

# Memorandum



**To:** Mayor and Town Council

**From:** Ryan Spitzer

**Date:** 6/09/2026

**Re:** **FY27 Budget Memo**

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The Town Manager's Recommended FY 2026–2027 Budget for Pineville reflects a balanced financial plan focused on maintaining service levels, investing in infrastructure, and advancing Town Council strategic priorities without increasing the property tax rate. The proposed General Fund budget totals \$25.85 million, representing an 11.7% increase over the prior fiscal year, with most of this increase coming from the Penny Sales Tax increase approved through the P.A.V.E. Act. The budget maintains the current tax rate, continues full Town funding of residential trash service, and incorporates no additional fee increases outside of utility adjustments.

The recommended budget prioritizes several key initiatives aligned with Council goals, including downtown investment, mobility and walkability improvements, parks and recreation expansion, and future development planning. Funding is included for continued downtown revitalization efforts, cultural programming, and support for community organizations such as Pineville Neighbors Place. The budget also advances long-term projects to include increased pedestrian safety downtown, updating the Downtown Masterplan, and investments in recreational facilities.

Personnel and employee retention remain a major focus of the FY27 budget. The recommendation includes a 3.5% cost-of-living adjustment (COLA) and an average 2.5% merit increase for employees following the compensation study completed in FY25. Additional funding is included to address a 42% increase in health insurance costs as the Town transitions to the North Carolina Health Insurance Pool (NCHIP). Staff is anticipating the transition to this plan will stabilize rates in upcoming years. Public safety staffing enhancements, including funding to support a SAFER Grant initiative and adjustments to Fire Department weekend supplemental staffing, are also included.

The budget addresses several ongoing financial pressures, including debt affordability, retirement contribution increases, regional economic slowing, and anticipated future park expansion costs. To maintain a balanced budget, the Town utilized a combination of contingency reductions, general government savings, and delayed full-year funding for vacant positions that take several months to fill.

Capital investments remain a significant component of the FY27 plan, with approximately \$1.4 million allocated toward General Fund capital projects. Planned investments include police vehicles, mobility projects, information technology upgrades, public works equipment, park

improvements, outdoor fitness amenities, and enhancements at Jack Hughes Park, including fencing, netting, and scoreboard upgrades. Additional infrastructure funding will support crosswalk improvements, street resurfacing, and stormwater system upgrades through P.A.V.E. Act and Powell Bill funding sources.

The Electric Fund budget totals approximately \$15.25 million and reflects continued investment in utility reliability and future growth. In the upcoming year, the town will have an increase in wholesale rates. In order to absorb this wholesale rate increase a 4% retail electric rate increase is proposed to offset rising wholesale power costs and operational expenses. The budget also includes funding for vehicle replacements, system maintenance, underground infrastructure, asset replacement, and continued development of Substation 4 and the new utility operations facility.

The Pineville Communication System (PCS) budget maintains current operational service levels while continuing infrastructure expansion into new neighborhoods. Capital investments are planned to support customer growth and development in areas such as Miller Farm and Coventry Homes.

Overall, the FY 2026–2027 Recommended Budget positions Pineville to continue delivering high-quality services, strategically invest in infrastructure and community amenities, and support future growth while maintaining fiscal responsibility and avoiding a tax increase.