



## BRUNSWICK COUNTY

May 19, 2025

Brunswick County Board of Commissioners:

Thank you for the opportunity to present the recommended budget for Fiscal Year (FY) 2025-2026. This document is the product of an annual process to align Brunswick County's public resources with the Commissioners' identified goals in the County's Strategic Plan. Our entire Leadership Team and countless staff members have worked diligently to produce a plan that will fund activities and services designed to further achieve the Board's key objectives for the coming fiscal year.

This message accompanies the formal presentation of Brunswick County's recommended budget for Fiscal Year 2025-2026. The development of this document has been a true collaborative effort among our staff with guidance from the Board of Commissioners over the course of several months. Our County Finance department and Leadership Team have done outstanding work to produce a recommended budget that adequately supports the priority service needs of our county's growing population in a fiscally responsible manner. We strongly considered the Commissioners' feedback and long-term goals as outlined in the County's Strategic Plan when drafting this budget.

The recommended budget does not include an ad valorem tax rate change from the current 34.20 cents. The FY 2025-2026 budget proposal for all funds totals \$416,256,509, representing an increase of 6.2% over the budget adopted June 17, 2024. The general fund budget is balanced by using a reasonable fund balance appropriation of \$6,738,352, net of the \$1,239,240 in escrow funds held for the Holden Beach sand nourishment project, for non-recurring capital appropriations as compared to \$6,731,357 in FY 2024-2025.

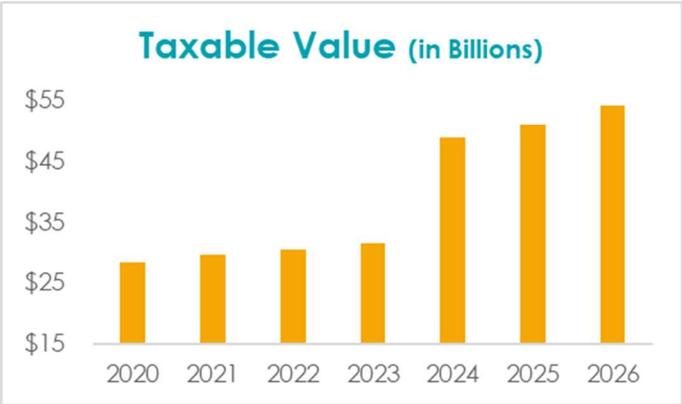
The county's economy is experiencing substantial growth. Nationally, new job growth fluctuates monthly, and the March jobless rate was 4.2%. The average cost of a gallon of gasoline in North Carolina is \$2.84, which is lower than a year ago at \$3.38 per gallon. The most recent statewide leading economic indicators for March, as compared to the same period a year ago, are as follows: the unemployment rate is unchanged at 3.7%, manufacturing hours worked are down 2.0%, but average weekly earnings are up 4.1%. Locally, in March 2025, home sales increased 1.7% compared to one year ago, and sales dollars increased 3.1% in the first quarter of 2025 versus the first quarter of 2024, as reported by the Brunswick County Association of Realtors. Brunswick County's unemployment rate is 4.1% compared to the State at 3.7% and the United States at 4.2%.

The county is part of the Wilmington Metropolitan Statistical Area (MSA), which is the twelfth-fastest-growing MSA in the nation at 2.6%. The State Data Center reported Brunswick County's projected permanent population as 167,112, up from an estimated 138,167 in 2020. The county is ranked first in North Carolina for population percentage growth and fourth in numeric population growth, indicating that people are increasingly choosing Brunswick County as a place to live.

# GOVERNMENTAL FUNDS

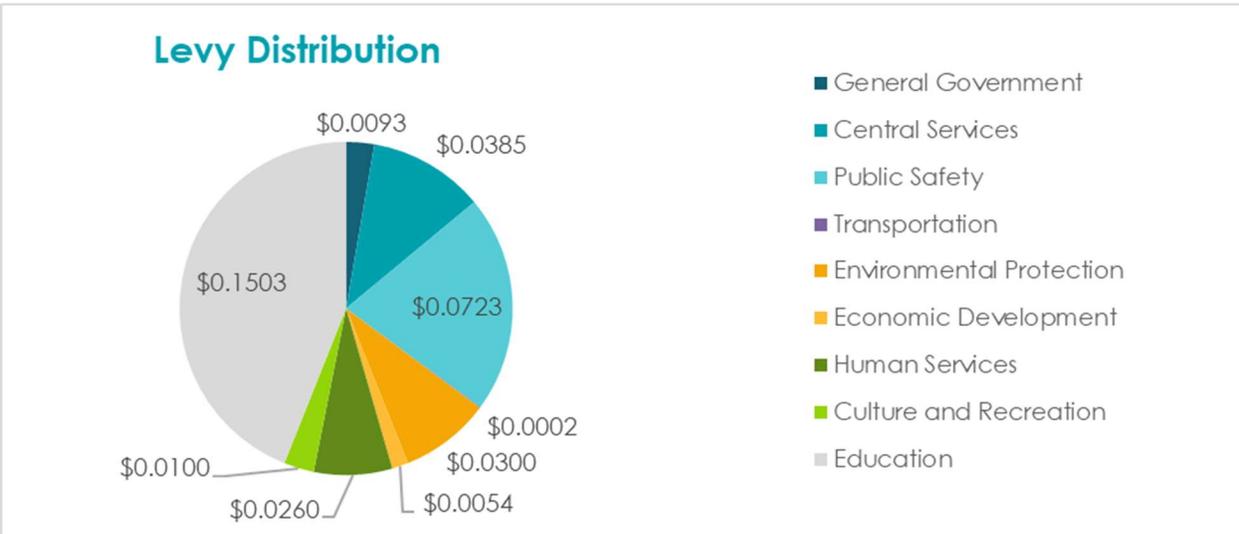
## Revenues

The total recommended general government budget is \$313,077,340, which represents a 5.7% increase from FY 2024-2025. Property tax revenue is the primary source of governmental fund revenue, accounting for \$183,956,402, or 58.8% of the total revenue. This includes the current year’s levy, estimates for prior years’ collections, and interest on delinquent taxes. The total projected tax base, valued as of January 31, 2025, inclusive of real property and motor vehicles, is \$54,078,483,510. FY 2025-2026 is up by \$2,970,278,326 or 5.8% above the total of \$51,108,205,184, on which the FY 2024-2025 budget was based.

