



NORTH CAROLINA

Department of Transportation

Statewide Ferry Tolling Implementation

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Board of Transportation Update

October 8, 2026

Connecting people, products and places safely and efficiently with customer focus, accountability and environmental sensitivity to enhance the economy and vitality of North Carolina



What the Budget Bill Requires

Several elements are established by S.L. 2026-41

Required by law

- Begin collecting tolls on all ferry routes by January 1, 2027.
- Establish toll rates to fund the cost of passenger vessel replacement, in accordance with a specified vessel replacement schedule.
- Requires the Board of Transportation to approve the toll rates and rate setting methodology.

Currently Tolled

- Hatteras-Ocracoke Passenger Ferry
- Cedar Island-Ocracoke
- Swan Quarter-Ocracoke
- Southport-Fort Fisher

Currently Not Tolled

- Hatteras-Ocracoke Vehicle Ferry
- Currituck-Knotts Island
- Bayview-Aurora
- Cherry Branch-Minnesott Beach



Passes and Exemptions

The legislation identifies specific passes and exemptions

Exemptions

- Emergency Suspension of Tolling - The NCDOT Secretary may suspend the collection of tolls for any ferry route serving an emergency area declared by the Governor, municipality, or county, for the duration of the state of emergency. N.C.G.S. § 136-82(b2)
- School buses and other school vehicles transporting students are exempt. N.C.G.S. § 136-82(b1)
- Passengers required to attend court for jury duty or under subpoena are exempt. N.C.G.S. § 7A.312(a)

Passes

- Vendor Priority Pass - Vehicles providing commercial goods and services may purchase a \$150 annual pass that provides priority boarding. N.C.G.S. § 136-82(f3)
- Residential Commuter Pass - Coastal area residents and active-duty military are eligible for a \$150 annual systemwide commuter pass. N.C.G.S. § 136-82(b3)
 - N.C.G.S. § 113A-103(2) defines the following as coastal-area counties: Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Craven, Currituck, Dare, Gates, Hertford, Hyde, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrrell and Washington.



Where We Are



**September
2026**

Public listening
sessions



**October
2026**

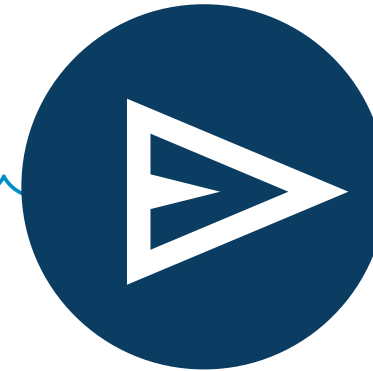
Board of
Transportation
presentation

WE ARE HERE



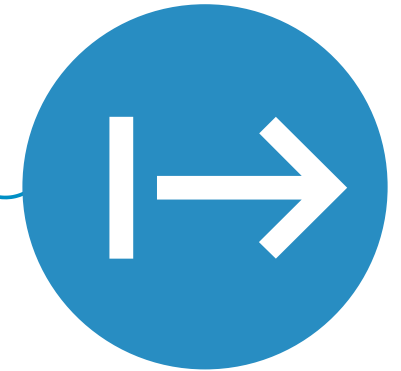
**November
2026**

Board action on
toll rates and
methodology



**December
2026**

Legislative report
submitted



**January 1,
2027**

**Toll collection
begins**



Preparing for January 1

Staffing, infrastructure, and operations are top priorities for implementation

Staffing

- Temporary Administrative Associate I positions posted in early September.
 - 74 total applications received for 32 positions.
 - 8 have been approved for hire.
 - 6 applications have been reviewed by the hiring managers and are being processed for hire.

Technology & Infrastructure

- Existing ticketing and reservation system updates will be completed in November.
- Commuter passes will be available for purchase online and in person in November.
- Online ticket sales will be available in early 2027.
- IT equipment is being tested and procured.
- The award recommendation for the temporary toll booths is under review by NCDOA P&C.

