

Friday, March 3, 2023

Present: Ann Kelly Bolten (Committee Chair); Jon Medalia (Committee); Kabir Kumar (Council Liaison); Matt Trollinger (Town Manager)

Absent: Meredith Wade (Committee)

2:30 p.m. Chair Bolten called the meeting to order.

The Town Manager shared an updated budget file for the Committee to review.

The Town Manager presented an updated budget file, and the Committee discussed the impact on reserves.

The Committee discussed income taxes, noting that FY23 numbers spiked considerably. On the other hand, income taxes were particularly low during COVID years.

Chair Bolten noted previous conversations with representatives from the Comptroller's office, which indicated that Somerset had more households in higher tax-paying brackets. FY21 reconciliation numbers were particularly high for the Town. Chair Bolten suggested that the Town use FY23 adopted income tax revenue, and grow based on the inflation rate that was agreed upon at the previous meeting. Mr. Medalia noted anecdotally that many older, smaller homes are torn down and replaced with larger homes, which seems to reinforce the data from the state that the town has more high-tax-bracket earners moving in. The Committee may fine-tune recommended methodology for future years as more data from the State becomes available, but using conservative estimates for FY24 gives a better multi-year outlook rather than the annual budget being subject to dips and spikes caused by economic downturns or windfalls.

The Committee discussed the Rainy-Day Fund (RDF), and flagged for future discussion whether the Resolution should be fine-tuned. The Committee discussed the challenge of tying the RDF targets to a changing number. The Committee members agreed that RDF contributions should not bring the Town's unencumbered reserves into the negative, and that the Town should strive for about two months' worth of operating expenses in its unencumbered reserves.

The Committee discussed the process for presenting the budget to the Council. Chair Bolten offered to draft a memo for the Council that gives an overview of the budget. Councilmember Kumar offered to assist the Town Manager in aesthetic improvements to the budget document and making the tabs more easily navigable.

The Committee requested that the Town Manager send all complete documents to the Council no later than Friday, March 10.

4:00 p.m. Meeting Adjourned