



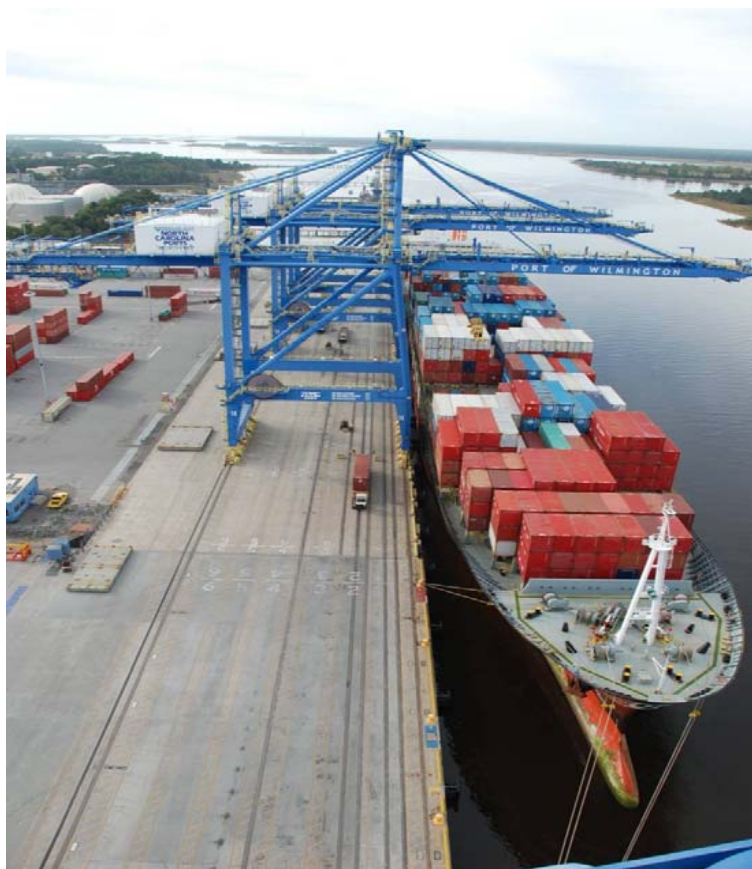
Joint Appropriations Subcommittee on Transportation

Logistics – DOT, Ports & Global TransPark

Roberto Canales, P.E. Coordinator of Strategic Initiatives - NCDOT



House Bill 1005 (Session Law 2007-551)



Instructed the North Carolina Office
Of State Budget and Management to:

*Develop a statewide logistics plan
that addresses the State's long-term
economic, mobility, and
Infrastructure needs.*

Report Completed in May 2008

(www.ncdot.gov)



Statewide Logistics Studies

SEVEN PORTALS STUDY

An Investigation of How Economic Development Can be Encouraged in North Carolina Through Infrastructure Investment



Master Report
[Final](#)

December 31, 2011

NORTH CAROLINA **MARITIME** Strategy

NC Maritime Strategy
Final Report
Prepared for the
North Carolina Department of Transportation

by
AECOM
in association with URS

June 26, 2012



governor's Logistics Task Force

FINAL REPORT



Maritime Strategy Scope

- Identify the industries most important to NC.
- Evaluate North Carolina's opportunities and challenges as a portal for global maritime commerce.
- Examine the role of North Carolina ports in sustaining and strengthening the State's economy and creating jobs.
- Identify specific strategies to optimize benefits received from the State's investments in port and associated transportation infrastructure.

<http://www.ncmaritimestudy.com/>

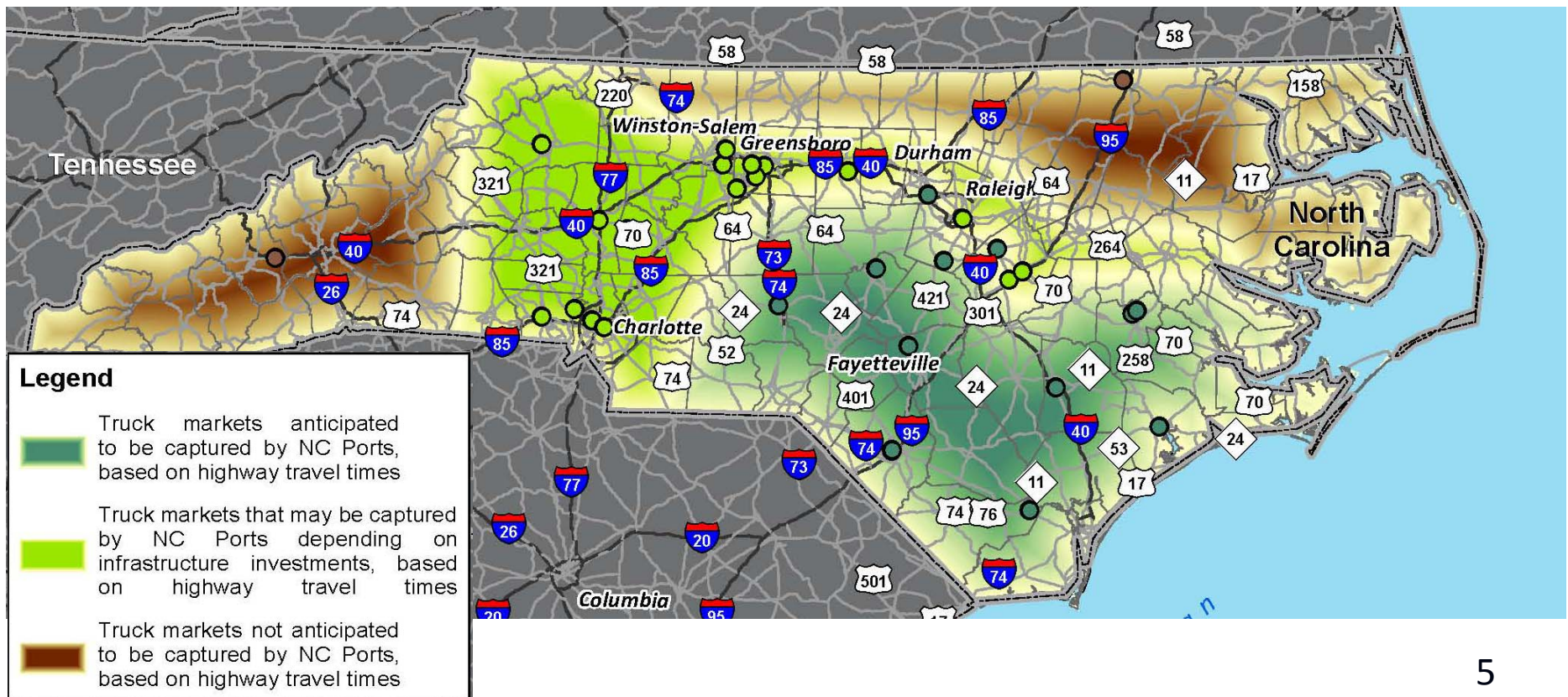


Summary of Stakeholder Input

- Jobs, economic growth, and environment are top concerns.
- Landside costs represent up to half total transportation cost of North Carolina exports – trucking cost is key.
- Rail freight cannot be competitive within NC without sufficient volumes to support regular rail service.
- Containerized trade requires regular service by ocean carriers.
- Targeted investments needed to support the State's major industries: refrigerated storage; roll-on roll-off facilities; bulk handling for grain and wood pellets.
- An integrated strategy will include Commerce, Transportation & Military.