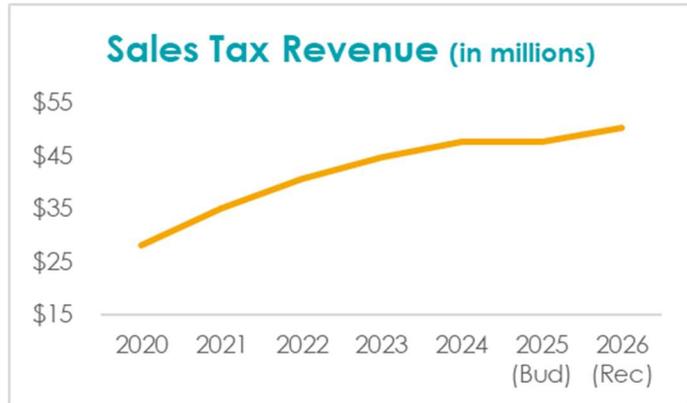


The total projected real property value for FY 2025-2026 is \$52,028,483,510, representing a 5.9% increase over the FY 2024-2025 real property base of \$49,108,205,184. The motor vehicle base is projected to increase 2.5% over the prior year to \$2,050,000,000. The projected collection rate for motor vehicles is close to 100%, which will generate \$7,011,000 of revenue.

The total real property levy for FY 2025-2026 is calculated on a tax base of \$52,028,483,510, the recommended tax rate of 34.20 cents, and with an estimated collection rate of 98.74%. The real property levy is projected to provide \$175,695,402 in revenue. The total property tax revenue projection for both real property and motor vehicles is \$182,706,402, which is \$10,032,511, or 5.8% more than the original budget for FY 2024-2025. The value of one cent on the tax rate is \$5,342,292 as compared to \$5,048,944 in the prior year. The county tax on a home valued at \$375,000 would be \$1,284, and the county tax on a vehicle with a value of \$25,000 would be \$86.



A significant source of general governmental revenue is the Local Option Sales Tax. The growth in sales tax revenue is greater than the current year's projections, and the outlook for continued growth extends into the projection for FY 2025-2026. Total county sales tax revenues, exclusive of the portion of Articles 40 and 42 designated for school capital needs, are projected to be \$38,445,303, which is 1,951,987 or 5.3% greater than the original budget of \$36,493,316 for FY 2024-2025. The portion



of Articles 40 and 42 designated for schools is \$11,955,680, which is \$652,594 or 5.8% greater than the current budget of \$11,303,086. The increased sales tax is attributable to the general economic conditions and the increase in the number of retail businesses locating within the county. The local option portion of the sales tax is 2.00 cents, and the state sales tax rate is 4.75 cents for a total of 6.75 cents.

The County's growth pattern continues to be consistent for FY 2025-2026 and is reflective of the continued number of residential and commercial permits issued. Therefore, most revenue sources are projected to experience a significant increase over the previous year.

Budgeted Revenue	FY 2023	FY 2024	FY 2025	FY 2026	% Change
<b>Solid Waste Tipping Fees</b>	\$3,000,000	\$3,800,000	\$4,500,000	\$4,800,000	+6.67%
<b>Building Permits</b>	\$4,340,000	\$4,525,000	\$7,725,000	\$8,192,988	+6.06%
<b>Deed Stamp Excise Tax</b>	\$5,125,000	\$5,500,000	\$5,575,000	\$6,500,000	+16.59%
<b>Emergency Medical</b>	\$5,525,000	\$6,700,000	\$7,400,000	\$9,050,000	+22.30%

The Sheriff continues to seek new revenues to offset the costs of serving civil warrants and detention center operations. The recommended budget includes consistent revenue associated with federal inmates for a projected FY 2025-2026 budget of \$600,000. State reimbursements for state inmates are projected to increase in the next year to \$360,000. There are no planned reimbursement revenues from other counties for housing inmates. During FY 2020-2021, the Sheriff began a program with the NC Department of Public Safety to provide juvenile detention services at the Brunswick County Detention Center. The recommended budget for FY 2025-2026 includes revenues of \$985,500 to reimburse the County for operating the program.

The restricted intergovernmental funds from the state and federal governments are projected to total \$18,673,456, net of \$1,000,000 NC Education Lottery proceeds received for the schools, which is increased by \$877,405 or 4.9% from the prior fiscal year's original budget of \$17,796,051. This increase is mainly due to an increase of \$427,000 in Federal Revenues for the Section 8 Program in Public Housing.

Given the current political uncertainty surrounding federally funded programs and the state's increasing role in administering major social program payments, future reductions in restricted revenues are likely. The recommended budget includes an appropriation in the health fund of \$705,000 from estimated Medicaid Maximization funds to provide current-year eligible services.

The recommended budget includes a fund balance appropriation for funds held in escrow and non-recurring capital expenditures of \$7,977,592, a slight decrease of \$19,165 from the prior period. A portion of the appropriation is due to escrow funds held in the amount of \$1,239,240 by the County related to the Holden Beach Interlocal Agreement and the issuance of Special Obligation Bonds for beach nourishment. Taking the escrow fund requirement into consideration, this level of fund balance appropriation is consistent with levels in prior years and is reasonable due to the County's FY 2023-2024 unassigned fund balance of \$112,388,522, which is 37.29% of expenditures and transfers to capital projects.

