

NC State Ports Authority

Joint Legislative Committee
Transportation Oversight
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NC State Ports Authority Presentation Outline

- **Market and Industry Drivers**
 - Growth in International Trade
 - Port Infrastructure Issues
 - Growth in East Coast all-water service
- **Responding to Global Market Demand**
 - Port of Wilmington Expansion
 - Port of Morehead City and Radio Island
 - Transportation Initiatives
- **North Carolina International Terminal**
 - Why Build a new Terminal
 - What about existing Ports
 - Economic Impact of Ports
 - Supports NC Military Growth Initiatives
 - Transportation Initiatives
- **How the NC General Assembly can Help**

NC State Ports Authority

Mission Statement

Mission

The mission of the North Carolina State Ports Authority is to enhance the economy of North Carolina. The Ports Authority will be managed like a business focused on the requirements of our customers. North Carolina's ports will be recognized for its self-sustaining operations, highly efficient workforce, satisfied customers, and modern, well-maintained facilities and equipment.

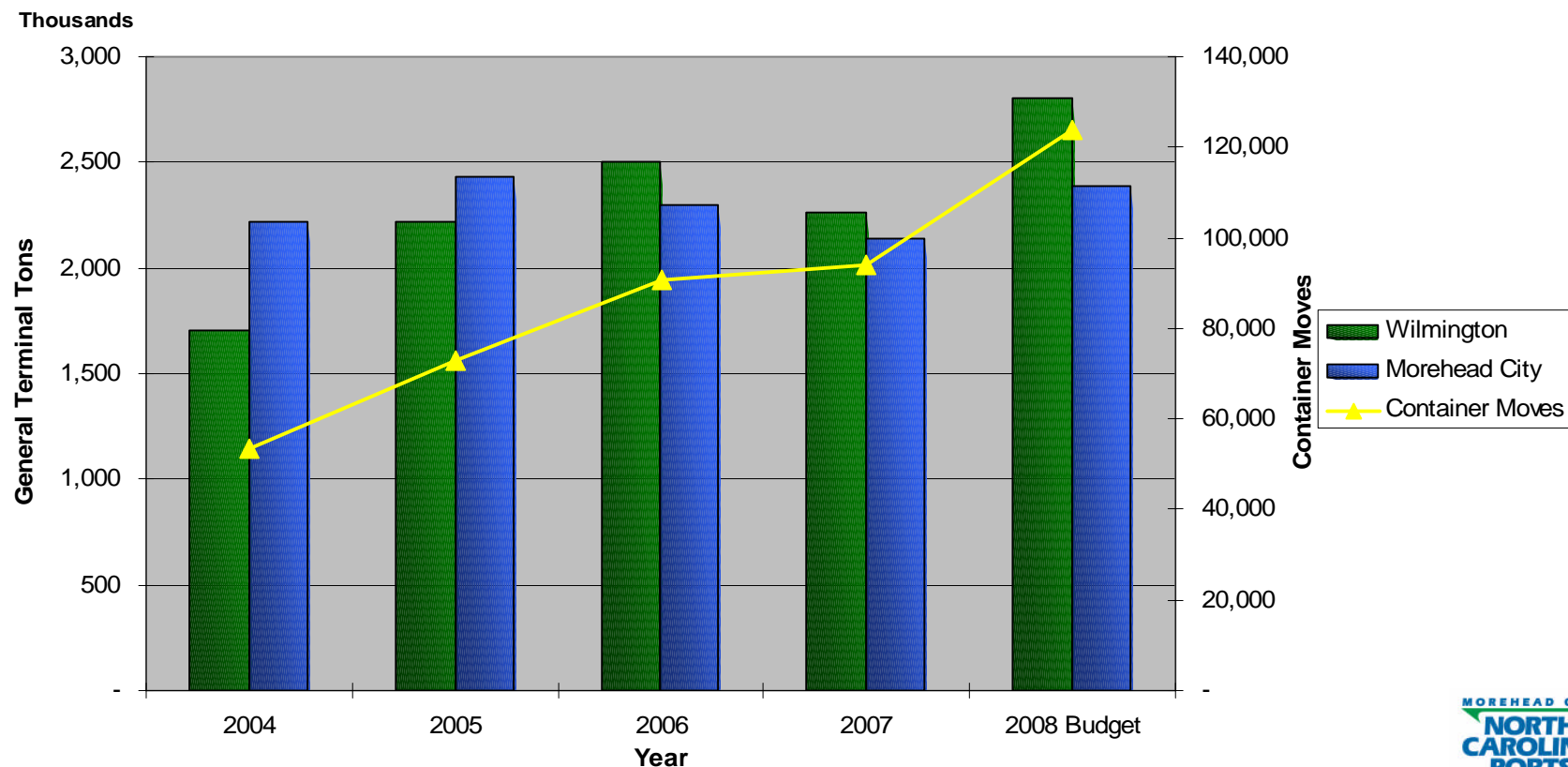
How NC General Assembly Can Help

- Capital appropriation of \$7.5M for replacement and expansion of ports infrastructure
 - Port of Wilmington - full replacement of container Berth 8 – project cost at \$44M FY08 thru FY10
 - Port of Morehead City – replacement of berth and pier infrastructure
- Support transportation initiatives for highway and rail access to NC Ports
- Approve extension of NC Ports Tax Credit
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North Carolina's Ports are Growing

- Five consecutive years of growth
- Compounded Annual Growth Rate – 6% Gen Term & 18% Container