Operations

- Terminals are being retrofitted with additional signage, etc. to support tolling.
- Standard operating procedures and business processes are being updated.



Public Engagement Summary

Public comment period August 17 - September 14, 2026

What we asked for input on

- Payment options and accessibility
- Commuter and priority pass administration
- Terminal operations and customer experience
- Route-specific concerns
- Tourism and business impacts
- Communications and customer-support needs

Ways people participated

- In-person listening sessions (439 attendees)
- Written comments
- Online survey
- Email
- Phone
- Stakeholder discussions

Listening Sessions		
Date & Time	Location	# of Attendees
Tuesday, Sept. 1 6-8 p.m.	Washington Beaufort County Community College	39
Wednesday, Sept. 2 6-8 p.m.	Grantsboro Pamlico Community College – Delamar Center	150
Thursday, Sept. 3 6-8 p.m.	Knotts Island Knotts Island Elementary School	65
Tuesday, Sept. 8 6-8 p.m.	Hatteras Graveyard of the Atlantic Museum	12
Wednesday, Sept. 9 6-8 p.m.	Ocracoke Ocracoke School	173

Web Data Overview

Ferry Tolling Total Engagement



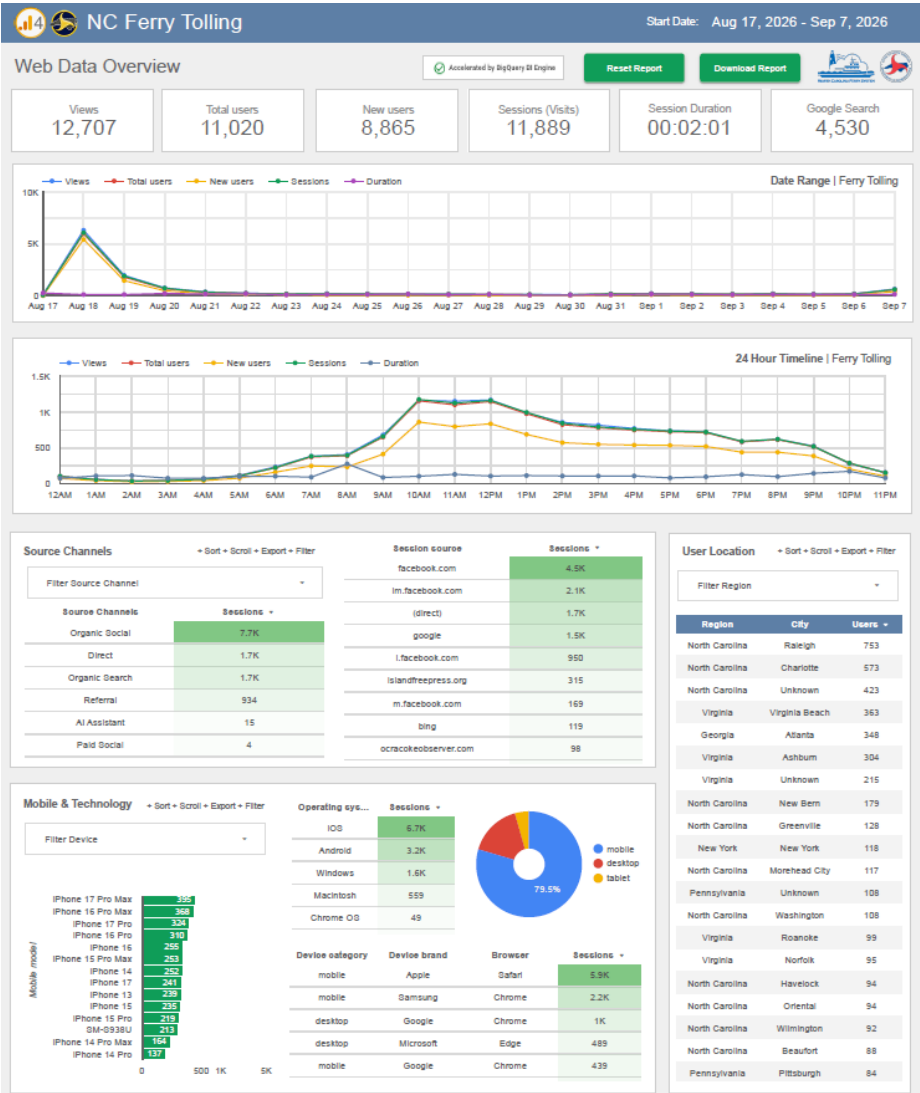
11K+ users engaged with NC Ferry Tolling information during the reporting period.



