

Budget Work Session #2

3/20/2023

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

The Council discussion started discussing the income tax revenues. Councilmember Barr suggested raising income tax projections based on his understanding of reconciliation payments to municipalities. Committee Chair Bolten pointed out that there is conflicting information from what the County and State have told the town about future revenue trends, high income tax revenue is highly variable, and there is limited data post-COVID, so the committee has recommended the numbers which are based on rolling averages and increases which the committee has used the past few years. The Council elected to keep the income tax budget as the committee has recommended, and the committee can reevaluate for future years, particularly if there is another windfall, which can be allocated to Reserves and the Special Capital Fund.

Councilmember Barr suggested that given the likelihood of Revenue volatility that the Town should work to ensure the Rainy Day Fund meets the 12-month goal. The Council agreed that it was a good goal.

Town Manager Trollinger reviewed the changes that were made since the last meeting, which did not significantly change the overall budget in terms of total expenditures, total revenues, or reserve projections.

The Council discussed the proposed solar panel project, emphasizing the importance of the pool renovation over the project. Councilmember Kabir recommended removing the expense out of the fiscal year 2024 budget, and to add to fiscal year 2025 in the five-year plan. The Council elected to keep the project in the fiscal year 2024 budget, but reiterated the importance of the pool renovation and directed Mr. Trollinger to not let the solar panel project take away from project management of the pool management.

The Council discussed fees, particularly as it related to the Pool Committee recommendation to remove fees for water aerobics and early morning swim. The Council agreed by unanimous consent to include the fees back into the budget. Mr. Trollinger suggested the Town could add fees for stormwater management review. Councilmember Rovak agreed that the Town should add a stormwater fee. The Council asked the Town Manager to do benchmarking to provide the Council with more data to review fees. The Revenue Committee might also help in that analysis.

Councilmember Surko stated that his preference would be for the five-year fiscal plan to *not* include tax increases. Mayor Slavin suggested that the Town should look at the rates of other neighboring towns and to compare the services offered in Somerset vs. those towns. Council members expressed some concern that higher property tax rates and permitting fees might make Somerset less desirable for

prospective residents. Committee member Medalia stated that given the desirability of our Town, such factors were unlikely to impair demand. The Council discussed the value of its amenities for all residents. Chair Bolten noted that without the proposed increase in taxes, the Town would need to reduce its Rainy Day Fund to about eight months.

The Council discussed project management support. The Council lowered the amount in FY24 to take out beekeeping services, and lowered the amount in the five-year fiscal plan to \$2,500 to only cover IT support.

The Council discussed stormwater review, and agreed to reduce the assumption to cover two stormwater reviews per month. Councilmember Rovak reiterated the importance of a corresponding fee to help offset contractor costs for stormwater administration. The Council will review in July and bid out for stormwater review services, and will more data for future budgets.

The Council discussed journal and postage costs. Councilmember Kumar recommended reducing the cost as close to zero as possible and making it available primarily through digital means. Councilmember Heller noted that the Communications Committee conducted a survey a few months ago. It found that residents strongly favored keeping the printed version of the Journal. The Council discussed and elected to keep funds at the levels that were recommended in the budget, but to halve them in future years as an incentive to cut down on the costs – monetary and environmental – of increased printing.

The Council reviewed several other operating expenditures, but did not elect to make any changes.

The Council discussed the stormwater capital project, and elected to move \$150,000 per year into the Special Capital Fund for stormwater projects since specific budget plans have not yet been defined. The Council also discussed ARPA funds. The Town Attorney noted that the funds must be obligated by Dec. 31, 2024 and spent by Dec. 31, 2026. The Town Manager has tracked ARPA funds for the town and indicated for which items the ARPA funds will be obligated.

The Mayor and Council thanked the Budget Committee for their work in developing the budget. The budget will be introduced at the April Council meeting along with the presentation of the Mayor's five-year fiscal plan. The Council adjourned to re-convene for their regular work session.