

Budget Hearing of the
Hillsborough County Board of Commissioners
April 29, 2008
Bouchard Building, Goffstown, NH

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

Present: Comm. T. Pappas, Comm. C. Holden, Comm. M. Clemons, G. Wenger, M. Rusch, R. Mercer, and L. Stonner

The Board moved out of recess at 3:41 p.m.

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

Comm. Holden read the April 24th Telephone Poll: On Thursday, April 24, 2008, Mr. Wenger conducted a poll of the Board following up on the discussion it had the prior day with Superintendent O'Mara regarding the Department's budget request and the opportunity to address building and equipment needs through a transfer of anticipated fiscal year 2008 surplus funds. Consistent with that discussion the Superintendent presented a budget transfer, 2008-26, for the Board's approval and delivery to the Executive Committee for consideration at its April 25th meeting. Mr. Wenger was able to speak with each of the Commissioners on April 24th all of whom expressed support for the transfer.

Telephone Poll: To approve budget transfer number 2008-26 in the Department of Corrections budget in order to complete the projects outlined therein, transferring \$258,500 from line 7010, Salary and Wages and \$69,630 from line 7120, Health and Accident Insurance to line 7960, Building Additions and Renovations the amount of \$96,880 and to line 7970, new Equipment the amount of \$231,250 for a total transfer of \$328,130 noting that upon Executive Committee approval of the transfer, the Board will move to reduce its FY 2009 budget recommendation by equal amounts. All three Commissioners voted in the affirmative and the motion carried.

Motion: To approve a Telephone Poll of the Board, conducted April 24, 2008. By Comm. Holden, second by Comm. Clemons. Motion carried.

Mr. Wenger referred the Board to the prior day's discussion in reference to an additional motion suggested by Mr. Moorehead that would create the position of Activities Director at the Nursing Home. Mr. Wenger noted that the salary sheets would automatically adjust where the higher-level employee has left and a lower paid employee has assumed the position; therefore, there is no need for an additional motion.

Mr. Wenger referred the Board to the updated revenue and expense summary that he had provided them, which shows the history of the surplus figure. He noted that presently, the expenses are up \$309,947, which equals a 0.37% increase. Presently the amount to be raised by taxes is up \$8,102,332, which is an 18.25% increase, noting that is where the Board starts the day today; however, the Board has not discussed the Surplus line yet. Discussion ensued in reference to revenue and expenses. Mr. Wenger noted that revenue is down \$1,000,000 in the Registry of Deeds, Interest earnings are down about \$1,000,000.

Comm. Holden raised her concerns about Parental Reimbursement. She read an excerpt from a letter from Betsy Miller, "In regard to Parental Reimbursement, the State has agreed to let the Counties elect to continue the function for six months" if they want to do so. "Remember, this is a State decision, and they could take the whole function back on July 1." Comm. Holden noted that the County is signing the Memorandum of Understanding (MOU) that contains that election clause, and there are stipulations in the MOU that address when documents have to be transferred and what is going to happen with that. She noted that she anticipates all the youth functions going away from the Counties on July 1 and she does not

see that changing before July 1. It was noted that there is a Court decision pending.

Comm. Holden indicated a desire to move to eliminate several positions in the Human Services Department, noting that one of the budget options recommended, Option 3, shows the HB 02 impact. In that budget, there is a salary reduction of \$274,398 from \$645,872. This involves having some of the employees work for the first quarter of the year. Comm. Holden moved to reduce to \$0 the funding for the Assistant Director of Human Services position. She noted that the total reduction to salaries, not including rollups, would be approximately \$90,000 in budget.

Motion: To reduce to \$0, the position of Assistant Director of Human Services. By Comm. Holden.

Comm. Holden noted there are currently five Social Worker positions filled, one of which is vacant because the Social Worker has left. There is one part-time clerk in the mix. The motion on the table keeps the Social Workers in place, but she feels these can be eliminated. Comm. Holden noted that she has spoken with many constituents in reference to this issue. She will be following this process.

The motion failed for the lack of a second.

Comm. Holden noted that she would be speaking to this issue at the Public Hearing, at the Subcommittee meetings, at the Executive Committee meeting, and at the Delegation meeting. Comm. Holden informed the Board that her second preference would be to have Human Services proposed Budget 3 go into effect, to fund the Human Services positions for the first quarter. She noted that she would prefer to eliminate the positions, but her fallback position would be this motion.

Motion: To have the budget titled "Human Services FY09 Budget – HB 02 Impact" go into effect. By Comm. Holden.

