TOWN OF ERWIN

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Memo To: Mayor and Board of Commissioners

From: Snow Bowden, Town Manager

Re: Proposed FY 2026/2027 UPDATED

Date: 06/29/2026

Attached for your review and consideration is the proposed FY 2026–2027 Budget for the Town of Erwin.

A public hearing on the proposed budget is scheduled for Monday, June 29, at 6:00 p.m. during the Town's regularly scheduled June workshop meeting. The hearing was scheduled later than usual due to uncertainty surrounding North Carolina Senate Bill 889 (S889) and, subsequently, Senate Bill 474 (S474). S889 became a law on June 19, 2026.

Pursuant to N.C. Session Law 2026-8 (S889), the Town of Erwin must use the schedule of property values from the FY 2025–2026 budget, adjusted only for growth that occurred during the year, rather than the recently reappraised property values that were scheduled to go into effect on January 1, 2026.

This proposed budget assumes that S474 will not become law before the Town establishes a tax rate and adopts the FY 2026–2027 Budget Ordinance. S4744 would exempt Harnett County and the municipalities located in Harnett County from N.C. Session Law 2026-8. As a result, several items discussed during our initial budget meeting in March have not been included in this proposal. Even so, the budget provides the resources necessary to maintain Town operations and continue delivering the essential services residents rely upon.

The proposed budget includes a five-cent property tax increase, raising the current tax rate from \$0.50 to \$0.55 per \$100 of assessed valuation. When combined with the fire protection tax rate of \$0.12 per \$100 of assessed valuation, the total tax rate would be \$0.67 per \$100 of assessed valuation.

The budget also includes a 3% Cost-of-Living Adjustment (COLA) for all Town employees. This adjustment reflects current market conditions and supports the Town's efforts to retain qualified employees while remaining competitive in recruiting new staff. No additional full-time positions are proposed. In addition, funding previously allocated for part-time salaries within the Public Works Department has been eliminated.

During the current fiscal year, the Town issued a Request for Proposals (RFP) for solid waste collection services as the existing contract with GFL enters its final year. Prior to issuing the RFP, staff evaluated the feasibility of bringing solid waste collection services back in-house. After reviewing the operational and capital costs associated with providing this service, it was determined that doing so was not financially feasible. The Town also made the decision to discontinue curbside recycling collection. Increasingly stringent recycling standards and the potential for contamination-related penalties significantly increased the cost and risk of continuing the program. Rather than requiring all residents to participate in and pay for curbside recycling services, the Town elected to make participation voluntary. Residents who wish to continue recycling may take recyclable materials to the Harnett County landfill. As a result, residents will no longer be required to pay a monthly recycling fee.

There is significant positive momentum in Erwin. The Town is beginning to see increased interest in properties along Highway 421, creating potential opportunities for future commercial growth and investment. The proposed budget also includes funding for the community events introduced during the current fiscal year, which received overwhelmingly positive feedback from residents. Activities held at Al Woodall Park were well attended and helped strengthen community engagement. Funding for these events has been included in the proposed budget and is expected to be supplemented through sponsorship revenue.

During the current fiscal year, the Town exceeded the 50-employee threshold that requires the development of an Americans with Disabilities Act (ADA) Transition Plan. The Town recently adopted its ADA Transition Plan, which establishes a ten-year schedule for implementing accessibility improvements throughout the community. The proposed budget includes funding to begin addressing these identified improvements.

The Town also completed several park improvement projects during the current fiscal year using grant funding from the State of North Carolina. Improvements at W.N. Porter Park included upgrades to the basketball court and all three parking lots. At Al Woodall Park, lighting on Fields #1 and #3 was replaced, with installation expected to be completed by June 30. Additionally, the Town acquired approximately 2.3 acres of land behind Field #4, which will be cleaned and developed to improve access to the park and support future recreational opportunities.

The Town has also begun development of a Stormwater Master Plan, which is being fully funded through a grant from the State of North Carolina. The plan is expected to be completed by July or August 2026 and will provide a roadmap for future investments and improvements to the Town's stormwater infrastructure.

Additionally, the Town completed development of a Bike and Pedestrian Plan during the current fiscal year. The plan is currently pending approval by the North Carolina Department of Transportation. The Town intends to prioritize the sidewalk improvements identified in the ADA Transition Plan before pursuing construction of the new sidewalks identified in the Bike and Pedestrian Plan.

Like many local governments, the Town of Erwin continues to face rising costs for equipment, fuel, materials, and supplies due to ongoing inflationary pressures. To help offset these costs and support both operational and capital needs, Town staff will continue actively pursuing grant opportunities and other external funding sources.
The proposed FY 2026–2027 Budget reflects a balanced and responsible approach to meeting the Town's current operational needs while positioning Erwin for future success. It supports employee retention, invests in critical infrastructure and accessibility improvements, maintains valued community programs, and preserves the high level of service residents expect. Staff respectfully submits this budget for the Board's review and consideration.

