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www.wmpo.org

Create and execute continuing, cooperative and comprehensive regional long-range planning efforts that pro-actively drive transportation decisions to improve safety, connectivity, economic development and quality of life in the Wilmington region.

TO: Wilmington Urban Area MPO Alternative Funding Subcommittee members
FROM: Mike Kozlosky, Executive Director
DATE: September 18, 2025
SUBJECT: Wilmington Urban Area Metropolitan Planning Organization's Alternative Funding Subcommittee Regular Meeting

The Wilmington Urban Area Metropolitan Planning Organization's Alternative Funding Subcommittee will hold a Regular Meeting on Wednesday, September 24, 2025, at 2 pm. The meeting will be held in the WMPO Board Room located at 525 North 4th Street in downtown Wilmington, North Carolina. The meeting will be streamed live online so that simultaneous live audio, and video, if any, of the meeting is available at the following URL: <https://us06web.zoom.us/j/86528092824>

Simultaneous live audio of the meeting is also available via audio conference at the following dial in number. (646) 558-8656

Meeting ID: 865 2809 2824

Please join the meeting from your computer, tablet or smartphone.

The following is the agenda for the meeting:

1. Call to Order
2. Roll Call
3. Approval of Subcommittee Meeting Minutes- August 27, 2025
4. Update/Feedback from County Representatives on Commissioner's Discussions
5. Consideration of a Committee recommendation to continue to explore a Local Option Sales Tax
6. Feedback on Draft White Paper
7. Adjourn

Wilmington Urban Area Metropolitan Planning Organization

City of Wilmington • Town of Carolina Beach • Town of Kure Beach • Town of Wrightsville Beach
County of New Hanover • Town of Belville • Town of Leland • Town of Navassa • County of Brunswick
County of Pender • Cape Fear Public Transportation Authority • North Carolina Department of Transportation



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Alternative Funding Subcommittee Meeting Minutes
Wednesday August 27, 2025
525 N 4th Street
Wilmington, NC 28401

Members Present, In person

Luke Waddell, City of Wilmington
Frank Williams, Brunswick County
Brad George, Pender County Commissioner
Dane Scalise, New Hanover County
Commissioner
Hank Miller, Ex-officio, Town of
Wrightsville Beach

Others Present, In Person

Mike Kozlosky, WMPO
Chase Horton, Maynard Nexsen
David Ferrell, Maynard Nexsen
Abby Lorenzo, WMPO
Caitlin Cerza, WMPO
Ronda Hogan, WMPO
Richard Collier, McKim & Creed

Members Absent

Landon Zimmer, NC Board of
Transportation

Others Present, Remote

1. Call to Order

Chairman Frank Williams called the meeting to order at 2:00pm.

2. Roll Call

Mike Kozlosky, WMPO Executive Director, called the roll.

Present: Dane Scalise, Luke Waddell, Frank Williams, Brad George, and Hank Miller (Ex-officio)

3. Approval of Subcommittee Meeting Minutes – July 28, 2025

Dane Scalise made a motion to approve the minutes of the July 28, 2025, meeting. Luke Waddell seconded the motion, the motion passed unanimously.

4. Alternative Funding Option Discussion – Mike Kozlosky, WMPO

Mike Kozlosky presented the committee with a quick overview of why the committee was assembled and some options they may consider for alternative funding sources. Mr. Kozlosky stated that there is a significant funding gap between needed projects and funding

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availability, leading to consideration of alternative funding sources. Mr. Kozlosky presented the committee with the NCDOT's estimated funding availability for 2028-2037, stating that these numbers are best case scenario and the amounts will likely decrease. He stated this point furthers the need for the discussion of alternative funding considerations. Mr. Kozlosky highlighted all the options presented to the committee at the last meeting and stated that the only real options for this region would be tolling and a local option sales tax. Mr. Kozlosky concluded his presentation by showing the annual projected revenue, by county, for a one cent sale tax and reviewed the advantages and disadvantages of tolling.

5. Potential Legislative Effort – David Ferrell and Chase Horton, Maynard Nexsen

Chase Horton began the Potential Legislative Effort presentation with a brief overview of the topics they would like to cover. He explained the benefits of a regional transportation authority and the purpose of them, including their key provisions and relevance to WMPO. Mr. Horton highlighted the purpose and key provisions of the local sales tax, along with its relevance to the WMPO. He then reviewed the statutory changes that would be needed and the legislative approach if the committee were to move forward, including what a draft bill would look like. At this point Mr. Horton turned the presentation over to David Ferrell who explained that there would have to be decisions made on what powers are given to an authority for general maintenance, control, and decision making for the projects that the authority would govern. Mr. Ferrell reviewed the local sales tax option, explaining how the referendum could be developed for the voters' clarity. He discussed revenue distribution options, including surplus revenue options. Mr. Ferrell concluded his presentation with a review of what would be required, including establishing the governance board and the accountability of that board. He also highlighted the next steps that the committee should be thinking about if they should decide to move forward.