Discussion ensued. Comm. Pappas added that perhaps the Board should thoroughly discuss these issues with the Director of Human Services before making any changes, but until then, perhaps the Board should consider sticking with this budget. Comm. Holden expressed her disagreement and added that the issues have been heard and that the Director prefers to continue with business as usual. Comm. Holden believes the decision should be made by the Board, not an employee.

The motion failed for the lack of a second.

Motion: That on May 15, 2008, the County does not move forward with Parental Reimbursement. By Comm. Holden.

The motion failed for the lack of a second.

Comm. Holden reported that it has become clear to her through her discussions with the Department of Health and Human Services that the State clearly wants to take over these functions and will do so July 1 of this year. Comm. Pappas indicated a preference to discuss this again with the Director of Human Services and offered to devote a full meeting to this discussion. Comm. Holden reviewed the hiring of the Assistant Director of Human Services at a time when the Director had health issues, noting that she was out-voted 2-to-1 at that time. She expressed her belief that it is not fair to the taxpayers to be bearing the cost of these programs when they are not mandated. She is concerned about people who may not be able to pay their tax bill and who become evicted from their apartment or home; she believes this in an area that can be cut. She further noted that there are three pending union contracts, and if they go through, the 0.37% will go up.

Comm. Clemons noted that the Board members may have differing philosophies, but agrees that minimizing

taxes is a priority, and further noted that the Board has not yet discussed the surplus; he would like to see some tax relief come from there. Comm. Holden noted that if we use too much of the Surplus, then next year we will end up in a serious situation and will be faced with borrowing in anticipation of taxes. Comm. Pappas noted that the Board needs to discuss the Surplus. Comm. Clemons noted that some people faced with losing their home might re-finance; however, if the difference between losing their home, and keeping their home, is the amount of taxes they pay on a County level, the Board should do everything in its power to help them.

The Board discussed Surplus funds. Mr. Wenger informed the Board that on June 30, 2007, the unfunded balance, or surplus, was \$21,652,030. In the current FY08 budget, \$6,422,950 has been designated to reduce taxes, so the County has an available fund balance of approximately \$15,229,080. He noted that this has been a most difficult year to determine where we are with Surplus (how much of that \$6,422,950 we will use in this current year). He estimated that the County would probably use between \$3,000,000 and \$5,000,000 of that \$6,422,950. He noted that cash flow has been much more rapid, and there are some significant changes coming up. He estimated that perhaps \$1,000,000 to \$1,400,000 would not be used, in large part based on under-expenditures on the expense side. He indicated that the Nursing Home is doing well, but Interest Income and the Registry of Deeds revenue may likely not meet projections. He re-iterated that this is literally a best estimate.

Comm. Clemons asked what reimbursement we receive from the Parental Reimbursement program. Mr. Wenger noted that we receive 25% and a 15% administrative fee. He noted there is no revenue...it is an offset to what we pay the State. Comm. Clemons asked about the consequence of the County abandoning that duty. Mr. Wenger noted that you would lose that credit, but referred the Board to E. Robinson for a more detailed discussion. Comm. Clemons inquired regarding the salaries of the employees affected. Comm. Pappas asked if Comm. Holden might consider waiting a little longer until the County knows how this decision (HB 02) will play out, to which Comm. Holden responded that the employees deserve to know. She further noted that the Board could address the Social Worker and the Assistant Director positions at this time without impact on the parental reimbursement program, which would positively affect the budget. Comm. Pappas indicated her belief that everyone in the Human Services department understands that their jobs are in jeopardy. Comm. Clemons indicated that he had questions, which he would like to address to the Director of Human Services before proceeding.

E. Robinson joined the meeting. Comm. Pappas briefed Ms. Robinson and explained that the Board has had an opportunity to discuss her budget and the options provided, and as they weigh their direction, questions have arisen regarding her different budget scenarios, staffing, and re-imburement. Comm. Clemons asked the Director for clarification regarding when HB 02 will go into effect, to which E. Robinson responded that the answer is not known; it may go into effect July 1 but we are in litigation and there is a question that the action might be "stayed." Comm. Clemons asked who made the decision. E. Robinson explained that the decision is decided first by the Superior Court, noting a hearing was held in February but there is no decision yet; she noted that if there is no decision before July 1st, the Counties will ask for a stay so there would not be a substantial change made prior to the decision of the Superior Court-whether it is constitutional or not.

Ms. Robinson noted that the Counties are working on a Memorandum of Agreement with the State of NH, but we are doing that with the knowledge that there is language in that memorandum that says we are not committing to anything because we think this is unconstitutional.