## Expenditures

The recommended budget took into consideration three primary focus areas:

### **1. Employee Retention, Recruitment, and Succession Planning**

- 3.00% market adjustment to employees who meet expectations
- 1.75% to 2.30% merit to employees who meet expectations
- 2.45% to 3.35% merit to employees who exceed expectations
- 3.50% to 3.75% merit to exceptional County employees
- Maintaining competitive employee benefits with no reductions
- Provide employees training, resources, and equipment to facilitate high service levels to residents

### **2. Build appropriate staff capacity for the County's external service functions and internal support functions:**

- An Internal Auditor in County Administration to independently evaluate and improve the effectiveness of the County's risk management, controls, and governance processes
- An additional Communications Specialist to assist with daily and long-range communications assignments and ongoing or new department projects and initiatives that support the needs of a growing county
- A Finance Systems Analyst to ensure that financial systems can scale and adapt for the varied needs of all departments without losing quality or efficiency
- A Voter Outreach and Communications Coordinator to ensure the community receives accurate information regarding elections
- A Custodial Assistant to provide routine cleaning services at all EMS bases
- An additional four Detectives, one Sergeant for Professional Standards, and one additional Administrative Assistant for the Ash Waccamaw Multi-Use Building
- An Emergency Management Planner / Administrative Assistant to enhance the county's emergency recovery and fulfill the administrative function currently shared with EMS, completing the uncoupling of the two departments
- Sixteen Paramedics to meet the needs of a growing county through one additional 24-hour shift (eight), adding manpower to each of the four current shifts (four), and adding 12-hours

to the 12-hour shift created in FY 2024-2025, creating a 24-hour shift located at the Ash Waccamaw Multi-Use Building (four)

- One additional Community Paramedic to increase services in the Community Paramedicine Program beyond a focus that aligns with the National Opioid Settlement Fund
- Four additional Telecommunicator positions to keep up with increasing demand
- Two additional Library Assistants to be located at the Harper and Barbee Libraries
- An Athletic Specialist to meet the demand for youth and adult athletic programs
- An additional Site Maintenance crew consisting of one Crew Lead and one Crew Assistant to enhance the County's Parks and Recreation experience
- An Interpreter to improve health services to our community
- A Paralegal, a Social Worker III – Adult Protective Services, and a Social Worker I - Visitation to meet mandated state service guidelines

### **3. Meet the Needs of a Growing County with Diverse Demographics**

- Continued funding to increase cybersecurity, maintain the current computer replacement program, and provide technology and software support
- An increase of 8.90% per the updated funding agreement with Brunswick County Schools for their operating budget, resulting from growth in ad valorem taxes and the reduction in debt service, as considered by the agreement
- Increase of 7.10% to Brunswick Community College to support existing programs and \$350,000 for the Foundation Grant providing tuition assistance
- An 8.04% increase in funding for Brunswick Senior Resources to support programs at five district senior centers, provide full-year support for the newly completed Ash Waccamaw Multi-use Facility, and offset the reduction in the Home and Community Care Block Grant
- Decrease in debt service due to current cost uncertainty around the issuance of a limited obligation bond for a combined Emergency Operations Center and Health and Human Services building project that began in FY 2024-2025. The difference in debt service for this issue budgeted in the prior year, less the amount that benefited Brunswick County Schools, is \$2,323,513 and is presented as a transfer to the County Capital Reserve
- Decrease in County contributions of 5.8% to Health Services is due to the reallocation of two major components:
  - the Community Paramedicine Program from Health to Public Safety to align with Emergency Medical Services administration
  - the separation of Human Services Agency budgets, reducing Health funding needs by \$761,648. Agency funding is now maintained outside the Health budgets to enhance administrative efficiency. This structure streamlines the individual Health and Social Services departments while preserving the overall Human Services function funding levels
- Increase of 3.1% to Social Services to align with Commissioner goals and to promote a healthy and strong community, offset by the separation of Human Services Agency budgets, reducing Social Services funding needs by \$474,500, as referenced above

## **Solid Waste Management**

Solid waste management, including the operation of the County's construction and demolition landfill and contracting for the countywide curbside collection of municipal solid waste, represents 8.9% of the general government expenditures. The County has a countywide solid waste collection and disposal

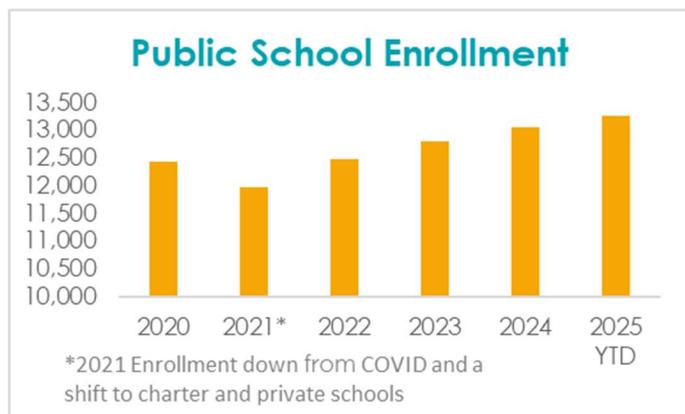
contract with GFL Environmental through June 2028. The contract includes an annual price adjustment formula based on March CPI and the previous year’s number of new cans added. The FY 2025-2026 per unit rate increased \$0.16 to \$13.91. Based on average growth in cans of 420 per month and replacement cans, the budget for countywide solid waste collection is \$21,100,000, a \$1,300,000 increase over the prior year’s budget of \$19,800,000.

The construction and demolition tonnage received at the County’s landfill increased 24.4% as of June 30, 2024, compared to the previous year. To preserve the existing capacity in the landfill and extend the useful life of the facility, the County contracts with GFL Environmental for the diversion of waste to a landfill in Sampson County, North Carolina. The cost of diverting 100% of the waste from the landfill is currently \$55.10 per ton or \$4,500,000 per year. The current landfill closure reserve balance accumulated is \$11,329,653, with no plans for an additional transfer to the reserve in FY 2025-2026. The total cost of closure is currently estimated at \$9,168,295, with the remaining reserve available as contingency.

GFL Environmental provides curbside recycling services on a voluntary individual contract basis, for which the users bear the costs through direct billing with no direct fiscal impact to Brunswick County. As of April 30, 2025, 31,317 county households are using curbside recycling either voluntarily or through their municipal services.