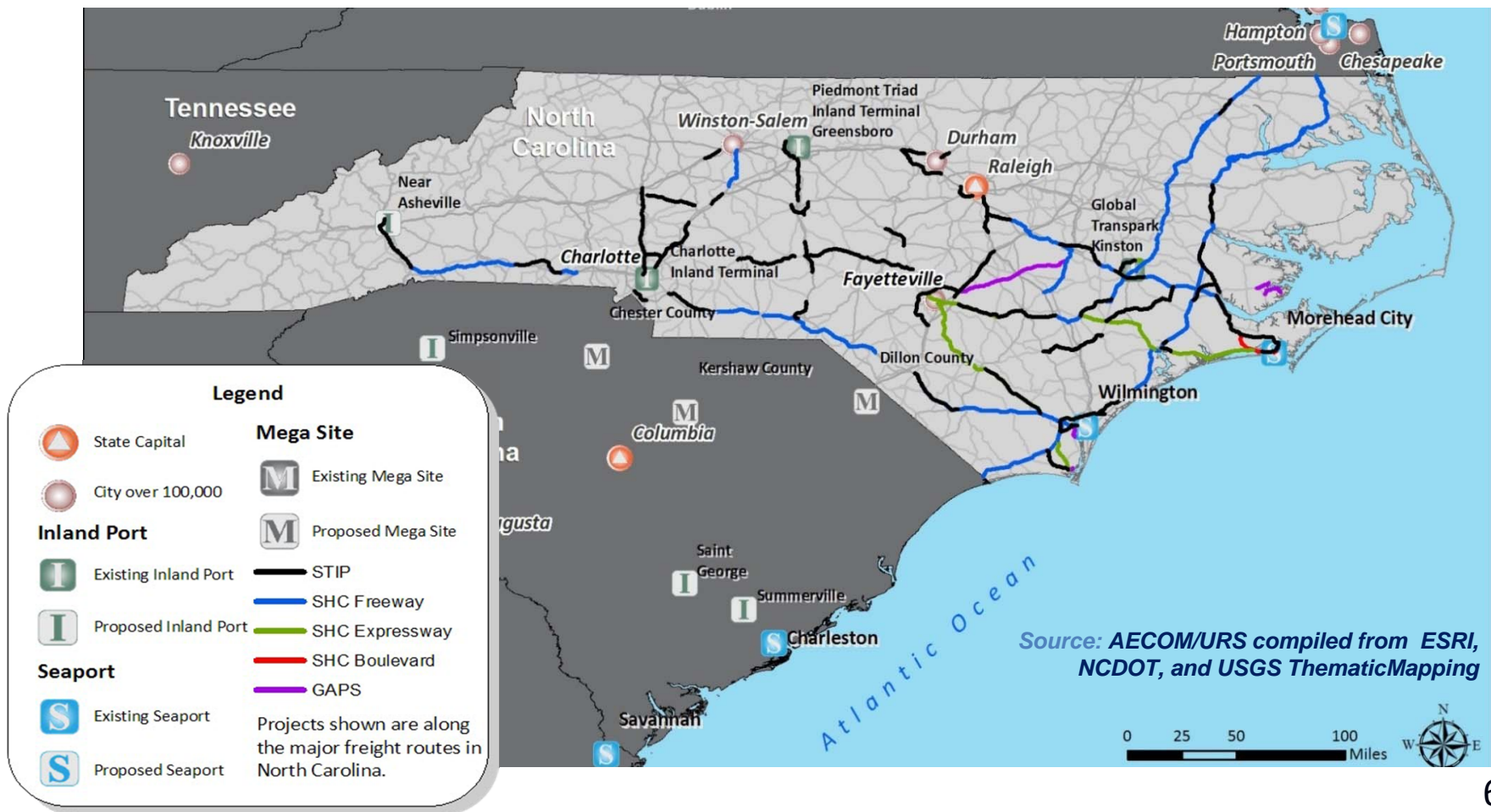


Highway investments that could benefit Ports



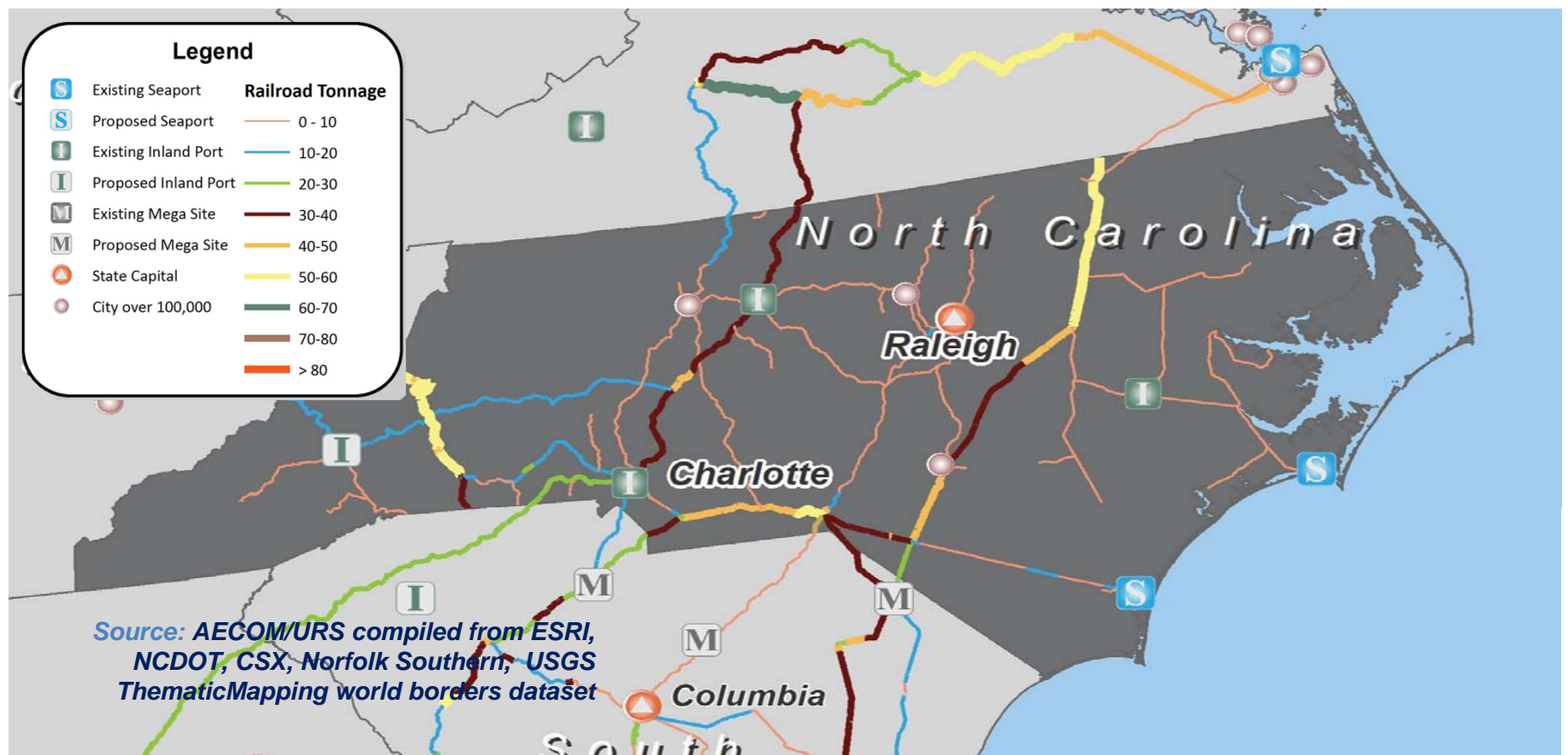


Highway projects of importance to Ports





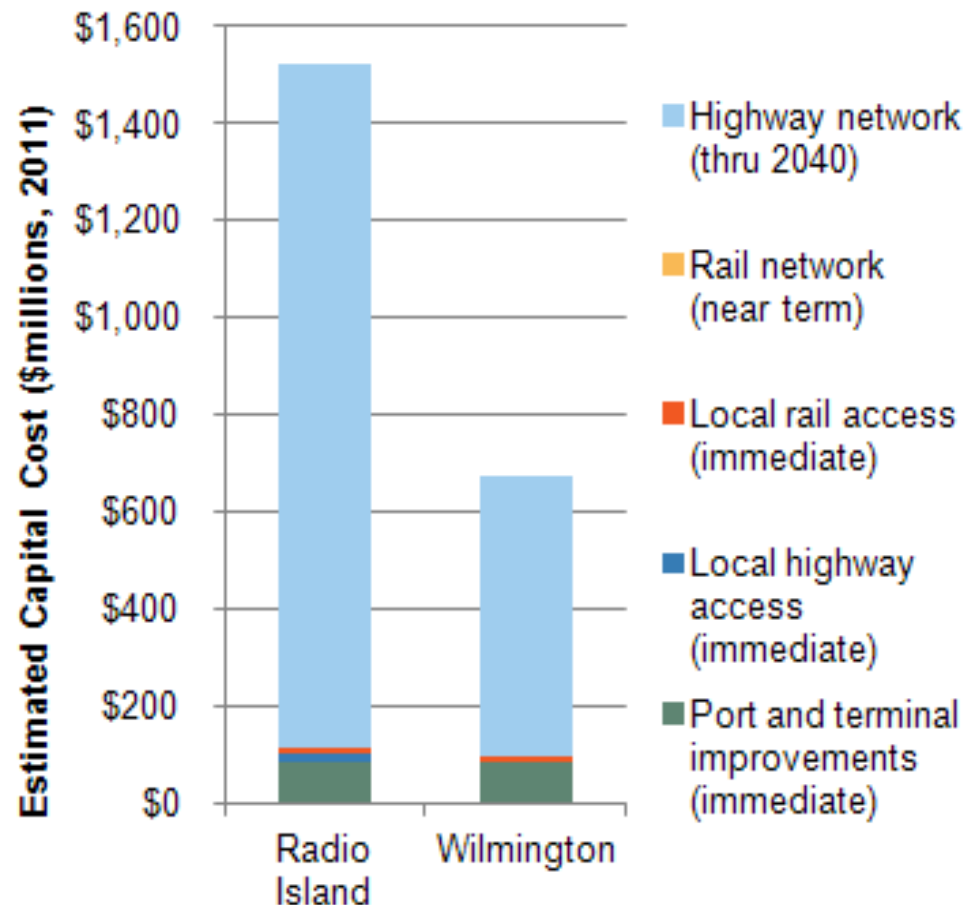
Evaluation of Freight Rail Network





Grain and Soybeans

2.6 BCR



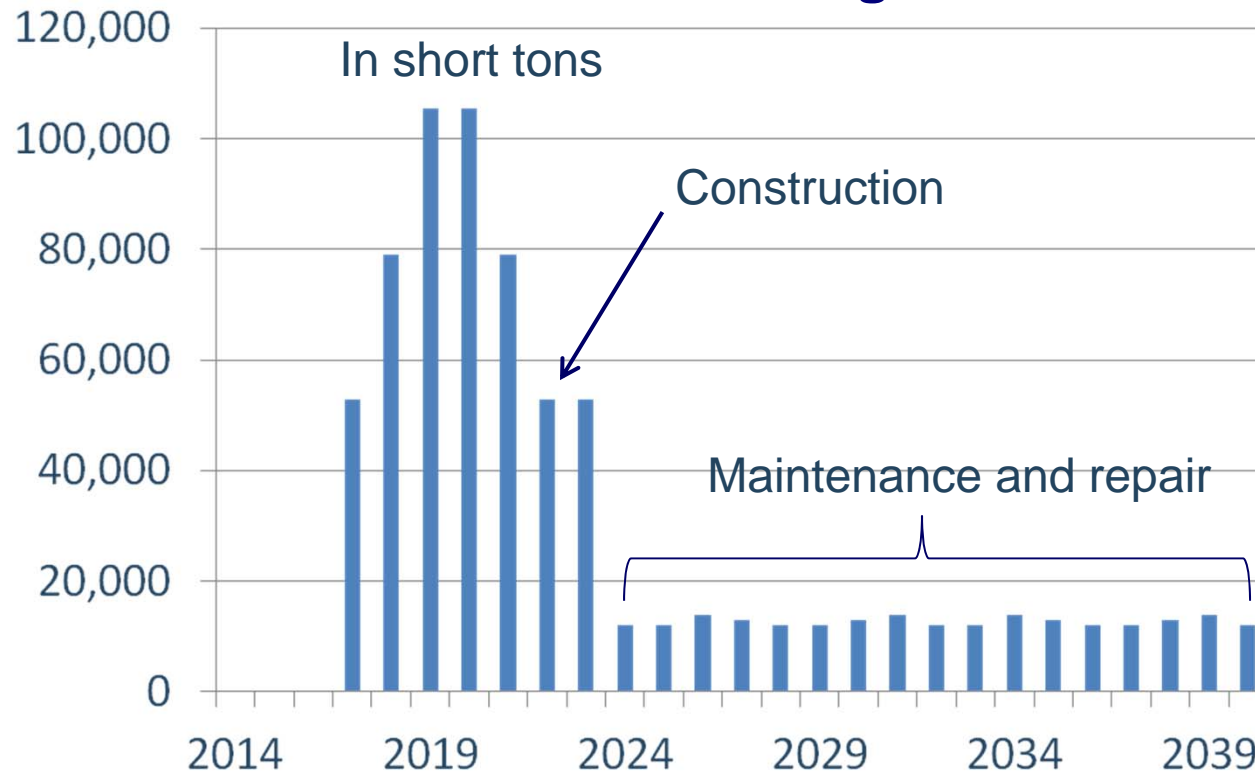
Requires a new bulk grain terminal, port rail connection and improved highway access.

- \$ 97 million shipper benefits.
- \$ 2.1 billion travel time savings.
- \$ 105 million public benefits.
- 21,000 construction jobs.
- Supports retention and growth of food processing in NC – with 135 permanent jobs per typical plant.



Wind Power Cargo

Annual Tonnage



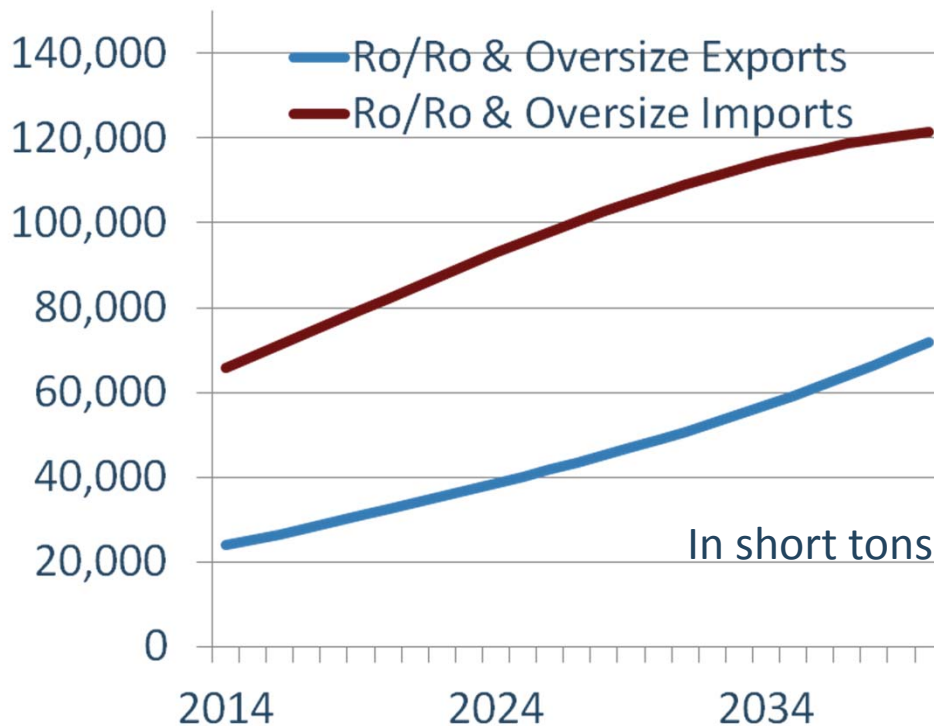
Projection of construction and maintenance of offshore wind farm, sized to assume 12.5% of state's retail electricity.

Source: AECOM, based on current dimensions of equipment, NC policy and market maturation forecasts



Ro/Ro and Oversize Cargo

Annual Tonnage



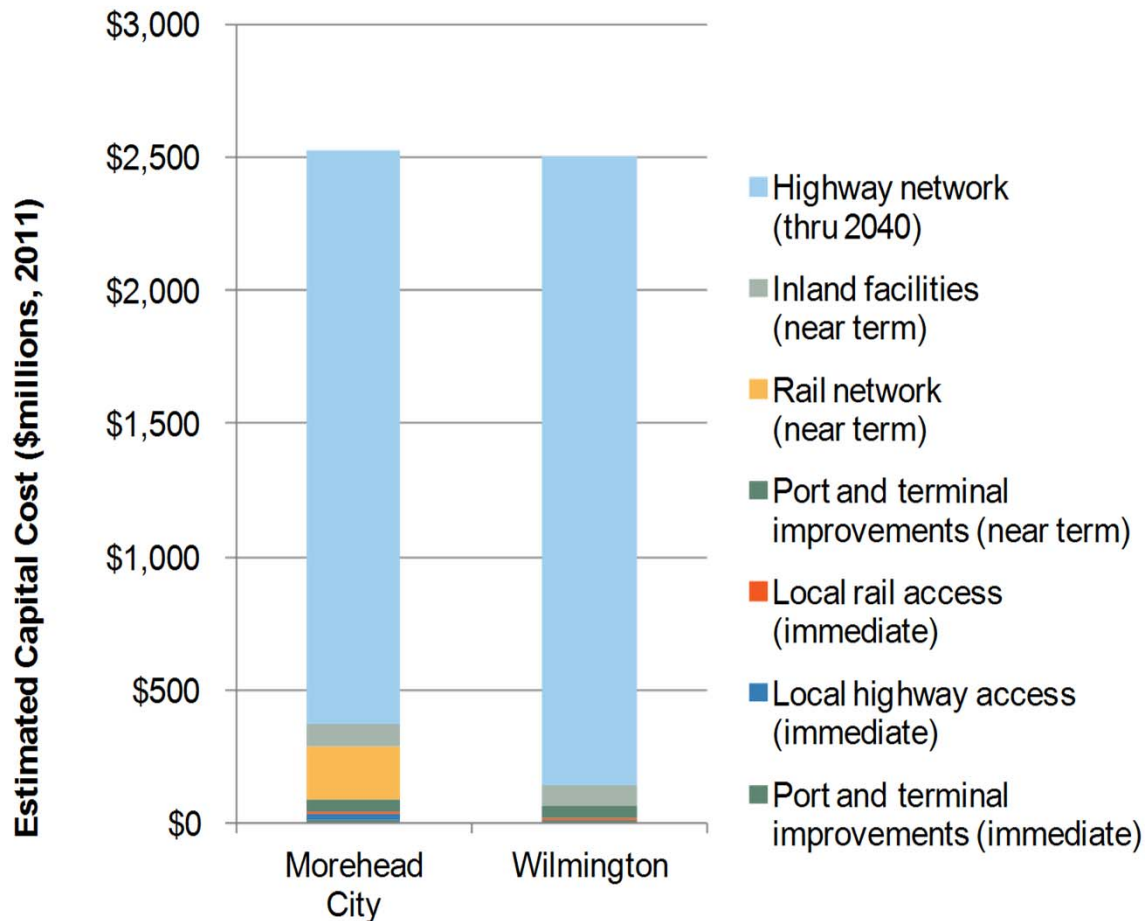
Source: AECOM, from IHS Global Insight projected growth and PIERS historical data

- Producers of manufactured goods, especially those who make large bulky products such as Caterpillar and Spirit AeroSystems, rely on port access to receive parts and to deliver products to customers.
- Opportunity includes wind power.
- These are attractive employers because they not only hire workers directly, but they also make large purchases of goods and services from the economy, which also indirectly supports jobs.
- **Requires port, road, and rail facilities that can handle large/heavy goods.**



Ro/Ro and Oversize Cargo

3.4 BCR



- Requires port, road, and rail facilities that can handle large/heavy goods.
- \$ 68 million shipper benefits.
- \$ 4.9 billion travel time savings.
- \$ 91 million other public benefits.
- 35,000 construction jobs.
- Typical relocation of a new equipment manufacturing plant creates 400 direct jobs.