Comm. Clemons asked if the Board passed the budget as it now stands, then it discovers that the State will take over, does the Board have the power to reduce staff? Ms. Robinson replied, "Absolutely....that is my opinion." Comm. Holden explained that the money can be appropriated but it does not have to be spent. Comm. Clemons then asked if the Board does not fund the department in anticipation that much of the department will be eliminated as of July 1st, where would the Board get the funds to keep the department operational if the HB 02 changes actually are not implemented. Mr. Wenger explained that the funds have to be found in the budget, in that department (unlikely in this scenario), or you would have to go to the broader

budget and see if the funds can be found. The likelihood is not all of the funds would be available. You might have to do transfers from several departments. If that does not work, then you would have to do a supplemental appropriation.

Comm. Holden and E. Robinson discussed the potential elimination of the Human Services Assistant Director position and the five Social Worker positions as of July 1, as it relates to the Department's ability to do the Parental Reimbursement as well as continue to do the bills.

Comm. Holden expressed her belief that the Human Services Department could still do the tasks mandated by law without these positions; the private companies could take over where Hillsborough County leaves off and the elimination of those positions would not impact the pending lawsuit. She noted that the Incentive Funds could go to others and added that she is looking at the taxpayers and their ability to pay their bills.

Ms. Robinson indicated that elimination of her assistant would make Parental Reimbursement more difficult, particularly with the number of vacancies that have already occurred within the Human Services Department, and the difficulty of filling vacancies at this time. She noted that there are currently 2 full time equivalent vacancies, another vacancy will occur at the end of the month (due to a retirement), and one person will be going on disability next week. She further noted that her department is in a very difficult position at this time.

Comm. Holden asked Ms. Robinson about the department impact if only the Social Worker positions were to be eliminated, to which Ms. Robinson replied that they have had this discussion before, and the Board should consider that if it decides to do that, it needs to take out the revenue those positions generate. Comm. Holden noted that additionally the related expenses would be deducted, and there is a cost to the County to provide this service. Ms. Robinson further noted that there is no other agency offering the service that the County Human Services Department offers; it provides a service to children and families, to local school districts, and local Police Departments that is not offered by anyone else. Ms. Robinson indicated that if the same services were to be offered by another provider in some future time, it would depend on whether they could absorb the 50% share that Hillsborough County pays currently, noting that most private agencies cannot do this.

Comm. Pappas confirmed that the County pays 50% and the Incentive Funds pay 50% to run this program. Comm. Clemons noted that another provider might not step forward and provide this service. Comm. Holden noted that the issue would come before the voters. Comm. Pappas summed up the situation by noting that the potential loss for the County is over \$300,000 in revenue minus the cost of collection, to which the Board agreed that this issue has not been decided yet, and that the Counties may only be collecting for six months. The State can step in and take it over July 1.

Comm. Holden noted that there are several pending meetings relating to the issue, and the Board is attempting to prepare for Monday's Public Hearing. Mr. Wenger noted that if the Court decision does not come down, there is probably going to be a motion to stay the implementation of HB 02. He suggested that the Court might not act on that until the very last minute in the hope that the underlying decision will be rendered. He noted that the Executive Committee and Subcommittee's would likely have the same discussions.

E. Robinson excused herself and left the meeting.

Mr. Wenger informed the Board that he spoke with J. MacDonald at the Registry of Deeds regarding the Verizon sale and noted that the Registry of Deeds received approximately \$200,000 on April 1. The process has started, but she has no idea how much revenue is anticipated from this, or when it will come in. It is not contemplated in the projected FY2009 budget.

Mr. Wenger reported that he met with the County Treasurer and a representative from Citizen's Bank today to re-visit a number of banking issues, but also to address interest income projections. There was nothing positive in that discussion with respect to doing anything with invested fund earnings, but he remains

confident that if the County needs to borrow in anticipation of taxes it will only be short term. Mr. Wenger further noted that there is another anticipated reduction in the interest rate coming.

Mr. Wenger requested a meeting with the Board in Non-Public session to bring it up to date with respect to the negotiations for the second floor including terms and his discussions with the State. He noted that it would not help the budget for this year.

He also suggested that the Board hold a discussion in Non-Public session regarding Non-Affiliated employees. He would like to suggest that the Board approve continuing its insurance coverage with Harvard Pilgrim Health insurance through Primex³, noting that he has received information that Primex³ continues to be the lowest provider with the program we have. There is no financial reason for us to move at this point, in fact, there are many financial reasons to stay where we are. If the Board moves to stay with Primex³, then the County can begin the Open Enrollment process.