NC Ports Cargo Movement

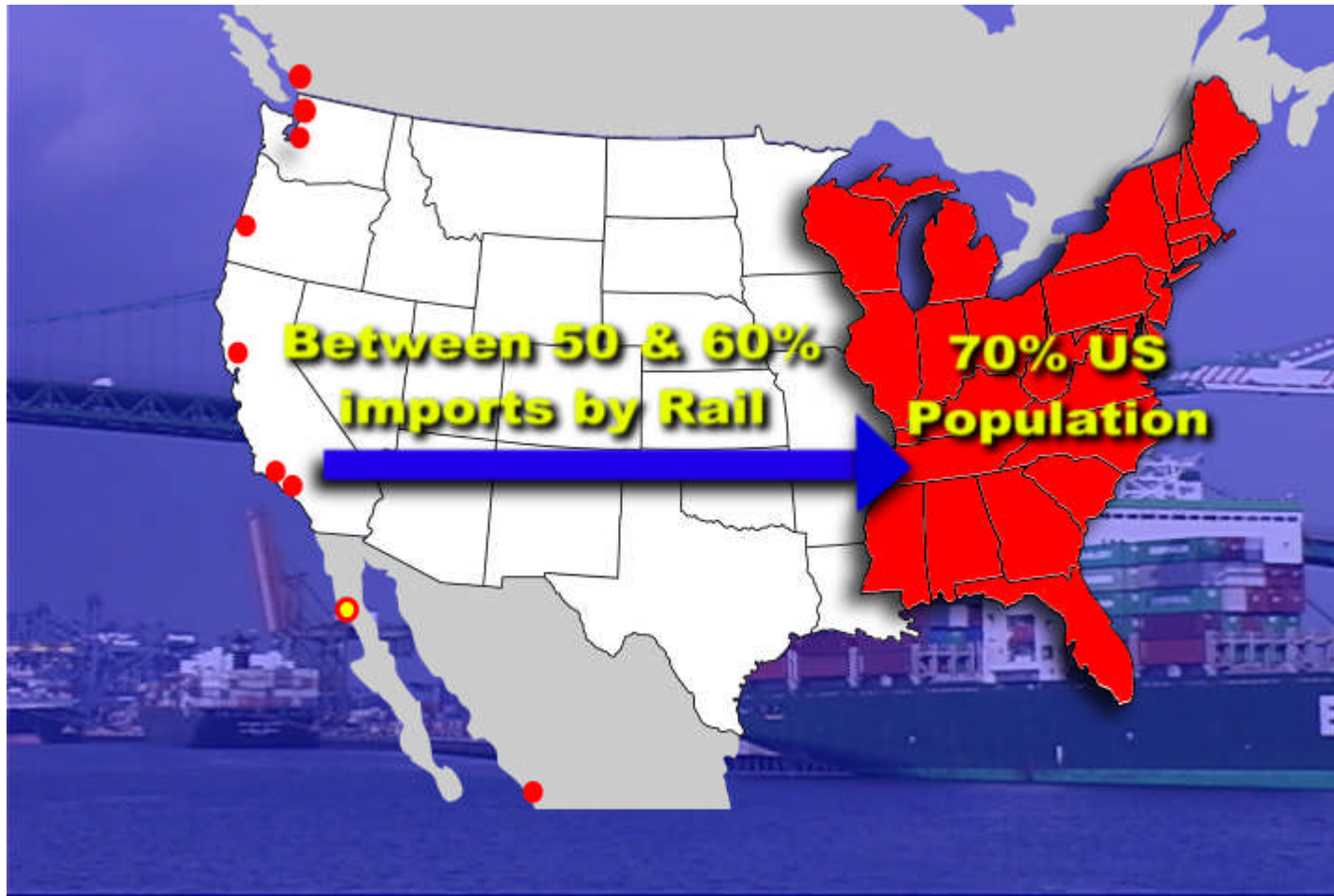


Market & Industry Drivers

International trade is projected to double by 2020

- US container traffic is forecasted to double to 50M TEU by 2015
- Demand at the Ports of Long Beach and Los Angeles is forecast to triple from 15M TEU to 45M TEU; both ports are capacity constrained; NY/NJ will quadruple. Severe capacity constraints at all major ports by 2012
