

Town of Somerset

Town Council-Budget Committee Joint Meeting

Council Budget Work Session #1

3/13/2023

Present: **Mayor:** Jeffrey Slavin; **Town Council:** Stephen Surko (Council President); Councilmember Robin Barr; Councilmember Debbie Heller; Councilmember Kabir Kumar (Budget Committee Liaison); Councilmember Shannon Rovak; **Budget Committee:** Ann Kelly Bolten (Chair); Jon Medalia; Meredith Wade; **Town Staff:** Matthew Trollinger (Town Manager); Linda Williams (Asst. Town Administrator); **Others Present:** Marnie Shaul (Uppingham St.); Kumar Vaswani (Trent St.)

5:30 p.m. Mayor Slavin opened the meeting by praising the Committee members and the collaborative process that has been adopted in Somerset.

The Town Manager giving a disclaimer for those in attendance, and reviewed the timeline for the budget's introduction and adoption. The Mayor added that the five-year plan is also included in the annual budget as a guideline for future years and to give a long-term outlook of the town's finances.

Councilmember Kumar noted some of the changes to the budget file, some of which were introduced during the FY23 budget workshops, but which have been improved upon for this year, including the town manager's personnel plan and standardized committee request forms and a table of committee requests. Mr. Kumar suggested that in this first work session, the Council review revenue projections; operating expenditures, paying particular attention to the personnel plan as personnel is the largest operating expenditure; and capital expenditures moving from the most expensive recommendations down the list. This will give everyone a better sense of the overall budget, and in subsequent meetings the Council can get into specific line items as necessary. The Council agreed to move forward with that agenda.

Budget Committee Chair introduced the budget and budget process, noting that the Committee is focused on projections and a process for deliberating expenditures, not in making policy recommendations to the Council, or judgements on the merits of proposals. The Committee is particularly focused on the town's reserves, including the Rainy-Day Fund (RDF) and the Town's policy towards saving 12 months of operating expenditures in its RDF, and roughly two months operating expenses in unencumbered reserves.

Ms. Bolten reviewed the Town's revenues for FY23. The Town is ahead of its revenue projections. She explained the committee's rationale for its income tax budget in FY24, and the committee's ultimate recommendation to be conservative in its projections based on conversations with the Comptroller's office and the high variability of reconciliation payments and higher-income tax households in general. The Committee has recommended that the Town use FY23 adopted income tax revenue, and grow based on the inflation rate. In future years, with more data, the Town can reevaluate its models and projections.

Councilmember Barr suggested that, based on his conversations with the County Executive's office, the Committee should use a different methodology for its revenue projections, and the town should expect higher income tax revenue in FY24. He noted that the Town Manager omitted the time of the meeting for a Budget Committee meeting in town announcements.

After discussion, the Council moved forward with the conservative estimates that the Budget Committee has recommended due to overall uncertainty.

Ms. Bolten continued that, given conservative revenue projections, the Council needs to review capital expenses in the year ahead. The Town has several capital projects, such as pool repairs and road repairs, that have been deferred for several years and which are now being budgeted for. The Committee has recommended that the town prioritize capital projects that have been deferred and for which there is an improvement plan in place. The Town could also consider a special capital fund. The draft budget as presented has the RDF growing to 10.5 months of savings by FY28. Ms. Bolten noted that the five-year fiscal plan has the town raising the property tax in FY25, but that is not binding, and the focus is on FY24.

The Committee and Council reviewed the Capital Expenditures by major categories. The Council discussed the LED streetlight replacement project, and requested the Town Manager to get clarification on the numbers that are budgeted, and how the project – and payments – might be sequenced.

The Council reviewed the proposed pool renovation costs, which the Town Manager confirmed were based off of a proposal from American Pool. The work encompasses the concrete decking surrounding the pool, the piping underneath the pool, and improvements to the pool in order to protect the pool basin itself. The work is scheduled for the fall of 2023.

The Council next reviewed streets, sidewalks, and stormwater work. The Town Manager included estimates based off of a previous plan that was created by former town employee, Larry Plummer, and updated by the current Building Administrator, Doug Lohmeyer, and Mike Veirs of AB Veirs. Concrete work would include curbs and gutters, as well as sidewalks. Councilmember Kumar asked whether the roadway evaluation work that is scheduled to be performed by Dewberry would impact these numbers. Mr. Trollinger affirmed that the evaluation would serve as a blueprint for long-term planning for the streets, sidewalks, curbs & gutters. The Equity & Inclusion Committee had requested an accessibility study. Mr. Trollinger explained that that work could be wrapped into the already-contracted evaluation and study. Mayor Slavin noted that town residents are responsible for the maintenance of their driveway aprons, but that in the past, the town has arranged for the contractor to pour replacements for residents at a reduced cost.

The Council discussed budgeted stormwater improvements. Mr. Trollinger explained that the budgeted numbers were based off of estimates received from Bayland for the identified "mini-watershed" that has already been contracted, and to do another study and implementation in the following year. The budgeted numbers are also based on the assumption that the Town would provide 50% of costs for the improvements. The Council discussed this assumption, and whether the Town would provide 100% of funding for stormwater mitigation on private property. Council President Surko suggested that the numbers as presented were acceptable to move forward, and that the town may need to adjust the work or its budget later on based off of how much the affected residents will contribute to the project. Council member Rovak noted that we do not yet know what the plan will be, and the Town Council will

need to make a decision about not just the implementation of the plan, but the maintenance of the structures moving forward. The Council will discuss this at a later work session.

Mr. Trollinger moved on to the budgeting of an electric truck for the grounds maintenance crew. This item had been budgeted several years prior. Mr. Trollinger suggested that, because of the low stock of vehicles, he will ask the Council to approve of a budget request to allow for the flexibility to purchase the vehicle in FY23 if it becomes available. This would not affect the town's bottom line over the long-term.

Mr. Trollinger presented a personnel plan, noting the personnel costs are the biggest operating expenditure for the Town. The biggest recommended changes to the town's personnel is that the town will add a Deputy Town Manager and a Stormwater Administrator, which will allow the town to reduce expenses in Code Enforcement and for the Building Code Administrator. The Accounting Assistance is at the recommendation of the Town's auditors. The Council President suggested that police be listed as police/security in the budget to better reflect the totality of the role(s).

The Council earmarked for future discussion town fees. The Town Manager pointed out that revenue from fees stay even in each year of the five-year fiscal plan, so no fee increases are assumed in the budget as presented. The Council discussed the role of committees in deciding town fees.

7:30 p.m. The meeting adjourned and the Council will pick up at the following budget work session, scheduled for Monday, March 20. The Town Council has also scheduled an extra 45 minutes for a regular work session at the end of the budget work session.