

To: Sherborn Omnibus Budget Makers and Elected Officials
From: Sherborn Advisory Committee
Date: November 2, 2023
Subject: FY2025 Omnibus Budget Guidance: Targets and Timeline

Note: List of proposed Schedule of Budget Meetings and Department Liaisons attached following letter.

Summary and Background

A host of factors pushed up the growth rate of the Town's budget in FY23 and FY24, importantly including the inflation surge that began in mid-2021. Fortunately, inflation has moved down since its peak last year but nonetheless continues to pressure the Town's budget. With these relatively more rapid budget increases, the space between our Tax Levy and the maximum amount allowed under Proposition 2-1/2 has been narrowing.

While the tax rate moved down in FY23 to \$18.01, average tax bills rose 6.5 percent—amounting to an increase of \$1,082 on the average price home in Sherborn—and tax bills will move up again in FY24. That being said, since 2012, average property tax bills in Town have, on the whole, risen about in line with the Consumer Price Index (CPI). Given the ongoing slowing in housing prices and continued budgetary strains, the tax rate is likely to face upward pressure in coming years.

Taking all of this into account, the Advisory Committee intends to take a cautious approach to budgeting for FY25.

In summary, the Advisory Committee is recommending a **COLA of 3.5 percent** for non-contract employees who are not covered by Collective Bargaining Agreements and budget guidance as follows: **We ask Departments to present budgets that are flat and use FY24 budgets as a starting point for FY25 operational expenses (outside of salaries). For line items where increases are necessary to maintain essential services or where costs have increased in an out-of-the-ordinary way, we ask budget makers to provide specific explanations to the Select Board and the Advisory Committee and to consider offsetting decreases in other line items. The Advisory Committee would also like to know where in the budget there are possibilities for cost-saving organizational changes or budget reductions.**

COLA for non-contract employees (does not directly affect employees covered by Collective Bargaining Agreements)

Inflation has eroded everyone's purchasing power since the surge that began in the middle of 2021, though inflation has moved lower recently, with the latest read on the Consumer Price Index (CPI) indicating that prices in the Northeast in September were 3.0 percent higher than 12 months earlier (3.7 percent for the U.S. as a whole). Wages also have been rising more rapidly in the midst of this inflationary environment. For example, the Employment Cost Index for wages

and salaries of State and Local government employees rose 4.8 percent over the year ending in September. That figure incorporates pay increases that went into effect at the start of the fiscal year in many jurisdictions (July 1, 2023), corresponding to Sherborn's FY24 COLA (4.5 percent) that also went into effect on July 1.

The COLA recommended by Advisory that will be brought forward to Town Meeting must balance the need to fairly compensate the hard work and dedication of Town employees against the burden of taxes. By way of background, COLAs were 4.5 for FY24, 4 percent for FY23, and 2 percent for several years before that. The Personnel Board recommended a COLA for FY25 in the 3.0 to 3.5 percent range.

Given the latest reports on price and wage increases, and after considering the Personnel Board recommendation, **we have modeled a 3.5 percent increase in Salaries for non-contract employees and salary increases as stipulated by relevant Collective Bargaining Agreements for contract employees.**

Department Operational Expenses

As noted, budget pressures remain and are unlikely to abate in coming years. Accordingly, **we ask Departments to present budgets that are flat and use FY24 budgets as a starting point for FY25 operational expenses (outside of salaries). For line items where increases are necessary to maintain essential services or where costs have increased in an out-of-the-ordinary way, we ask budget makers to provide specific explanations to the Select Board and the Advisory Committee and to consider offsetting decreases in other line items. The Advisory Committee would also like to know where in the budget there are possibilities for cost-saving organizational changes or budget reductions.** The Committee looks forward to discussing particulars with the Town Administrator and budget makers to ensure that essential and important services are provided and that the Town's overall costs and tax rate are controlled as well as possible.

Capital budget requests should be handled as described in the Capital Budget Committee's guidance letter.