### Brunswick County Public Schools

The County has a long-standing funding agreement with the Brunswick County Board of Education. The Board of Commissioners approved a new, four-year funding agreement on April 21, 2025. The new agreement maintains the prior agreement’s requirements for the County to provide 36.5% of the ad valorem tax revenue to the schools for operating expenditures. The new agreement modifies that only Brunswick County Schools’ debt service, not all governmental debt service, will be deducted from the tax revenues. Additionally, the new agreement provides flexibility of the 36.5% to be a max of .75% for Categories II and III Capital Outlay and a minimum of 35.75% for Current Expense.



The total recommended FY 2025-2026 school appropriation, following the funding agreement, is \$62,694,250, which represents an increase of approximately 8.90% or \$5,123,081 over the FY 2024-2025 approved budget. Under the terms of the agreement, the Board of Education elected to maintain the current breakdown of 35.75%, or \$61,406,012, which will be used for current expense, and 0.75%, or \$1,288,238, which will be used for category II (furniture, fixtures, and equipment) and category III capital outlay (vehicles and rolling stock).

The schools are projected to receive \$10,444,541 of local option sales tax proceeds, after subtracting \$1,511,139 dedicated to school debt service. The remainder is for category I (improvements to buildings and grounds) capital outlay annual needs. The estimated state lottery proceeds of \$1,000,000 will be used for debt service instead of local option sales tax proceeds, increasing the amount to be used for category I capital outlay annual needs. The school’s capital improvement plan includes resources from

the prior years' ad valorem collections received according to the funding agreement of \$310,250 to aid in funding additional category I capital outlay system improvements.

The total general obligation debt service for Brunswick County Schools for FY 2025-2026 is \$10,931,335. An additional \$2,511,139 of limited obligation debt associated with Town Creek Elementary School, Cedar Grove Middle School, North Brunswick High School additions, and Waccamaw Multi-Purpose Facility is funded from statutory sales tax and lottery revenue proceeds dedicated to school capital outlay. Including the debt service, 40.30% or \$73,625,585 of the County's current year ad valorem property tax revenue is appropriated for K-12 public education purposes.

In FY 2023-2024, Brunswick County ranked 20<sup>th</sup> in North Carolina for local funding of public schools based on per-pupil expenditures. With the state funding rank of 97<sup>th</sup>, federal funding rank of 57<sup>th</sup>, and local per-pupil spending combined, Brunswick County ranked 68<sup>th</sup> in the State in total for \$12,878.67 expended per pupil.

### Brunswick Community College

There is no general obligation debt outstanding for Brunswick Community College. The debt was satisfied in FY 2023-2024. The new Allied Health Building was constructed to house all health occupation programs on the main campus using \$2.85 million of NC Connect State Bond Funds and an additional \$2.85 million of county and college funds. The former Early Childhood Education Center was renovated, and an addition was constructed.

The recommended community college appropriation in FY 2025-2026 is \$6,332,696 to meet operating and capital needs. One-time capital costs make up \$595,000 of this amount and include \$245,000 for building improvements, \$150,000 for the replacement of Aquatic Center climate control equipment, main roadway repairs of \$170,000, and \$30,000 for two golf carts. The combined recommended change to the support for the community college totals an increase of \$419,931 or 7.1%. Included in the funding for the Brunswick Community College is \$350,000 for the foundation grant (consistent with the prior year) to assist with tuition and fees for qualified Brunswick County High School graduates.

In FY 2023-2024, Brunswick Community College is ranked fourth in the state for local support.

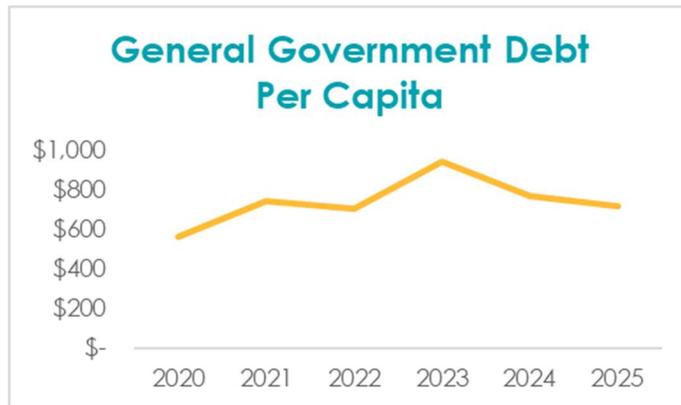
### Debt Service

Brunswick County government is in a good position regarding capital facilities for general fund operations, but with aging facilities and growth in services, a facility and space needs study was completed in FY 2021-2022. Of the estimated \$180 million identified from the results of that study, \$73,632,059 of projects have been added to the recommended Capital Improvement Plan. An estimated \$71,932,059 for a combined Emergency Operations Center and a Health and Human Services building project began in FY 2024-2025. \$55,451,366 of reserves are available, with the remaining funds coming from a limited obligations bonds issuance, depending on the final cost of the project.

In November 2017, the voters approved a \$152 million general obligation bond referendum to address the school capital needs of district-wide maintenance and improvements and the need for a new Town Creek Middle School, classroom additions for Lincoln Elementary School, West Brunswick High School, North Brunswick High School, and Town Creek Elementary, replacement of the Waccamaw K-1-2 building,

and the addition of a STEM/CTE Program, totaling \$152 million. There were three separate phases of bond issues scheduled within five years, with the first phase issuing \$52,950,184 in June 2018, adding additional debt service in FY 2020 of \$5,636,172. The second phase was issued in July 2020 for \$47,549,033, adding \$4,362,370 in additional debt service in FY 2022. The final phase was issued in July 2022 for \$51,684,431 with an estimated interest-only payment of \$1,094,620 in FY 2022-2023 and annual debt service payments, which began in FY 2023-2024, adding an estimated \$4,386,100.

Overall, Brunswick County’s per capita debt ratio is low. The County’s total outstanding governmental funds debt will decrease from \$129,020,000 to \$119,865,000 as of June 30, 2025. This equates to approximately \$717 per capita, of which the current net general obligation debt is roughly \$656.



The total general government debt service budget will be \$13,452,474, representing a decrease of \$4,088,925 or 23.3% from the prior year. This decrease is primarily driven by the uncertainty surrounding annual debt service payments for a planned limited obligation bond issued for the construction of a combined Emergency Operations Center and Health and Human Services building. However, the decrease is partially offset in the upcoming budget by a \$2,323,513 transfer to the county capital reserve for the project.

