

FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

Future of the Ferry System's Capital & Operational Needs

Aaron Cornell

Fiscal Research Division – Transportation Team

Agenda



- Ferry Route (dotted line)
- Passenger Only Ferry Route (seasonal) - - - - (dashed line)
- Emergency Ferry Route (dotted line)
- Ferry Terminal ● (blue circle)
- Mann's Harbor and Shipyard ★ (blue star)
- Division Boundaries [2] (numbered box)

- Assets & Responsibilities
- 2025-27 Biennium Needs & Budget Requests
- House and Senate Budgets
- Long Term Issues
 - Ferry Replacement
 - Shipyard Maintenance
 - South Dock Terminal

Ferry Division Assets & Responsibilities

- Fleet

- 23 Ferries
- 11 support vessels



- Staff

- 493 FTE; supplemented by ~70 temporary staff during 2025 peak season

- Facilities

- 13 Regularly Utilized Terminals
- Manns Harbor Shipyard & 3 Field Maintenance Shops

- Marine

- Navigational Channels, Pilings, & Dredge Material Sites

Position data from State Personnel System, June 30, 2025



2025-27 Biennium Needs & Budget Requests

Shipyard

- Aging infrastructure & deferred maintenance
- Lack of capacity for current fleet dry docking needs

- \$23 M in one-time funds for Manns Harbor Shipyard upgrades
- Electrical, Water, Paint Booth Door, Railway Car

Vessels

- Aging vessels in need of replacing obsolete systems
- Need to reduce down time due to grounds and damage

- \$8 M annually for Out-of-State Dry Dock Maintenance
- \$750 K for switchboard replacement on Gov. Jim Hunt
- \$2.4 M for spare propulsion units on River Class Ferries

Terminals & Marine

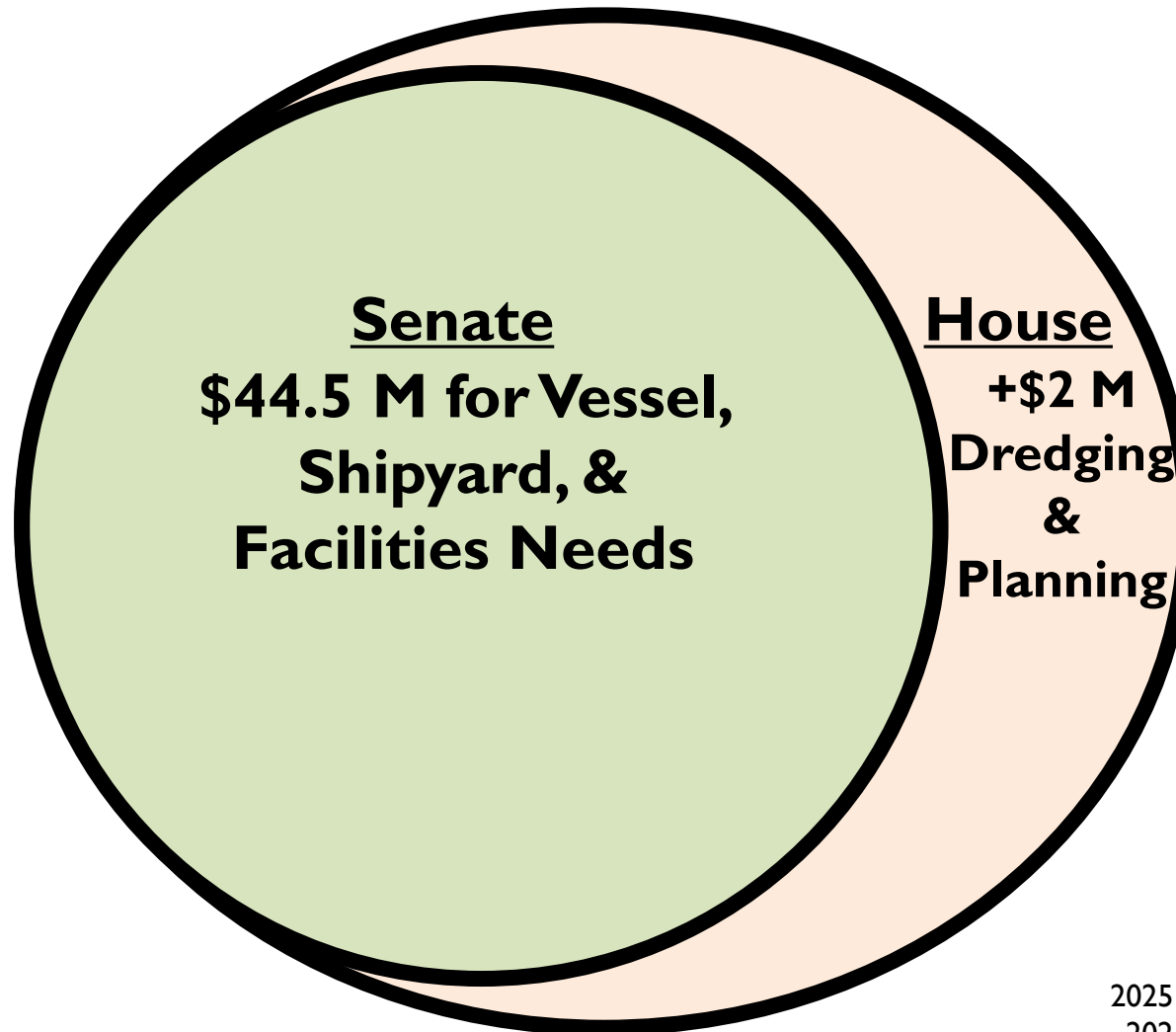
- Many Ramps & Gantries in need of Rehab or Replacement
- Basins need dredging to allow ferry movement & tie up