Budget Highlights:

- The proposed budget includes the following revenues and expenditures listed below:
  - Revenues- $6,697,241
  - Expenditures- $6,697,241
- The proposed budget includes a contribution to the Erwin Fire Department based on a $.12 fire tax rate.
- The proposed budget calls for a $.05 tax cent increase. The proposed property tax rate is $0.55 in the proposed budget.
- The proposed budget includes a 3% COLA increase for all full-time Town Staff
- The proposed budget includes a transfer of $15,000 in funds to the Town of Erwin Group Health Reserve Account. This account is used to supplement a benefits card that is provided to our employees and retirees that are on our health insurance plan.
- The proposed budget includes a transfer of $34,367 from fund balance. The proposed transfer will cover a few one-time expenditures such as:
  - $50,000 to develop a brand-new website that is fully complaint with the American with Disabilities Act (ADA). This is a project that the Town needs to complete by April 2028.
- The proposed budget includes a transfer of $320,000 from our Powell Bill Fund to fix the issues with our existing sidewalks that were identified in our ADA Transition Plan, and to resurface some of our town-maintained roads.
- The proposed budget does include funds of $50,000 for the Town of Erwin to host community events. Town events include the Christmas Parade/Tree Lightening, a spring festival, and a July 4th celebration. We might have an additional event as well depending on fundraising levels.
- Health insurance rates are $701/month
- Dental insurance rates are $40/month
- Vision insurance rates are $10/month
- There was an increase in the retirement rates set by the State of North Carolina:
  - The rate is 17.10% for law enforcement and 15.16% for regular government employees.
- There is no fee from Harnett County for the Erwin Public Library in the proposed budget. This is the third year that we have not had to pay for this service. The

library consolidation project has gone well. I continue to hear great things about everything that is happening at the Erwin Public Library. They are offering longer hours and more services now because of the consolidation project.

- The proposed budget includes funds of $5,000 for the Erwin Historical Society.
- There are funds of $28,750 to pay Harnett County Animal Control for animal control services in the upcoming fiscal year. We need to prepare for another increase for this service.
- The proposed budget includes funds of $20,500 for our annual audit. The Town recently issued an RFP to ensure that we were getting a competitive price for this required service.
- The proposed budget includes $10,000 for the Erwin Area Chamber of Commerce.
- There are funds of $20,000 to plan for a new Police Department.
- The proposed budget does include funds for employee appreciation and recognition.
- In the proposed fee schedule, I kept most of our fees the same. I have asked for a slight increase in some of the fees we charge and they are listed below:
    - Due to higher-than-expected fuel costs I have asked to increase the fee for a trash cart to $8.65. The current fee is $8.25.
    - Site plan review fee for new single-family dwellings to $100 per lot, the fee is currently $75
    - Site plan review fee for new single-family dwellings in a flood plain to $150 per lot. The fee is currently $100 per lot.
    - I have requested to increase the fees for major subdivision reviews and they are listed below:
        - Major subdivision preliminary review fee to $500 + 10.00 per lot. The fee is currently $300 + $10.00 per lot.
        - Major subdivision final review feet to $500 + actual engineer reviewing fees costs. The fee is currently $300 + $10.00 per lot.
    - Rezoning request to $500 per application. The fee is currently $400.
    - Variance request to $500 per application. The fee is currently $400.
    - Text amendment request to $500 per application. The fee is currently $400.
    - Application to appeal the Zoning Administrators Decision to $500 per application. The fee is currently $400.
    - Storm drainage review fees are set at the actual engineer review fees cost.

REQUESTED PERSONNEL CHANGES

- The proposed budget does reclassify an existing position. The Code Enforcement Officer position is reclassified to a Development Compliance Officer. The position remains at the same salary grade level.
- The proposed budget cuts funds from part-time salaries in the Public Works Department.
- There are no additional personnel positions added to this proposed budget.

- The Town will need to start planning for future growth. As our population increases, we are going to need to hire additional police officers and other staff members to provide services to our residents.

SUMMARY

Town Staff has worked diligently to control expenses and maximize available revenues. Over the past six fiscal years, the Town has made significant progress in strengthening its financial position. As stewards of taxpayer resources, it is essential that we continue to manage funds responsibly, including maintaining adequate reserves to prepare for unforeseen circumstances and potential economic challenges.

Town Staff will continue to closely monitor revenues and expenditures throughout the fiscal year to ensure the Town remains within budget. While current projections are favorable, there are ongoing concerns regarding economic conditions and the potential for a recession. Should revenues decline or fail to meet expectations, staff will recommend appropriate budget adjustments to maintain fiscal stability.

If you have any questions or require additional information during your review, please do not hesitate to contact me. We trust that the information provided offers sufficient detail to evaluate each departmental request and consider approval of the proposed budget on June 29, 2026. Should the Board wish to make modifications to the proposed budget, staff will be happy to assist. Please note that the budget must be formally adopted by June 30, 2026.

Regards,

Snow Bowden

Snow Bowden
Town Manager