### Human Services

Changes in the costs for Human Service departments and related organizations include a general government local funding contribution of \$6,594,052 to the health fund programs, representing a decrease of \$402,980 or 5.8%, mainly due to the Community Paramedicine Program transitioning from a Health function to Public Safety to align with Emergency Medical Services administration. Additionally, the separation of Human Services Agency budgets reduces Health funding needs by \$761,648. Agency funding is now maintained outside the health budgets to enhance administrative efficiency. This structure streamlines the individual Health and Social Services departments while preserving the overall Human Services function funding levels.

The total contribution to the social services fund of \$11,604,508 represents an increase of \$350,952 or 3.1% from the current year's appropriation, mainly due to increases in state and federal programs and changes in employee costs, including three additional full-time equivalents (FTEs). These increases are partially offset by the separation of Human Services Agency budgets, reducing Social Services funding needs by \$474,500, as referenced above.

The Human Services Agency budget now encompasses funding for agencies previously managed under the Health and Social Services departments, resulting in a total net increase of \$38,375 despite the administrative transition. Funding of \$250,443 is recommended to enter into a contract for services that include crisis intervention with the state agency Trillium. Funding of \$481,800 for The Healing Place and \$328,500 for Christian Recovery Centers Incorporated (CRCI) is recommended, with a portion eligible for reimbursement from National Opioid Settlement funding. There is a recommended increase of \$30,000 for Brunswick Family Assistance for a total of \$202,000 and \$70,000 for Brunswick Partnership for Housing

funds for the homeless coalition initiative. It is also recommended to continue support for contracted services of Hope Harbor (\$90,000), Coastal Horizon and Providence Home (\$35,000 each), and New Hope Clinic (\$75,000).

The recommended appropriation to Brunswick Senior Resources, Inc. is \$3,886,932, which is 8.0% greater than the prior year and dedicated to continued program support. This includes a \$161,363 increase for a total of \$316,733 for a full year of operations at the Ash Waccamaw Multi-Use Facility and a \$191,901 increase in county funding to offset the reduction in the Home and Community Care Block Grant.

## Employee Benefits

The FY 2025-2026 budget recommendation includes a market adjustment of 3.00% for employees who meet expectations. This represents a cost of approximately \$3,361,773, of which \$499,965 is budgeted in the enterprise fund. Additionally, funding for average employee merit raises of 2.75% is budgeted at an estimated cost of \$3,081,626, with \$458,301 allocated in the enterprise fund.

The County will continue to contribute to a fully insured health benefit pool established through NCHIP. The administrator for the plan will continue to be Blue Cross Blue Shield. There will be no plan benefit design changes, with a 5.4% increase in premiums for health and dental insurance. The county contribution per employee for this benefit is \$10,015.

The County will continue its workers' compensation program with the North Carolina Association of County Commissioners (NCACC). The current projection for a standard pay plan with an estimated 3.00% increase from FY 2024-2025 results in a total budget of \$1,126,858, of which \$175,552 is allocated to the enterprise fund.

The Local Government Employee Retirement System Board recommended contribution rates are 14.35% for general employees and 16.10% for law enforcement, representing a 1.00% increase for each.

The proposed budget includes funding for all currently provided employee benefits, including the 5% 401K employer contribution and longevity pay for employees with five years or more of service.

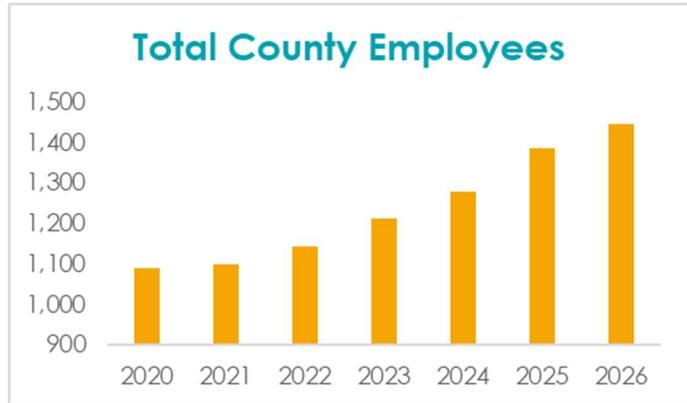
## Staffing / Positions

Departments associated with development and construction permitting are experiencing an increased level of activity over the prior year due to the continued growth in the county. Other departments, primarily those that provide human services, public safety, or internal and support services, have continued to experience an increase in service demands.

Forty-two new positions are recommended for the general fund. The general fund recommended FTE changes are the addition of four positions in General Government, two positions in Central Services, twenty-seven positions in Public Safety, four positions in Human Services, and five positions in Cultural and Recreation. The total cost of new positions added in FY 2026 is \$3,021,229.

As part of the County's goal to maintain a competitive pay plan in accordance with policy, more than 25% of budgeted positions are analyzed to ensure the County remains competitive with its peers and in line with the market.

The general government operations provide school resource officers, which are reimbursed by the school system and the charter schools, totaling \$2,251,618 at a flat annual rate of \$81,877 per officer, up from the prior year due to the changes for merit, market, and benefits per employee. General Government operations also provide the school system with a detective dedicated to school safety that is included in the reimbursement agreement. The detective base rate for FY 2025-2026 is \$89,960. The officers and a detective bring the total reimbursement to \$2,341,578.



These changes, along with the nine new positions included with the enterprise recommendation, bring the total number of positions to 1,447.51, of which 1,216.51 are associated with general government functions and 231 are associated with enterprise operations.

### Capital Improvement Plan

The list of projects recommended for funding in FY 2025-2026 totals \$77,396,845.

The environmental protection component of the capital improvement plan is \$700,000 for landfill closure. The Culture and Recreation component includes \$120,000 for expansion of the Rourk Library Branch. The public safety component includes \$7,061,152 for the construction of an Animal Protection Services Adoption Center and \$1,035,000 for the Northeast EMS Base Station. The general government component includes \$68,480,693 for a combined Emergency Operations Center and Health and Human Services building.