Timeline

- **December 8, 2023:** FY25 budgets are due to the Town Administrator and Finance Director.
- **Week of December 11, 2023:** Budget makers meet with Town Administrator and Finance Director.
- **December 31, 2023:** Budgets transmitted to the Select Board and Advisory Committee.
- **January to March, 2024:** Advisory budget review meetings. Please check the attached schedule.

- **March 16, 2024:** Advisory Public Hearing
- **April 23, 2024:** Annual Town Meeting

Questions regarding FY25 budgets should be directed to the Town Administrator, Finance Director, or to Advisory Committee liaisons. A list of Department liaisons is attached.

Sincerely,
Sherborn Advisory Committee

Dan Sichel (Chair), Mike Winters (Vice Chair), Wassim Bassalee, Michael Flanagan, Paul Pilotte, Nora Lynch Smith, Chelle Subber, Natalie Weare, Penn Young

Sherborn Advisory Committee Department Liaisons

Sherborn School Committee:

Paul Pilotte, Dan Sichel,
Mike Winters

Regional School Committee:

Paul Pilotte, Dan Sichel,
Mike Winters

Library:

Chelle Subber, Natalie Weare

Police:

Wassim Bassalee, Mike Flanagan

Fire:

Wassim Bassalee, Nora Lynch Smith

DPW/Town Buildings:

Paul Pilotte, Nora Lynch Smith

Public Safety:

Chelle Subber

Traffic Safety:

Chelle Subber

Planning Board:

Dan Sichel, Chelle Subber

Board of Health:

Mike Winters

Conservation Committee:

Mike Winters

Water Commission:

Natalie Weare

Farm Pond (contact Jeanne Guthrie):

Wassim Bassalee

Zoning Board of Appeals (contact Jeanne Guthrie):

Natalie Weare

Town Forest:

Nora Lynch Smith

Housing Partnership:

Nora Lynch Smith

Agricultural Commission:

Wassim Bassalee

Recycling and Transfer Station:

Natalie Weare

Council on Aging:

Penn Young

Elder Housing/Woodhaven:

Penn Young

Cemetery Commission:

Mike Winters

Recreation Committee:

Paul Pilotte

Historical Commission:

Penn Young

Veterans:

Penn Young

Energy & Sustainability:

Mike Winters

Information Technology:

Dan Sichel

Building Inspector:

Wassim Bassalee

Finance Director:

Dan Sichel

Assessors:

Nora Lynch Smith

Collector:

Dan Sichel

Treasurer:

Chelle Subber

Town Clerk:

Wassim Bassalee

Select Board:

Dan Sichel

Capital Budget:

Nora Lynch Smith, Mike Flanagan

Personnel Board:

Mike Winters

Insurance Advisory Committee:

Mike Flanagan

Advisory Proposed Budget Discussion Schedule — FY2025

[All meetings at 7pm via Zoom, except as noted]

January 10, 2024

Budget Overview (Town Administrator)

Discuss budget detail where out of line with Guidance or where otherwise necessary such as changes in hours or head count

Assessor
Collector/Treasurer
Town Clerk/Elections
Accountant
Advisory Committee
Historical Commission
Veterans
Town Forest
Cemetery
Recycling
Transfer Station
Town Buildings
DPW

January 24, 2024

Discuss budget detail of where out of line with Guidance or where otherwise necessary such as changes in hours or head count

COA
Recreation
Library
Select Board/Legal
Information Technology
Insurance
Inspectors
Elder Housing
Zoning Board
Farm Pond
Conservation
Sustainability
Planning Board
Board of Health

February 7, 2024

Police
Fire
Debt Service/OPEB

February 14, 2024 (tentative)

6:30 pm, in person at DS Middle School Library

Joint Sherborn and Regional School Meeting with Dover Warrant

February 19-23, 2024 (School Vacation Week)

February 28, 2024

Warrant Articles 1

March 6, 2024

Warrant Articles 2
Free Cash

Saturday, March 16, 2024

Advisory Public Hearing on Zoom (all day)
--Article drafts due Thursday, March 21

April 15-19, 2024 (School Vacation Week)

Tuesday, April 23, 2024

Annual Town Meeting (in person)