Social media drove the majority of traffic, with Facebook serving as the primary outreach channel.



1,200+ users clicked through to Public Input, demonstrating strong interest in participating in the public engagement process.





Public Input Survey Metrics

PublicInput.com/ferry-tolling

8,203

Views

2,810

Participants

47,051

Responses

1,165

Comments

385

Subscribers

Top Topics

- Resident Priority Pass Retention (290 mentions)
- Opposition to Tolling Residents (260 mentions)
- Students & School Ferry Access – Knotts Island (110 mentions)
- Ferry Reliability, Funding & Bridge Alternatives (95 mentions)
- Payment Method & Toll Technology Preferences (75 mentions)



What We Heard

Key Themes

 Cost	Affordability and opposition to tolling residents.
 People	Preservation of priority boarding for Ocracoke Island residents.
	Effects on students, families and school employees , particularly on Knotts Island.
	Effects on seniors, veterans, people with disabilities and low-income households .
	Business, workforce, delivery and tourism impacts.
 Operations	Ferry service reliability and expectations associated with paying a toll.
	Pass eligibility, pricing and administration .
	Payment options and access for customers without reliable internet service.
	Terminal congestion and potential delays associated with toll collection.
	Questions about toll revenue, implementation costs and alternative funding.
	Requests to delay implementation, pilot the system or consider bridge alternatives.

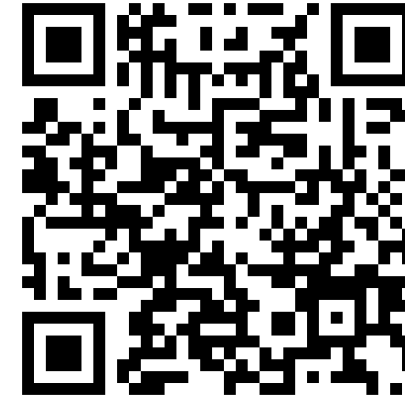


Public Engagement Will Continue

Online public comment period October 9 - 23, 2026

Ways for people to participate

- Online feedback at publicinput.com/ferry-tolling
- Email Comments to ferry-tolling@publicinput.com
- Phone: **984-205-6615**, Project Code **10744**
- Stakeholder discussions