The FY 2025-2026 governmental capital improvement plan funding sources, as presented, are \$60,796,152 of capital reserve that has been designated for these projects, \$16,480,693 of debt proceeds, and \$120,000 with funding still to be determined. The five-year capital improvement plan represents a living document. Some projects scheduled initially for the five-year timeframe may have been deferred to later years.

### Capital Outlay and Major Operating Expenditures

The recommended general fund budget includes \$6,053,144 dedicated to capital outlay and major operating expenditures, a decrease of \$1,912,770 from the FY 2024-2025 approved budget. Capital outlay in general fund departments consists of items valued at more than \$5,000. Some of the more significant capital items include an In-Car Camera/Body Worn Camera/Digital Evidence System for the Sheriff's Office with a projected cost range between \$500,000 and \$837,720. In addition, two replacements and one additional ambulance, totaling \$1,155,000, and a body camera system at \$200,000 are recommended for Emergency Medical Services. Replacement and additional vehicles recommended include one replacement truck for Engineering at \$45,000, two replacement vehicles for Tax Administration totaling \$66,000, five replacement vehicles for Fleet Services totaling \$278,000, ten replacement marked patrol cars, four unmarked replacement vehicles, and one K-9 replacement vehicles totaling \$897,519 with

associated equipment for the Sheriff's Office, replacement of one quick response vehicle for Emergency Services at \$75,000, \$72,000 for an additional SUV for Community Paramedicine, one replacement truck for Fire Inspections totaling \$47,000, a replacement truck for Sheriff's Animal Protective Services at \$52,330, \$50,000 for a replacement truck for Cooperative Extension, four replacement trucks for Parks & Recreation Maintenance totaling \$154,600, a replacement vehicle for Public Housing for \$35,000, and \$80,000 for Social Services for two replacement vehicles.

The Operations Services budget includes \$368,000 for repairs and maintenance to buildings, \$438,000 for repairs and maintenance to equipment, \$78,750 for generator maintenance, and \$130,000 for repairs and maintenance to vehicles. The budget also includes \$30,000 to cover portions of the government center's parking areas and off-site facilities.

The major operating budget includes 225 replacements and 82 additional desktops, monitors, laptops, and tablets for a total recommended cost of \$679,790.

## NATIONAL OPIOID SETTLEMENT FUNDS

In April 2022, drug manufacturer Johnson & Johnson and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion nationwide settlement related to multiple opioid lawsuits referred to as Wave One Settlements. Wave One Settlements will be disbursed over 18 years to each participating state according to the North Carolina Memorandum of Agreement (MOA) on the use of opioid settlement funds.

An additional \$21 billion in settlements were finalized from Walmart, Teva, Allergan, CVS, and Walgreens and are referred to as Wave Two Settlements. Wave Two Settlements are governed by the Supplemental Agreement for Additional Funds (SAAF) in a manner consistent with the MOA and will be made over 15 years.

Other settlements and bankruptcies not included in Wave One and Wave Two Settlements include Kroger, Mallinckrodt, Endo, Purdue, and McKinsey. Except for the McKinsey cases, these settlements are governed by the NC MOA. The McKinsey cases are not subject to the NC Memorandum of Agreement (NC MOA) and are included in a separate fund for accounting and tracking purposes.

The County is estimated to receive over \$25 million from Wave One and Wave Two Settlements from 2022 to 2038. To date, the County has received \$7,583,765 in settlement disbursements and earned \$352,266 in interest. According to the terms of the MOA, the County has created a special revenue fund to account for these funds.

Included in the recommended budget is funding for a Social Services Clinician to provide care navigation and crisis response for cases involving opioid use, residential recovery services to Brunswick County residents from contracted providers The Healing Place and CRCI, a Health Educator to support/coordinate the county's substance use prevention and recovery efforts, a Community Paramedicine program to support post overdose response by providing connection to treatment services, the ARROW Program which supports a coordinator and detention officer position along with contracted providers that offer treatment interventions to incarcerated individuals, and the distribution of Naloxone to community partners to persons at risk of overdose or their social networks.

## ENTERPRISE FUND

The County’s enterprise fund continues to expand to meet the service needs of retail, industrial, and wholesale customers. The customer base is experiencing consistent and moderate growth. The County currently has 64,325 water retail customers and 34,075 sewer retail customers. Customer connections provide system development fee revenues, which are a source dedicated to the retirement of debt service for system expansion projects.

Since 2001, the County has aggressively pursued the development of regional wastewater systems and has made great progress in positioning the County for growth with treatment and transmission systems in the three distinct regional service areas. The County continues to strengthen regionalism by adding participants and establishing contractual relationships that eliminate duplication of effort and capital costs. Additionally, a number of projects have occurred over the past several years that further strengthen the County’s role as the regional wastewater treatment provider in Brunswick County.

The County continues to expand the water distribution system to meet the potable water needs of the county. The County is currently constructing an advanced low-pressure reverse osmosis water treatment system and expanding the treatment capacity at the Northwest Water Treatment Plant.