Dane Scalise expressed his concerns about making sure that the citizenry of the three counties supports this proposition. Frank Williams spoke about how to present the referendum to the voting community. Luke Waddell questioned if Mecklenburg County polled the community before putting the referendum on the ballot. Brad George stated that Pender County is in a different position, because only a small part of the County is in the MPO, funding for the bridge is not really a concern for the community of Pender County, however, with their growing communities, if the funding could be used for more local projects, Mr. George feels like it would be a good idea, basically getting ahead of the need in Pender County. The committee concluded that a good next step would be to see if the WMPO Board supports the committee members speaking with the counties to see if they would support a sales tax referendum at the polls.

6. Adjourn

Dane Scalise made a motion to set up regular Alternative Funding Committee meetings at 2:00 pm, directly before the regular WMPO Board meetings. Luke Waddell seconded the motion, the motion passed unanimously.

Next meeting was set for September 24, 2025, at 2:00pm in the WMPO Board Room. Chairman Williams adjourned the meeting at 2:53pm.

Respectfully submitted,

Mike Kozlosky

Executive Director

Wilmington Urban Area Metropolitan Planning Organization

THE ABOVE MIINUTES ARE NOT A VERBATIM RECORD OF THE PROCEEDINGS.
THE ENTIRE PROCEEDINGS ARE RECORDED DIGITALLY AS PART OF THIS
RECORD.

DRAFT White Paper: Regional Transportation Authority and Local Sales Tax Option

Prepared for WMPO Subcommittee Members

Executive Summary

The Wilmington Metropolitan Planning Organization (WMPO) has explored alternative funding models to meet the region's growing transportation needs. Current state and federal resources and the timing / prioritization of these resources are insufficient to keep pace with major infrastructure demands of the region, including the \$1.1 billion replacement of the Cape Fear Memorial Bridge.

A 1% local sales and use tax approved by the voters across New Hanover, Brunswick, and Pender Counties would generate \$123.2 million in the next fiscal year:

- \$72.0M – New Hanover County
- \$40.0M – Brunswick County
- \$11.2M – Pender County

Given that this region is among the fastest-growing in the country, revenues are expected to increase significantly over time. A dedicated local funding stream—managed through a regional authority—would provide flexibility, bonding capacity, and local control to address long-term needs; while not replacing funds received from state and federal agencies for transportation projects.

Transportation Funding Context

- **Current Framework:** North Carolina DOT relies heavily on state appropriations (~\$5B annually) and federal funds for maintenance and construction.
- **Revenue Sources (FY24):** 47% Motor Fuel Tax, 24% Highway Use Tax, 21% DMV fees, and 8% sales tax transfer.

- **Trends:** Fuel tax revenue is declining as vehicles become more efficient and EV adoption rises. Vehicle sales tax (HUT) is softening, while DMV fees show minor growth.
- **Risk Factors:** These sources are volatile, and the State Transportation Improvement Program (STIP) cannot cover all local and regional needs.
- **Low Prioritization:** Due to various factors, current transportation project needs are not high enough on the prioritization list to be funded and built when we need the projects to be funded and constructed.

The NC FIRST Commission recommended \$20B in new investment over 10 years and diversification of revenue sources, including expanded user fees and local options.

The Mecklenburg County Model: PAVE Act

In 2025, the General Assembly authorized Mecklenburg County to hold a referendum for a 1% local sales tax dedicated to transportation (PAVE Act). Key features include:

- **Revenue Potential:** ~\$20B over 30 years.
- **Distribution:** 60% for public transportation, 40% for local transportation projects.
- **Safeguards:** STIP protections to prevent local funding from distorting statewide project scoring.
- **Governance:** Creation of a new Metropolitan Public Transportation Authority with bonding authority.
- **Success Factors:** Strong legislative champions, local government unity, early NCDOT engagement, and business community support.

This legislation is widely viewed as a test case for replication in other regions.

Proposal for the Cape Fear Region

Building on the Mecklenburg model, and other existing models, WMPO proposes creation of a Cape Fear Regional Transportation Authority to administer a 1% local sales and use tax for transportation.

Key Elements:

- **Revenue:** \$123.2M next year, increasing with growth.

- **Eligible Uses:** Roads, highways, bridges, freight corridors, public transportation (including ferries, buses, microtransit), and multimodal projects.
- **Bonding Authority:** Enables large-scale projects such as the Cape Fear Memorial Bridge replacement.
- **Flexibility:** Revenues may fund capital, maintenance, operations, debt service, or match state/federal grants.

Governance & Accountability

- **Board of Trustees:** representing all three counties.
- **Transparency:** Regular audits and reporting requirements.
- **Safeguards:** Explicit statutory protections to preserve the STIP scoring process.
- **Equity:** Revenue distribution framework to be determined—options include per capita, sales-based, or hybrid formulas.