Toll Rate Evaluation Methodology

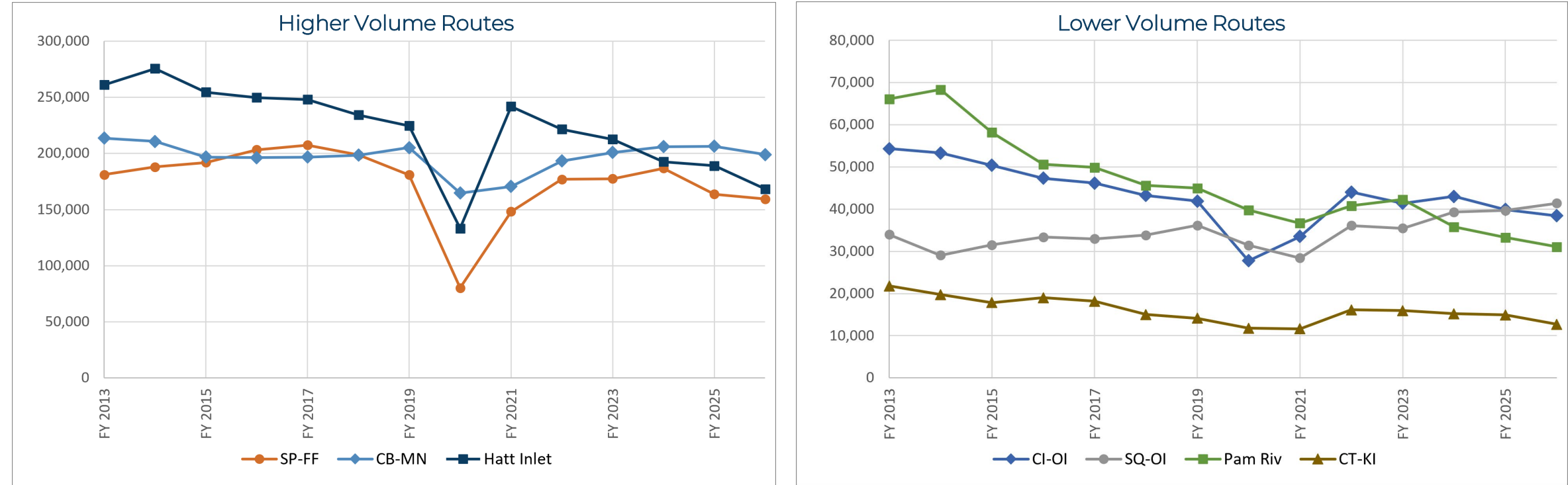
Overview

- There are four critical components to the toll rate evaluation:
 - The vessel replacement schedule.
 - The cost of a vessel replacement.
 - Other available funding beyond toll revenue.
 - Anticipated impacts of tolling on ridership.

Rate Analysis Methodology

- Short turnaround required a high-level analysis.
 - Utilized past studies and surveys.
 - Did not include new study-specific surveys or detailed economic/market analysis.
- Reviewed historical ferry ridership, revenue, and commuter pass trends.
- Reviewed recent traffic trends on roads surrounding ferry terminals.
- Estimated future ridership without toll changes.
- Incorporated diversion assumptions in response to new tolling and policy changes.
- Developed future toll rate increase assumptions to align with vessel replacement scenarios.

Historical Vehicles by Route



Year	Southport-Fort Fisher (SP-FF)	Cherry Branch-Minnesott Beach (CB-MN)	Hatteras-Ocracoke (Hatt Inlet)	Cedar Island-Ocracoke (CI-OI)	Swan Quarter-Ocracoke (SQ-OI)	Aurora-Bayview /Pamlico River (Pam Riv)	Currituck-Knotts Island (CT-KI)	Total
FY 2013	181,155	213,689	261,167	54,321	33,971	66,125	21,804	832,232
FY 2023	177,456	200,917	212,564	41,393	35,475	42,289	15,963	726,057
FY 2026	159,351	198,925	168,280	38,427	41,386	31,089	12,716	650,174
FY 13 to 23 Change	-3,699	-12,772	-48,603	-12,928	1,504	-23,836	-5,841	-106,175
FY 23 to 26 Change	-18,105	-1,992	-44,284	-2,966	5,911	-11,200	-3,247	-75,883

