

Hillsborough County Board of Commissioners
PUBLIC HEARING

April 27, 2009

Bouchard Building, Goffstown, NH

Minutes of the Public Session

(Not Official Until Approved by the Board and signed by the Clerk.)

Present: Comm. T. Pappas, Comm. C. Holden, Comm. M. Clemons, P. Coughlin, M. Wageling, G. Chandler, D. Dionne, C. Kirby, M. Lencki, M. Montminy, B. Moorehead, D. Reidy, E. Robinson, M. Rusch, G. Wenger, and L. Stonner.

Others present: Members of the County Delegation, Executive Committee and Public.

Comm. Pappas opened the Public Hearing at 10:00 a.m.

Comm. Pappas explained that the purpose of the meeting is to discuss the Hillsborough County Board of Commissioner's budget, noting that the budget will go through several more phases, but this is the first part of the process. Comm. Pappas informed those present that the Board is required to hold this Public Hearing under RSA 24:13-C to receive input from those present on the Fiscal Year 2010 budget recommendations. She noted that the meeting has been posted to convene this morning, April 27, 2009 at 10:00 a.m. here in the Bouchard Building in Goffstown.

Comm. Pappas addressed the procedure for this meeting and noted that a copy of the New Hampshire Department of Revenue Administration MS-46 form, which outlines the Board's budget recommendation, is available at the back of the room. She noted that this form was mailed to all Mayors, Selectmen, and Aldermen throughout Hillsborough County. She explained that also available is the Comparative Budget and Expenditure Request that provides information on the current Fiscal Year 2009 Budget as well as the Board's Budget recommendation for Fiscal year 2010.

Comm. Pappas noted that there are comment cards available in the rear of the room, and requested that those who wished to speak complete the card and bring it to Comm. Mike Clemons, who serves as the Board's Clerk. She explained that Comm. Clemons will call the name of the persons wishing to speak and encouraged each speaker to come to the podium in the front of the room. Comm. Pappas introduced the County elected officials requested that the Representatives present identify themselves.

Representatives present included: M. Pilotte, Ken Gidge, Valerie Hardy, Lori Movsesian, Tony Matarazzo, Phil Harvey, John Cebrowski, Jean Jeudy, Seth Marshall, Carl Seidel, Russell Day, Dee Hogan, Ron Boisvert, Steve Vaillancourt, Jan Schultz, and Peyton Hinkle. Comm. Pappas introduced the Board.

Comm. Pappas informed those present that the Board has been working to develop a budget recommendation that addresses the County's responsibility to deliver necessary services to Hillsborough County's citizens, being ever mindful of the burden that County taxes place on our taxpayers. She added that, just like with the State and the municipal budget committees, this is a very difficult economic time, and the Board was faced with many, many challenges. She further noted that the Board reduced this budget, and the County continues to face uncertainty as the State legislature completes its work in Concord. Comm. Pappas expressed her appreciation for the effort put in by each of the Department Heads and the elected officials who worked cooperatively with the Board to produce what the Board considers to be a reasonable budget recommendation that will allow the County to continue to deliver and maintain the current level of vital County services.

Comm. Pappas explained that the Board's recommended budget for FY 2010 is \$84,254,747; this represents a reduction in expenditures of .87% as compared to FY 2009. The FY 2010 budget expenses, less anticipated revenues results in an amount to be raised by taxes of \$45,633,047, which is level to FY 2009. She noted that the Board, each Department, and elected officials have worked diligently and made significant reductions that have allowed the Board to present a recommendation that holds the amount to be raised from our County taxpayer's level.

Comm. Holden noted that in the budget instructions, the Board stated that it is committed to developing a budget recommendation that supports the vital services of the County; requests were made to all Departments that if they were going to implement new programs or initiatives, expand existing programs, or add new positions, that it must be accompanied by detailed supporting information establishing that the inclusion of the appropriation in the fiscal year is essential to the operation of the Department. She went on to explain that "essential" means necessary service, and that man is a creature of endless needs, but who never needs as much as he wants. She added that the Human Services Department role has changed in the County, and that change, with the passage of House Bill 2, makes the County responsible for 100% of the non-Federal share of the Nursing Home and HCBC costs and has also shifted 100% of the non-Federal share of Aid to the Totally & Permanently Disabled, Old Age Assistance, and Juvenile costs to the State. Comm. Holden remarked that the budget presented from Human Services today does not reflect those changes. She explained that she reflects the minority position on the Board, and believe there could be significant reductions in the expenses of the Human Services Department, as well as adjustments made in the revenue projections.

