



# Division of Water Resources Budget and Policy Updates

## NC Beach, Inlet, and Waterway Association

May 8, 2025

*Kevin Hart, Division of Water Resources*



# *Budget and Policy Updates*

- Navigation
- Nourishment
- Rules
- Legislative



Any navigation project that involves channels/waterways in state coastal waters or waters of the state located within lakes

### Dredging Cost-Share

- 75% State / 25% Local
- Tier 1 DOT maintained– 100% State
- Tier Designation – Department of Commerce annual ranking of economic well-being

### Sources of Revenue

- 50% of each 1 year and 3-year boat certificate fee
- \$10 of each new or transfer of boat title fee
- 1% of the fuel excise tax on motor fuel
- General Assembly Plus-Ups

# *Project Types:*

## Federal Projects

- Funding provided to USACE under a Memorandum of Agreement (MOA)
- There are 24 Federally authorized navigation projects in North Carolina, 22 shallow draft projects (<16 feet depth) and 2 deep draft projects (>16 feet depth)
- Match requirement is 75% State/25% non-State
- Funds provided prior to the work being started.

## Non-Federal Projects

- State Funds used as match are from Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund
- Dredging of non-federally authorized navigation channels/waterways
- Municipalities provide match under grant contracts. Funds distributed to the grantee on a reimbursement basis from the Fund.



# Federal Projects

- MOA signed November 14, 2013 between Corps & NCDENR (NCDEQ)
  - Allows State and Local Governments to contribute funds to the Corps for maintenance dredging of SDNCs (\$4.0M annual cap, 4 year expiration)
- In 2013, the NCGA established the “Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund” (SL 2013-360) as the State funding stream in support of the MOA.
- In 2016, § 143-215.73F. “Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund”
- On July 16, 2016 - Amendment to MOA finalized
  - Annual cap is \$12 million (Federal FY)
  - Agreement ends in 2026

# *Long Term MOA for Maintenance Dredging of Federally Authorized Shallow Draft Navigation Channels in NC*

## Contributions using Long-Term MOA:

- FY 2019-2020 \$6,521,022 (5/3/2023)
- FY 2021-2022 \$5,539,708 (5/3/2023)
- FY 2022-2023 \$1,945,500 (5/3/2023)\*
  - Miss Katie/ARPA/IJA
- FY 2023-2024 \$9,120,600 (5/5/2025)
- FY 2024-2025 \$6,343,290 (5/5/2025)
- Federal Channels Include
  - Oregon Inlet
  - Lockwood Folly Inlet
  - Carolina Beach Inlet
  - Hatteras Inlet
  - Bogue Inlet
  - Cape Lookout

*Department of Environmental Quality*



# *Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund*

- Revenues FY 24-25 **\$22,763,058.76** (as of 5/5/2025)
  - \$ 14,278,692 -DOT/DOR refunds
  - \$2,130,357 - NCGA session directed plus up's
  - \$ 6,343,290 - Matching funds for Corps maintenance work
- Expenditures FY24-25: **\$12,545,724.40** (5/5/2025)
- Funds available for award: **\$72,168,822.49** (5/5/2025)
  - Contracts being processed \$8,443,226





# Non-Federal Projects

- State financial support to various local government at the following locations:
  - Pine Knoll Shores Channels (Carteret County), multiple projects
  - Topsail Inlet (Pender County)
  - New River Inlet (Onslow County), multiple projects
  - Atlantic Beach Channels (Carteret County), multiple projects
  - Pelletier Creek (Carteret County)
  - Sunset Beach (Brunswick County)
  - Mason Inlet (New Hanover County), multiple projects
  - Spooner's Creek (Carteret County), multiple projects
  - Wainwright Slough (Carteret County)
  - Lake Lure (Rutherford County)
  - Whittaker Creek (Pamlico County)
  - Mason Inlet (New Hanover)
  - Oregon Inlet (Dare County)
  - Tubbs Inlet (Brunswick County)

*Department of Environmental Quality*





# *SDNF payment history*

## *State funds only*

- Average revenues \$20M/year
- Larger contracts/projects past several years
  - FY 23/24 4 projects over \$20M total (State)
  - FY 24/25 3 projects over \$24M total (State)
- Yearly contracts \$10M year
- Other repeat every 3-4 years

| State FY  | YTD payments <sup>1,2</sup> | Notes                         |
|---|-----------------------------|-------------------------------|
| 16/17   | \$8,527,153.61              |                               |
| 17/18   | \$7,021,604.96              |                               |
| 18/19   | \$13,461,251.71             |                               |
| 19/20   | \$14,050,546.98             | Does not include \$15M dredge |
| 20/21   | \$14,444,863.63             |                               |
| 21/22   | \$8,065,065.90              |                               |
| 22/23   | \$15,516,317.20             |                               |
| 23/24   | \$26,924,875.24             |                               |
| 24/25   | <b>\$12,545,724.40</b>      | As of 5/5/2025                |
| Total   | <b>\$120,557,403.63</b>     |                               |
| <sup>1</sup> Includes federal projects                |                             |                               |
| <sup>2</sup> Doesn't include Aquatic weed or salaries |                             |                               |