Implementation Pathway

1. **County Resolutions:** New Hanover, Brunswick, and Pender adopt aligned resolutions supporting creation of the authority and requesting enabling legislation.
2. **Enabling Legislation:** Introduce the Cape Fear Regional Transportation Authority Enabling Act to authorize:
 - a. Creation of the Authority
 - b. Expanded eligible uses
 - c. Up to 1% sales tax, subject to referendum
 - d. Bonding authority
 - e. STIP protections
3. **Referenda:** Each county places the measure on the ballot; only those approving participate.
4. **Post-Approval:** Establish the Authority, adopt bylaws, appoint board members, adopt a financial plan, and prioritize projects.

Lessons from Mecklenburg County / PAVE Act

- **Unified Front:** Local governments must agree on governance, revenue distribution, and priorities before approaching the legislature.
- **Legislative Champions:** Engage key delegation members early.

- **NCDOT Engagement:** Build support with Division staff and Board of Transportation representatives.
- **Business Leadership:** Secure endorsements and funding from employers and civic leaders to support the referendum campaign.
- **Communications:** Proactive public outreach highlighting benefits and addressing concerns.

Frequently Asked Questions & Clarifications

1. What can the money be used for?

Current law only allows sales tax revenue for public transit. Proposed legislation would expand and/or limit eligible uses to include roads, highways, bridges, freight corridors, and resilience projects—ensuring funds meet this region’s actual needs.

2. How will the money be divided?

Revenues generated in each county remain attributable to that county, but pooling enhances bonding capacity. A statutory formula (per capita, sales-based, or hybrid) will ensure fairness and balance between counties.

3. Will it just fund one project, like the Cape Fear Memorial Bridge?

No. Each county can prioritize its own projects. Examples include NC-211 widening, Carolina Bays Parkway, NC-117 modernization, NC-210/50 improvements, Burgaw Bypass, and Cape Fear Memorial Bridge. The intent is to benefit all parts of the region.

4. When would this take effect?

Earliest referendum opportunity is 2026. Already-funded STIP projects like the Hampstead Bypass (completion scheduled 2029) would not be accelerated, but the tax creates funding for currently unfunded priorities.

5. Will this replace state or federal funding?

No. The legislation would include STIP protections so local revenues do not distort project scoring. Funds supplement, not supplant, state and federal dollars.

6. Do local contributions trigger extra points or bonus funds under the STI formula?

Under current law, the STI program includes an “incentive for local funding” provision: when a community contributes local funds to a highway project, NCDOT may set aside an additional amount (equal to half of that local contribution) for other eligible highway projects in the area.

However, the PAVE Act model that our legislation would build on specifically prohibits local revenues from the new 1 cent sales tax from being used to influence or alter STI scoring. This means that while local sales tax proceeds could directly fund road and bridge projects, they would not generate additional STI “bonus” funding under the mobility formula. This safeguard is intended to preserve fairness in the statewide prioritization process.

7. Who pays the tax?

A 1% sales tax applies to most retail sales but exempts groceries. This means \$1 on a \$100 purchase. Importantly, a significant share of the tax will be paid by visitors and tourists, who use local roads but currently contribute little to their upkeep.

8. Could the tax sunset or end?

The legislation would not include an automatic sunset date. These types of sales taxes are typically not designed to expire on a set date, since they fund long-term projects and bond obligations. However, it would ultimately be up to the three counties to determine the structure, and county commissions could revisit or repeal participation in the future if needed.

9. How will accountability be ensured?

The Authority would be governed by a Board of Trustees with county representation, subject to annual audits, financial reporting, and public oversight.

10. Isn't this just another tax increase?

The choice rests with voters. Commissioners' role is to authorize a referendum, not impose the tax. Citizens will decide if the benefits—safer roads, reduced congestion, replacement of the Cape Fear Memorial Bridge without tolls—outweigh the modest cost.

11. What happens if we do nothing?

Without a local funding tool, major projects will remain delayed, underfunded, or subject to tolling. The state has made clear that gas tax revenues are declining and cannot keep pace with demand. Sales tax allows the region to take control of its own future.

Outstanding Questions for Regional Consensus

To ensure legislative success, the three counties must agree on:

- Authority governance and appointments
- Revenue distribution model

- Project prioritization process
- Operational and administrative framework

Consensus must come locally first—then a unified proposal can be presented to the General Assembly.

Conclusion

The Cape Fear region faces significant transportation challenges that cannot be addressed through existing state and federal funding alone. A regional authority, empowered with a 1% local sales tax, offers a transformative solution:

- Reliable, growing revenue stream (\$123.2M next year, with strong upside potential)
- Local control and flexibility to meet diverse transportation needs
- Bonding capacity for major projects like the Cape Fear Memorial Bridge
- Alignment with successful models already advancing in North Carolina

By acting together, the region can design a funding model that reflects local priorities, secures future infrastructure, and positions the Cape Fear area as a statewide leader in innovative transportation solutions.