- Container traffic is projected to grow at 6.3% CAGR for US East Coast and Gulf Coast Ports; 20M (2005) to between 54 and 94M TEU (2030)
- Diversion to all-water East Coast service of as much as 50% of the forecasted 30M TEU increase for the Ports of Long Beach and Los Angeles would result in an additional 2% CAGR; coincides with completion of Panama Canal expansion allowing 12000 TEU vessels access to East Coast ports

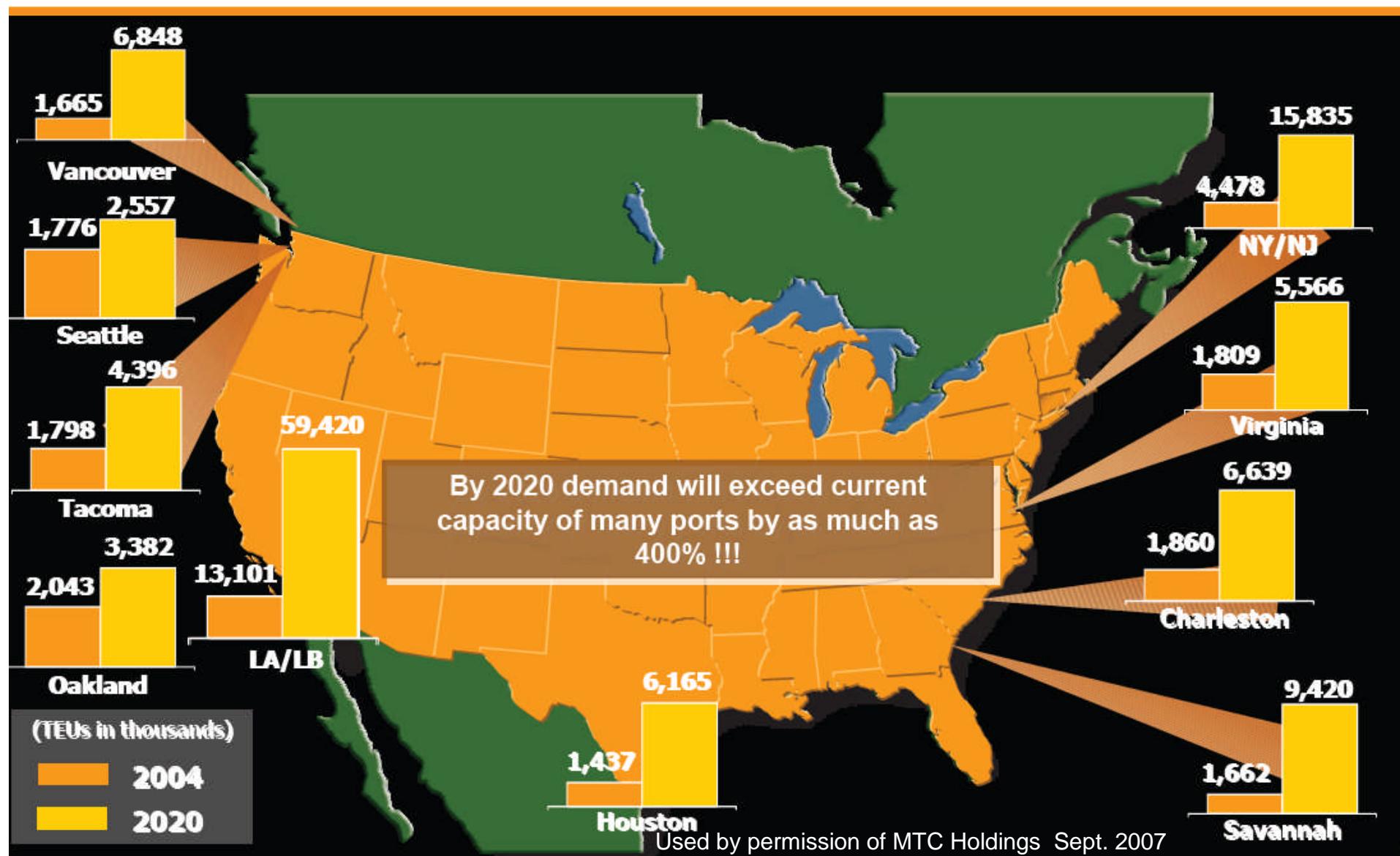
**Today 60% of Asia Imports
move via West Coast to
East Coast by rail**