# *Coastal Storm Damage Mitigation*

- § 143-215.73M. Coastal Storm Damage Mitigation Fund- Special revenue fund.
  - (b) Uses of the Fund. – Costs associated with beach nourishment, artificial dunes, and other projects to mitigate or remediate coastal storm damage to the ocean beaches and dune systems of the State.
- 
- CSDM Funds: \$5 Million - Carteret County (Bogue Banks)
  - CSDM Funds – \$18.5 M (Bogue Banks & Oak Island)
  - HFDR Funds – \$351,805 to coastal communities for surveys
  - HFDR Funds – \$133,500 for Dredge Material Management Plan
  - HFDR Funds – \$1.6 M to North Topsail, Surf City, Topsail Beach
  - HFDR Funds – \$11.5 M for CSDM projects in 10 coastal communities
  - CSDM Funds- \$40M for 9 communities and Coastal Federation
  - CSDM Funds- \$10.5M for FY23-24 for 7 communities
  - CSDM Funds- \$10M for FY 24-25 Date TBD

Total to date: \$80,984,111



# *S.L. 2023-134*

## *CSDM*

- Dare County 4-Towns Beach Nourishment (Duck, Southern Shores, Kitty Hawk and Kill Devil Hills), \$7.53 million
- Ocean Isle Beach East End Dune Construction, \$1.019 million
- Topsail Island Vitex Eradication Project, \$690,060.50
- Town of Oak Island Dune Planting, \$440,000
- Town of Nags Head 2027 Nourishment Project Engineering Services, \$301,000
- Bogue Banks Beach Nourishment Phase 2, \$291,564
- Southern Hatteras Island Offshore Sand Assessment Study, \$250,000





- SDNF and Aquatic Weed/CSDM rulemaking
  - “Rules. – The Department shall adopt rules to implement the grant programs authorized under subsection (b1) of this section.”
    - Temp and Permanent
    - No Rule Review Committee review
    - No fiscal note
- Formalizing guidelines into rule.
- Temp Rules in affect Feb 2023
  - No public Comments
- Permanent Rules 15A NCAC 01T .0100
  - Effective June 1, 2024



# *15A NCAC 01T. 0100*

## Aquatic Weed

- Outlined application requirements
- Defined members of the NC Aquatic Weed Control Council
- Set application deadline of Oct 15



# 15A NCAC 01T. 0200

SDNF

- Removed USACE exemption language
- Outlines processes for federal and non-federal authorized channels
  - USACE work vs. local government
  - Signed invoices for payments
  - Local governments funds received prior to transfer to USACE



Topsail Inlet 2023-2024





# *15A NCAC 01T.0300*

CSDM

- Took guidelines and made permanent
- No major changes



# *S.L. 2021-180*

FY 21-22 and FY 22-23

| Name of Project                                | FY 2021-2022 | FY 2022-2023 |
|--|--------------|--------------|
| (1) Princeville Flood Damage Reduction         | \$5,197,500  | \$5,197,500  |
| (2) Carolina Beach CSDM                        | \$4,750,000  | \$1,083,333  |
| (3) Wilmington Harbor DA Maintenance           | \$3,663,642  | \$7,334,000  |
| (4) Kure Beach CSDM                            | \$4,889,423  | \$825,641    |
| (5) Surf City/North Topsail Beach CSRM         | \$14,537,000 | \$14,537,000 |
| (6) Ocean Isle CSDM                            | \$494,599    | \$1,534,615  |
| (7) WRD Grant Program—State & Local Projects   | \$2,750,000  | \$1,500,000  |
| (8) WRD Grant Program—EQIP Projects            | \$2,000,000  | \$2,750,000  |
| (9) Manteo Old House Channel, Sec. 204 (65/35) | \$2,700,000  | —            |
| (10) Wrightsville Beach CSDM                   | \$3,487,500  | \$469,471    |
| TOTALS   | \$44,469,664 | \$35,231,560 |