- \$4 M annually for Ramp & Gantry Rehab & Replacement
- \$4 M for Dredging and Site Disposal Cleanup
- \$400 K for Stormwater & Wastewater Planning



House & Senate Budgets: Largely Agree on One-time Money Items

Senate
Total: \$44.5 M



Senate
**\$44.5 M for Vessel,
Shipyard, &
Facilities Needs**

House
**+\$2 M
Dredging
&
Planning**

House
Total: \$46.5 M

2025 Senate Appropriations Bill, SB 257 (3rd Edition) &
2025 House Appropriations Bill, SB 257 (6th Edition)



Agenda

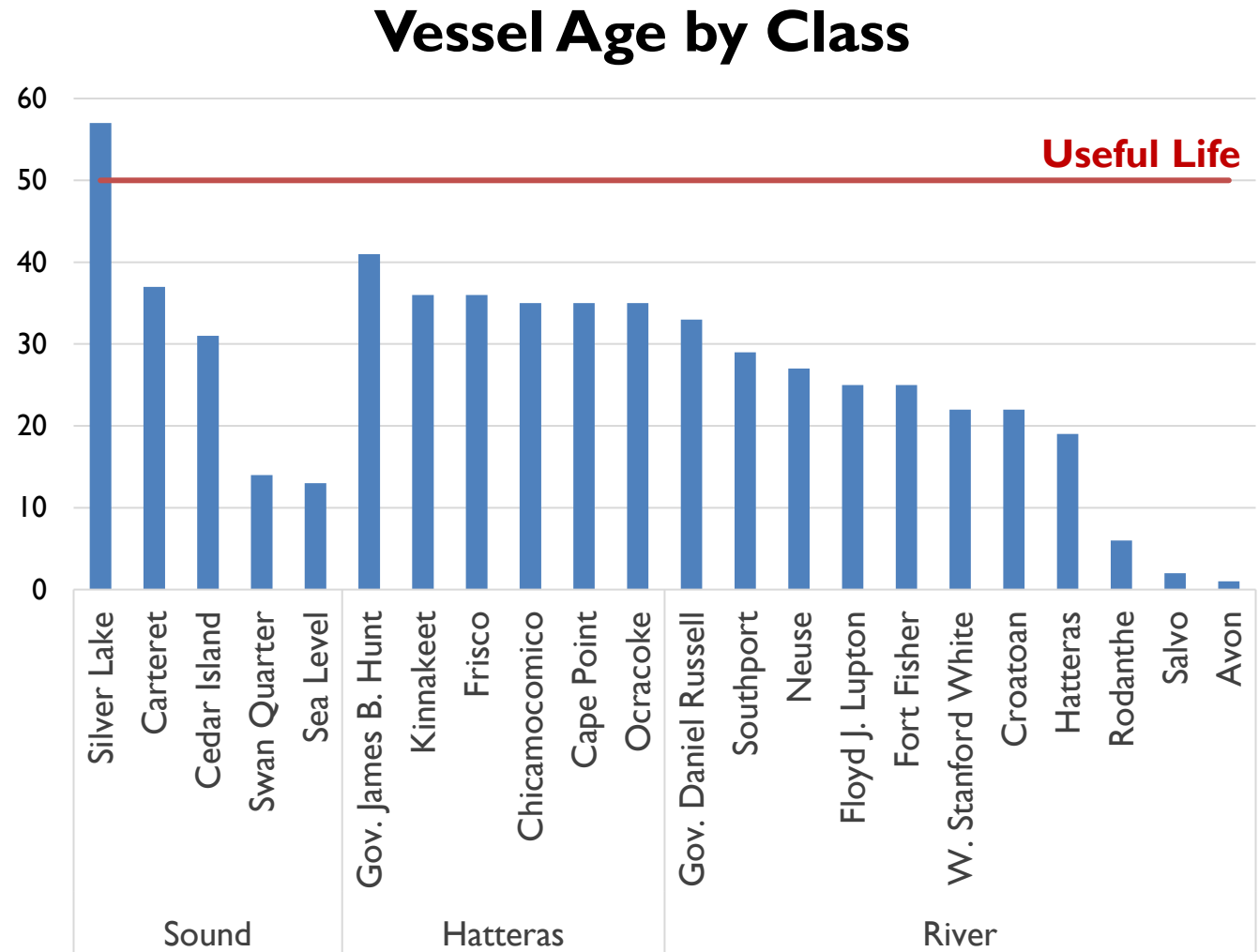


- Assets & Responsibilities
- Short Term Needs
- FY 2025-26 Budgets
- Long Term Issues
 - Ferry Replacement
 - Shipyard Maintenance
 - South Dock Terminal



Long Term: Ferry Fleet Replacement

- Most of the ferries have been in service for 25 years or more
- Many acquired around similar time frame
 - In 20 years, most of the fleet will reach the end of “Useful Life”
- 2023 Appropriations Act
 - Directed Division to develop replacement plan, priority order of replacement, & funding sources



Long Term: Ferry Fleet Replacement

- Division Identified Replacement Cycle
 - 2 vessels every 3 years