Comm. Holden offered that the first suggestion would be to eliminate the Family Intervention Program and the expansion of that program with an alcohol and drug counselor; the salary and wages, for example, are \$312,104 plus 40% in benefits. She went on to say that the County is no longer responsible for Juveniles; the State has assumed that responsibility, therefore, she recommends that the County discontinue this program and eliminate the Alcohol Drug Diversion Program (ADDE), which has been proposed for this year. Comm. Holden continued by noting that the cost for two case workers and their related expenses is \$121,000 for the first year. She noted that the responsibility for these youth programs, which the County no longer has responsibility for, has further costs: Health & Accident Insurance is \$16,293 for each individual; Retirement contributions are 8.74% of the Wages, which ranges from \$3,000 up. Education & conference fees are \$4,000, Consulting Expense-\$5,000, and other Fees & Outside Services for appropriate urine screenings and interpreters is \$20,000; Travel-In State is projected at 58,000 miles and is projected at \$32,000. She added each employee is equipped with a desk, computer, land line and a cell phone. Comm. Holden explained that all these costs could be eliminated if one proposed program was discontinued and the expansion into another area was not approved, and noted that she will forward her recommendations to the next level in the budget process.

Comm. Holden explained that the Incentive Funds are down by one-third and the level of funding determined in the summertime; there is a projected level of funding of \$115,000 for the Family Intervention program. She continued, saying that relative to the ADDE program, the clients are expected to pay \$400 per individual to participate in the program; the projected revenues from this source are \$92,500; she noted that she feels that in this economy, it will be unlikely to find clients who can afford to participate in this program at that level, so the revenues will be down. Comm. Holden expressed her thanks for being allowed to speak to this issue

Comm. Pappas declared the Public Hearing open and noted that she would entertain comments from the public once Comm. Clemons has had an opportunity to speak. Comm. Clemons noted that he must respectfully disagree with his fellow Commissioner, and went on to explain that the Board looked at the proposals that were presented to it by the Human Services Department; he noted that they completely complied with the Board's directions as far as hiring new employees and the establishment of new programs are concerned. He remarked that E. Robinson provided a detailed description of what they would do for the citizens of Hillsborough County and noted that the County has to ask what it will do for

its most vulnerable people. Comm. Clemons explained that the Board has established a budget that has absolutely no increased impact on the citizens of Hillsborough County; the tax rate is level; it is the same as it was last year. He noted that while doing that, the Board has also asked for raises for most of the County's employees, and increased the services that will be provided to Hillsborough County. He went on to say that he knows of very few other municipalities or State governments that are able to say that it has kept the taxes flat, and increased services, and given raises to its employees. Comm. Clemons noted that the resulting budget was accomplished by the Board sharpening its pencils; he noted; however, that he refused to sharpen his pencil in the area of services that are directly related to the welfare of the people of Hillsborough County, such as the Human Services Department. Comm. Clemons expressed his thanks for being allowed to speak to this issue

Rep. Hinkle was invited to speak; he thanked Comm. Holden for her minority report, and asked why they were not presented with the minority report as well as that of the majority. Rep. Hinkle expressed his concern about the taxpayers of Hillsborough County and noted that they have had a lot of new taxes laid on them by the State government, more tax on gas from the Federal government in addition to what the NH Health wants to do. He indicated that many are concerned about business income going down, or are concerned about keeping their job, people are being laid off; things are costing more, and in the next two years we will see a lot of inflation due to all the deficit spending that the Federal government is doing; people are going to be more and more under pressure. He expressed his belief that the County needs to have a budget that is not only flat, but one that gives the taxpayers a break. He suggested that the County should consider the recommendation that Comm. Holden has made so that it can look at this more fairly. He noted that he has many questions about different lines, and asked if he would have an opportunity to have them address, to which Comm. Pappas responded that there would be an opportunity to address the questions at the Sub-Committee and Executive Committee meetings.

Rep. Manney was invited to speak. P. Manney expressed her support of the majority Commissioner's budget, noting that she understands when people talk about tax impact, and that she believes that the Commissioner's budget represents a very good job done. Additionally, P. Manney noted that she does not believe that the reference to State and Federal taxes should be held against the Hillsborough County folks who are in need in this economy from the Family Intervention Program and the intensive juvenile intervention program. She noted that these are very important programs that she would hate to see cut just so we can have even less of a tax impact, and noted that based on what she is hearing today, there is not going to be an increased tax impact or increase in the budget. P. Manney remarked that she would hate to see the new Human Services program cut so the County can save some money because everyone knows that if we don't address the needs of our constituents, we will pay in the long run. She asked the Board to continue these programs and to please not cut them. P. Manney thanked the Board for the opportunity to speak.