Data from raw system data pulls

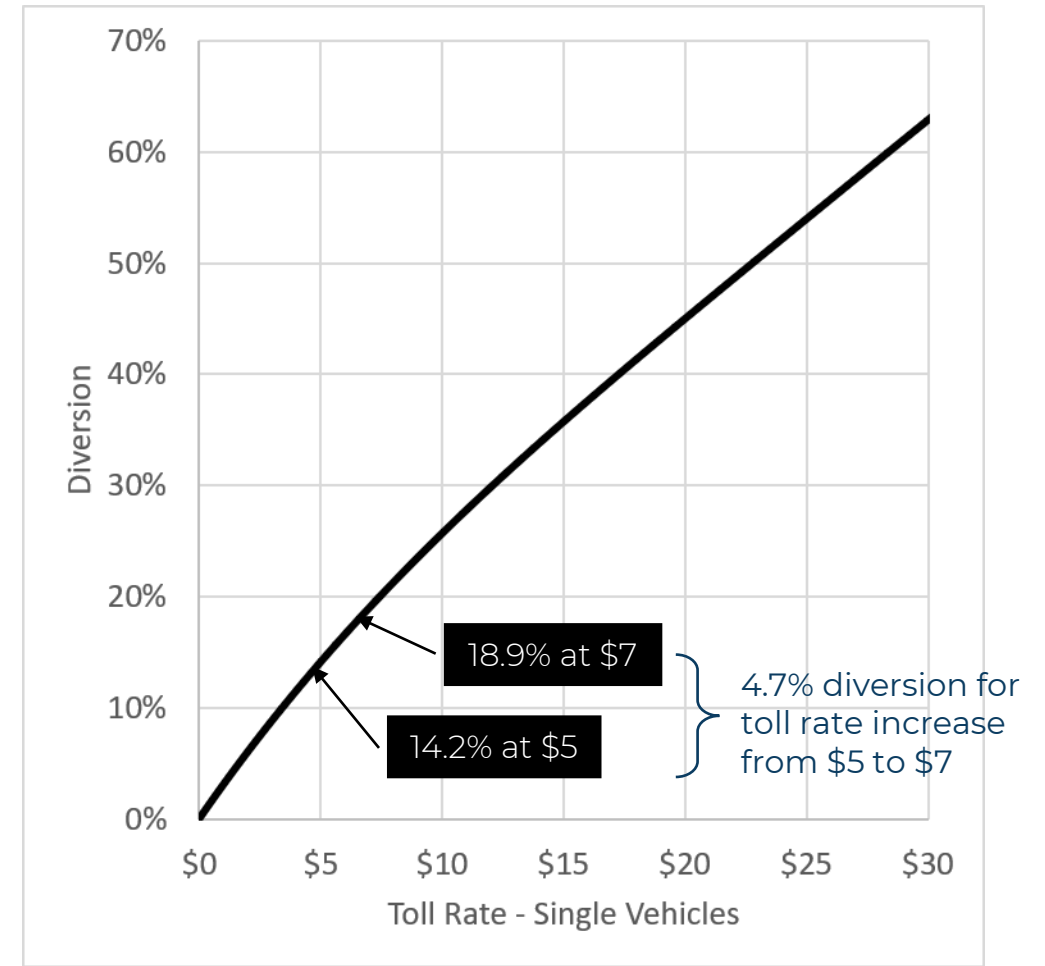
Future Ridership

1. Estimated future ridership without toll changes by assuming continuation of post-pandemic trends (since FY 2023) for next several years.
2. Incorporated high-level, route-specific diversion assumptions:
 - **Diversion: Percentage of riders who no longer travel on the ferry system in response to new or increased toll rates.**
 - Considered:
 - Diversion curves from 2012 Ferry Revenue Study.
 - Estimated diversion from 2018 Southport-Fort Fisher toll increase.
 - Income levels for visitors and residents.
 - Alternative driving route characteristics (for applicable routes).

Diversion

- Example diversion curve: Southport-Fort Fisher single riders.
- 4.7% diversion for toll rate increase from \$5 to \$7 is very similar to actual estimated impacts of 2018 toll increase.