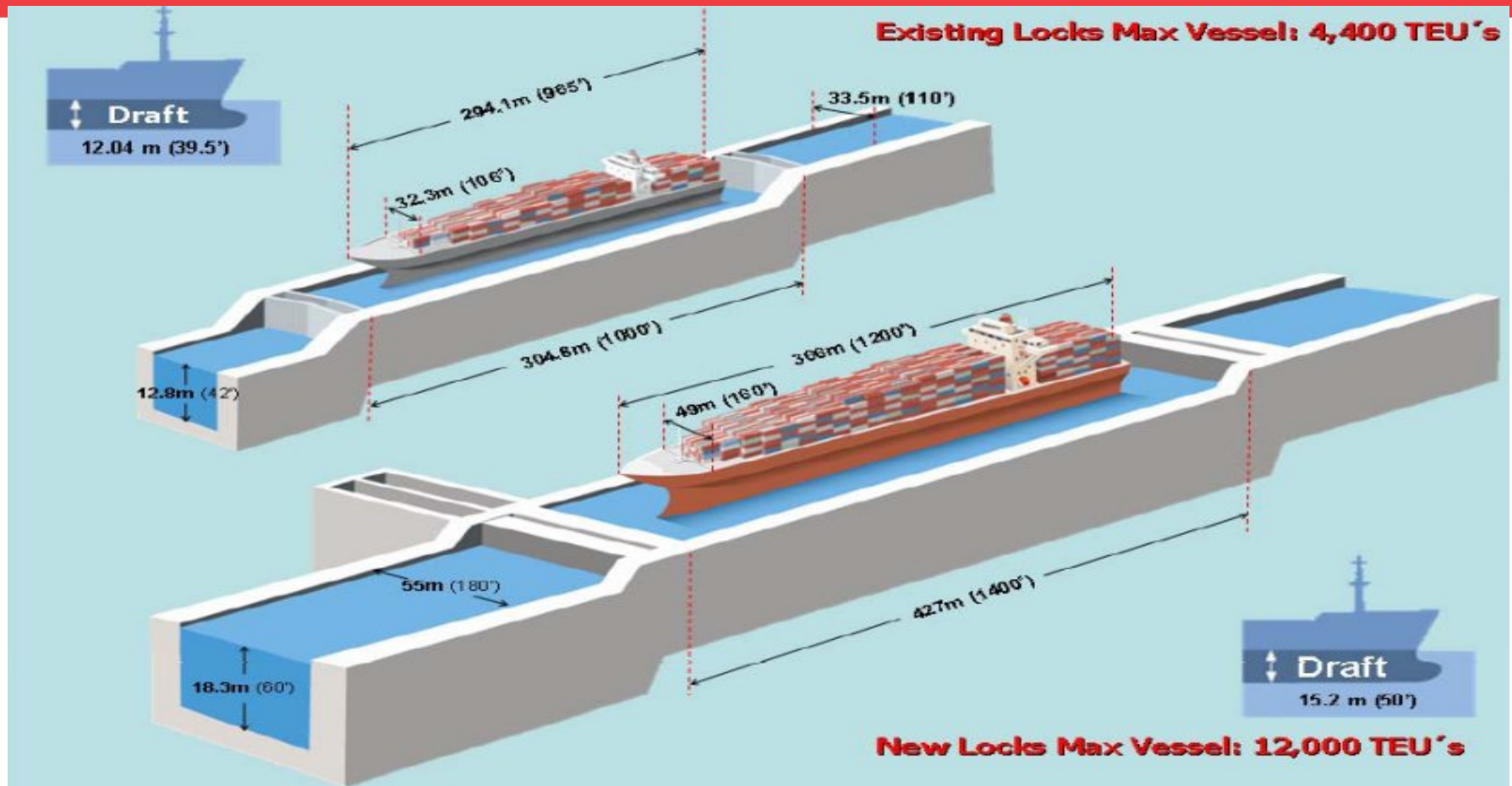
Containerized Cargo Benefits and Costs

Infrastructure Needs:

- New or expanded container terminal projected at 1.3 million TEU demand.
- Up to 51' deep channel to handle Post Panamax vessels.
- Efficient truck and rail access, incl. new intermodal terminal E. of Charlotte.

Economic Benefits: (based on POW alternative with 51' depth)

- \$ 1.1 billion shipper savings.
- \$ 78 million in additional supply chain benefits.
- \$ 3.2 billion in travel time savings to non-freight highway users.
- \$ 253 million in additional combined savings to State citizens through reduced accidents, emissions and highway maintenance.
- 24,000 construction jobs (job-years) and 2900 permanent jobs statewide.





Container Terminal at Radio Island

- New terminal with rubber tire gantry (RTG) operations
- 2 premium berths
- Evaluated at 45' and 51' water depths
- 1.2 million TEU max. capacity

Source: AECOM

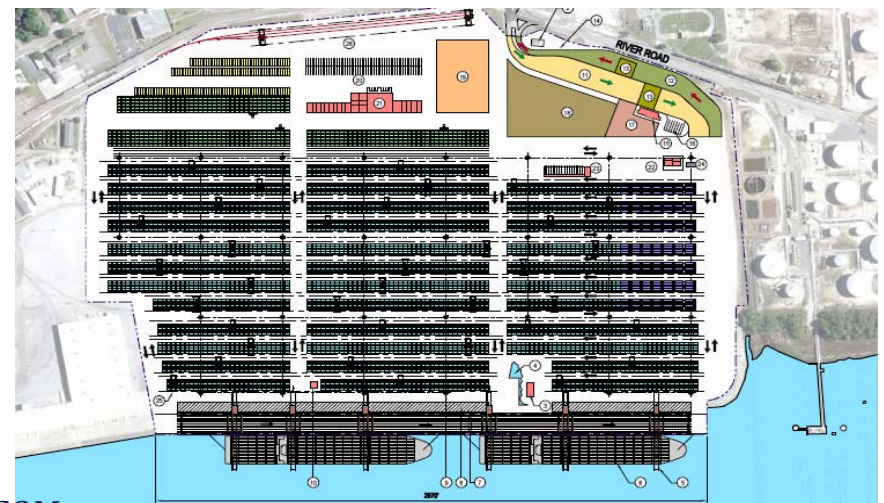
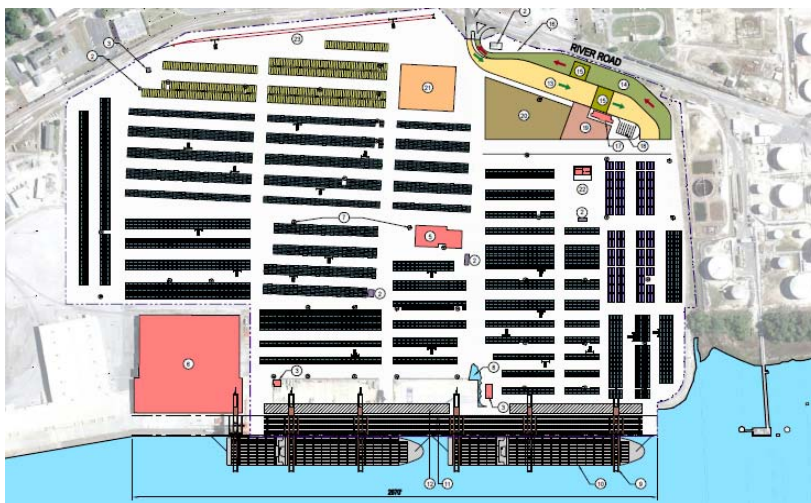




Container Terminal at Port of Wilmington

- Expanded terminal area
- Relocated gate
- Reach stacker operations
- 2 premium berths
- 42' water depth
- 750,000 max. TEU capacity

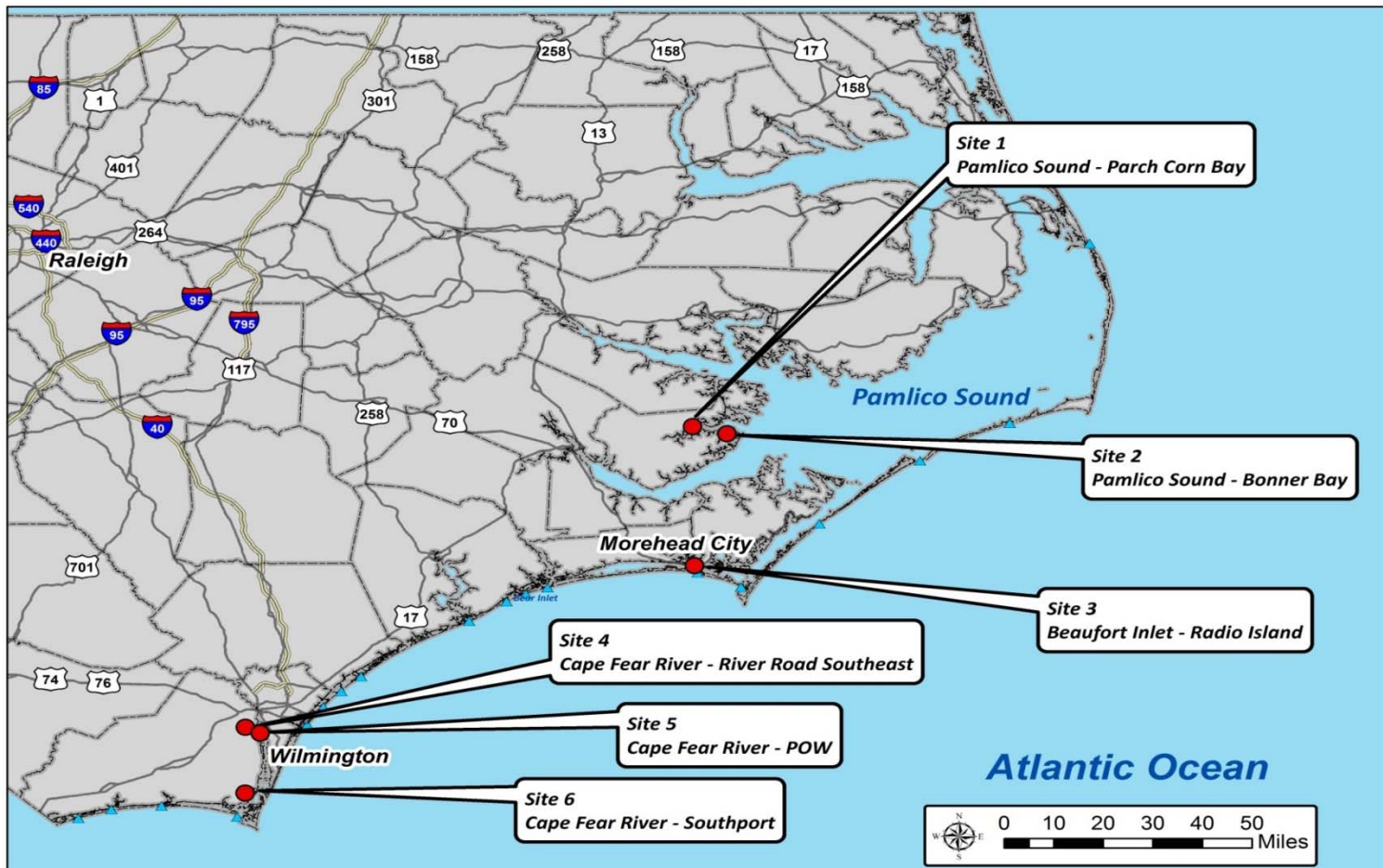
- Expanded terminal area
- Relocated gate
- Rubber tire gantry (RTG) operations
- 2 premium berths
- 42', 45', 47' or 51' water depth
- 1.1 million to 1.6 million TEU capacity



