

MEMO

To: Mineral Springs Town Council
From: Rick Becker
Date: April 4, 2024
Subject: FY2024-2025 Budget: Preliminary Departmental Appropriations

The accompanying spreadsheet shows the FY2022-23 final budget and actual expenditures, the FY2023-24 current budget and estimated final actual expenditures, and suggested appropriation levels for the FY2024-25 budget.

I am recommending keeping most proposed expenditures similar to last year's. Staff salaries and associated employee-overhead expenditures will increase while "Community" expenditures will decrease due to the cancellation of the fall festival. Other items change slightly based on established formulas or trends. This "first draft" suggests a decrease of \$2,799 over the current year's amended operating expenditure budget, or 0.76%.

Salary Analysis

This proposed appropriation worksheet reflects a 5% increase in staff salaries, substantially less than the approximately 11.8% increase council approved last fiscal year. Salaries had gradually fallen behind cost-of-living adjusted amounts over the previous few years and had also fallen below the average salaries for equivalent positions in peer municipalities. Last year's larger-than-usual increase brought our salaries closer to those of our peers.

For this analysis, we looked at both cost-of-living allowances (COLA) and comparisons with municipalities similar in size to Mineral Springs. The North Carolina League of Municipalities (NCLM) conducts annual salary surveys, and Mineral Springs falls into the "Population of 2,500 – 4,999" category. Based on COLA alone, the federal increase in the Social Security benefit for 2024 is 3.2%. Because salaries were still slightly behind those of our peers, we ran some calculations based on a 5% increase. That calculation resulted in the following: Town Clerk, \$47,990; Planning Director, \$41,448; Finance Officer, \$44,292.

The NCLM salary survey is not an "apples-to-apples" comparison, because the League only uses salaries for *full-time* positions, and Mineral Springs positions are half-time. Also, the role of the Clerk in Mineral Springs is closer to that of an Assistant Manager (in a small town) based on the Mineral Springs job description and duties which include supervision of another employee, management of service contracts such as janitorial and landscaping, website and social-media responsibilities, and special event administration and oversight. Following is a summary of salary comparisons taken from the November 2023 NCLM survey plus actual Mineral Springs data. The full-time salaries in the NCLM survey were simply halved to correspond to our situation.

Position	Minimum	Maximum	Peer Avg	Avg 1/2	MS 2023	Avg +3.2%	MS Prop.
Finance Officer	\$76,637	\$111,106	\$87,766	\$43,883	\$42,180	\$45,287	\$44,292
Planning Director	\$67,668	\$101,612	\$76,303	\$38,152	\$39,468	\$39,373	\$41,448
MS Clerk (Peer Asst. Mgr.)	\$84,732	\$123,698	\$98,343	\$49,172	\$45,660	\$50,746	\$47,990

In the table above, we have included a column (“Avg +3.2%”) which represents last year’s peer-municipality salary increased by a 3.2% COLA and a column showing the proposed Mineral Springs FY2024-25 salaries based on a 5% increase. For the Finance Officer, the proposed Mineral Springs salary is \$995 lower than the peer estimate, which is reasonable. The Mineral Springs Planning Director falls \$2,075 above the peer estimate, while the Mineral Springs Clerk/Asst. Mgr. falls \$2,756 below the peer estimate. Since those positions are held by one full-time employee in Mineral Springs, the combined salary is \$681 below the combined peer figure, which again appears reasonable. Being so close to (slightly below) the statewide peer benchmarks indicates that the Mineral Springs staff salaries proposed for FY2024-25 are justified and reasonable.

Note that the "Assistant/Deputy" position remains budgeted at \$14,400; this is not a salaried position, and the \$14,400 is a maximum suggested allocation for the position. Currently, this position requires 12 hours per week, corresponding to the time the town hall is open for regular business hours, plus some additional hours for attendance at evening meetings and additional administrative-assistant duties. The hourly rate for this position is currently \$18.00, and any changes to the hourly rate will be based on performance evaluations conducted by the Assistant/Deputy’s supervisor.

Finally, there is no recommended increase this year in salaries for the mayor and council members. Council raises those only occasionally and does not base adjustments on cost-of-living considerations.

Reading the Chart

In the right-hand column, headed "2024-25 Proposed", bold-faced numbers are the totals within each budgetary department. These numbers add up to the total of \$366,679. These are the categories that ultimately end up in the adopted budget ordinance and within which the town must operate; numbers within these departments are "flexible," and may be changed during the fiscal year as needed without budget amendments as long as the departmental totals in the ordinance are not increased. Salaries are shown in white, reflecting amounts 5% above last fiscal year. “Employee Overhead” is also shown in white and is proposed to increase by \$2,650 next year. The three sets of figures in the "dotted" cells are simply sub-subcategories within subcategories.

Increases and Decreases

Major changes in proposed expenditures are:

1. **“Charities”**: Based on 3% of previous fiscal year budget, per town policy. **Increased** from \$11,080 to \$12,575.
2. **“Community”**: The Fall Festival is not being held (\$8,000 decrease) and Artists Music Guild (AMG) has not requested partnership funding for the current year (\$4,000 decrease). “Miscellaneous” will remain at \$2,000 and can be used for other events. Finally, the “Communication” subcategory which includes the Newsletter, Social Media management, and “Other” has decreased by \$500. Departmental appropriation **Decreased** from \$36,988 to \$24,488.
3. **“Elections”**: There will be no municipal election in 2024, so this appropriation is **Decreased** from \$3,600 to \$0.

4. **“Employee Overhead”**: The NC Local Government Employees’ Retirement System contribution rate has increased by 0.75%, and any salary increases will also result in additional increases in LGERS, FICA, and Workers Compensation contributions. **Increased** from \$40,950 to \$43,600.
5. **“Planning”**: The only changes in this department are the increase in the Planning Director’s salary and a \$1,000 reduction in “Miscellaneous”. No appropriation has been proposed for additional contract code-enforcement expenditures, but if Council adopts a nuisance ordinance there will need to be an additional appropriation at that time. Overall, “Planning” will be **Increased** from \$49,468 to \$50,448.

Additional Appropriations/Expenditures

- Council is continuing to study undertaking a combination of capital projects and non-capital maintenance projects during the upcoming fiscal year. Projects in the current fiscal year are being funded by a budget amendment. If any such projects are approved during the upcoming fiscal year, they will be funded either by project ordinances or amendments to the FY2024-25 budget.
- Information concerning any capital or other projects expected to be authorized by project ordinance during the budget year will be included in the Proposed Budget as required by NC G. S. § 159-13.2(f).

At the April 11, 2024 meeting, council should consider three items related to the budget:

1. **Decide** whether or not to approve proposed salary figures for next year
2. **Decide** whether or not to direct the budget officer to include these proposed appropriations in the FY2024-25 budget
3. **Advise** the budget officer of any changes Council might wish to make to other appropriations so that the formal proposed budget may be presented to council in May.

