

To: Sherborn Omnibus Budget Makers and Elected Officials
From: Sherborn Advisory Committee
Date: November 7, 2024
Subject: FY2026 Omnibus Budget Guidance: Targets and Timeline

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

The Advisory Committee expects FY26 to be a very tight budget year. Although overall inflation has moved down substantially from its 2022 peak and now is approaching pre-pandemic rates, the lingering effects of higher costs for materials, services, and salaries are continuing to put upward pressure on the budget in FY2025 and are likely to continue to do so in FY2026. It also appears that several adverse factors will land next year, including likely large increases in the cost of health insurance, a loss of property tax revenue from properties that came off the tax rolls, and the beginning of the phased-in Town obligation to pay for regional dispatch. With 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 further in FY24 to \$16.95 (from a high of \$20.57 in 2016), average tax bills rose 4.8 percent—amounting to an increase of \$863, on top of a sizable rise in the prior year. Moreover, tax bills will move up again in FY25, and much of the Town’s budget—roughly \$33 million in FY24—is covered by approximately only 1500 households in Sherborn (with an average single-family property tax bill of \$18,705 in FY24).

Taking all of this into account, the Advisory Committee intends to take a very cautious approach to budgeting for FY26.

In particular, the Advisory Committee is recommending a **COLA of 2.5 percent** for non-contract employees who are not covered by Collective Bargaining Agreements. (Employees covered by Collective Bargaining Agreements will receive salary adjustments in line with those agreements.) This 2.5 percent figure will be brought forward as a recommendation to Town Meeting. That amount matches the Social Security COLA that will go into effect on January 1, 2025, and also is the midpoint of the 2.4 to 2.6 percent range recommended by the Personnel Board. In addition, that amount is in line with the latest read on the overall CPI inflation rate of 2.4 percent for the 12 months ended in September. By way of background, COLAs were 3.5 percent for FY25, 4.5 percent for FY24, 4 percent for FY23, and 2 percent for several years before that.

Regarding budget guidance, we ask Departments to present budgets that are flat and use FY25 budgets as a starting point for FY26 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 justifications

to the Select Board and the Advisory Committee and, wherever possible, to propose offsetting decreases in other line items.

The Advisory Committee also would like budget makers to identify possibilities for cost-saving organizational changes or budget reductions. Depending on what the initial budget rollup looks like in January, Advisory may come back to budget makers and adjust budget guidance. Accordingly, it would be helpful for budget makers to be prepared for that possibility.

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 and ***presented to Advisory at the same meeting as operating budgets.***

Timeline

- **December 6, 2024:** FY26 budgets are due to the Town Administrator and Finance Director.
- **Week of December 9-20, 2024:** Budget makers meet with Town Administrator and Finance Director.
- **December 31, 2024:** Budgets transmitted to the Select Board and Advisory Committee.
- **January to March, 2025:** Advisory budget review meetings. Please check the attached schedule.
- **March 22, 2025:** Advisory Public Hearing
- **April 29, 2025:** Annual Town Meeting (continuation May 1 if necessary)

Questions regarding FY26 budgets should be directed to the Town Administrator, Finance Director, or to Advisory Committee chair or liaisons. A list of Department liaisons is attached.

Sincerely,
Sherborn Advisory Committee

Dan Sichel (Chair), Mike Winters (Vice Chair), Stephen Bonder, Laura Howenstine, Doug Kingsley, Paul Pilotte, Nora Lynch Smith, Chelle Subber, Penn Young

Sherborn Advisory Committee Department Liaisons

School Committees:

Paul Pilotte, Dan Sichel, Mike Winters, Doug Kingsley

Library:

Chelle Subber, Penn Young

Police:

Stephen Bonder, Penn Young

Fire/Ambulance:

Nora Lynch Smith, Chelle Subber

DPW/Town Buildings:

Paul Pilotte, Laura Howenstine

Public Safety (no budget):

Chelle Subber

Planning Board:

Stephen Bonder, Chelle Subber

Board of Health:

Mike Winters, Dan Sichel

Conservation Committee:

Mike Winters

Water Commission (no budget):

Nora Lynch Smith

Farm Pond (revolving fund, contact Jeanne Guthrie):

Laura Howenstine

Town Forest (revolving fund):

Paul Pilotte

Housing Partnership (no budget):

Nora Lynch Smith

Agricultural Commission (no budget):

Doug Kingsley

Recycling and Transfer Station:

Paul Pilotte

Council on Aging:

Penn Young

Elder Housing/Woodhaven (revolving fund):

Penn Young

Cemetery Commission:

Mike Winters

Recreation Committee (revolving fund and operating budget):

Paul Pilotte

Historical Commission:

Stephen Bonder

Veterans:

Penn Young

Energy & Sustainability:

Mike Winters

Information Technology:

Stephen Bonder, Dan Sichel

Inspectors:

Doug Kingsley

Finance Office:

Laura Howenstine, Dan Sichel

Assessors:

Nora Lynch Smith

Treasurer/Collector/Debt Service:

Penn Young, Dan Sichel

Town Clerk/Elections:

Laura Howenstine

Select Board:

Dan Sichel

Capital Budget:

Nora Lynch Smith, Laura Howenstine (alt)

Personnel Board (no budget):

Dan Sichel

Insurance Advisory Committee (no budget):

Doug Kingsley

Advisory Budget Discussion Schedule – 2024-2025 (FY2026)
Capital Requests to be discussed in same Mtg as Operating Budget
[All meetings at 7pm in Town Hall with hybrid Zoom option, except as noted]

October 30, 2024

Budget Guidance and COLA

November 6, 2024

Finalize Guidance and COLA

November 13, 2024

Budget and process issues

December 11, 2024

Budget Background

January 8, 2025

Budget Overview (Town Administrator)

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

January 22, 2025

COA
Recreation
Library
Select Board/Legal
Information Technology
Insurance
Inspectors
Elder Housing

January 29, 2025

Farm Pond
Conservation
Sustainability
Planning Board
Board of Health
DPW
Town Buildings

February 5, 2025

Police
Fire
OPEB
Health Insurance
Debt Service – Exempt v Non-exempt debt

February 12, 2025 (tentative)

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

Joint Sherborn and Regional School Meeting with Dover Warrant

February 17-25, 2025 (School Vacation Week)

February 26, 2025
Warrant Articles 1
Revenue projection

March 5, 2025
Warrant Articles 2
Free Cash

Saturday, March 22, 2025

Advisory Public Hearing (all day)
--Article drafts due Thursday, March 27

April 21-25, 2025 (School Vacation Week)

Tuesday, April 29, 2025
Annual Town Meeting
(continuation on May 1 if needed)