North American Container Current & Future Trade Growth (Top 10 North American Gateway Ports)

MTC

HOLDINGS



How is North Carolina Responding to Global Market Demands?

Port of Wilmington, NC

Size – 284 acres

Volume – 3.4 million tons

Key commodities –

containers, lumber, wood pulp, steel, fertilizers, animal feed, agricultural products

Near-term development –

dockside improvements for 42-ft. channel, rebuild container Berth 8, security enhancements, Container Terminal expansion, four 100 gage container cranes



Transportation Initiatives – US74 Strategic Corridor, I-140 Bypass, Cape Fear Skyway Bridge, rail access improvements

Port of Wilmington Container Yard Expansion

Multi-year program

\$190 million plus investment

- \$50 million invested to date

Increase thruput from
225,000 to 500,000 TEU

Major Components

- 42 feet navigation channel completed 2004
- Four new container cranes – in service April 2007
- Yard container handling equipment - 2006
- Berth 9 upgrade - completed
- Berth 8 – total rebuild / new construction – FY08 thru FY10
- Backland / Utility / Gate / Paving – new construction
- River Road property development
- New Terminal Operating System – FY08



Port of Wilmington Transportation Initiatives

Interstate grade highway access to Port and cost effective rail service with inland access are critical infrastructure components for US Ports

- Interstate 74 upgrade from Gastonia to Wilmington including the Monroe bypass
- Wilmington by-pass I-140 Southern extension
- Cape Fear Skyway Bridge
- Pembroke Northern Bypass and associated rail improvements – Ft. Bragg
- Castle Hayne to Wallace rail restoration
- Advantage West inland port study
- NCDOT Rail Division Study – rail and economic development
- Acquire two, class one railroads serving each of NC Ports

Port of Morehead City, NC

Size – 128 acres

Volume – 2.1 million tons

Key commodities –

scrap steel, fertilizer, asphalt, forest products, rubber, military

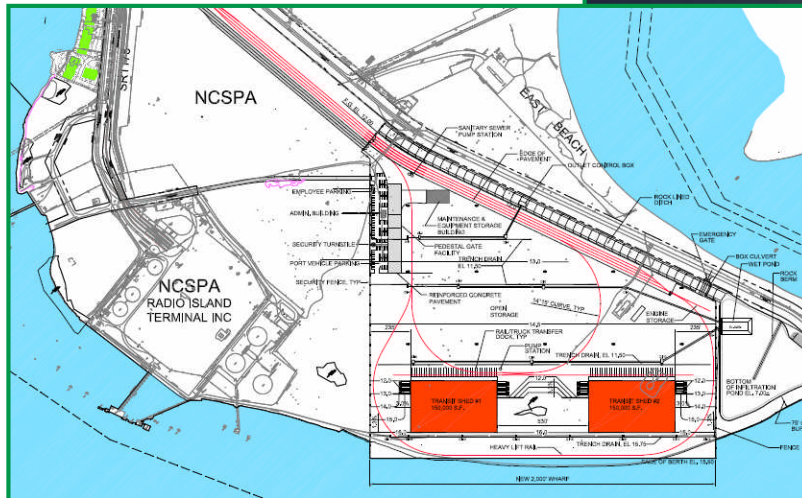
Near-term development –

new 177,000 Sq. Ft. warehouse, equipment, security enhancements, Radio Island Terminal, rail upgrades, rebuild T-head



Transportation Initiatives – widen entrance channel, US 70 Strategic Corridor, Gallants Channel Bridge, rail access improvements

