

August 25, 2023

Report of the 2023 Town of Sorrento Budget Committee

To the Select Board and Taxpayers of Sorrento,

The 2023 Budget Committee herein submits its report and recommendations for the 2023-2024 Municipal Budget and the amounts to be raised by municipal tax. This report provides a summary of our recommendations, a description of the process employed to reach these recommendations and our summary worksheet that compares these recommendations to appropriations in the prior year. As a new committee, we hope you find this information and process helpful as you consider your vote at Town Meeting next month.

For 2023, the Budget Committee was comprised of Stephanie Bullock, Darla Crocker, Rick Knowlton, Harold Page, Ann Weimer and Wendy Worrell. Special thanks and recognition must be extended to Darla Crocker who worked tirelessly for weeks on the reconciliation, organization and presentation of the financial information necessary for this work.

Summary:

For the 2023-2024 fiscal year, the Budget Committee recommends that \$490,500 be raised through taxation for municipal services. This amount is an increase of \$27,733, or 5.993%, over the prior year's taxation appropriation of \$462,767.

Total municipal budget spending, exclusive of County and School District expenses, is projected at \$767,050. Offsetting \$276,558 of this total are municipal revenues from vehicle and boat excise taxes, grants, fees (such as mooring fees and garbage bag stickers) and transfers from surplus funds currently held by the Town. The total municipal spending appropriated in FY 2022-2023 was \$631,267 with \$168,500 in offsetting resources.

Specific items to highlight in our proposal for 2023-2024 spending and budget revisions in comparison to last year include:

- A reduction in administration expenses of \$15,000 from anticipated savings in employee benefits
- An increase in legal and professional fees of \$19,000 to address anticipated needs.
- A reduction in donations to community support organizations of \$9,971
- A reduction in harbor related projects of \$8,540
- An increase in trash removal expense of \$5,500 to reflect actual historical costs. This expense total also assumed reducing bulk trash days to 1
- A reduction in the donation to the Sorrento Sullivan Rec Center of \$5,000

- The creation of a Community Building Improvement Reserve, funded with \$30,000 for a new heating system and additional insulation as the highest priority projects.
- The creation of a Local Roads Capital Reserve, funded with \$50,000 (\$15,000 of which to be raised from FY2023-2024 taxation) to address the long term need to maintain and improve the 7 miles of paved local roads in the community.
- The creation of a Contingency Reserve, funded with \$20,000 of unassigned surplus funds, to provide flexibility to address unanticipated items.
- An increase in Assessment expenses of \$25,000 towards an anticipated townwide revaluation in 2024-2025. Total cost of a revaluation is estimated at up to \$75,000.

Budget Committee Process:

The Budget Committee met seven times between June 6th and August 15th. We met with all town staff at least once and discussed both historical spending and requests for future spending covering all areas of the budget. The committee then researched items as needed to address questions posed by committee members. The committee also reviewed all requests from outside agencies seeking contributions. In determining our proposal for each line item amount to be raised through taxation, we considered offsetting sources of revenue, such as building permit fees, mooring fees, fundraising opportunities and grants from state or federal agencies. These offsetting sources of funds are shown as “resources” on our budget worksheet.

Minutes were taken of all meetings and are available for review. These minutes reflect the context of our deliberations on most subjects but were not distributed as the committee acts only in an advisory capacity and has no authority to act on behalf of the town. As a new committee, and to ensure as smooth a transition as possible to the creation of a town meeting warrant, Diana Gazis attended all meetings of the committee as a representative of the Select Board. Diana did not direct the committee in any way, nor did she vote on any item, but her attendance was appreciated.

Budget Proposal Worksheet:

The attached worksheet provides line item detail for municipal expenses and offsetting revenue or other resources anticipated in 2023-2024 that result in the “Net Appropriations” column. The Net Appropriation total is the amount to be raised through taxation. Also provided are the appropriations from last year for each line item for comparison purposes.