M. Brady, St. Joseph Community Services, addressed the Board and the public in support of the Meals on Wheels program. She explained that the Meals on Wheels program has partnered with the County for many years in helping meet the needs of the County. She explained that she has been doing this job for fourteen years, and noted that neither in the 31 year history of the agency nor during her 14 years has she seen an increase in need like she has seen this year; the need just keeps increasing, so this assistance is even more important now. Ms. Brady thanked the Board for its support.

Rep. Vaillancourt was invited to speak. Rep. Vaillancourt communicated that he had four areas that he wished to address-two regarding revenue and two regarding expenses. He noted that he was in agreement with Comm. Holden and Rep. Hinkle regarding the ADDE program, further noting that we are facing very difficult times. He explained that this is an increase, an entirely new program, noting that it is unconscionable that we should be adding new programs at a time when we are cutting back services that are vitally needed, and this program suggests that it will represent the vulnerable citizens of the County; however, in his opinion, this is not a program to help the vulnerable in our society; it is a program that will help criminals; this is a program that will help people that are convicted of crimes; it is not a program

to help the vulnerable; it is a program to help the predators in our society; so to talk about the vulnerable as this is something society needs to do is just a total misrepresentation of the facts. He went on to say that if one looks at the ADDE program, this is a bill that failed at the State level. It is being done in one County now, Merrimack. He added that if we go forward with a program like this to give help to the predators of our society, we should make sure that these predators are paying 100% of the cost of funding it. Rep. Vaillancourt recommended that the County not go forward with these programs at a time when we are cutting services for the vulnerable; we are adding services for the predators. He noted that this program is not a priority for the State and it is not a required program.

Rep. Vaillancourt suggested that it is easy to have a balanced budget if you fudge your figures, he further suggested that the revenues are way off; he noted that the Registry of Deed is projecting 3½ million dollars; he noted that as a person who sits on the Ways & Means Committee, he does not see that happening; they are projecting flat revenue year-to-date with the County's Real Estate Transfer Tax; if the Real Estate Transfer Tax is flat, then certainly your Town's share of that is going to be flat. He noted that as of this meeting, five-sixths of the way through the year, the County is at 2.3 million dollars; if we extend that to the end of the year, it will be 2.8 million dollars, or at the most perhaps 3 million dollars. He suggested that the County should be estimating 3 million dollars for next year, at the most, not 3 ½ million dollars. He went on to explain that this would be a \$500,000 shortfall, which will have to be made up with less expenditures or more revenue projections some place else. Rep. Vaillancourt suggested that the area to make up that \$500,000 shortfall, which is going to happen, is to make it up with the elimination of the ADDE program, which is for the predators in our society, not the vulnerable. He noted that the Registry of Deeds revenue will be off by over a million dollars this year; we should try not to be off in our projections.

Rep. Vaillancourt addressed the budgeted Surplus; he noted that last year the County used 6.39 million; this year it is proposed at 5.2 million, and suggested that the County use more of the Surplus. Rep. Vaillancourt commented that Hillsborough County is unique in that it has about 17 to 18 million dollars in Surplus; it is way more that a County is expected to have. He explained that he is not suggesting that the County use all the Surplus, but in a year such as this, we should probably consider using at least 6.3 million that the County used last year. He commented that the County continues to run a Surplus that is above the norm, noting that a 5% surplus is normal, but Hillsborough County is ending up with a 10% surplus; he suggested that the reason for this is because of over budgeting and further suggested that the County draw down the Surplus and try not to over-estimate the revenue from the Registry of Deeds, and most certainly not tolerate any new programs for the predators in our society. Rep. Vaillancourt raised the issue of the cost of prescription drugs at the Department of Corrections and suggested that the County sub-committee review that expense to find ways to reduce this expense. Rep. Vaillancourt thanked Comm. Holden who is looking out for the taxpayers, and suggested that the County be very careful about what it adds back into the budget and instead should be looking at cutting more from the budget, noting that these are times that try our financial souls, and we should not be adding new programs for predators.