Port of Morehead City Radio Island Terminal



- Environmental Impact Statement complete
- 2,000 – linear feet berth
- 300,000-square foot warehouse
- 35 acres outside storage

Port of Morehead City Transportation Initiatives

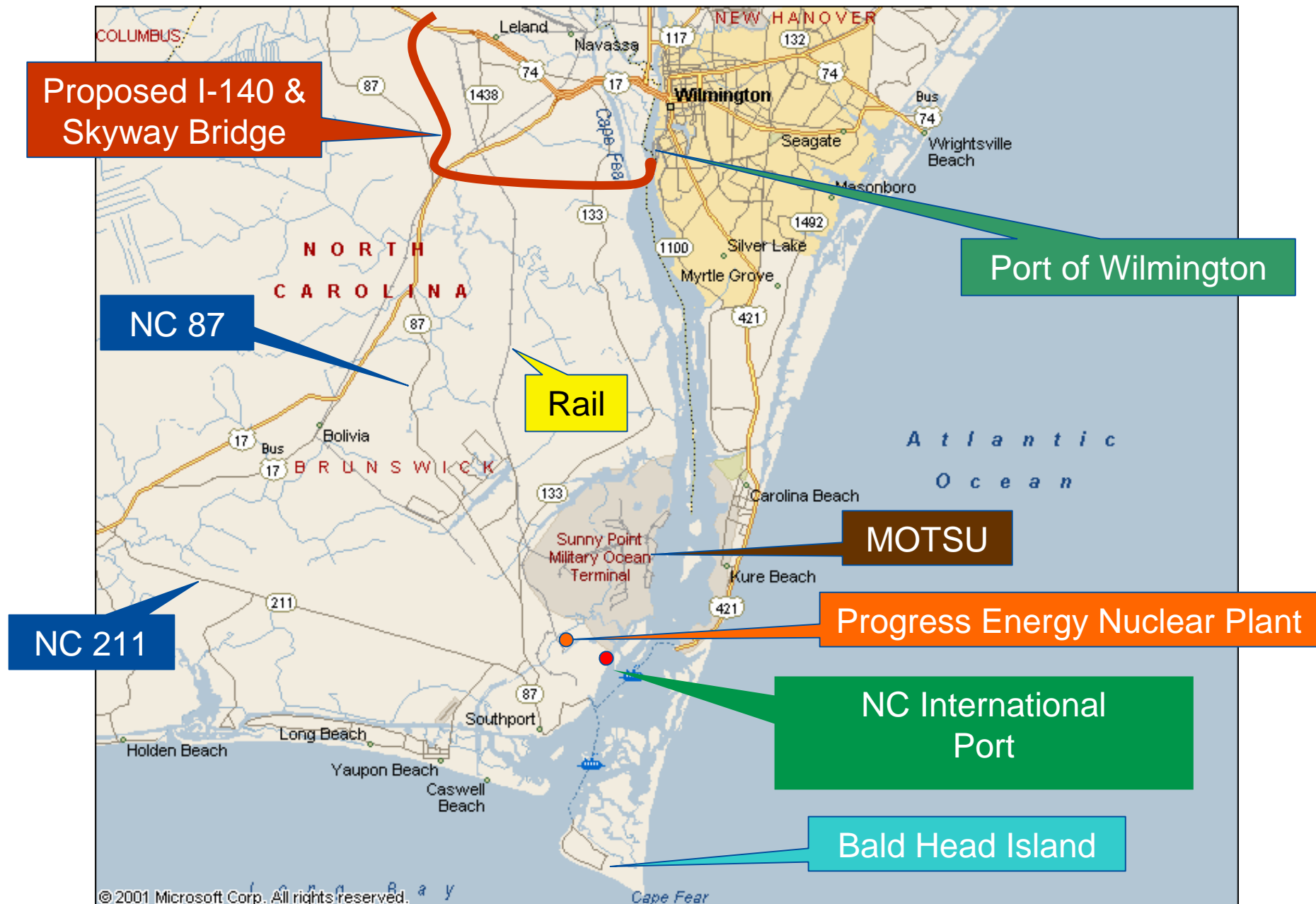
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- Highway 70 Corridor to interstate quality and completion of six by-passes including Carteret and Havelock By-passes
- Gallants Channel Bridge
- NCDOT replacement of Newport River bascule rail bridge serving Radio Island
- Support NC Railroad study proposing relocation of main rail line away from the center of downtown Morehead City
- Acquire two, class one railroads serving each of NC ports

North Carolina International Port (NCIP)



North Carolina International Port



Why build a new terminal?

