

To: Sherborn Omnibus Budget Makers and Elected Officials

From: Sherborn Advisory Committee

Date: November 7, 2023

Subject: FY2024 Omnibus Budget Guidance: Approach, Targets, and Timeline

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

Background

Sherborn and the nation are confronting an inflationary environment that has not been seen for over four decades, creating significant challenges for the Town's budget. In addition, debt service is expected to face upward pressure in the future as the full costs of the library renovation are absorbed as well as other capital projects at Pine Hill and the Regional Schools. While costs are rising, revenues from sources other than property taxes are likely to remain sluggish, and relatively little new growth can be counted on with any degree of certainty. These factors create, and are likely to continue creating, significant pressures on the Town's budget.

One piece of good news is that for FY23, with a significant jump in assessed property values, the *tax rate* appears likely to be noticeably less than the \$19.03 rate in FY22. That said, tax bills will be higher given the FY23 budget approved at last spring's Annual Town Meeting. For FY24, with a likelihood of plateauing house prices and costs expected to continue rising, it would be unwise to assume a further decline in the tax rate and tax bills may rise further.

Looking further ahead, the Town faces significant uncertainties about future costs: school budgets (with collective bargaining agreements for teachers to be renegotiated this year); uncertain but potentially large costs of phosphorous reduction measures; the ongoing dispute about the value of Eversource's assessed assets in Town; and the ultimate cost of the library project. Putting all of these pressures together, the Advisory Committee intends to take a cautious but balanced approach to budgeting this year.

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

The national CPI has risen sharply since the middle of 2021, rising 8.2 percent during the twelve months through September 2022. For the Northeast, the comparable figure is 7.2 percent. These increases erode the purchasing power of any given salary, though a shred of good news is that forecasters expect inflation to fall considerably in the coming year. The Town's COLA—which applies to non-contract employees is 4 percent for FY23 following several years of 2 percent COLAs. By way of comparison, other Town's in the area provided a broadly similar COLA for FY23 after accounting for differences in step and longevity increases across towns. More generally, wages and salaries have not kept up with increases in consumer prices, with the Employment Cost Index for state and local government employees up 4.4 percent during the year ended in September 2022. In addition, federal government employees are scheduled to receive a

4.6 percent COLA for calendar year 2023 on top of a 2.7 percent COLA in 2023. Given this information, and after considering the Personnel Board recommendation, **we have modeled a 4.5 percent increase in Salaries for non-contract employees and salary increases as stipulated by relevant Collective Bargaining Agreements for contract employees.**

Department Operational Expenses

The Advisory Committee considered making different recommendations to each Department given differential exposure to cost pressures. However, the Committee understands that budget makers are better positioned than the Committee to assess such needs. Accordingly, while recognizing that a number of Departments will face considerable pressures on costs, **we are recommending a level-funding approach. Specifically, we ask Departments to use their FY23 Budget as the starting point for considering FY24 Operational Expenses (that is, no increase in expense line items) and bring to the Advisory Committee requests with specific explanations for essentials whose higher costs make level funding inconsistent with providing an appropriate level of service.** The Committee looks forward to discussing particulars with each budget maker to ensure that the Town's overall costs are as well controlled as possible and that essential Departmental needs are met.

Capital budget requests should be dealt with in a manner similar to that used for operating budgets as described in the Capital Budget Committee's guidance letter.

Timeline

FY24 budgets are due to the Finance Director no later than December 30, 2022. Questions regarding FY24 budgets should be directed to the Finance Director or to the Advisory Committee liaisons. A list of Department liaisons is attached. We have also set a schedule for budget meetings from January to March 2023, which is also attached. If you know of a conflict with your scheduled Advisory budget meeting date in 2023, please contact your Advisory liaison, the Advisory Chair, or the Vice-Chair.

As always, thank you for the hard work you undertake on behalf of Sherborn taxpayers and the long-term future of the town. We look forward to working with all policy and budget makers to produce an FY24 Omnibus Budget that provides efficient, quality services to Town residents while continuing to restore the town to a sound and favorable financial position.

Sincerely,
Sherborn Advisory Committee

Wassim Bassalee, Peter Gallitano, Stephen Geremia, Jane Materazzo, Dan Sichel (Chair), Nora Lynch Smith, Steven Tsai (Vice Chair), Natalie Weare, Mike Winters

Sherborn Advisory Committee Department Liaisons

Sherborn School Committee:

Jane Materazzo, Steve Tsai,
Mike Winters

Regional School Committee:

Jane Materazzo, Steve Tsai,
Mike Winters

Library:

Steve Geremia, Natalie Weare

Police:

Wassim Bassalee, Steve Geremia

Fire:

Wassim Bassalee, Nora Lynch Smith

DPW/Town Buildings:

Peter Gallitano, Nora Lynch Smith

Public Safety:

Jane Materazzo

Traffic Safety:

Jane Materazzo

Planning Board:

Steve Tsai, Natalie Weare

Board of Health:

Natalie Weare

Conservation Committee:

Mike Winters

Water Commission:

Natalie Weare

Farm Pond:

Wassim Bassalee

Zoning Board of Appeals:

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:

Jane Materazzo

Elder Housing/Woodhaven:

Jane Materazzo

Cemetery Commission:

Steve Tsai

Recreation Committee:

Steve Tsai

Historical Commission:

Jane Materazzo

Veterans:

Steve Geremia

Energy & Sustainability:

Mike Winters

Information Technology:

Dan Sichel

Building Inspector:

Wassim Bassalee

Finance Director:

Dan Sichel

Assessors:

Nora Lynch Smith

Collector:

Steve Geremia

Treasurer:

Peter Gallitano, Steve Geremia

Town Clerk:

Wassim Bassalee

Select Board:

Dan Sichel

Capital Budget:

Peter Gallitano, Nora Lynch Smith

Personnel Board:

Mike Winters

Insurance Advisory Committee:

Peter Gallitano

Advisory Proposed Budget Discussion Schedule — FY2024

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

January 3 (TUESDAY), 2023

Assessor
Collector
Town Clerk/Elections
Treasurer
Accountant
Advisory Committee

January 11, 2023

Historical Commission
Veterans
Town Forest
Cemetery
Elder Housing
COA
Recreation
Library

January 18, 2023

Select Board/Legal
Information Technology
Insurance
Zoning Board
Farm Pond

January 25, 2023

Inspectors
Conservation
Sustainability
Planning Board
BOH

February 1, 2023

Recycling
Transfer Station
Town Buildings
DPW

February 8, 2023

Police
Fire
Debt Service

February 15, 2023

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

Sherborn School Committee
Regional Schools Committee/Dover
Warrant

February 22, 2023 (School Vacation Week)

Make-up if necessary

March 1, 2023

Warrant article discussion part 1

March 8, 2023

Warrant article discussion part 2

Saturday, March 25, 2023

Advisory Public Hearing on Zoom (all day)
--Article drafts due Thursday, March 30

Tuesday, April 25, 2023

Annual Town Meeting