Source: AECOM

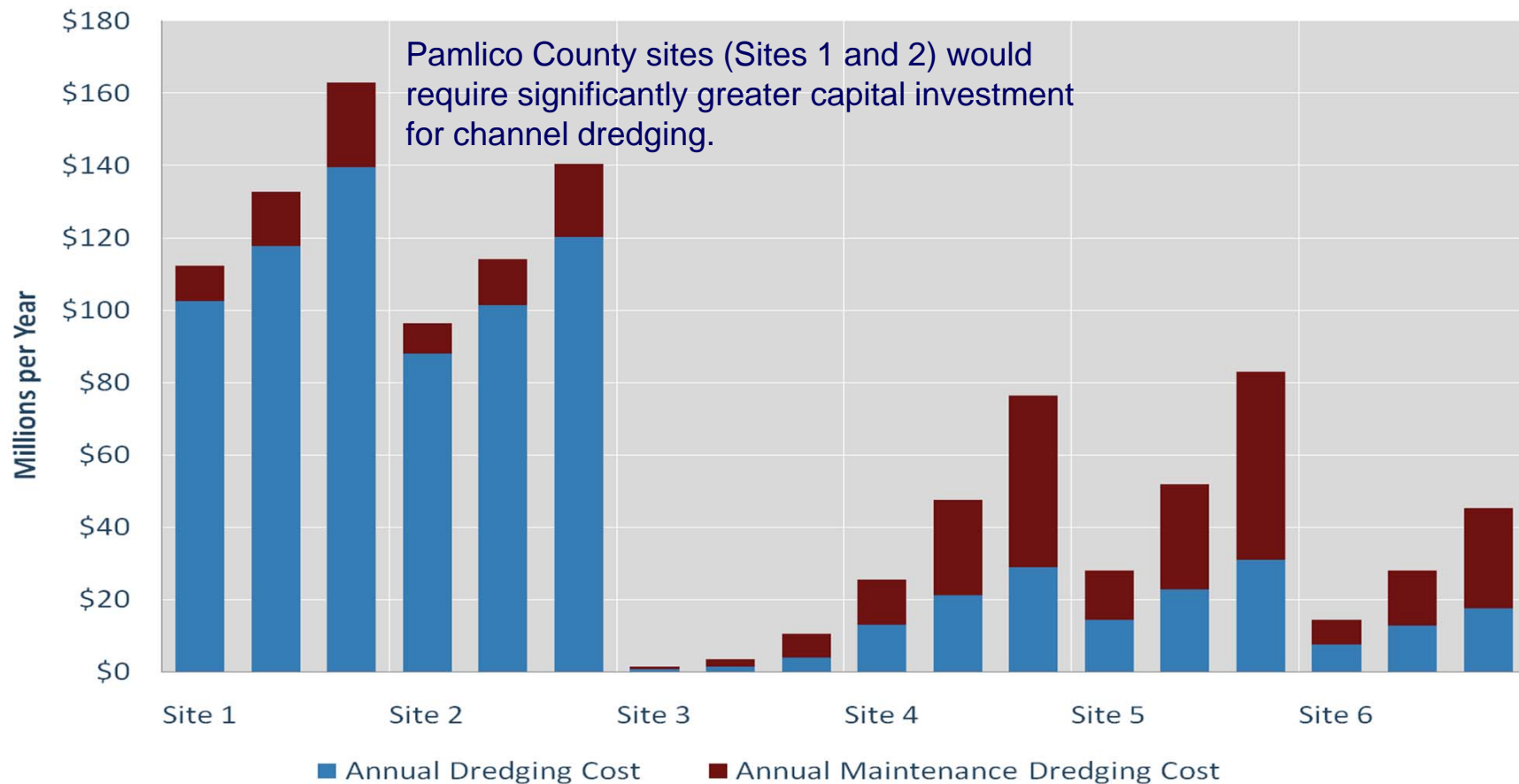


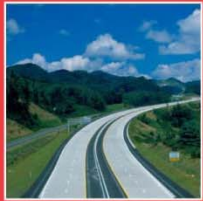
Candidate Container Port Sites



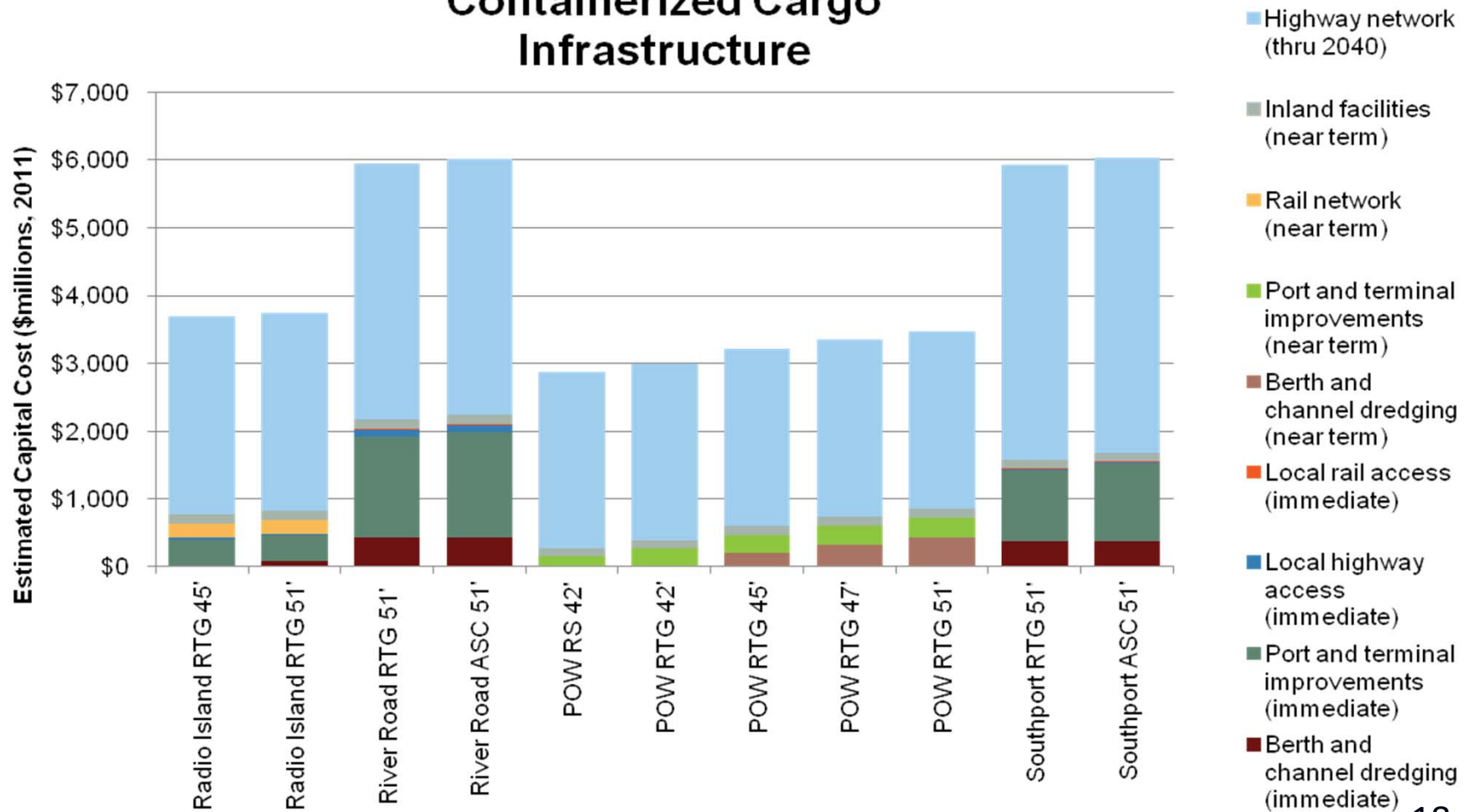


Annualized Dredging Costs





Containerized Cargo Infrastructure





Military Cargo



- Port of Wilmington and Port of Morehead City are designated as Strategic Seaports, two of 15 nationwide.
- Military facilities support over 416,000 workers, about 8% of total State employment.
- The economic return on investment to preserving the Ports' attractiveness to the military is important – part of separate, detailed analysis under the NC Defense Logistics Initiative.

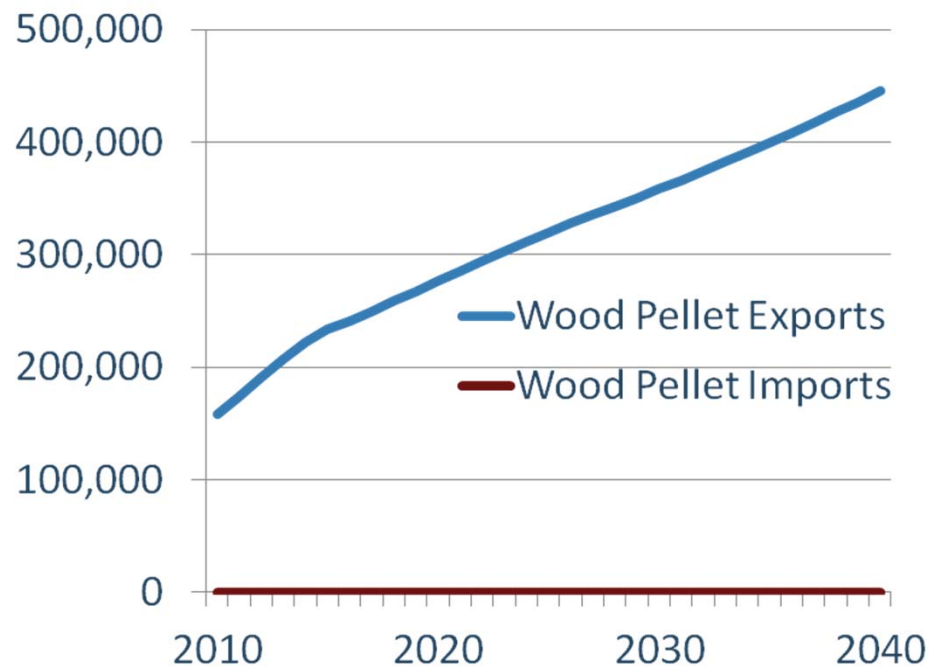


Military Reset Initiative

- **Study regarding the maintenance, repair, and reset of military equipment (ground force specific).**
- **Developed with the NC Eastern Region Military Growth Task Force.**
- **DOT has supported the initiative with funds & staff.**
- **Ports & GTP involved in vision planning.**



Wood Pellets – Maritime Strategy Findings

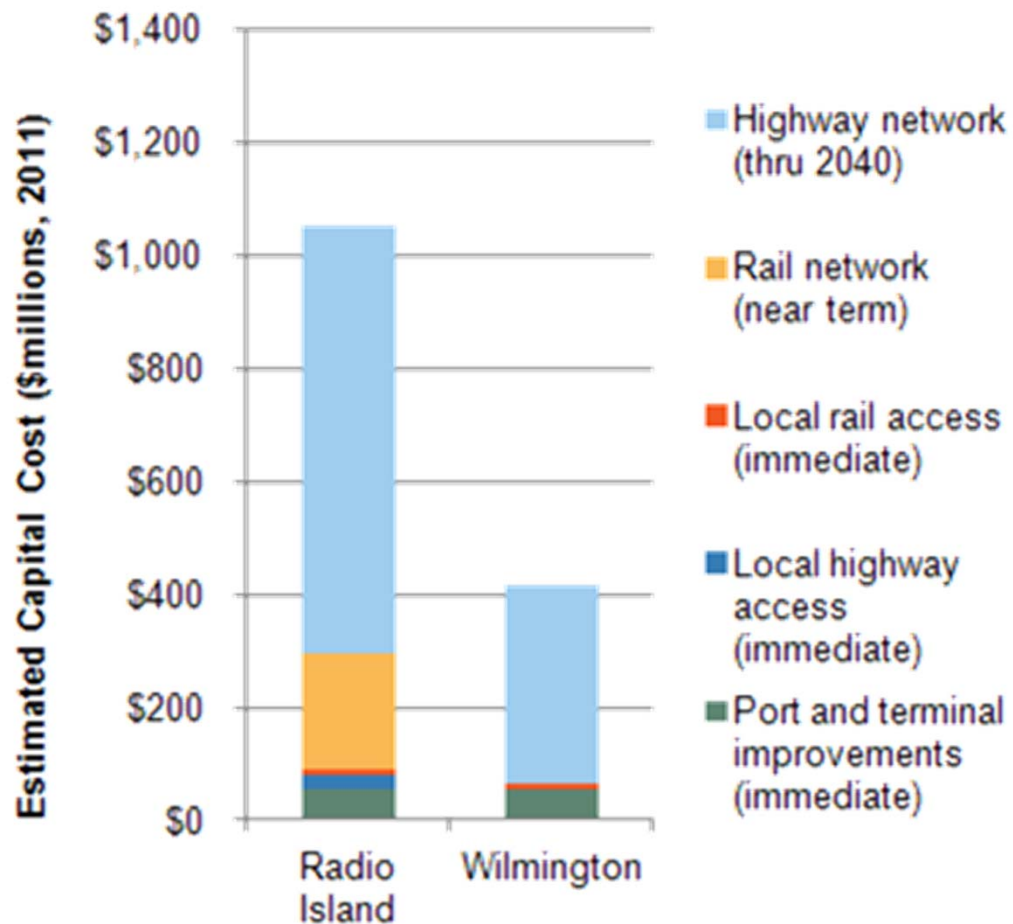


Source: AECOM, from IHS Global Insight projected growth and PIERS historical data

- World demand is expected to grow strongly in next 10 years.
- Assumes two small pellet facilities locate in the state and use in-state ports.
- Data indicates higher growth potential.
- A bulk wood pellet terminal and rail connection are needed to serve this market.



Wood Pellets – Cost / Benefit



- Requires a new bulk wood pellet terminal, port rail connection & highway improvements.
- \$ 133 million shipper benefits.
- \$ 628 million travel time savings.
- \$ 31 million public benefits.
- 5800 construction jobs.
- 132 permanent jobs for a typical wood pellet plant.

3.1 BCR



Wood Pellet Infrastructure

POW North Property

(wood pellet terminal shown at right)

Radio Island

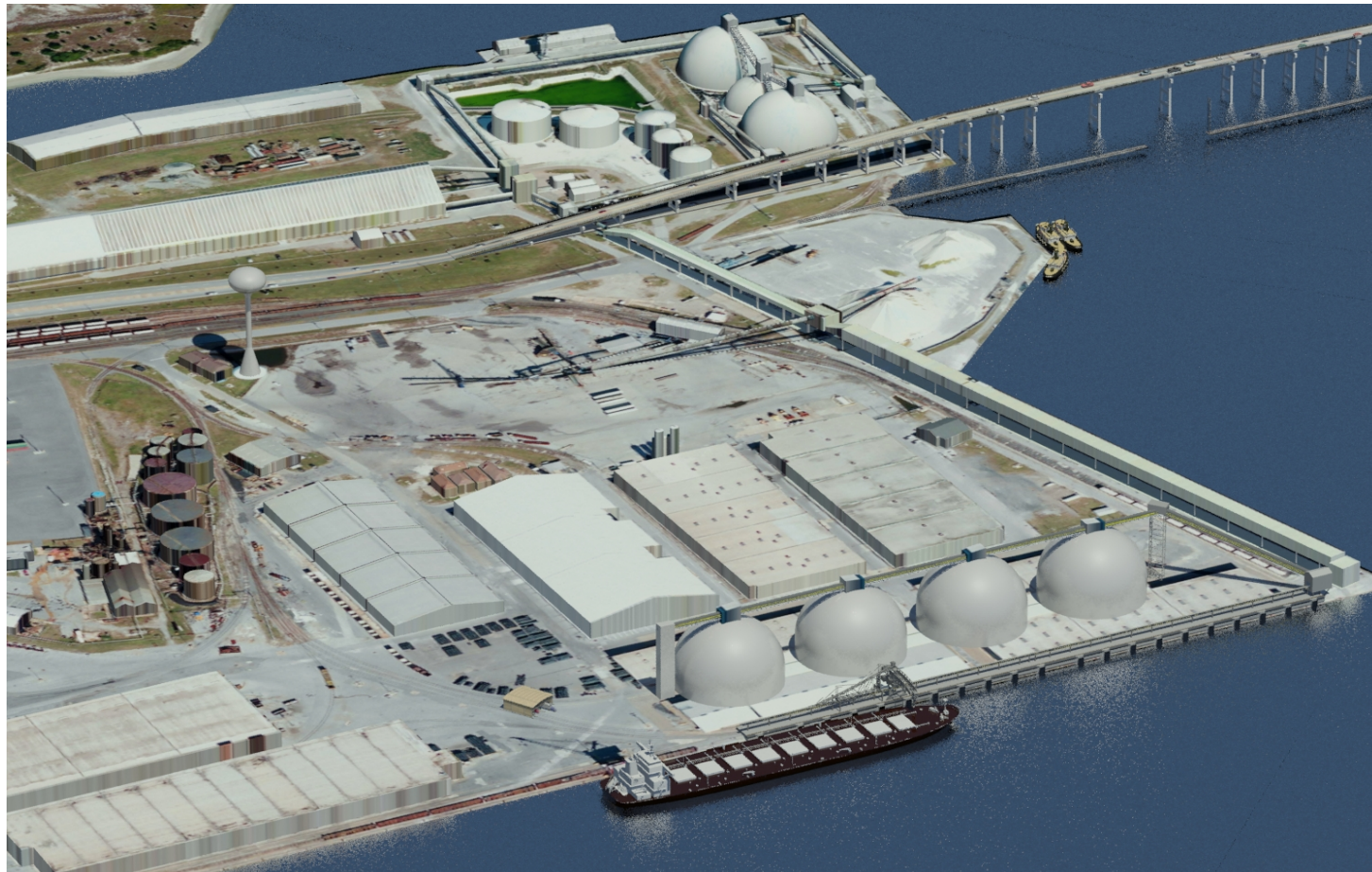
(wood pellet terminal shown at left)

Source: AECOM





Wood Pellets – Operation (MHC)