It's all about economic development and NC capability to compete, retain and attract new industries and investment that create jobs!

National Significance

- Improvements in the U.S. intermodal transportation system are critical to the nation's economic health and well being
- Need exists for a mid-Atlantic logistics infrastructure to meet trade capacity demands as West Coast becomes unavailable to meet East Coast demand for goods using the existing land bridge to eastern half of the nation
- Strategic military synergies will facilitate efficient deployments
- A new facility can provide green technologies (environmental stewardship)

Regional and State Importance

- Few ports on the U.S. East Coast can offer the deep draft conditions and large container terminals that will be required in the future
- Major manufacturing and assembly plant site-selection criteria require proximity to deepwater port facilities with global service coverage
- Economic impact of jobs and taxes will increase significantly
- Capacity to handle existing NC traffic moving over competing ports
- Serve as a key to retaining NC military installations and meeting future military requirements

Supports NC Military Growth Initiatives

- Currently, NC is third largest military state measured by boots on the ground
 - Six major military installations
 - 100,000 active duty personnel
 - 46,000 civilian, reserve and national guard
- FORSCOM and USARC relocation
 - Estimated 40,000 new residents (active duty, civilian, contractor personnel and dependents) in and around Fayetteville within the next four years
- Marine Corps Special Operations Command and additional changes
 - Estimated 60,000 new residents in and around Jacksonville within the next four years
- Development of the North Carolina International Port provides the port infrastructure to accommodate the military's expanding footprint in North Carolina and requirements for the efficient movement of personnel and equipment

What About Existing Ports?

- A new international port will complement the Ports of Wilmington and Morehead City
- International trade will continue to grow; demand for port infrastructure will intensify
- NCIP will generate economic development contributing to new business opportunities for existing ports
- New terminal establishes North Carolina as a preferred shipping destination
- Ports of Morehead City and Wilmington will continue to have a major economic impact on our State long after the North Carolina International Terminal is developed

Transpacific Imports

All-Water Services through the port range of Virginia through Georgia

PIERS Data

Volume By Port	Regional Cargo*	Intermodal Cargo**	Total TEU
Norfolk	362,000	54,000	416,000
Wilmington	75,000	0	75,000
Charleston	297,000	45,000	342,000
Savannah	569,000	113,000	682,000
TOTAL	1,303,000	212,000	1,515,000

Graphic depicts major regional import destinations

*Regional – cargo delivered within a truck-based market

**Intermodal – cargo delivered via rail

Source: PIERS Data Apr. 2006 – Mar. 2007

Transpacific Imports through Norfolk, Wilmington, Charleston, and Savannah

Transpacific Imports: Optimized All-Water Services through the port range of Virginia through Georgia

Optimization realized by matching major
regional import destinations to closest port
gateway

PIERS Data

Volume By Port	Regional Cargo*	Intermodal Cargo**	Total TEU
Norfolk	290,000	55,000	345,000
Wilmington	315,000	0	315,000
Charleston	212,000	44,000	256,000
Savannah	486,000	113,000	599,000
TOTAL	1,303,000	212,000	1,515,000

