he noted that it was his experience last year that we might as well not have had Sub Committee meetings because the process was insulting to Sub Committee Chairmen; when they brought their information to the full Executive Committee it was like starting all over again.

Supt O'Mara shared his other concern, which is that the County does not have a 150 million dollar budget gap like the State, yet when the State Reps come down to the County level and put on their Delegate hats, they still have the State budget gap in their mind. He remarked, "We are running a surplus, not significant, but we are in no where near the shape that the State of New Hampshire is in, and there needs to be some recognition and acknowledgement of that from our State Representatives when they come to the County." He went on to add, "It's not that we (the Departments) don't deserve budget scrutiny because that is really important, but not to the point of being insulting and ridiculous, and I don't know how we can change that."

Supt O'Mara shared that he wished to thank Attorney Kirby and her staff for all the support she has provided his Department.

Comm. Pappas thanked those present for their input and participation in today's meeting. In response to a question, Mr. Wenger informed those present that the budgets are due in the Business Office by March 30th.

Mr. Wenger informed the Board that he has received a request from the U.S. Census Bureau to use the Board of Commissioner's Conference room from April 26th through April 30th to do training; they asked that any expense be waived. He noted that in the past, the County has never allowed outside agencies to use the conference rooms; should the Board decide to honor this request, there are three days available; the Cooperative Extension has booked it for one day. The Board discussed the request and decided to follow its past practice and deny the request.

The Board repaired from the room at 9:48 a.m. and went to the second floor to attend the dedication of the Goffstown Court.

The Board moved to the Goffstown Court on the second floor of the Bouchard Building where it attended the Court Dedication Ceremony at 10:00 A.M. No Board business was conducted during the ceremony.

The Board reassembled in the Commissioners' Conference room at 10:43 A.M. Following a brief discussion regarding the forthcoming report from the Design Charrette, the Board moved to recess the budget meeting to Wednesday April 7, 2010 immediately following its Regular Board Meeting.

9. Recess

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

The Board entered recess at 10:50 A.M.

Approved 5/6/2010

Comm. Michael Clemons, Clerk
Hillsborough County Board of Commissioners

Date