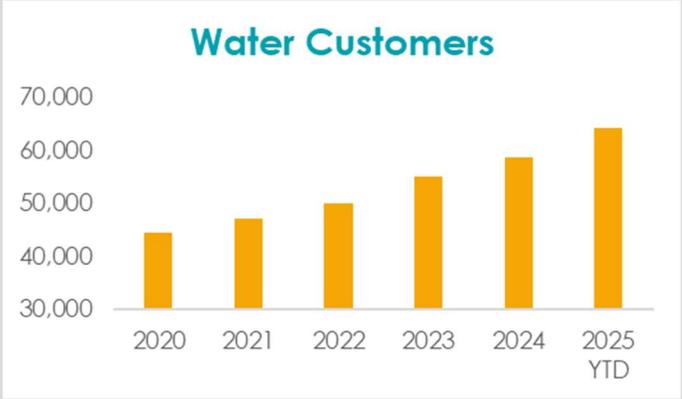
In April 2018, the County completed an analysis of the water and wastewater systems, which resulted in system development fee (SDF) recommendations and adoption by the County Commissioners. According to Chapter 162A, Article 8 of the North Carolina General Statutes, this fee must be re-evaluated and updated every five years or less. Accordingly, in January 2023, Brunswick County authorized a firm to evaluate and develop cost-justified public water and wastewater system development fees. The County Commissioners received and adopted this report at the April 15<sup>th</sup>, 2024, meeting. Based on the lack of available capacity and the extensive capital improvement plan, the appropriate method for calculating the SDF was determined to be the incremental cost method. This method requires the analysis of existing and proposed projects as defined by the County water and wastewater master plans and the associated capital improvement plans to serve new development on the planning horizon. The capital improvement plans for both the water and wastewater utilities are extensive and reflect the current and future development of the coastal region. In FY 2024-2025, the Board approved a plan to incrementally increase the Capital Recovery Fee (CRF) and Transmission Recovery Fee (TRF) to 90% of the maximum allowable water and wastewater System Development Fee on a per-gallon and per-connection basis for new development within the County’s retail area. The final increment of that phased-in approach will begin on July 1, 2025.

Item	Approved SDF Phase-In	2026 SDF Fees
<b>Water System</b>		
<b>CRF Residential – per bedroom</b>	July 1, 2024 - \$287 Jan. 1, 2025 - \$621 July 1, 2025 - \$955	\$955
<b>CRF Commercial – gallons per day</b>	July 1, 2024 - \$4.10 Jan. 1, 2025 - \$8.01 July 1, 2025 - \$11.92	\$11.92

Item	Approved SDF Phase-In	2026 SDF Fees
<b>Water System (continued)</b>		
<b>TRF Residential – per bedroom</b>	July 1, 2024 - \$97 Jan. 1, 2025 - \$108 July 1, 2025 - \$119	\$119
<b>TRF Commercial – gallons per day</b>	July 1, 2024 - \$1.38 Jan. 1, 2025 - \$1.43 July 1, 2025 - \$1.48	\$1.43
<b>Wastewater System</b>		
<b>CRF Residential – per bedroom</b>	July 1, 2024 - \$1,000 Jan. 1, 2025 - \$1,478 July 1, 2025 - \$1,956	\$1,956
<b>CRF Commercial – gallons per day</b>	July 1, 2024 - \$14.29 Jan. 1, 2025 - \$21.11 July 1, 2025 - \$27.93	\$27.93
<b>TRF Residential – per bedroom</b>	July 1, 2024 - \$252 Jan. 1, 2025 - \$252 July 1, 2025 - \$252	\$252
<b>TRF Commercial – gallons per day</b>	July 1, 2024 - \$3.59 Jan. 1, 2025 - \$3.59 July 1, 2025 - \$3.59	\$3.59

**Water Fund**

The total recommended water fund budget increased to \$51,842,739 in FY 2025-2026, which is \$342,856 greater than the original budget for FY 2024-2025 of \$51,499,883. The increase is mainly attributed to the professional services associated with expansion, rates, and modeling, and an increase for purchasing raw water from LCFWSA based on the anticipated rate of \$0.48 per 1,000 gallons. This is partially offset by 33.00% or \$950,932 of Utility Billing department costs recommended to be allocated to the Wastewater Fund, leaving 67.00% in the Water Fund. This allocation is based on the prior fiscal year-end breakdown of retail customers.



**Revenues**

Water sales are projected to be \$12,000,000 for retail, \$5,750,000 for irrigation, \$2,200,000 for industrial, and \$5,000,000 for wholesale. The monthly base service charges will produce \$12,700,000 annually, mainly representing the County's residential and commercial customers. The irrigation base service

charge is projected to produce \$1,100,000 annually. Conservatively budgeted, one-time user charges are expected to generate \$5,879,898 from system development and connection fees.

### Operating Costs

There are two new positions recommended for water operations: a Meter Reader Supervisor and a Customer Service Supervisor, aimed at improving the department's organizational structure and enhancing the County's ability to provide timely and accurate customer service. The additional FTE costs total \$134,299, covering salary and benefits.

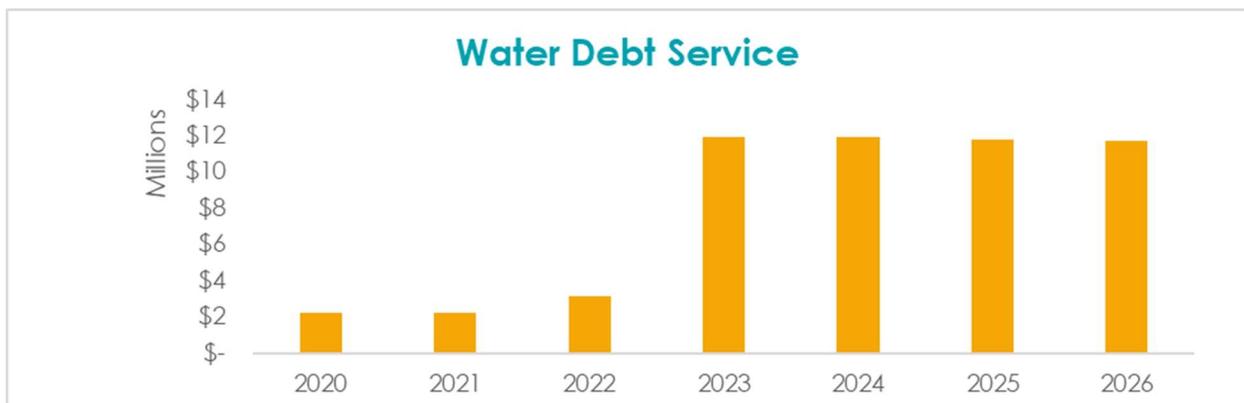
The amount budgeted for the purchase of raw water from the Lower Cape Fear Water and Sewer Authority (LCFWSA) is \$850,680 higher than the current year at \$3,250,000. This appropriation is estimated with a projected rate of \$0.48 per thousand gallons and a predicted flow of 6.75 billion gallons. The County will continue to operate and maintain the raw water pumping station at Kings Bluff for the LCFWSA on a reimbursement basis. The operating budget for the Kings Bluff Pumping Station is comparable to the prior year at \$720,196.