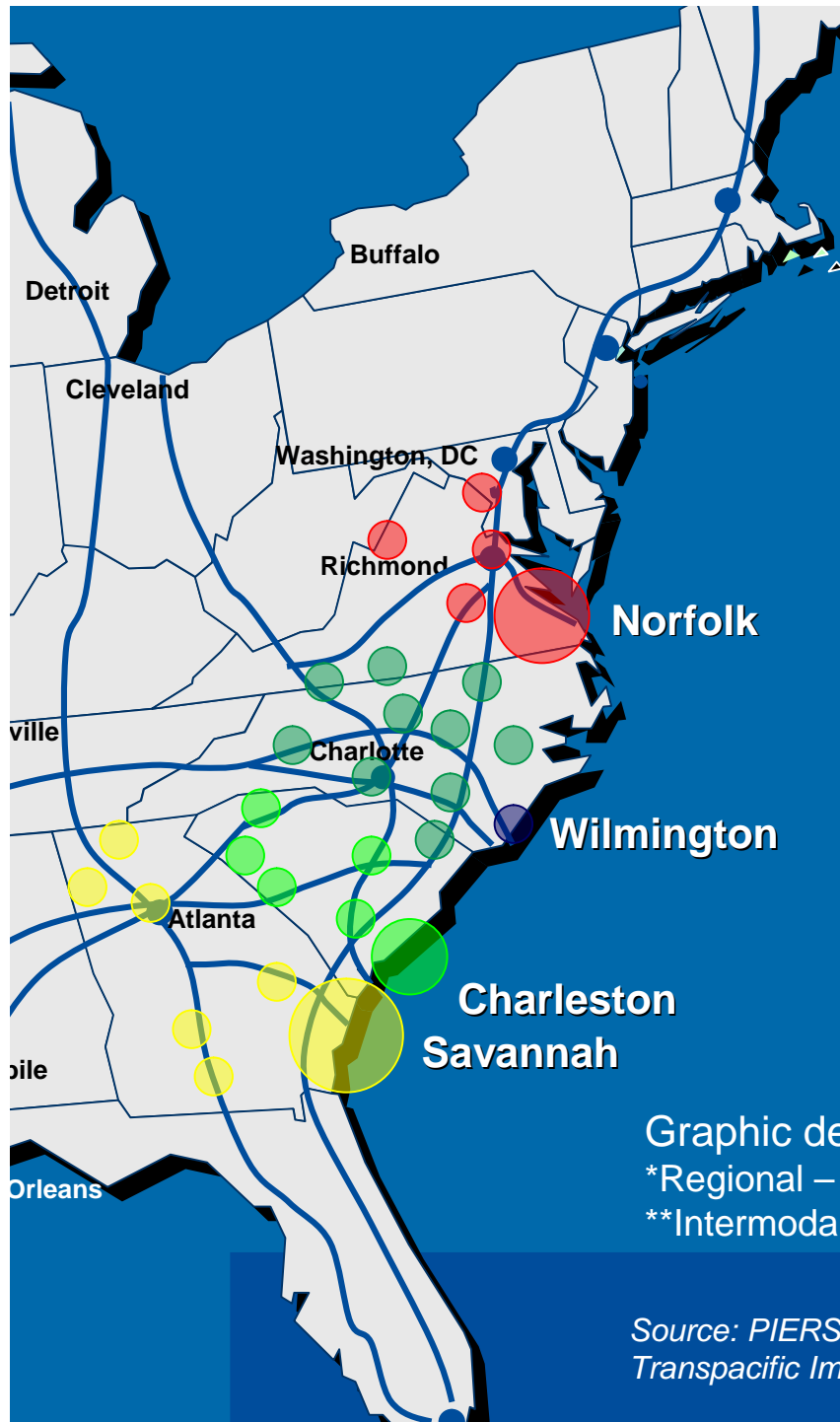
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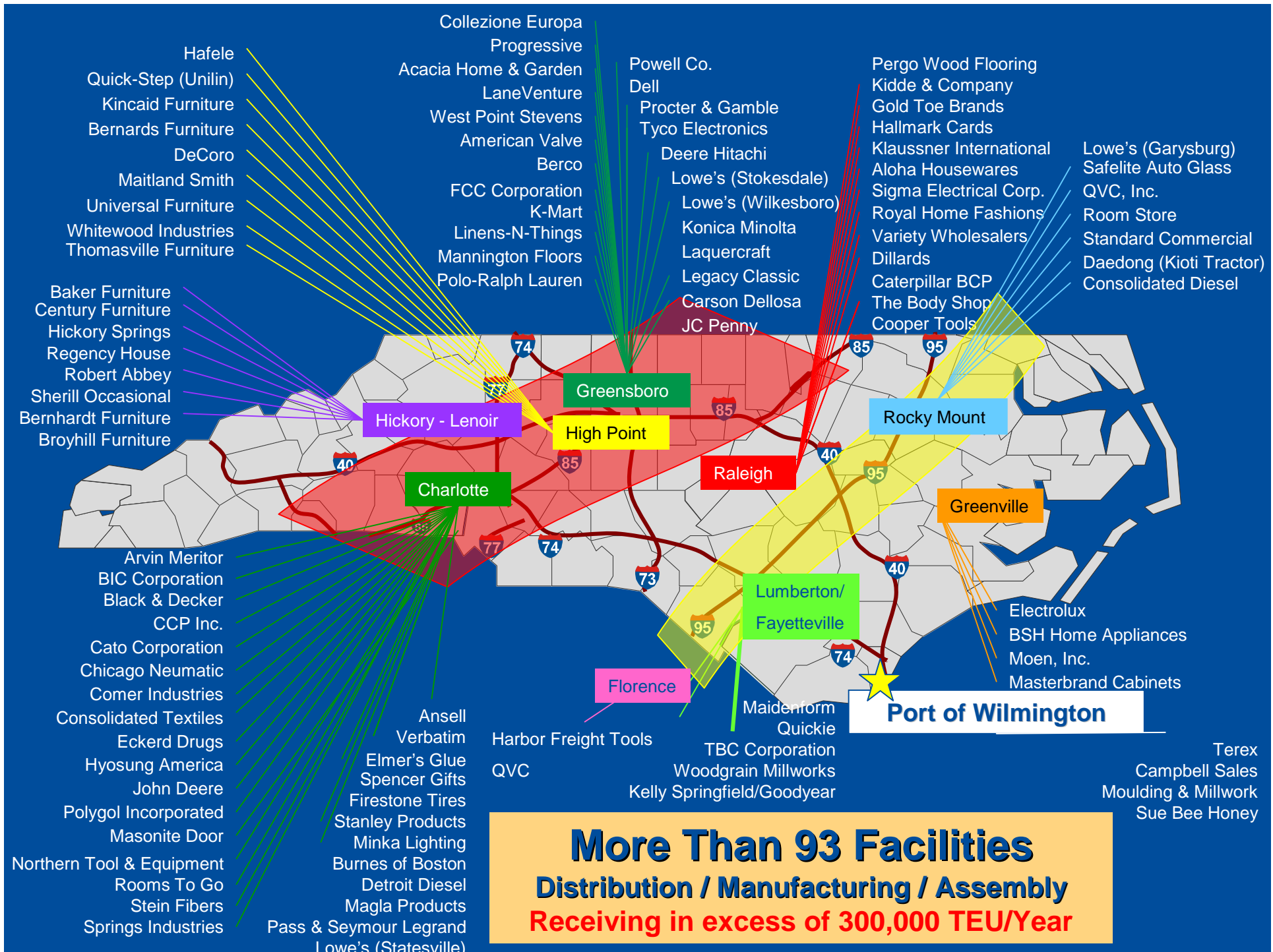
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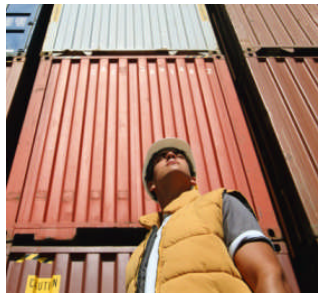