- Matches \$220,526,000 in Federal Funds



# *FY 23-24 and 24-25*

WRDG CI projects

## HB 529

|  |           |
|--|-----------|
| • Cape Fear River Basin Flood Mitigation Feasibility Study | \$1.5M    |
| • Carolina Beach CSDR                                      | \$911,667 |
| • Holden Beach CSDR Feasibility                            | \$750,000 |
| • Ocean Isle CSDM  | \$27,784  |
| • State/Local  | \$3M/\$3M |
| • EQIP   | \$2M/\$2M |
| • Dan River Water Supply                                   | \$107,667 |
| • Planning Assistance to States                            | \$5,387   |





# *Legislative updates*

- BIMP- S257
  - \$400,000
    - Directed to DCM
- Blue Green Algae S257
  - \$1,200,000 from SDNF
    - Staff position and treatment
- SDNF- plus ups S257
  - removed
- CSDM
  - No updates for next year



# *DEQ Staff Updates*

- Secretary
  - Reid Wilson
- Deputy Secretary
  - John Nicholson
- Legislative Liaison
  - Emma Hennen



# QUESTIONS?

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*Department of Environmental Quality/Division of Water Resources*

# *CSDM S.L. 2021-74*

- Directed \$2,000,000 to the NC Coastal Federation
- Directed \$20,000,000 to the Town of Oak Island
- Remaining- Applications/Awards
  - Pine Knoll Shores Sand Fencing \$90,400
  - Topsail Beach Dune Planting Project \$109,100
  - Town of Nags Head Dune Planting \$300,000
  - Oak Island Beach Management Plan \$965,000
  - North Dare County Multi-Town Beach Nourishment \$1,000,000
  - Beach Renourishment to Protect NC Hwy. 12, Buxton, Dare County \$1,557,607
  - Avon Village Beach Nourishment, Dare County \$5,576,639
  - North Topsail Phase 4 & 5 Nourishment \$10,500,000
- Matches \$38,931,398 in non-State funds.





# WRDG STATE & LOCAL PROJECTS

50% Match; Jan 1-June 30 (Spring), July 1-Dec 31 (Fall)



## ☐ Stream Restoration

- ✓ Stream Restoration & Stabilization
- ✓ Aquatic Barrier Removals > Dams, Culverts
- ✓ Shoreline Stabilization, Living Shorelines
- ✓ NRCS-EQIP > On Agricultural Lands

Contact:

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## ☐ Water Management

- ✓ Stormwater BMPs: Nature-Based/Green Infrastructure
- ✓ Drainage/Flood Control

## ☐ Water-Based Recreation

- ✓ Trails/Greenways along Streams, Rivers & Lakes
- ✓ Boardwalks, Fishing Docks, Piers, Treehouses
- ✓ Land Acquisition & Park Development

## ☐ Feasibility/Engineering Studies

- ✓ Implementation of Eligible Projects Above
- ✓ Small Watershed Assessments, Water Management Studies



Note: Yellow highlighting indicates most common types of projects since 2016.

## SESSION LAW 2018-5

### **Impacts to the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund:**

#### **Section 13.7.(a-h) - Acquire Permanent Dredging Capacity**

- Fifteen million dollars (\$15,000,000) from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund shall be allocated to Dare County (Local Partner) to provide a forgivable loan to a private partner for the purchase of a shallow draft hopper dredge.
- Delivered August 2022.
- Working in Dare County (Oregon Inlet and Hatteras)
- Agreement to work in Lockwood Folly in coming weeks

# Repeat Projects

- Dredging Cycles
  - Can occur yearly or every 3-4 years
- Yearly projects
  - Oregon Inlet \$9,000,000 per year
  - Hatteras Inlet \$1,000,000 per year
  - Atlantic Beach Channels \$150,000 per year
  - Carolina Beach Inlet \$1,500,000 per year
- Other cycles
  - Topsail Channels \$16,000,000 every 4 years
  - Mason Inlet \$8,500,000 every 4 years
  - Village of Bald Head Island \$340,000 every 2 years
  - Holden Beach Channels \$250,000 every 5 years
  - Whittaker Creek Oriental \$115,000 every 4 years
  - Pierce Creek Oriental \$210,000 every 4 years





# *Dredged Material Management Plan*

- Plan for remaining funds to be used to assess DMPF in a Planning Assistance to States partnership with USACE.
- Session Law 2019-241: funds allocated to coastal beach and dredging needs assessment may be used for a dredge material management plan to assess any nonfederal disposal area for dredged material in the State.