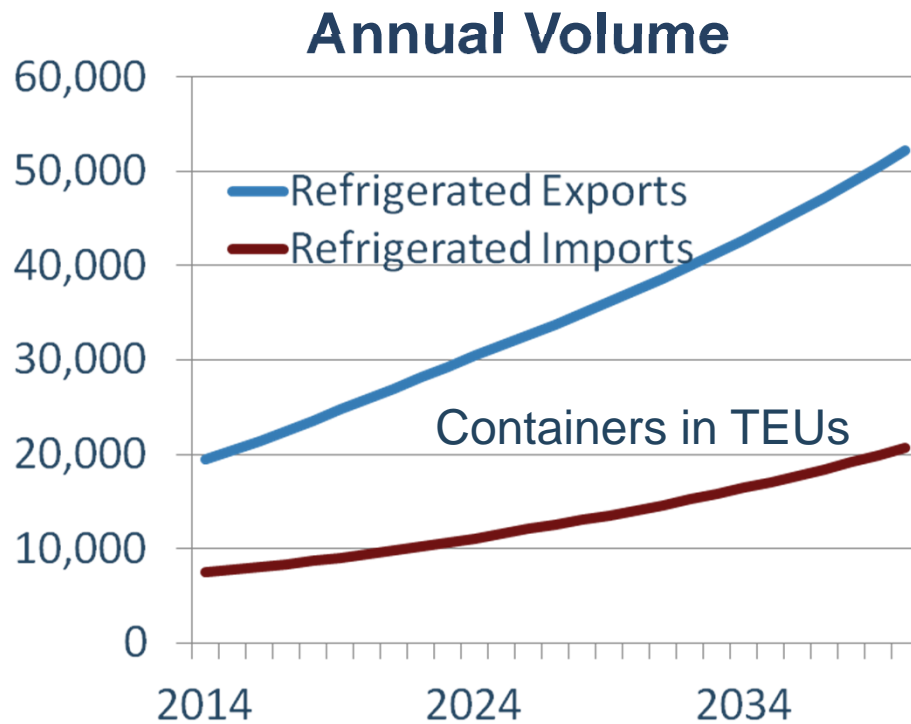
Wood Pellets – Potential Benefits

				Job Impacts*	
	Annual Wood Pellet Volumes (MT)	Railcar Volumes	Estimated Annual NS Revenues*	Direct Jobs Created	Indirect Jobs
Customer 1	850,000	8,500	\$ 7,225,000	60	180
Customer 2	500,000	5,000	4,250,000	43	129
Customer 3	400,000	4,000	3,400,000	38	114
TOTALS	1,750,000	17,500	\$ 14,875,000	141	423
			Ports jobs	24	
				Total Employment	588

* Per International Woodfuels analysis



Refrigerated Cargo



- Requires \$24 million investment in cold storage facilities and plug-ins for refrigerated containers at or near the port.
- \$ 136 million in shipper benefits.
- 1,000 permanent jobs statewide.

6.7 BCR

Source: AECOM, from IHS Global Insight projected growth and PIERS historical data



Project Penguin

- Focuses on the State's number one industry, Agriculture.
- Plans call for a 75,000 sq. ft. / Expand to 300,000 sq. ft..
- Opens up new opportunities for NC Ports & NC farmers.
- Private investment of \$13 million.
- Public-Private Partnership.
- 110 new jobs.





NORTH CAROLINA PORTS

We're more than ports. We're your *partners*.

- Created in 1945 to generate economic benefits for North Carolina.
- Promotes, markets and sells port services to maritime dependent industry.
- Generates earnings that more than cover day-to-day operating expenses.
- Supports more than 65,000 jobs statewide.
- Generates more than \$500 million in state and local tax revenue.



A Highly Skilled, Professional Workforce

The NCSPA workforce:

- Operates terminals.
- Provides port security.
- Provides engineering.
- Manages finances.
- Manages back-office (Admin, HR & IT)





The Ports Relies on Vital Partners

- Labor (Checkers, Longshoremen, line handlers)
- Stevedores
- Private Terminal Operators
- U. S. Coast Guard
- Customs and Border Patrol
- U. S. Department of Agriculture
- U. S. Army Corps of Engineers
- Trucking companies
- Rail road companies
- Cape Fear River Pilots
- Tug Operators





NCSPA Facilities



Port of Wilmington



Port of Morehead City



Charlotte Inland Terminal



Greensboro Inland Terminal





The Port of Morehead City

- One of the deepest ports on the east coast.
- Four miles from the ocean.
- Nine berths, 128 acres.
- 2nd largest US port for import of natural rubber.
- Inventory Management.
- Breakbulk & bulk cargo.





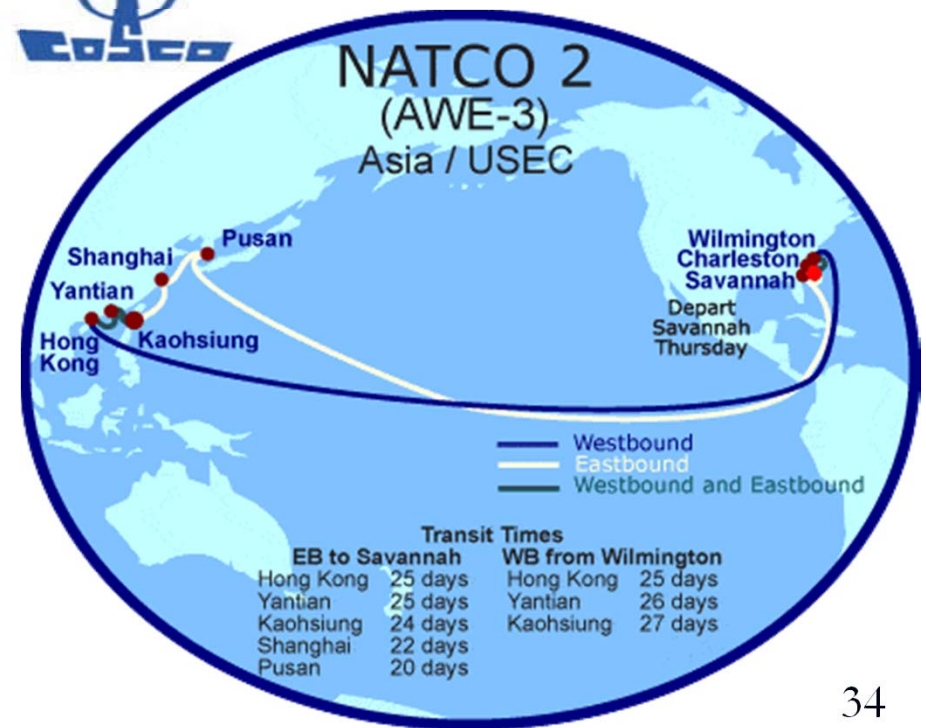
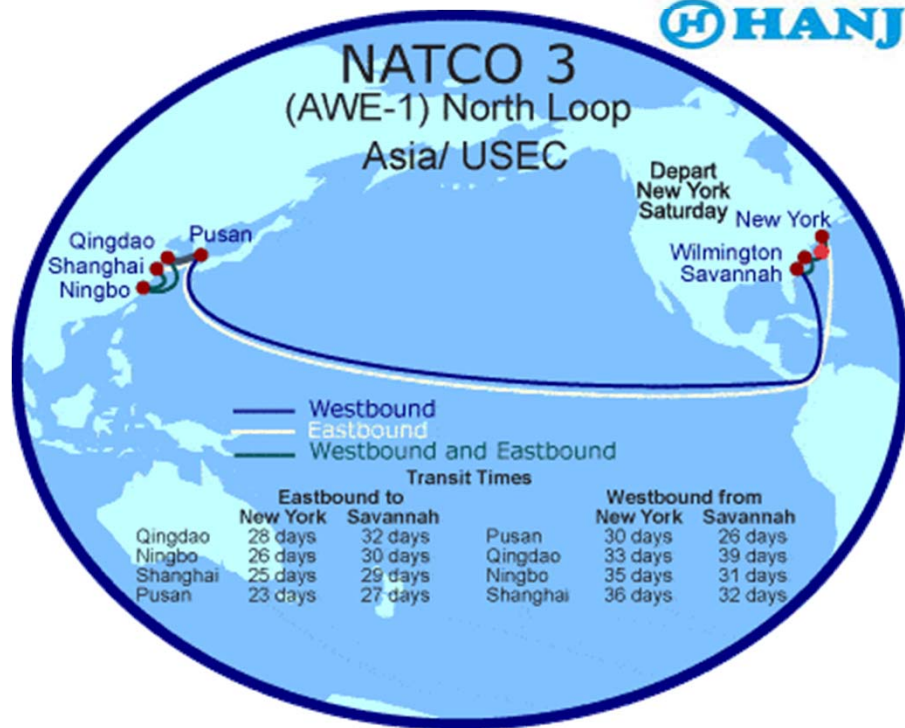
The Port of Wilmington

- 26 miles from the ocean.
- Nine berths, 284 acres.
- Containers, Bulk & Breakbulk.
- 500,000 TEU annual capacity.
- Fast, efficient vessel/truck turnarounds, crane and gate productivity.





TransPacific Services





European and Central American Services

South Atlantic Express – Roundtrip

MAERSK LINE

PORT	ARRIVES	DEPARTS	TRANSIT
Puerto Cortes, Honduras	SAT 0600	SUN 0100	--
Santo Tomas, Guatemala	SUN 0700	MON 0200	1
Miami, FL, USA	WED 0800	WED 1600	3
Savannah, GE, USA	THU 1900	FRI 0400	4
Wilmington, NC, USA	SAT 1300	SAT 1900	6
Norfolk, VA, USA	MON 0800	TUE 0000	8
Newark, NJ, USA	WED 0800	THU 0000	10
Norfolk, VA, USA	FRI 0800	FRI 2300	12
Wilmington, NC, USA	SUN 1300	MON 0700	14
Miami, FL, USA	WED 0800	WED 1600	17

ICL SERVICE AREA MAP

The map highlights service areas in the USA and Europe. In the USA, service areas are marked at Chester, PA (Philadelphia) and Wilmington, NC. In Europe, service areas are marked at Liverpool and Antwerp. The map also shows various countries and regions including Canada, Michigan, Ohio, Pennsylvania, New York, N.H., Mass., W. Virginia, Virginia, N. Carolina, S. Carolina, Kentucky, Tennessee, Alabama, Georgia, Mississippi, Florida, Ireland, UK, Netherlands, Belgium, Germany, France, Switzerland, Austria, Italy, Portugal, and Spain.



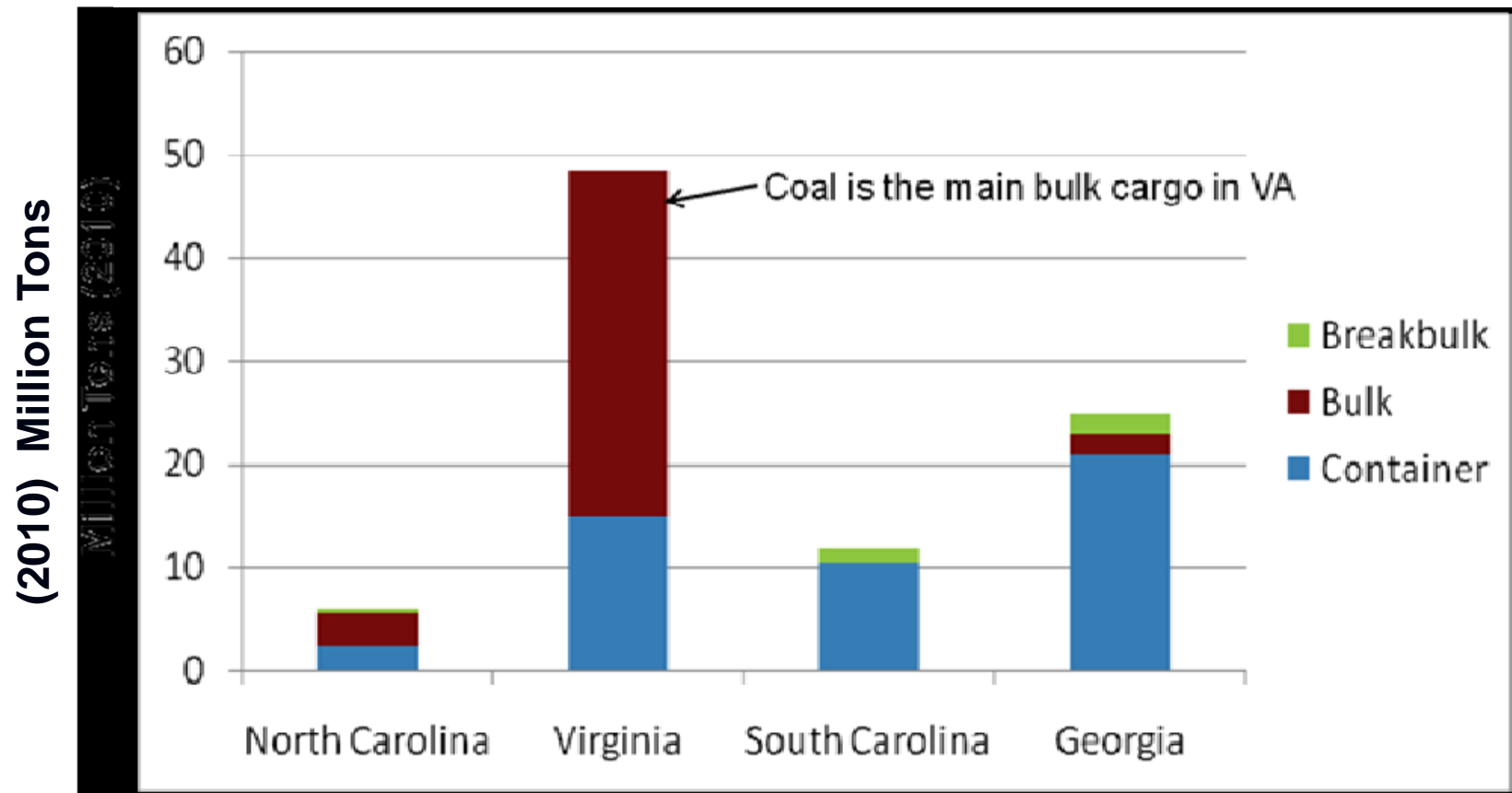
Today's Competitive Environment



- Primary Competitors: VPA, SCSPA & GPA
- Industry is volatile, liner companies are experiencing financial pressures.
- Pricing of port services is under pressure.
- Competitive advantages include:
 - Proximity to market demand.
 - Road & Rail Infrastructure.
 - Port capacity & special handling capabilities.
 - Low port costs & ease of doing business.
 - Available carrier services.