An Economic Boost

The impact of major international ports

Norfolk, Charleston, Savannah individually report:



➤ ***Jobs***

Average of 250,000 jobs statewide



➤ ***Taxes & Economic Impact***

Average of \$1.5 billion contribution per year

North Carolina International Port – Project Status

➤ Strategic Issues

- Magnitude of investment \$1.5B
- Environment and mitigation
- Limited Federal and State funding
- Authority's financial capacity to sustain project development costs
- Timing to meet market demand

➤ Proposed Strategic Approach

- Complete proforma business model and economic impact study FY08
- Initiate and complete Reconnaissance Study FY08
- Initiate Feasibility Study FY09
- Identify and reach agreement with a joint venture partner to undertake full development and construction of NCIP in CY08

North Carolina International Port

Transportation Initiatives

Interstate grade highway access to terminal and cost effective high velocity on-terminal rail service with inland access are critical infrastructure components for US Ports

- NCDOT Feasibility Study for highway and rail access to the North Carolina International Port
- Access and improvements to DOD Railroad
- Require service of two class one railroads at each of NC Ports
- East to West rail corridor NC Ports to inland markets
 - Advantage West inland port study
 - NCDOT Rail Division Study – rail and economic development
 - Requirement for an integrated planning approach that include NC, cargo interests and railroads

How NC General Assembly Can Help

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In Summary

- Growth in international trade and in US container volume will overwhelm US port and intermodal infrastructure
- North Carolina State Ports Authority has window of opportunity to increase business & economic benefits statewide; global gateway / access is major requirement to attracting new industries
- Enhanced inland transportation infrastructure essential to realize full value of capital investment projects at Wilmington and Morehead City, Radio Island and NC International Terminal
- NC General Assembly support critical for capital appropriation for port infrastructure and extension of NC Ports tax credit

Trade and Transportation: Study of NA Port and Intermodal System March 2003
By the National Chamber of the US Chamber of Commerce
Global Insight and CH2M Hill – January 2008