- Cost for full replacement
 - First 20 years: \$552 M
 - Total after 50 years: \$1.13 B
- Funding mechanisms:
 - Federal: formula programs, discretionary grants, debt
 - State: STIP, directed line items, Ferry Capital Fund

Vessel	Class	Age
Silver Lake*	Sound	57
Gov. James B. Hunt	Hatteras	41
Chicamocomico	Hatteras	35

Class	Cost
Sound	\$35-40 million
River/Hatteras	\$20-25 million

Ferry Division Vessel Replacement Study, 2024. Vessel Ages as of January 2026. *Silver Lake currently identified for replacement in the STIP.



Long Term: Ferry Fleet Replacement (Capital Fund)

Route	Fund Balance
Tolled Routes	
Cedar Island-Ocracoke (Div 2)	\$3,227,452
Ocracoke-Cedar Island (Div 1)	\$3,572,497
Swan Quarter -Ocracoke	\$3,300,623
Southport-Fort Fisher	\$10,172,312
Ocracoke Express	\$392,909
Non-Tolled Routes	
Bayview-Aurora	\$74,933
Cherry Branch-Minnesott	\$450,660
Currituck-Knotts Island	\$25,638
Hatteras-Ocracoke	\$294,013

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Ferry Division Vessel Replacement Study, 2024. Vessel Ages as of January 2026. *Silver Lake currently identified for replacement in the STIP.