Diversion Curve: Southport-Fort Fisher



Vessel Replacement Scenarios

Assumptions

- Weighted average vessel replacement cost: \$28.7 million (2026\$)
 - Vessel construction inflation of 2.6% was applied in the analysis
- Alternate 80% funding analysis considers some STI funding to supporting vessel replacement costs (20% STI funding assumed)

Vessel Replacement Scenario	Average Annual Revenue Required to 100% Fund (2026\$)	Average Annual Revenue Required to 80% Fund (2026\$)
1. Replace 2 Vessels every 3 Years (HDR Study Recommendation)	\$19.1 million	\$15.3 million
2. Replace 1 Vessel every 3 Years	\$9.6 million	\$7.7 million
3. Replace 1 Vessel every 4 Years	\$7.2 million	\$5.7 million

Vessel Replacement Funding

Ferry Capital Fund

- Available balance as of 8/31/26: \$32.2 million.
- Minimum \$10 million of capital funds assumed to be utilized.

STI Funding Challenges

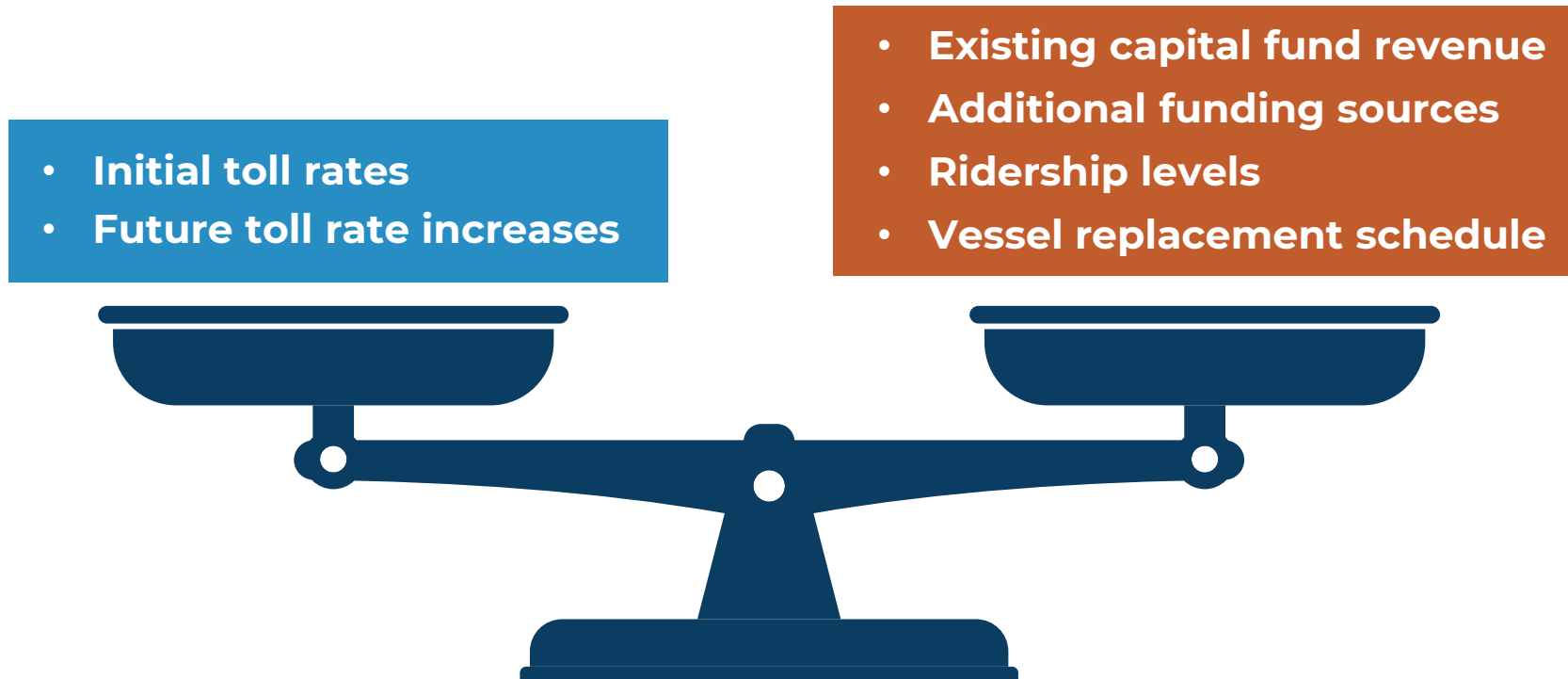
- Included scenarios for toll revenue to fund 80% of vessel replacement costs to improve competitiveness in prioritization.
- **There is no guarantee STI funding will be available in any given prioritization cycle.**