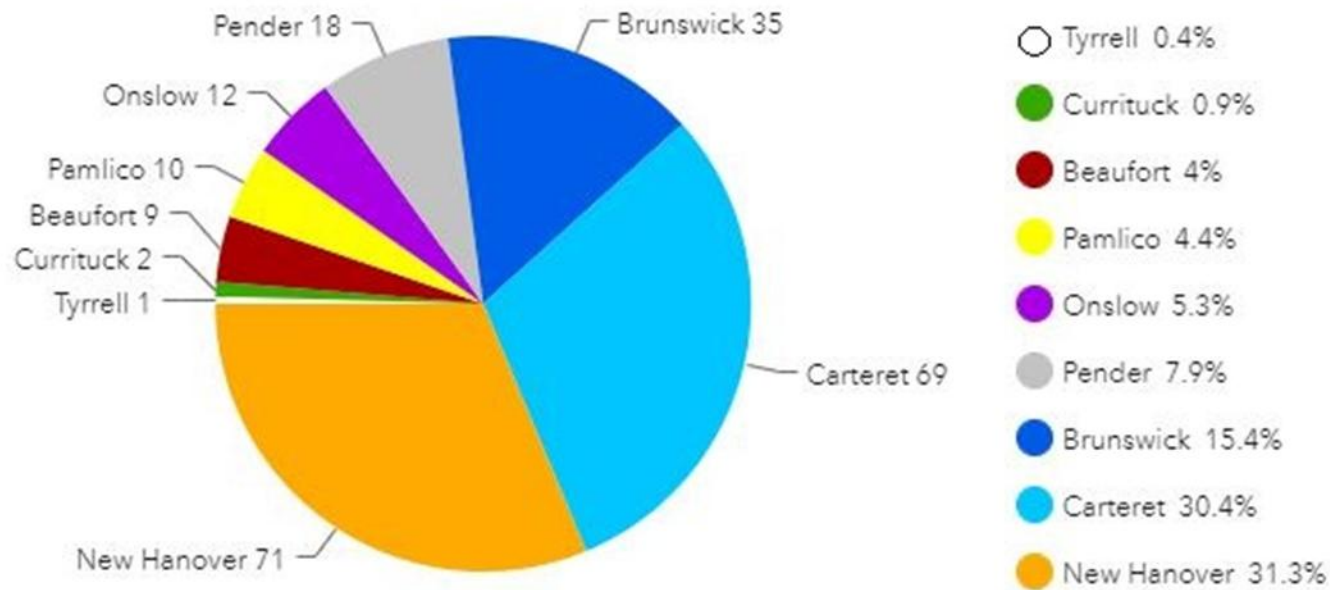




# *PAS Study Facility Results*

## – Identified 227 waterfront facilities

- Responses from 206 facilities (91% response rate)
- 62% of the marine facilities located in 2 Counties (Carteret, New Hanover)
- 77.5% of the marine facilities located in 3 Counties (Brunswick, Carteret, New Hanover)



# *Non-Federal DMPP Sites*

## – 26 Existing Non-federal Placement Sites

- Extend across 35 individual parcels
  - 12 parcels owned by the State of North Carolina
  - 22 parcels are privately owned
    - 13 parcels are available for use
    - 5 parcels are not for public use
  - 1 federally owned parcel (MOTSU)
  - Located in 7 counties

| County      | # of Sites | Site Locations   |
|-------------|------------|--|
| Brunswick   | 3          | Southport, Bald Head Island  |
| Carteret    | 4          | Bogue Sound, Brandt Island, Marsh Island, Harlowe Creek  |
| New Hanover | 9          | Fort Fisher, Carolina Beach Inlet, Masonboro Channel, Shinn Creek, Motts Channel, Mason's Inlet, Nixon Channel |
| Onslow      | 6          | Surf City, Sneads Ferry, New River, Bear Inlet   |
| Pamlico     | 1          | Whittaker Creek  |
| Pender      | 3          | Howards Creek, Topsail Creek, Surf City  |
| Tyrrell     | 1          | Alligator River  |



## *PAS Study Phase 2*

- **Goal (Phase 2): Assess the 20-year dredged material capacity needs and identify general environmental concerns associated with upland placement**
- **Project Tasks**
  - Assess 20-year dredged material placement needs for 206 identified marine facilities
  - Identify Counties which have the greatest placement need
  - Map 70 to 75 potential non-federal placement sites not being utilized
  - **Outline general environmental requirements associated with dredge material placement**  
(Material composition; Jurisdictional wetlands; Vegetation removal/management; Spillway and cribbing design/construction; Recommended facility size; Beneficial use of dredged material; Permitting requirements)
  - **Summary report**
- USACE is finalizing the draft report.