Commodity Volumes at Regional Ports



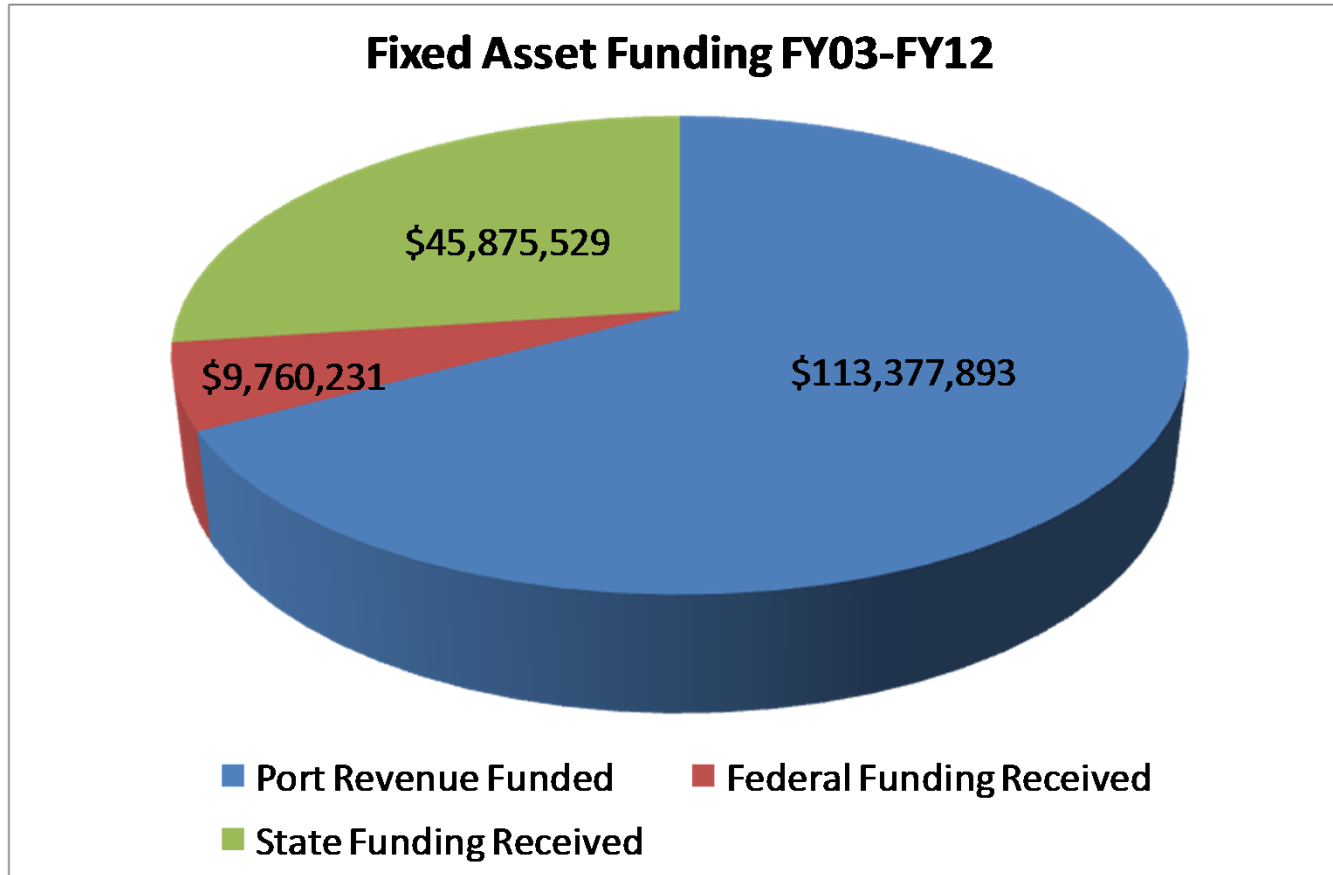


Peer Ports Revenue

2010	Revenue (in millions)	Revenue per ton
N.C. Ports	\$33.32	\$6.41
VPA	\$193.79	\$12.44
S.C. Ports	\$111.74	\$10.80
Georgia Ports	\$238.32	\$11.11
Port of Jacksonville	\$50.60	\$6.25

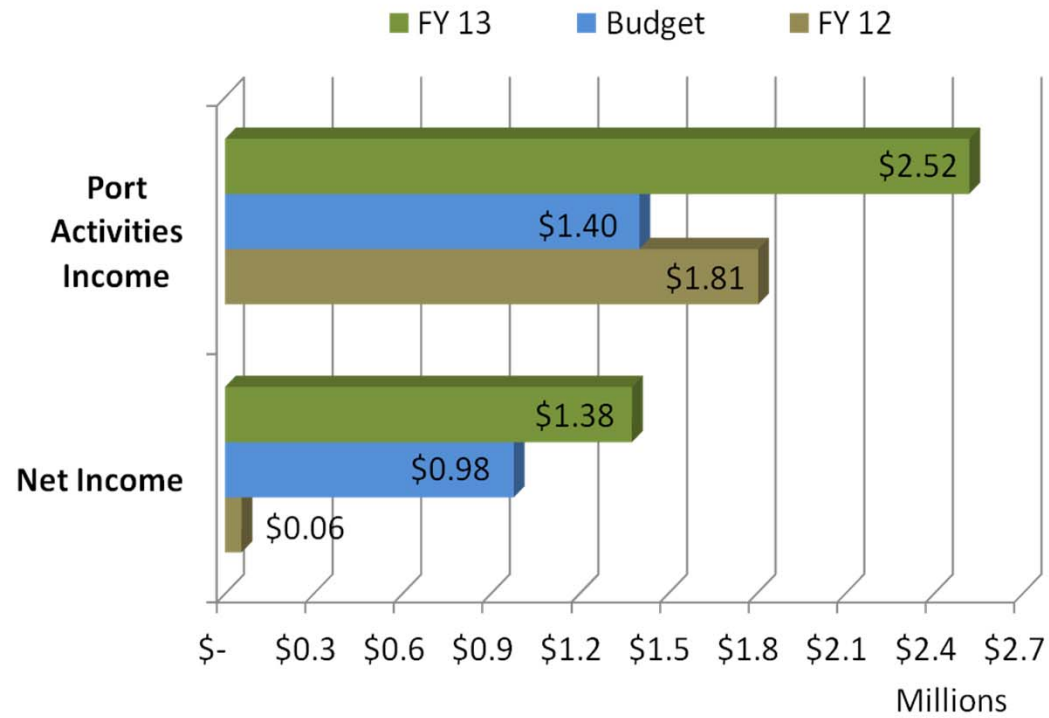


Fixed Asset Funding





Ports FY 13 Financial Highlights



Compared to FY 12:
 \$1.4M increase in Operating Revenue

Compared to the FY13 projection:
 \$1.2M ahead in Operating Revenue



FY13 Financial Ratios

Liquidity Measure

Current Ratio: 4.8/1.0

Peer Ports Average: 2.5/1.0 (FY 09-11)

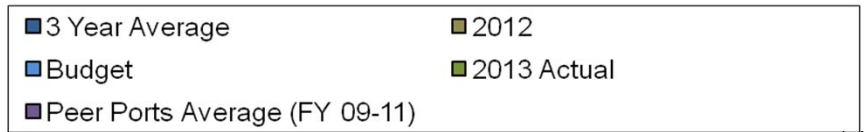
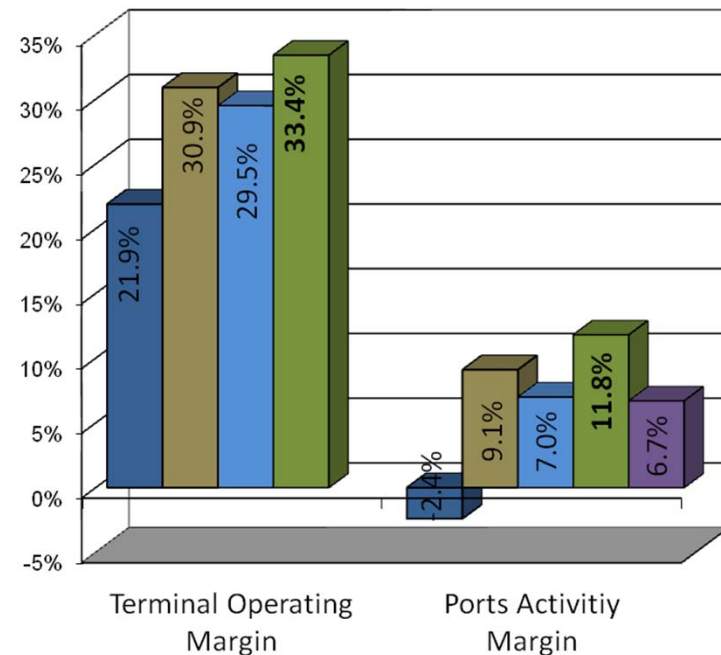
Leverage Measures

Debt to Equity Ratio: 0.45/1.0 (current)

Peer Ports Average: 0.65/1.0 (FY 09-11)

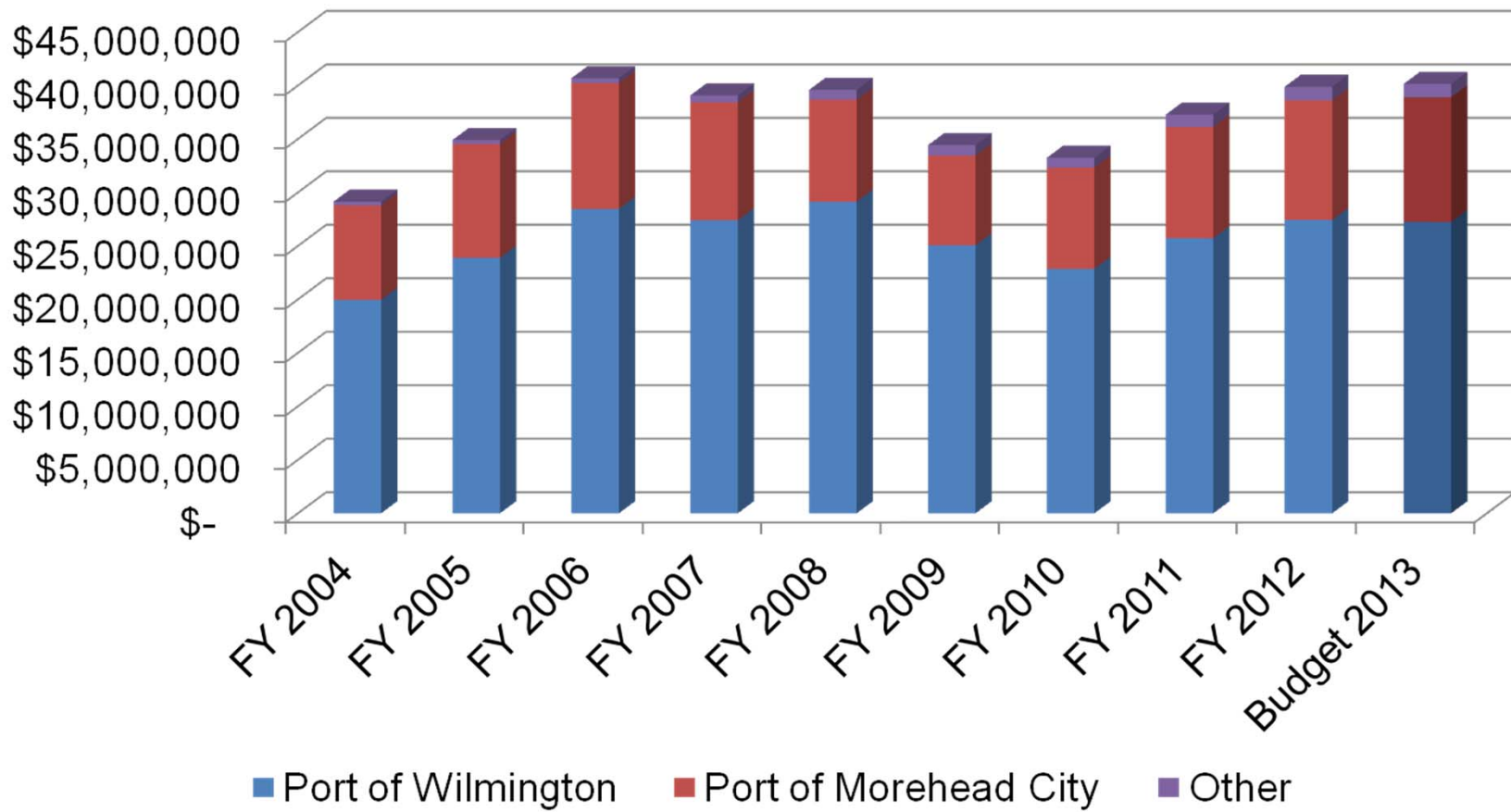
Debt Service Ratio: 2.03/1.0 (actual FY12)