Rep. Day was invited to speak; he referred to the Nursing Home expenses, and whether it would exceed its budgeted expenses for the current year based on expenses to date, and inquired about whether there had been extraordinary expenses in the current year. Mr. Moorehead responded that the issue was the bed tax expense which was somewhat understated in FY 09 budget; it came in higher than anticipated. He explained that in the original bed tax calculation, the bed tax revenue was not included in that number; he noted that is a good thing because if the bed tax expense comes in higher than budgeted, that also means that on the revenue side the County makes about 2.3 dollars for every dollar in bed tax, so the higher the bed tax is, the more revenue there is. Mr. Moorehead remarked that there is still one quarter of bed tax expense that is not in that number; it is close to \$800,000 and should hit in about two weeks. He explained that the next bed tax payment for the final quarter of 2009 is not due until July 10th in the new fiscal year.

Rep. Gidge was invited to speak; he expressed his agreement with Comm. Clemons, noting that during hard times, people who need assistance usually need assistance when times are good. He expressed his opinion and commented that you help those people who cannot help themselves; a community and a nation is always known by how they take care of those who cannot care for themselves; it should not be lowered, it should be raised. He commented that if you help people help themselves, they help others. He noted that he was offended when he hears people talk (negatively) about some of the people who are either criminals or alcoholics; they do pay taxes. He remarked that either you pick people up and help them or it is only going to get worse; anyone in the criminal field will tell you that if a person is educated and helped, they help the community. He agreed with Comm. Clemons position that it (the program) should not be cut, if anything, it should be raised.

Rep. Hinkle was invited to speak; he asked if he could review the different budget lines. Comm. Pappas responded that there would be an opportunity to review the detail at the sub committee meetings. Comm. Clemons indicated that it would be inappropriate for the Commissioners to comment, but that questions could be addressed to others present, such as the Department Heads. Rep. Hinkle referred to the Computer Information Systems budget of \$609,000, and asked what the expense is for. Mr. Wenger responded that this is the expense to run all of the computer operations throughout the County, with the exception of the Registry of Deeds; it includes all licensing agreements, all hardware and software purchases, annual maintenance agreements, upkeep and maintenance as well as any other computer related technology issues and the County's telephone system.

Rep. Hinkle inquired about the Law Library expense and what it represents. Attorney Wageling, County Attorney, responded that this is for the cost of maintaining all of the books in the Law Library that are utilized by the County Attorneys and staff.

Rep. Hinkle inquired about maintenance of government buildings at over \$1,000,000 and inquired about what is reflected in that expense. Mr. Wenger responded that line represents all of the capital expenditures for all the buildings throughout the County, including the Nursing Home, Department of Corrections on Valley Street, the County Complex, and 19 Temple Street. He indicated that this includes all building repair lines are brought together in that line. Rep. Hinkle inquired if the County had considered what projects could be eliminated from that line; to which Mr. Wenger responded that the Board of Commissioners, working with each of the Departments, has had lengthy and significant discussions with regard to all projects. Rep. Hinkle expressed his belief that in light of the current economic conditions, some of these things can, and have got to be cut out of the budget. He then addressed Special Projects, noting that this line is up \$71,000 from the previous year, and suggested that the words Special Projects suggests that this is something that is not necessary. Mr. Wenger responded that Special Projects is a special line in the budget for the St. Joseph's Meals on Wheels program that Ms. Brady addressed earlier. Rep. Hinkle noted that the Nursing Home Administration went up 2.4%, which is not excessive; the Administrative Costs of the Human Services line 4441 is up 36%; he asked for clarification about that line. Mr. Wenger noted that he did not want to speak for Ms. Robinson and further noted that when the Board meets to finalize its budget, he will be recommending that that line be reduced by \$300,000. Rep. Hinkle favored Mr. Wenger's recommendation, noting that the reduction would bring that line back to the previous year.

Rep Hinkle addressed the Cooperative Extension and the Conservation District lines and suggested that in an economy such as the County faces, it would be reasonable to expect people to be willing to accept a cut in these services, and perhaps get their help and information from other sources at no cost to the County. Mr. Reidy noted that he wished to clarify that Cooperative Extension line 4611, and Conservation District line 4619 are two separate entities. He noted that the Cooperative Extension Administrative cost is the only County cost related to running the Department. Rep Hinkle responded that while it may sound cruel, it seems like this is an area that could be cut.