Federal Funding Challenges

- Buy America requirements create additional challenges and costs to a vessel replacement project.
- Ferry Boat Program Funds
 - Annual funding received based on ridership that lapses after three years.
 - Required by state law to be used on a STIP project but cannot be accumulated indefinitely to support future replacement projects.
- Federal Discretionary Grants
 - Requires a state match which would have to come out of the Ferry Division's operating budget.
 - Toll revenue cannot be used as a state match.

Trade-offs

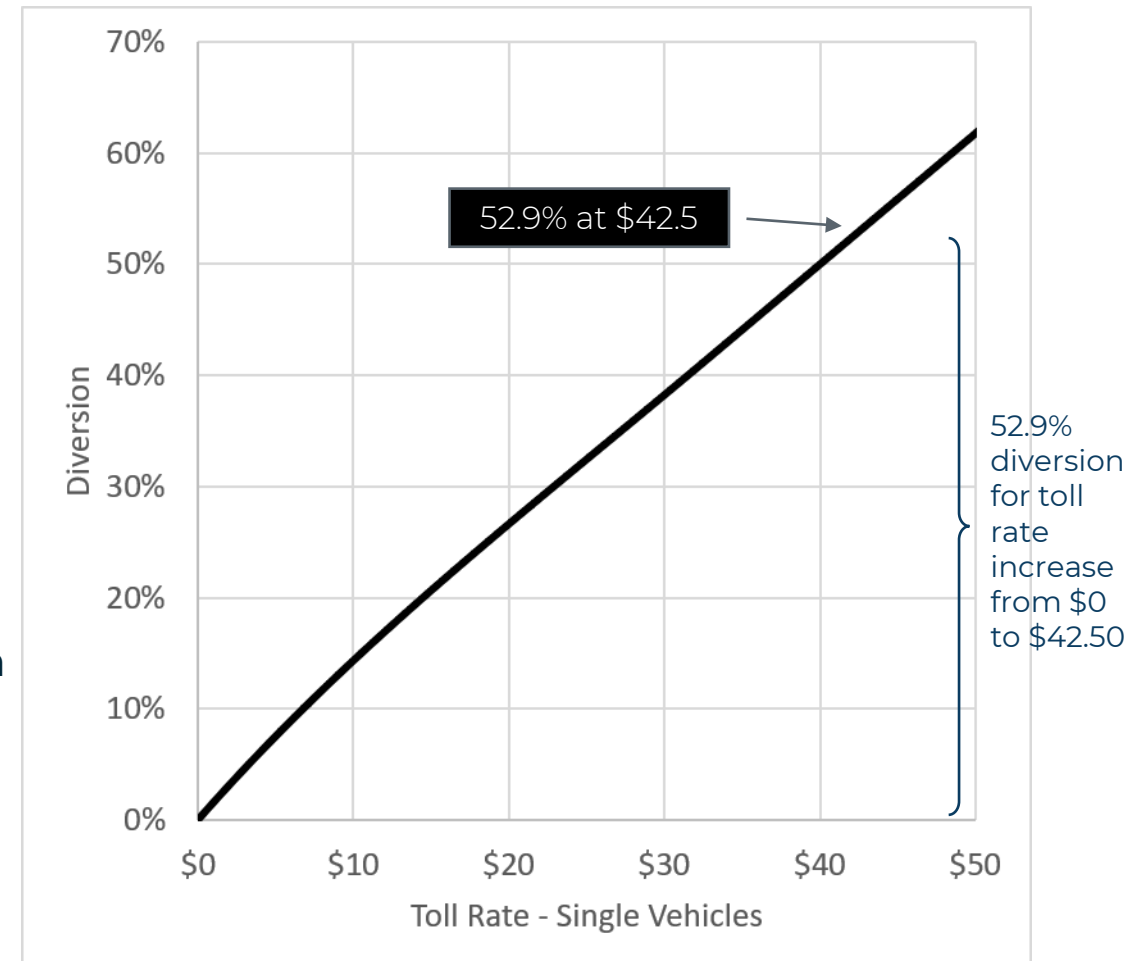
- Lower initial toll rates may lessen ridership diversion but require greater rate increases later and a larger dependency on other funding sources.
- Higher initial toll rates may reduce reliance on other funding sources and require less rate adjustment later but may increase ridership diversion and toll revenue uncertainty.