Mr. Wenger informed the Board that the Contingency budget currently includes the \$300,000 for grant monies on the expense side, which is offset by grant revenue.

Comm. Pappas asked if Primex³ addressed C. Kirby's issues, to which Mr. Wenger responded that he is awaiting a return call from the person he needs to speak with when he returns on Thursday.

Non-Public session

Motion: To move into Non-Public session to discuss the lease under RSA 91-A:3 II (d) and to discuss compensation under RSA 91-A:3 II (a). By Comm. Clemons, second by Comm. Holden. Holden, yes; Pappas, yes; Clemons, yes. Motion carried.

The Board moved into Non-Public session at 4:33 p.m.

The Board met with Mr. Wenger to discuss the ongoing negotiations with the State regarding lease terms for the Goffstown District Court and Juvenile Service space on the second floor of the Bouchard Building. Following a brief discussion the Board agreed to continue the negotiations.

The Board engaged in a discussion of how it wished to address non-affiliate compensation in its budget recommendation. Following a discussion the Board agreed to consider and revisit the matter without taking action.

The Board returned to public session at 5:02 p.m.

Motion: To move out of Non-Public session. By Comm. Holden, second by Comm. Clemons. Motion carried.

The Board discussed additional budget issues. Mr. Wenger noted that the County is required by State statute to send out the budget summary form MS-42 to the Representatives, Selectmen and Mayors of the towns and cities within the County prior to the Public Hearing. He recommended that it go out by Wednesday or Thursday, at the latest, so that the Representatives and town officials will receive adequate notice of next Monday's Public hearing. In the past, there has been a cover letter from the Commissioners that includes information about the Public Hearing and the Convention, encouraging them to attend. The Board noted its desire to continue this practice.

The Board considered the following actions.

Motion: To direct the Business Office to continue the County's healthcare coverage with Harvard Pilgrim through Primex³. By Comm. Holden, second by Comm. Clemons. Motion carried.

Motion: To direct the Business Office to calculate in the budget recommendation the following wage increases for Non-Affiliated Employees: 1.5% COLA effective July 1, 2008, and a 2.15% Performance-based increase on an employee's anniversary date, and to set the insurance rates at 22.5% for HMO's and 27.5% for Point of Service (POS). By Comm. Holden, second by Comm. Clemons. Motion carried.

Motion: To approve the lease with the State of NH, Department of Administrative Services, for the lease of the second floor of the Bouchard Building, subject to review and approval by Legal Counsel. By Comm. Holden, second by Comm. Clemons. Motion carried.

The Board entered into a discussion regarding the possible use of surplus funds and reviewed the projected revenue lines for FY09. Comm. Clemons expressed his belief that perhaps the County should not carry such a large surplus and might consider keeping a surplus of 11%; he inquired about recommended numbers. Mr. Wenger noted that he has heard recommendations that vary from 7% to 15%. Comm. Holden opined that she would feel comfortable taking approximately \$6,000,000, leaving a surplus of approximately \$10,000,000. If \$6,000,000 of the surplus was to be moved to the FY09 budget, it is anticipated that the increase to the taxpayers would drop to an approximate tax increase of 5.5%. Mr. Wenger noted that both Commissioners' approaches would result in approximately the same thing. The Board discussed the possibility of maintaining a higher surplus. Comm. Clemons noted that in light of the fact that people are losing their homes, he believes the Board should do what it can to keep the tax rate as low as possible. Comm Holden noted that the County has kept the tax rate stable; in the past, the tax rate has gone up and down. The Board has maintained a fairly level tax rate by using the surplus. Her concern is that the economic situation will worsen next year and the following year.

Motion: To use \$6,000,000 of the current surplus to reduce the tax burden on Hillsborough County's residents. By Comm. Clemons, second by Comm. Holden. Motion carried.

The Board discussed the Registry of Deeds revenue line, and moved to increase the line in light of the pending large Verizon transaction and a discussion.

Motion: To increase the revenue of the Registry of Deeds, Line 3402 to from \$4,000,000 to \$4,500,000, an increase of \$500,000. By Comm. Holden, second by Comm. Clemons. Motion carried.

Mr. Wenger informed the Board that he is hoping to have at least two contracts for the Board's review, and possibly a third, noting that the related costs are currently being calculated.

The Board members agreed to come in on Thursday to sign the Commissioner letter that will go out with the MS-42 and Public Hearing packet.

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

The Board moved into recess at 5:20 p.m.

(SIGNED 08/27/08)