

**MINUTES
WORKSHOP
DOVER CITY COUNCIL
MARCH 16, 2005
7:00 PM**

WORKSHOP:

1. Pledge of Allegiance

Perry led the Pledge of Allegiance.

2. Budget Discussion with County Officials

The Mayor opened the workshop meeting saying we will not be having the discussion of the Waterfront Charette Report tonight as the committee needs more time to prepare.

He then turned the meeting over to County Commissioner George Maglaras. Maglaras stated the overall guiding issues are with the Medicaid program in NH. About 60% of the county budget is beyond their control and this represents programs that we pay the state. How the program works is for every dollar spent in the nursing home on a patient's care 50 cents is from the federal government, 25 cents comes from the state general fund and 25 cents from the county in which you reside and is paid by property taxes. The State has not met its obligation and has cost shifted its cost to the county. This year they lost over 2 million in revenue because of the complicated calculations and the county property tax has to make up this difference, it really has nothing to do with the manipulation of the county commissioners. He mentioned how the county delegation has been helpful locally but not statewide in making changes and that 60% is beyond their control. In the last 2 years the actual tax base around the county has increased 30%. This is not really a county tax but in reality a state tax and you do have to pay for it through the property tax. The good news is the county corrections program and they have been doing some local volunteer projects such as our city hall auditorium paint job and the Rochester Opera House and the Dover Senior Center.

Also they have been boarding prisoners from other jurisdictions such as all of Rockingham Counties' female prisoners and they pay us rent for them.

The Medicaid problem will continue to plague us until we come up with some broad based tax. He continued we have no one in the county home that does not need to be there. If you have a diagnosis from the hospital and you are not going to get better and need long term care services; you are immediately transferred to the nursing home.

He asked for questions. Perry said Dover's share of the 2 million dollar increase in county tax is \$700,000; he feels this is a substantial share and seems very high. Maglaras explained the formula that is used to calculate this and as the county grows the basis expands. It is difficult for him to tell us because it is based on the \$700,000. Our budget operates on a calendar year basis from January to December; this budget was drafted last fall. The county runs on borrowed money all year, then they send the bill out in December. Perry asked about the Medicare percentage and does the federal money come directly to the county. Maglaras says it goes to the State first and is then calculated out and then sent down to the counties.

Maglaras explained we split the payments with home health care, the nursing DNA services, homemaker services and we are also a provider. We used to pay 100% of those costs when we were known as the county poor farm, he explained the process in how it became the nursing home, this is now a top notch medical facility. Their costs average 7-12% more each year in terms of increases and 65 -70 % of the people there are not capable of taking care of themselves. Lewis commented on the Granite Care proposal, Maglaras says this is an interesting proposal, some of which is good. The fundamental philosophy behind Granite Care is a cost shifting/saving measure to expand community home health based services to get ready

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for the baby boomer population; that is the driving force behind grant care. He gave examples of how the nursing home care has expanded in the last 5 years. At 47 beds per 1000 people we are equal to all the New England states. Strafford County is the smallest county in the State of NH. He then compared the western part of the state's counties saying it is cheaper to institutionalize those people unlike here in Strafford County.

Keays asked about running the county budget on borrowed money. Maglaras stated he has been opposed to paying in advance; many people have to borrow money to pay their taxes so there are reasons why they do not go with the fiscal year system. Keays still disagrees; he just doesn't understand why they are not on the city system. The county tax bill is roughly 8% of the total tax bill.

Perry says so you mean when the city went through the agony of getting on a more financially fiscal program, the county was not changed.

Lewis thanked the County Commissioners for their services he feels the City gets a good value for their dollar; he asked would they be willing to take over the police and fire departments at the county level. Maglaras remembers back when they contemplated sharing the WWTP; that did not fly. He feels eventually there will be an increase in the county's roll of these items.

Myers asked if there was an increase in the bed tax, Maglaras says on the revenue page of their budget, they only received half of their bed tax in revenue. The reason for the increase is the result of only receiving half of their revenue. That is why you see no surplus this year. That has all been brought to the county delegations attention.

Keays asked how Dover became the county seat and if it still is. Maglaras told him a story about how this came about. Dover was the largest community in the county at the time it was formed. Originally the state only had 5 counties.

3. Discussion with Legislative Delegation

The Mayor recognized Representatives Earle Goodwin, Bill Knowles, Senator Iris Estabrook and Representative Baldwin Domingo.

Estabrook gave a brief update on some of the issues of concern. #1 is the school funding...she explained the 3 proposals on the handout (see council folder for 3/16/2005) She has not focused on which plan as yet because it will change drastically before it gets to the state senate. She mentioned what Maglaras was saying about the Medicaid funding long term care program, it is a nationwide problem, what disturbs her is the commissioner's mega waiver that is being proposed for long term care. There is planning that is necessary and the long term funding is in question. She feels there is a lot more planning that needs to be done in this area. One of the most foolish suggestions is the cost shafting issue with the county and we do this we are not able to re-coup costs and end up costing the taxpayer more.

She continued tomorrow the senate has on its calendar SB 11 and SB 94, one is the extension of the exemption for taxation of poles, the other is the repeal of the exemption of the poles. She will support the council's position on this item. Another bill is SB 180 which the city clerk brought to her attention and that is a bill for local communities to support the motor vehicle registration for local records management fund, this is only enabling legislation and this is a bill to allow the council to approve such a plan. However there will be some effort to table this bill tomorrow.