Mr. Wenger explained that the Conservation District is located in Milford, and while the County does

cover the salary of one employee there, the Federal government covers the majority of the remaining expense. Comm. Holden noted that the Federal government provides the office space, the phone, and the majority of the rest of the expenses. Rep. Hinkle observed that in his experience, the Federal government offers to share the cost of many programs, then as time passes and inflation creeps up, the Federal government doesn't increase their support; the State has to support more and more, and sometimes the Federal government begins to cut back leaving the County holding the responsibility.

Rep. Matarazzo was invited to speak; he inquired about the Maintenance line 4911. He noted that the answer to Rep. Hinkle's question was that it was for Capital Improvements; he further noted that in his experience in the accounting world, he has never seen ordinary maintenance and upkeep co-mingled with Capital Improvements, and if that is the case, he does not believe that conforms to standard accounting practices. Mr. Wenger offered that perhaps the term had been used loosely and explained that he was referring to items such as repair of a roof, repair or replacement of ceiling tiles; he explained that there are not traditional Capital Improvements such as building a new building, renovating a floor of a building, or things of that nature; it is general repair and maintenance of the buildings and where they fall under the DRA standards in the various lines.

Rep. Vaillancourt noted that he had two additional questions because he was trying to see where the County would run into difficulties in either not coming up with the money, or spending more money. He noted that in his opinion, the County would not collect the \$900,000 that is budgeted as revenue from the Invested Fund Earnings, further noting that this is money earned on the County's surplus funds, which are in the bank earning interest. He noted that while the County realized earnings of 3 to 4% a year ago, that is not the case today, further noting that a recent statement from Treasurer Pappas the County was investing over night funds at 0.3% interest. He further noted that the County has earned \$645,000 for the first ten months of the current fiscal year and said that there is no way the County is going to reach the budgeted 1.1 million. He projected that we would only reach \$850,000 this year, so there is no way the County will earn \$900,000 next year unless we see a tremendous spike in the National interest rates, noting that it will probably be flat with interest rates, so this \$900,000 should probably be closer to \$600,000. Mr. Wenger noted that the Board recommendation is based on a good faith estimate that the County Treasurer has provided to the Board of Commissioners. There was discussion about whether the County would meet this year's budgeted amount.

Rep. Vaillancourt noted that in the past, often times the Representatives are given the budget and salary increases are included later. He asked, if the budget as presented, includes all salary increases that are expected for this budget? Mr. Wenger responded that with respect to all contracts that are in place as of July 1st, and to non-affiliated employees, those numbers are included in the Commissioner's budget recommendation. He further explained that at the present time, the County has three tentative agreements, one of which has been ratified by the unions, and the other two will be presented to the unions within the next week or so. Mr. Wenger noted that the proper approach is to present the associated costs of any approved contracts to the Delegation for approval at that time. Mr. Vaillancourt inquired what the costs might be if the contracts are ratified. Mr. Wenger noted that the costs might be approximately \$200,000, to which Mr. Vaillancourt responded that with those additional wages, the County is now looking at a shortfall of one million dollars.

Rep. Jeudy asked for detail relative to Nursing Home line 4412 on page 2. Mr. Moorehead explained that this covers many Nursing Home lines.

A representative inquired where the County is investing its funds and what type of investments they are as well as what is the process, and who decides where the investments are made. Mr. Wenger responded that the funds of the County are the responsibility of the elected County Treasurer, and on an annual basis, the Treasurer goes out to bid to various banks to obtain the highest interest rate, and he will invest the funds over different periods of time-some short terms, some longer term, based on the anticipated cash flow needs of the County. Mr. Wenger continued, noting that there is a specific statutory requirement

relating to how County funds can be invested; they must be invested in fully collateralized investments so that they are secure. Mr. Wenger explained that currently funds are in a couple of different banks.

Rep. Vaillancourt explained that some of the funds are invested in Citizen's Bank, and some in Bank North; he referred to copies that he has available that show the rate of return on investments.

Comm. Pappas inquired if there were further questions; there being no other business before the Board, she welcomed a motion to close the Public Hearing, and thanked those who attended on behalf of the Board. She explained that there are still several steps that will be taken with this budget; it will go to the Executive Committee and Committees before being finalized. She expressed her hope that the State Representatives that were present at this meeting will all serve on those committees. Comm. Pappas explained that the budget would proceed to the Executive Committee and finally to the full Delegation.

Motion: To adjourn the Public Hearing. By Comm. Clemons, second by Holden. Motion carried.

The Public Hearing adjourned at 11:02 a.m.

(SIGNED 7/8/2009)

Comm. Michael Clemons, Clerk
Hillsborough County Board of Commissioners

Date