Many budget line items were derived from past spending with necessary adjustment for inflation or known cost increase or decrease. Items highlighted in the summary above should be discussed in more detail:

- A reduction in administration expenses of \$15,000 from anticipated savings in employee benefits

- The new budget assumes changes to town office staffing from one full time employee with part time assistance to four part time employees. The staff would include two part time clerks, a part time Treasurer and a part time assistant. The additional staff, although part time, increases the total staff hours available, improves coverage in the office for sick and vacation time, and provides necessary Treasury skills and oversight. With this approach, payroll and payroll taxes increase, but that increase is more than offset by savings in employee benefits resulting in net savings of \$15,000.
- An increase in legal and professional fees of \$19,000 to address anticipated needs.
 - The town has known and anticipated legal expenses and this line item was increased to provide funding to pay those expenses. It is an estimate only.
- A reduction in donations to community support organizations of \$9,971
 - Detail is available for the organizations proposed to receive funding and the amounts proposed. The committee focused on funding local organizations that directly support Sorrento residents. The committee eliminated funding to large corporate organizations and to regional or statewide organizations not focused on the local level. The committee only addressed organizations that requested funding from the town and limited funding to amounts provided in the prior year.
- A reduction in harbor related projects of \$8,540
 - The town was successful in securing a \$15,000 grant to offset a significant portion of the cost of replacement of the ramp from the pier to the floats, resulting in a net cost to the Town of \$7,260 for this project. This is \$8,540 less than the float replacement project last year. The replacement of the final finger float will be deferred until next year. Also of note is that the annual cost of hauling and launching the floats was reviewed in detail and will be lower going forward, reducing the transfer from the Harbor Sinking Fund. Finally, the new budget assumes an increase in mooring fees as recommended by the Harbormaster. These items are all attributed to the fine work of Lou Southerland, Harbormaster. Say thank you when you see him.
- An increase in trash removal expense of \$5,500 to reflect actual historical costs. This expense total also assumed reducing bulk trash days to 1
 - Weekly trash pickup has a total annual cost to the town of approximately \$43,000 and is offset by the \$2 trash bag sticker revenue. Additionally, the town held two bulk trash events in 2023 at a cost of \$18,000. The committee recommends a single bulk trash event with improved supervision for special waste drop off to reduce future spending.
- A reduction in the donation to the Sorrento Sullivan Rec Center of \$5,000
 - The committee heard a presentation from the Rec Center staff requesting \$10,000 in annual funding. A significant portion of the request was to support

capital improvements needed at the facility in Sullivan. The committee reduced the request in order to continue to support the operation of the Rec Center but demonstrate a priority to address capital improvement needs at the Sorrento Community Building

- The creation of a Community Building Improvement Reserve, funded with \$30,000 for a new heating system and additional insulation as the highest priority projects.
 - The committee recommends immediate attention to the heating systems and insulation improvements at the CB. Current year funding from Capital Improvements would be combined with surplus funds to address these items. Further, the committee sees this as the first step in building improvements to be followed next year.
- The creation of a Local Roads Capital Reserve, funded with \$50,000 (\$15,000 of which to be raised from FY2023-2024 taxation) to address the long term need to maintain and improve the 7 miles of paved local roads in the community.
 - The Town is responsible for seven miles of paved roadway. At a cost of approximately \$100,000 per mile for repaving, the Town would need \$600-\$700,000 to pave all town roads. The committee recommends the establishment of a dedicated reserve fund for the purpose of accommodating major repaving projects over a 10 to 12 year cycle.
- The creation of a Contingency Reserve, funded with \$20,000 of unassigned surplus funds, to provide flexibility to address unanticipated items.
 - Providing a Contingency Reserve is standard practice in many communities and can avoid the time and expense of special town meetings should minor unanticipated items arise during the year.
- An increase in Assessment expenses of \$25,000 towards an anticipated townwide revaluation in 2024-2025. Total cost of a revaluation is estimated at up to \$75,000.
 - The Town has not been through the revaluation process in many years, and with rising tax bills, the revaluation process ensures the highest degree of fairness and equity in distributing the tax burden to property owners. The budget committee recommends the first year of savings toward the cost of a townwide revaluation.

Additional worksheets with detail by department were developed to generate the summary. These worksheets will serve as templates for future budget committee work and will be on file in the Town office.