Operating Margin Ratio Analysis



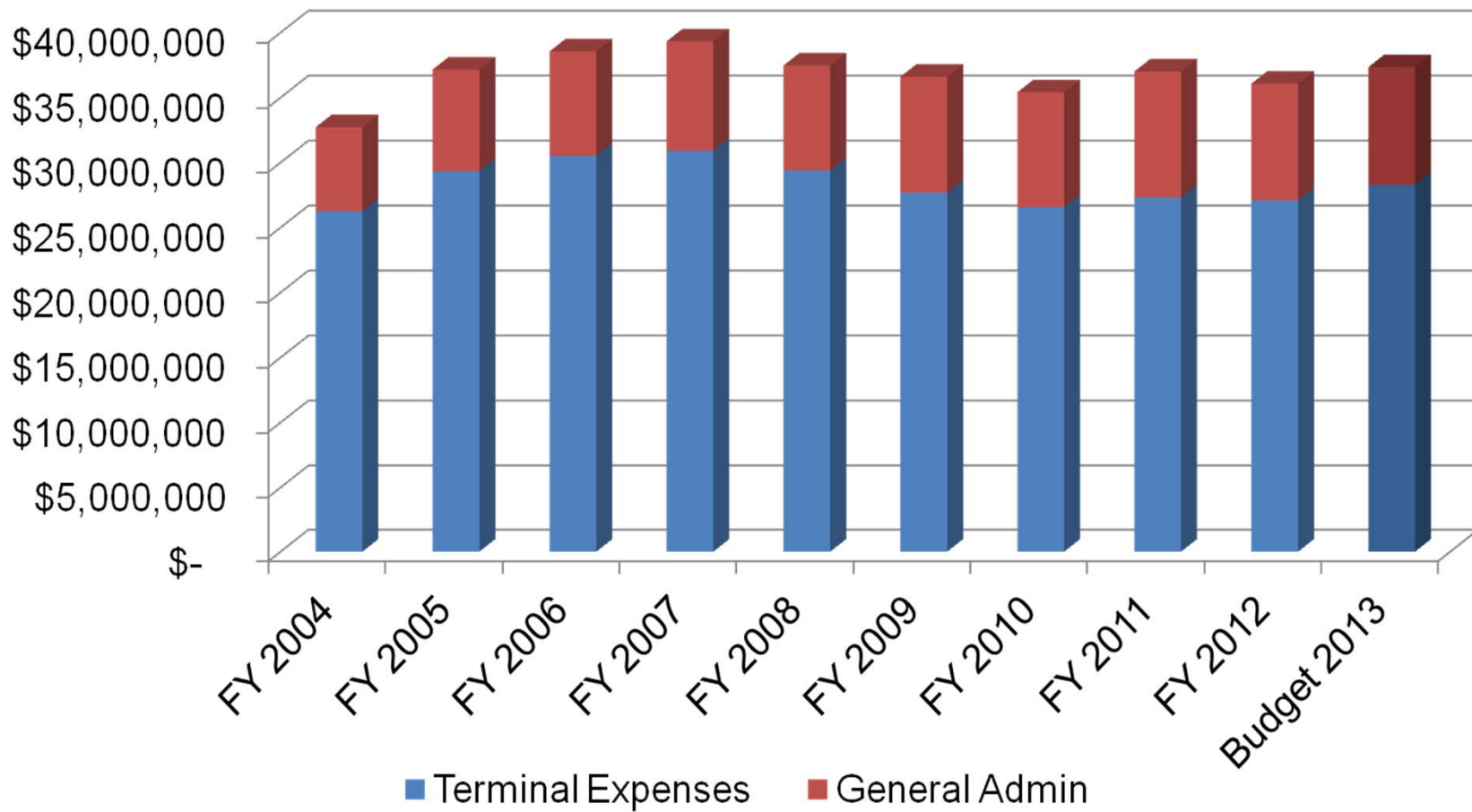


Operating Revenues by Terminal





Terminal Expenses & General Admin





FY 2012 Performance

Wilmington	Budget	Actual	Variance
Containers	160,000	152,563	95%
Breakbulk	310,000	271,879	88%
Bulk	1,264,000	1,958,672	155%

Morehead City	Budget	Actual	Variance
Breakbulk	172,500	222,553	129%
Bulk	450,000	433,197	96%
PCS	1,400,000	1,523,599	109%



FY 2013 Performance (as of Jan 31st)

Wilmington	Budget	Actual	% of Budget
Containers	87,208	84,837	97%
Breakbulk	225,197	193,225	86%
Bulk	1,099,583	1,593,960	145%

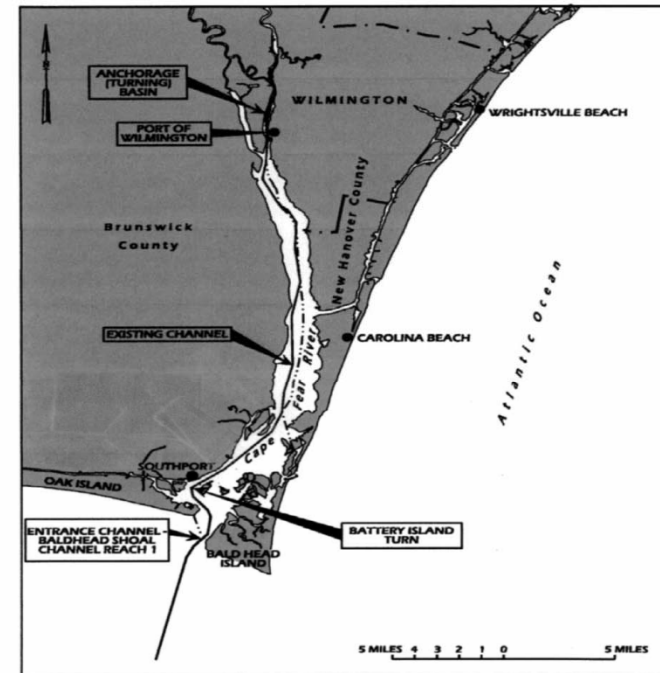
Morehead City	Budget	Actual	% of Budget
Breakbulk	106,458	140,569	132%
Bulk	256,667	272,828	106%
PCS	813,750	646,852	79%



Wilmington Harbor Improvement Project

The study will examine:

- Widening the POW turning basin.
- Modifications to the turn at Battery Island.
- Examine the entrance to the channel. Realignment could be beneficial to Bald Head Island.





Seven Portals Study

Assess possible locations for transport-driven logistics portals Statewide.

Base them on the Seven Economic Regions.

Coordinate with MPO / RPO / County E.D / Municipality / 7 Regions.

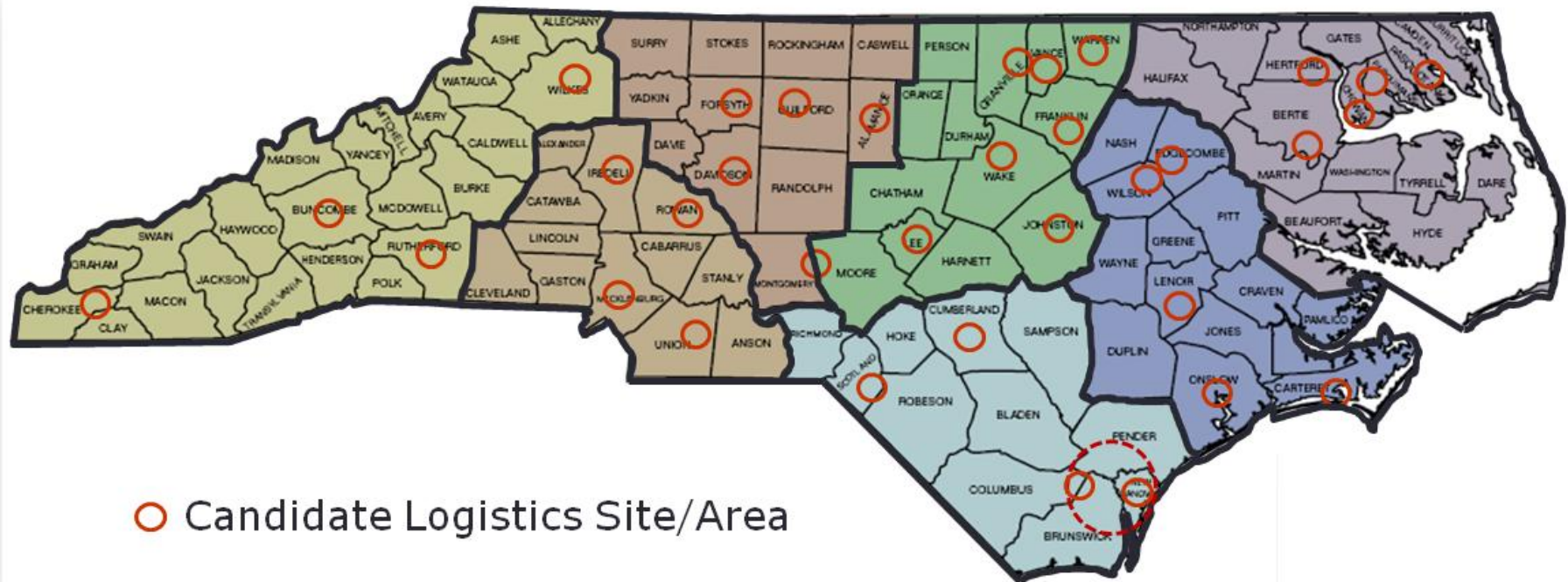
Examine modal connections, land availability, economic growth
Impact potential, feasibility, benefits, up-fit costs, governance,
Partnerships.

Enhanced logistics connectivity thru improved, integrated, statewide
transportation support.

<http://www.ncdot.gov/business/committees/statewidelogistics/>



Sites Identified thru Local Guidance





GTP Overview

Mission – To enhance the economic well being of North Carolinians by providing multi-modal capabilities for global commerce.

Operations:

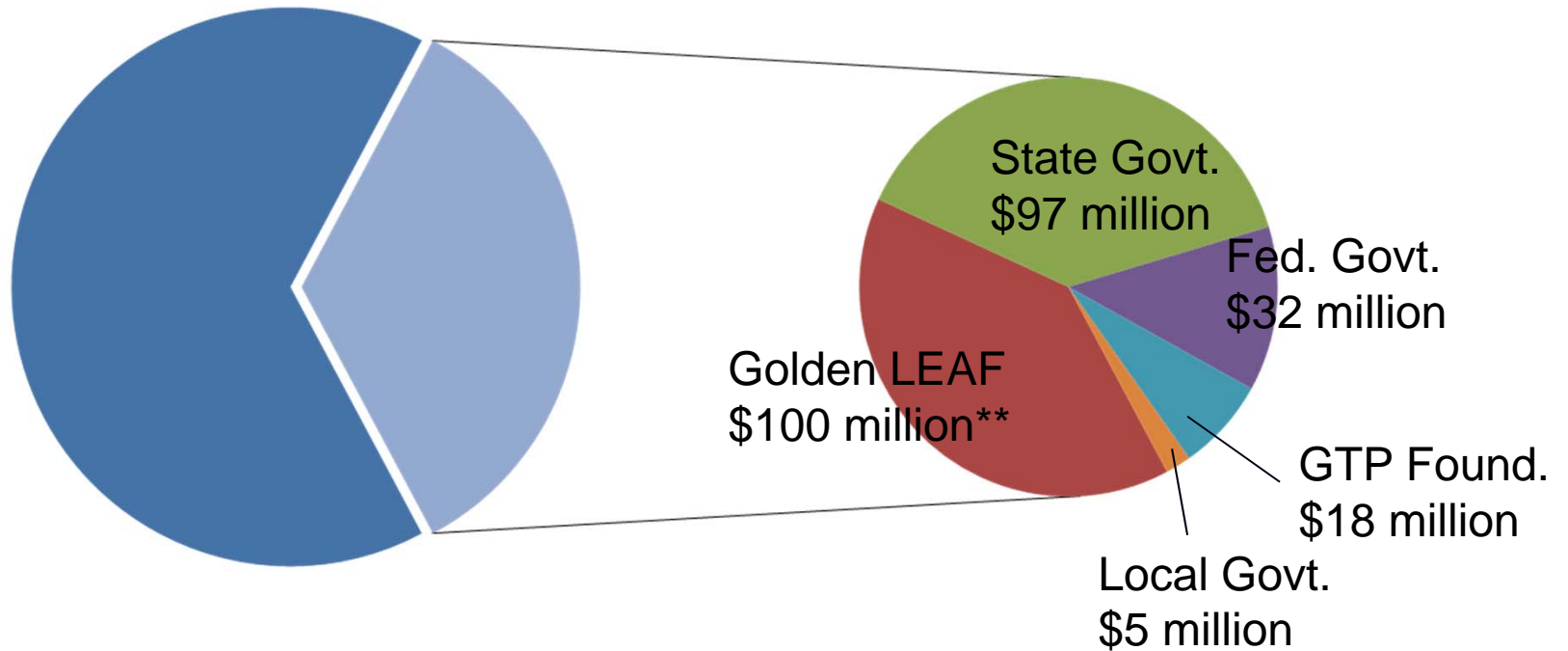
- 2500 acres, 16 buildings
- 12.75 FTEs
 - Airport Operation
 - Industry Recruitment
 - Marketing & Communications
 - Finance/Human Resources
 - Information Technology
 - Grounds keeping/Housekeeping
 - Real Estate Management/Development





**1991 Proposed Investment:
\$733 million***

**2013 Actual Investment:
\$252 million**

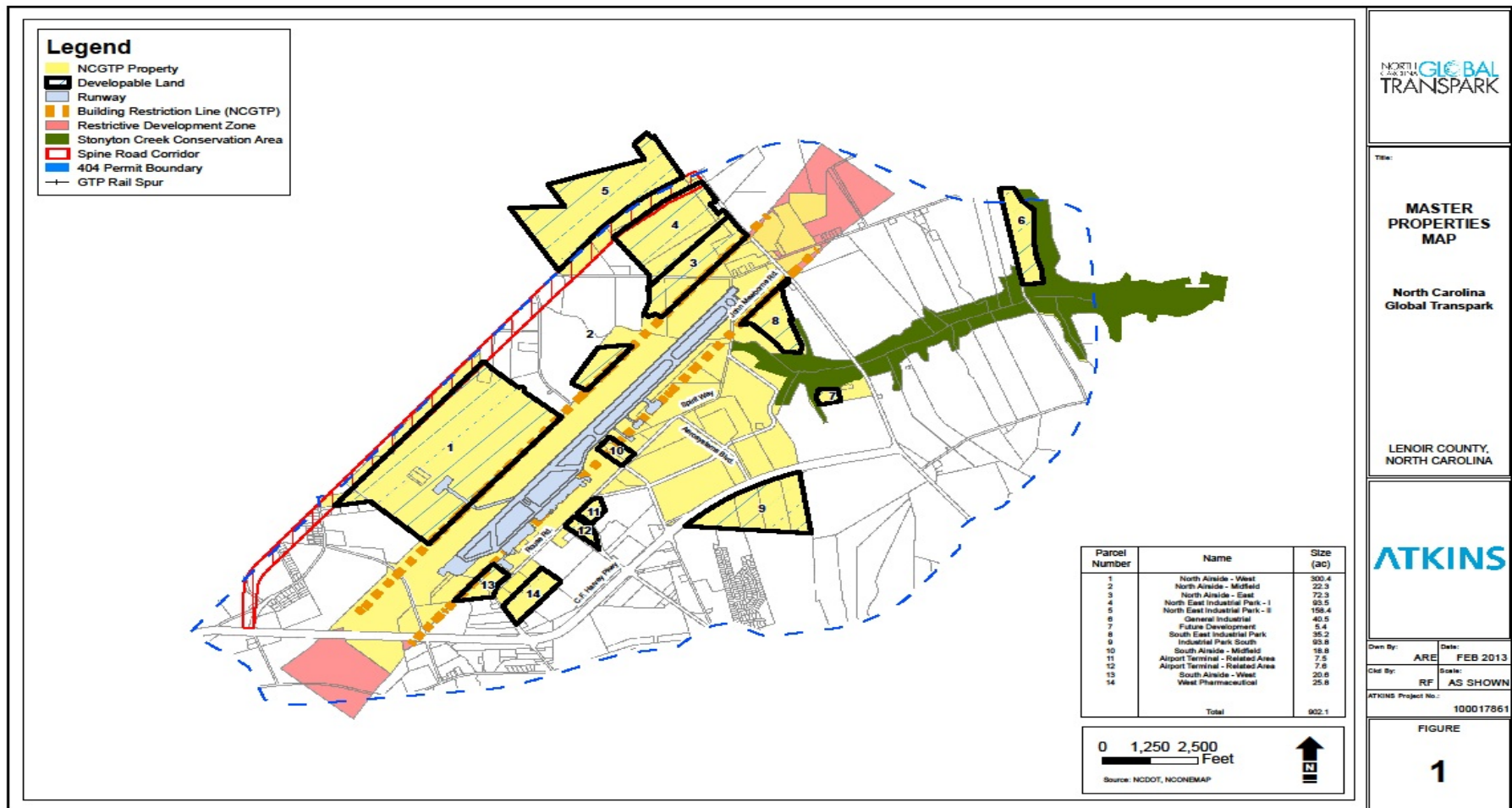


*1991 feasibility study commissioned by Gov. Jim Martin.