Another bill is SB 138 that would limit the motor vehicle liability of snow plow drivers. She has sponsored a bill to have the state fully fund the special education aid to communities. In NH the statute calls for the state to pay 80% of anything in excess of 3 ½ times the average cost per pupil that a district incurs, \$327,0000; if not enough money is appropriated, it is prorated among the districts. She has sponsored a bill to fully fund it. This biennium there is a shortfall; her bill

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would prorate this. Tomorrow is the deadline and she is asking Senator Greene to pull it off the table and force a vote on it.

Trefethen asked about the bill regarding the elimination of tokens on the turnpike, and what is the discount for the easy pass going to be. For the city part we have increased traffic on Dover Point Road, Back River Road, etc, whenever we change the toll structure. She does not know what the discount would be in discussions with the governor and the council, she has heard they may keep the tokens at the discount rate and have the easy pass at full rate because it is a convenience. Trefethen also asked about the pole tax issue and the education funding bill and how he would like predictability from year to year. She understands and knows they need the fiscal stability. Mayberry asked about HB 606 and the shifting of the property tax burden to commercial properties namely Liberty Mutual here in Dover. He then thanked her for her support on the 10 year highway plan.

The Mayor asked about raising the rooms and meals tax, as this is his personal business but there are a number of new businesses here in Dover, and the talk now is for 9 to 10%. This will be a factor in tourists coming through or to the state in the future. We are losing an opportunity here; he then thanked her for her time here tonight. Lewis does not want her to go away thinking all of us here will be satisfied if you resolve the school funding issue; it is more than that we need sustainability and predictability, we need to get away from horrible real estate law. We need to seriously look to an income tax in this state.

Perry says he is interested in the municipal water issue and what it would do to a municipal water system if it was required to service any resident, it changes it from an enterprise fund into a city service; this is the opposite of privatization. This is not an easy issue.

Representative Earle Goodwin stated he is on the Ways and Means Committee and this committee is responsible for the state budget, they are still short a great deal of money. In respect to the Verizon and poles and conduits issue, he has worked very diligently with Joyal, as this means a great deal to all the cities and towns in NH by twisting arms and trying to get it passed. Mayberry asked where he sits on HB 606, Goodwin says they making a lot of bills ITL (Inexpedient to Legislate).

Perry commented on the pole issue, he feels this is a simple inequity; we tax half of them and cannot tax the other half. And both utilities collect revenue from Comcast though Comcast does not pay a tax on them.

Hindle wants to expand on the mayor's question to the senator on how can we expand on our relationship between our council and house. Goodwin says if any bill comes through, he will email them and keep them updated. Joyal thanked Goodwin for his work on the pole issue. He commented on it from the administration's perspective, the council has had some discussion about the impact the county tax has on the taxpayers. We need solid numbers that are not going to change. SB11 and SB 94 are currently in the house with regards the tax issue on poles. This is really a bad taxing policy; this is about subsidizing the operations of a particular segment of the telecommunications industry and that subsidy is coming from the local taxpayers, it is not coming from the users of the system. There is a better way to address this. If the exemption for the telephone companies is lifted, it is not a windfall for the cities and towns; it simply means the tax burden will be shared with the property taxpayers.

The rights of ways are a separate issue and we will be addressing this in the near future.

Perry had mentioned HB 318 dealing with the water companies, he would like that bill killed when it hits the floor; this will have a negative impact on our waterfront.

HB 401 deals with the Seacoast Shipyard Association and we have concerns with this issue and we all hope we can keep the yard open.

Perry continued about HB 653 that is relative to broadband and several other pending bills that are up for consideration. He then thanked the legislature for dedicating April as Red Sox month. Mayberry pointed out that the pole tax issue was not a unanimous vote.

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Bill Knowles says Ms. Estabrook did an excellent presentation here. Bill continued there are 400 people in the house of representative and we have 22 standing committees. He specializes in one particular committee on crime and justice; they have to vote once or twice a week. It is no simple matter that they are trying to keep up and they rely on the committee's recommendations. Knowles says Estabrook does a fantastic job. He urged them to come to Concord to testify on any bill that concerns them; Criminal Justice or Public Safety as this is his committee.

Mayberry asked about their contemplating a new fire station also we are contemplating a new police station, and is there anything that would help municipalities with the construction of these safety complexes.

Hindle thanked Knowles for his part in getting the Megan's law and list of sex offenders on line; he had traveled to Concord and testified when he was in college when this issue was passed.

Representative Domingo stated for the record he lives at 5 Birch Drive with his wife, Elsie and he has 4 children, and this is his second term as state representative. Currently he serves on the state federal and veteran's affairs committee, he passed the gold star mothers day which is celebrated the first Sunday after Easter. Finally we are honoring our native son Captain McConnell by naming our old middle school after him.

He mentioned 3 more people that he wants to honor here from the State of NH saying anybody that has served is a hero but we only have one living flying ace and he is Bud Fortier from NH. They now have a memorial in his honor at the state level. Also they now have a state cemetery. He mentioned several house bills saying but the biggest head ache of all has to do with the PNSY and HB 718 is the one that has to do with Victor Bourre; this goes back to 1801 and the port of entry and this thing about Maine and New Hampshire's border and taxing NH citizens for working at the shipyard. He continued from the shipyard to the Isles of Shoals anything to the left is Maine and anything to the right is New Hampshire and the only thing that can decide boundaries is the state statutes.

Discussion of Waterfront Charette Report – This is not ready will be rescheduled later.

4. Adjournment

Hindle moved seconded by Colwell Ellis to adjourn with all in favor.

JUDY GAQUETTE, CITY CLERK