Senate Budget: User Fees to Shore up Capital Fund

- Expanded tolling to all routes (estimated an additional \$6.4 M in first year)
- No adjustment to Capital Funds by-route segregation structure

5 Year Projected Additional Revenue:
\$32 M

Passenger Vehicle (Less than 20') Tolls		
Route	Current	Proposed
Bayview-Aurora	-	\$3
Currituck-Knotts Island	-	\$3
Cherry Branch-Minnesott	-	\$5
Southport-Fort Fisher	\$7	\$10
Hatteras-Ocracoke	-	\$20
Cedar Island-Ocracoke	\$15	\$30
Swan Quarter-Ocracoke	\$15	\$30
<i>Ocracoke Passenger Ferry</i>	<i>\$7.50</i>	<i>\$15</i>



House Budget: Annual Transfer to Shore up Capital Fund

- \$10 M R transfer from the Highway Fund to the Ferry Capital Fund
- Adjustment to end by-route segregation of Capital Funds

5 Year Projected Additional Revenue:
\$50 M

FERRY CAPITAL FUND MODIFICATIONS

SECTION 43.15. G.S. 136-82(d) reads as rewritten:

"(d) Use of Toll Proceeds. – The Department of Transportation shall deposit the proceeds from tolls collected on North Carolina Ferry System routes and route-generated receipts authorized under subsection (f) of this section to fund codes within the Ferry Capital Special Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminals from which a passenger trip originates and terminates. Commuter pass receipts shall be deposited proportionately to each fund code based on the distribution of trips originating and terminating in each Highway Division. ~~The proceeds deposited to each fund code shall be used exclusively for prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds are earned.~~ Proceeds deposited to each fund code may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program.Program for any route in the North Carolina Ferry System."

Long Term: Future of the Shipyard Maintenance

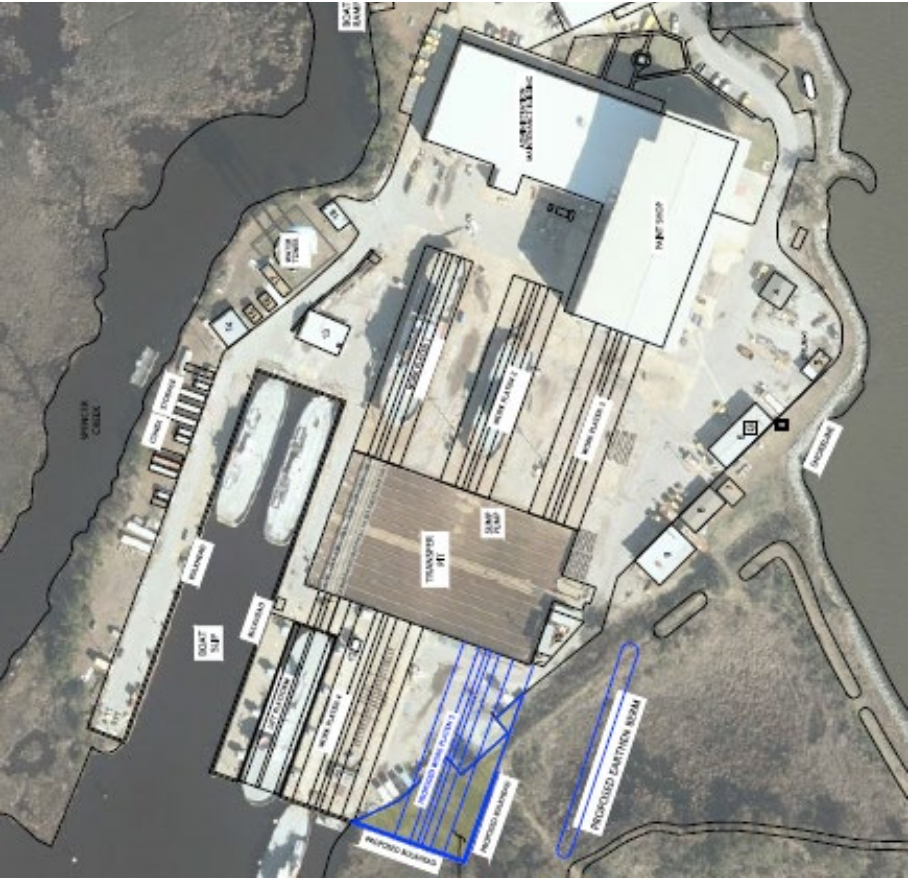
- 2023 Appropriations Act
 - Division directed study increasing in-house maintenance capacity
- Recommendations
 - 47 additional maintenance staff
 - 2 additional dry dock stations (platens)
- Preferred options
 - Partial Expansion of Manns Harbor (Estimated at \$10 M)
 - Full Expansion of Cherry Branch (Estimated at \$53 M)