### Capital Outlay

Some of the larger operating capital items for the water divisions include an enclosed bay for the outdoor shelter for the Water Distribution Division at \$100,000 and an excavator with attachments totaling \$130,000 for the Water Constructions Division. Two tri-axle dump trucks are recommended for replacement at \$235,000 each. Additional vehicles recommended include twenty-seven replacements and one additional vehicle, totaling \$1,238,000. The total operating capital outlay for the water fund is \$1,727,129.

### Debt Service

The total water fund debt service budget is comparable to that of the prior year at \$11,699,003, with a slight decrease due to the regular amortization of existing bonds.



### Capital Improvement Plan

The water fund capital improvement plan includes seven projects planned for FY 2025-2026 at a total estimated cost of \$26,292,000. These projects include the Hwy 74/76 Industrial Park Tank at \$7,889,000

partially grant funded with additional funds needed still to be determined, a Raw Water Reservoir for the Northwest Water Treatment Plant at \$995,000 with available capital reserve funding, \$2,500,000 of pay-go funds to continue the Neighborhood Water Mains Improvement Project adding to the current allocation of \$1,000,000, \$780,000 to replace asbestos concrete lines in Shallotte using available capital reserves, and the Mid-Atlantic Rail Park On-site Water Project at \$3,700,000 funded with capital reserve funds. The water fund is also planning two projects dependent on the award of grant funds: the Bolivia and Longwood Area Water projects. Currently under construction are improvements in Navassa and Southport, and the Northwest Water Plant expansion and advanced treatment through a low-pressure reverse osmosis process to provide 36 million gallons per day (MGD) of treated water.

## Wastewater Fund

The total recommended wastewater fund budget for FY 2025-2026 is \$49,593,413, representing a 15.9% increase of \$6,786,816 over the FY 2024-2025 original budget. The increase is partially attributed to the professional services associated with expansion, rates, and modeling. This increase also includes \$950,932 or 33.00% of Utility Billing department costs recommended to be allocated to the Wastewater Fund, leaving 67.00% in the Water Fund. This allocation is based on the prior fiscal year-end breakdown of retail customers.

## Revenue

No increase in the current wastewater retail rate structure is projected to generate \$19,500,000 or \$3,200,000 more than the \$16,300,000 projected in the FY 2024-2025 budget. Conservatively budgeted, one-time user charges are expected to generate \$8,942,822 from system development and connection fees.

## Operating Costs

There are seven new positions recommended for wastewater operations: a GIS Analyst and a Project Manager in Wastewater Administration, three Collections Mechanics in the Wastewater Construction Division, and a Wastewater Treatment Operator Trainee and Maintenance Mechanic at the West Regional Wastewater Plant, totaling \$372,608 for salary and benefits.

The regional wastewater systems operated by the County continue to be successful and assist all participants in controlling operational costs.

The Northeast Regional Wastewater System has been in operation since the early 2000s. Based on an annual average daily flow of 3.1 MGD and an operational budget of \$4,094,547, the wholesale rate for the Northeast participants is recommended to remain at \$2.71 per 1,000 gallons.

The recommended operating budget for the West Brunswick Regional Wastewater System is \$5,207,116, up 7.8%. The average



daily flow to the plant is estimated to be 4.79 MGD. The wholesale rate is recommended to remain at \$3.19 per 1,000 gallons.

The Town of Ocean Isle Beach became a regional participant in 2012, and in exchange, the Town deeded and dedicated its existing 1.05 MGD wastewater treatment plant. For FY 2024-2025, the wholesale rate is recommended to remain at \$4.20 per 1,000 gallons, resulting in an operational budget of \$818,309.

### Capital Outlay

Some of the larger operating capital items for the wastewater divisions include a boom truck, a repump spare pump, and storage building improvements for the Collection Division totaling \$785,000, a Tri-Axle dump truck replacement and a hydro-excavation truck for the Wastewater Construction Division for \$810,000, an oxidation ditch three gearbox replacement and ATAD coatings at the Northeast Regional Wastewater Plant for \$420,000, and \$150,000 for a ditch aerator VFD replacement at the West Regional Wastewater Plant. Additional vehicles recommended include twelve replacement vehicles totaling \$499,000. The total operating capital outlay for the wastewater fund is \$3,431,500.

### Debt Service

The wastewater fund debt service budget is substantial due to the development and expansion of collection systems using special assessment funds, as well as the expansion of regional treatment and transmission infrastructure. The total debt service budget for FY 2025-2026 is \$15,238,994, a slight decrease from FY 2024-2025, resulting from normal amortization.



The West Regional Wastewater participants are responsible for \$4,551,129 of the total wastewater fund debt service related to the construction and expansion of the plant and associated facilities. Contributions from these participants include the Town of Oak Island (\$2,672,150), the Town of Holden Beach (\$1,105,339), the Town of Shallotte (\$498,640), and the Town of Ocean Isle Beach (\$275,000).

Northeast Regional Wastewater participants are responsible for \$2,669,900 in debt service. Debt service reimbursements from the Northeast Regional participant, Brunswick Regional Water and Sewer (H2GO), total \$2,669,900.

### Capital Improvement Plan

The wastewater capital improvement plan for FY 2025-2026 is \$43,284,653. Significant projects include \$17,746,916 for the West Brunswick Biosolids Processing Facility, funded with reserves and debt service partially reimbursed by the West Regional System Participants, \$12,019,011 for the construction of the Bolivia By-Pass Transmission Force Main, and the Mid-Atlantic Rail Park On-site Sewer Project at \$3,903,463 funded with a grant and available capital reserves.

## CONCLUSION

I want to extend my thanks and appreciation to the Commissioners and all our staff who worked tirelessly to produce the recommended budget. We are proud to have such dedicated team members within our organization who are committed to our County and the Board's long-term strategic goals. I look forward to working with you over the next month to produce the Board's final budget for FY 2025-2026.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Steve Stone', with a stylized, cursive script.

**STEVE STONE**  
Brunswick County Manager