HDR Vessel Replacement Study Recommendation (Replace 2 Vessels Every 3 Years)

- Six vessels replaced at 100% funding:
 - Requires \$207 million in toll revenue over first nine years.
 - If the full capital fund balance is used (\$32.2 million), resulting toll revenue needed is \$175 million.
 - \$175 million would require high toll rates even without any diversion.
 - Excluding diversion assumptions, one-way single vehicle toll rates for Hatteras to Ocracoke would need to be \$42.50.
 - Including the diversion assumptions, the \$175 million is estimated to reduce to \$85 million.
- **Revenue targets cannot be met in either the 100% or 80% alternatives due to significant diversion at higher toll rates.**

Diversion Curve: Hatteras-Ocracoke



Recommended Toll Rates for January 1, 2027

Recommended Toll Rates for January 1, 2027

- With a short evaluation period, the Ferry Division recommends rates comparable to the existing tolled routes.
 - Rates on the existing tolled routes would not change January 1, 2027.
 - These rates are estimated to generate an average of \$4.4 million a year which is less than the revenue required to fund 80% of one vessel every four years.
- The Division will monitor impacts from tolling and ridership trends and report back to the Board next fall with any recommendations for future toll rate increases to meet revenue goals.

Toll Rate Classification	Cedar Island-Ocracoke Swan Quarter-Ocracoke	Hatteras - Ocracoke	Southport – Fort Fisher Currituck-Knotts Island Aurora-Bayview Cherry Branch-Minnesott Beach
Vehicle and/or Combo <20 ft (Single)	\$15	\$10	\$7
Vehicle and/or Combo 20 to 40 ft (Double)	\$30	\$20	\$14
Vehicle and/or Combo 40 to 65 ft (Triple)	\$45	\$30	\$28
Motorcycles / Scooters	\$10	\$5	\$3
Golf Cart / ATV	\$10	\$5	\$3
Motorcycle with Trailer / Side Car	\$15	\$10	\$7
Bicycle Rider	\$3	\$2	\$2
Pedestrian	\$1	\$1	\$1

Next Steps

RFP for Systemwide IT Solution

- RFP for a Systemwide IT Modernization scheduled for release in the Fall 2026.
- Solution will replace the current tolling system, reservation system, payment collection, and reporting components.
- Procurement is part of the Statewide IT Procurement Office Early Engagement Pilot, which aims to streamline IT procurements for a faster implementation.
- Solution will aim to increase transaction speed and provide an improved customer experience for users.
- Implementation Goal is set for Fall 2027.

Next Steps

- **October 8:** Present recommendation on toll rates for newly tolled routes beginning January 1.
- **October 9 – 23:** Public comment period continues (online only).
- **November 5:** Board of Transportation action on toll rates and rate setting methodology.
- **December 1:** Legislative report submitted.
- **January 1:** Begin toll collection on all ferry routes.
- **2027:** Observe ridership and revenue collection.
- **Fall 2027:** Report ridership and revenue collection to the Board of Transportation and any recommendations necessary.

Contact Us

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 ncdot.gov/divisions/ferry