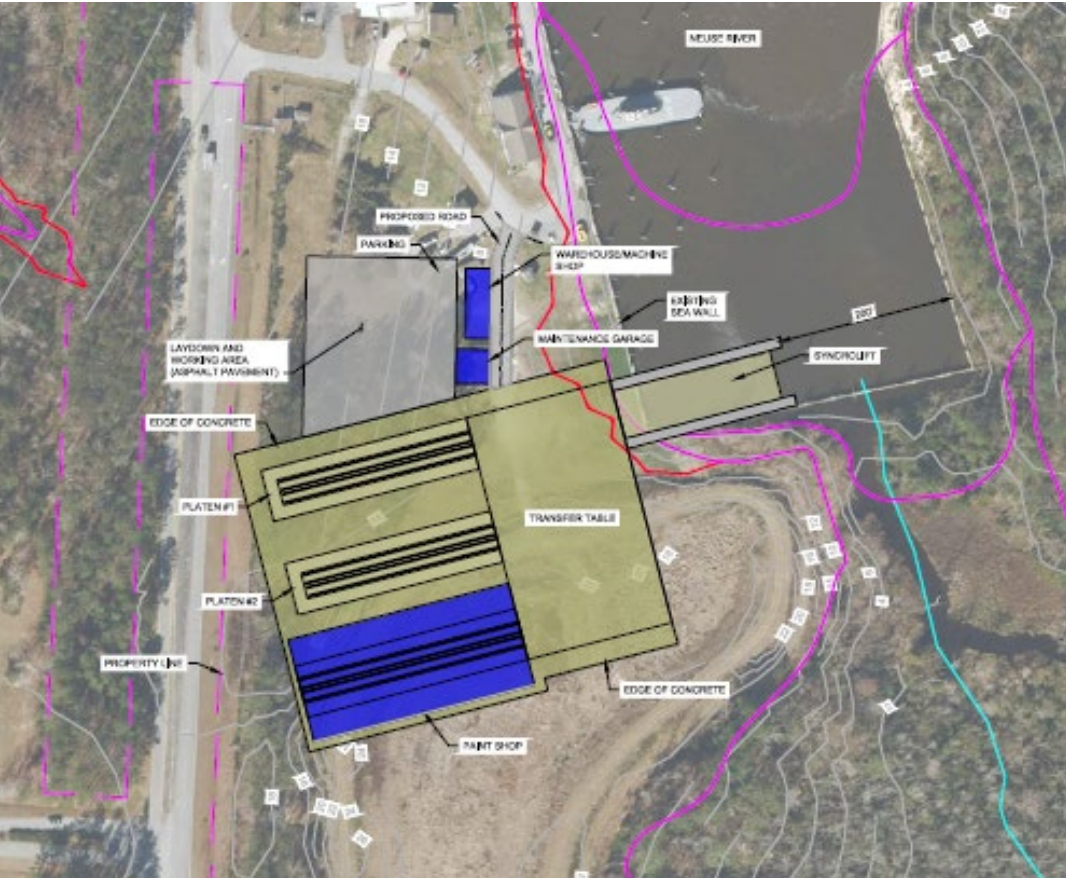
Ferry Division Maintenance Capacity Study, 2024

Long Term: Future of the Shipyard Maintenance

Manns Harbor Partial Expansion



Cherry Branch Full Expansion



Ferry Division Maintenance Capacity Study, 2024

Long Term: South Dock Ferry Terminal

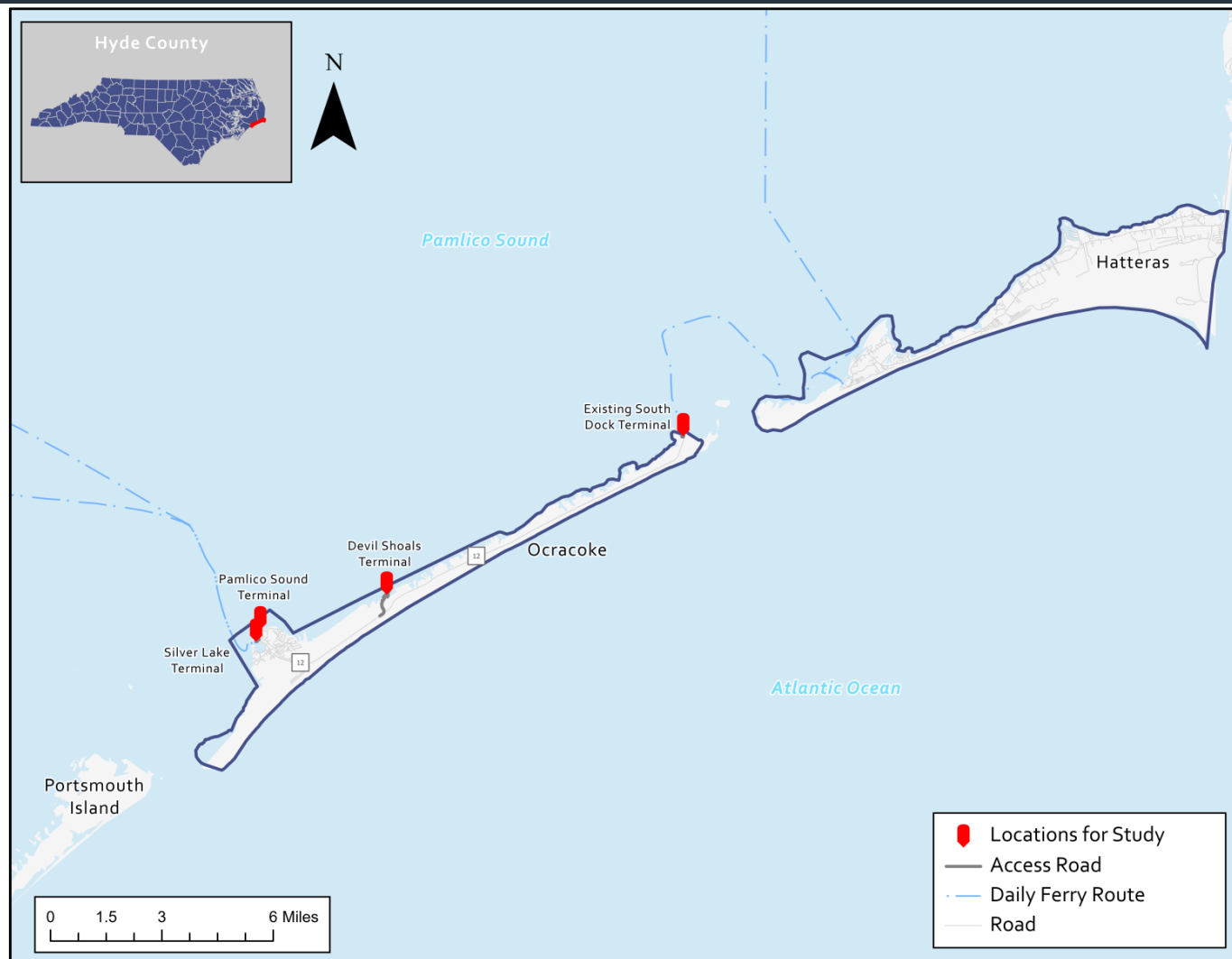
April 2013



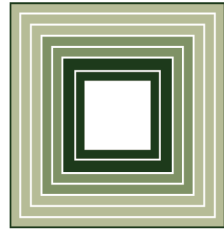
March 2024



Long Term: South Dock Ferry Terminal



- NCDOT recently began studying feasibility of improving or relocating terminal
 - Public comment and review period
- Study options:
 - Add lanes to current South Dock
 - New terminal at Devil Shoals
 - Expand Silver Lake Terminal
 - Or extend terminal into Pamlico Sound
- Cost to be determined



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Questions?

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FRD—Transportation Team