** Spirit facility



GTP Properties





GTP Tenants & Facilities



1. North Cargo Building
(MJE Telestructure / Longistics / Spirit)
2. T-Hangars (Private Aircraft)
3. Highway Patrol
4. Delta Private Jets
5. FBO/GAT
6. Henley Aviation
7. GTP – 3 (Spirit)
8. GTP – 5
9. Airport Terminal
10. South Cargo Bldg.
11. Forestry Service
12. GTP–1 (Spirit)
13. GTP–2 (AARF & Schenker Logistics)
14. GTP–4 Hangar
15. Mountain Air Cargo
16. Composite Center
(Spirit / NC Eastern Reg. / NCEM)
17. Spirit AeroSystems
18. CrateTech



Facility Leasing

Facilities are nearly 90% occupied

- 123,600 sq. ft. currently available
- Most industrial leases at or above market rate
- Market comparison of industrial lease rates*
 - **Global TransPark - \$4.24**
 - Charlotte Region - \$3.09
 - Triangle Region - \$2.95
 - Piedmont Triad Region - \$2.71
 - Southeast Region - \$2.40
 - Northeast Region - \$2.35
 - Eastern Region - \$2.28
 - Advantage West Region – \$2.24



*Commerce Access NC database⁵³



GTP Fits the Needs of the Client

Spirit's Multimodal Needs Addressed

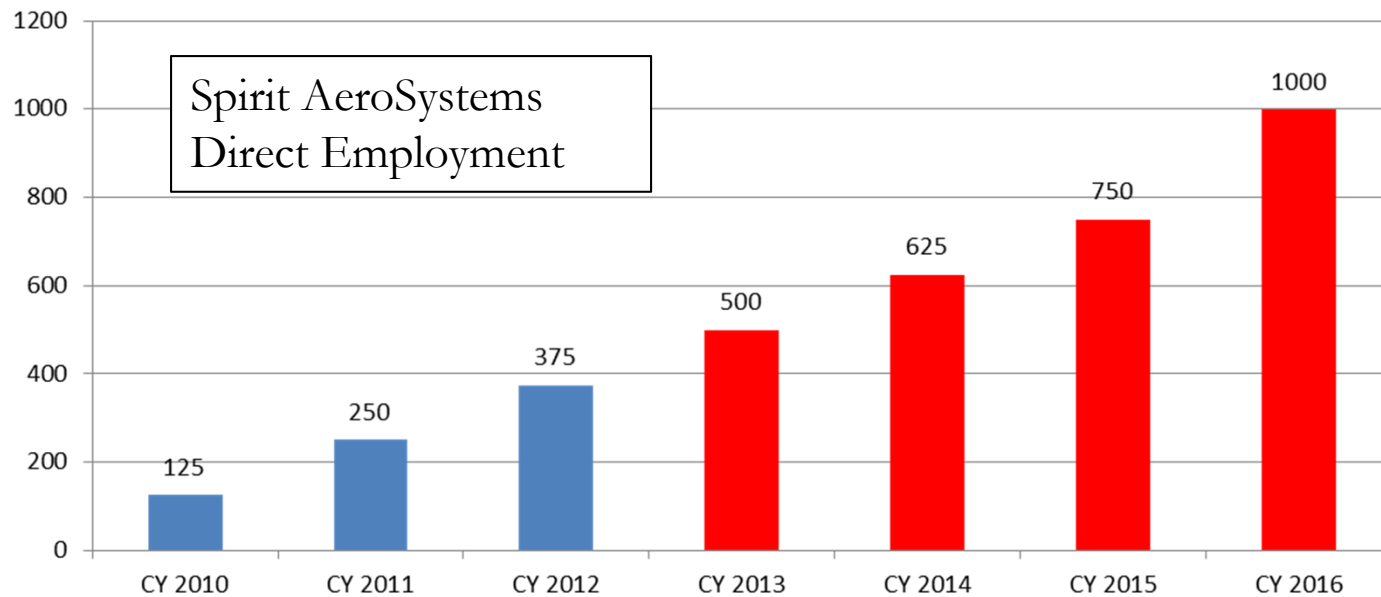
- Rail Spur
- Aviation
- Highway
- Water
- Land

22 Year Lease
4 – 20 Year Renewals





Spirit Growth



- Average annual salary of all hires as of 6/30/12 is \$52,572.
- Lenoir County average salary is \$31,044.
- Values from executed per Spirit Inducement Agreement



GTP Economic Impact

Private sector average annual salary

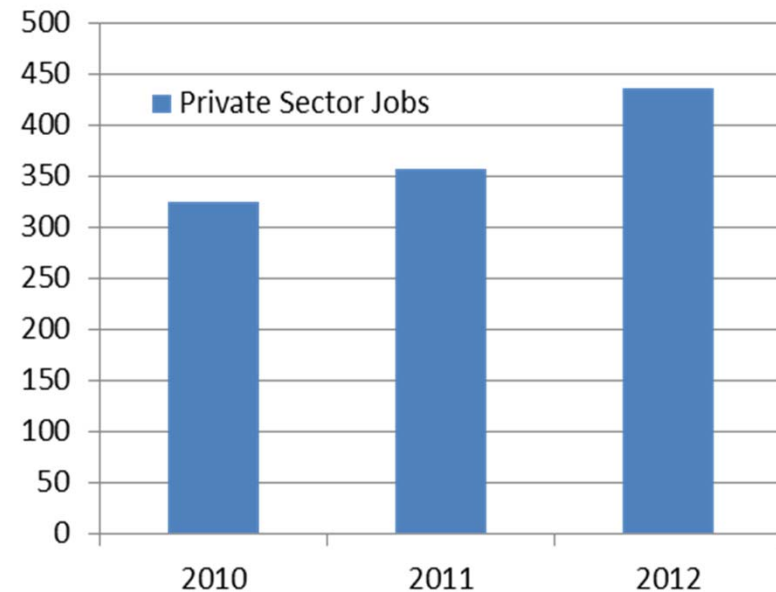
- \$50,800 as of June 30, 2012
- 17% higher than state average
- 39% higher than Lenoir Co. average

2012 private sector payroll - \$22 mil.

\$2.4 mil. annually to General Fund*

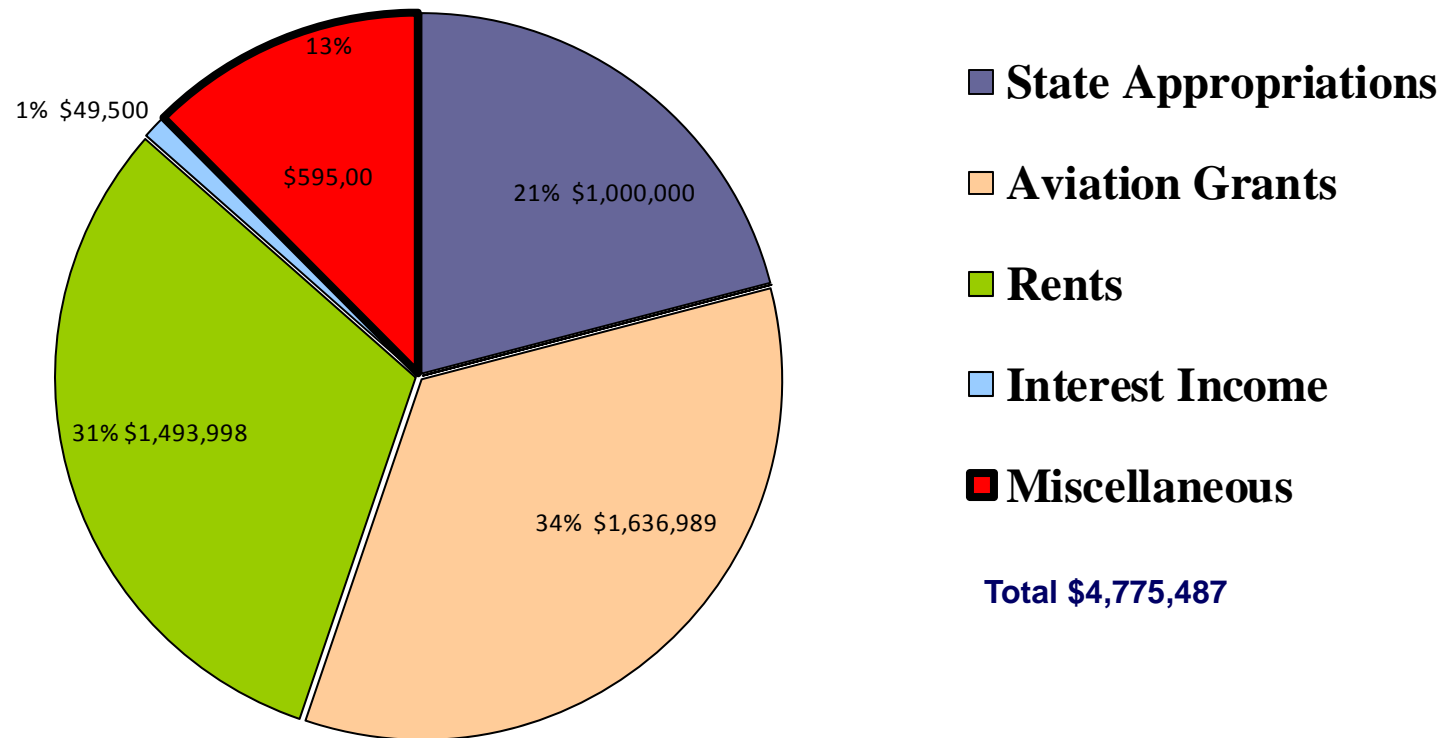
*2010 Program Evaluation Division Study

Private Sector Jobs at GTP



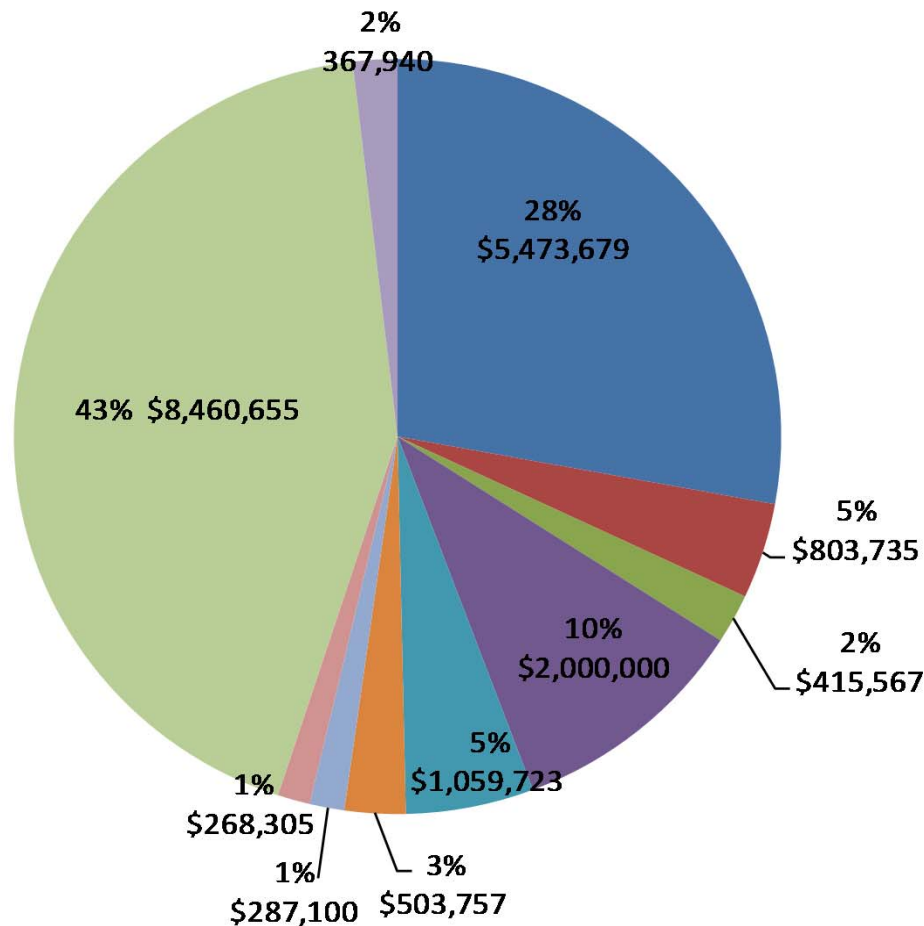


FY 2013 Budgeted Revenues





FY 2013 Budgeted Expenses



- **Projects**
- **Principal Debt**
- **Interest**
- **Interest-Esheat**
- **Salaries & Benefits**
- **Contracted Services**
- **Utilities**
- **Repairs/Supplies**
- **Depreciation**
- **Other**

Total \$19,640,461



Obligations

5 USDA low-interest loans for FBO Hangars, Administration Building, and GTP-2/ARFF.

- Principal \$2,853,240

Bank Loans:

- Principal-GTP-5 \$1,506,288
- Principal-GTP-7 \$3,159,207

Other Loans:

- Principal-GTP-1 Up Fit \$3,940,615
- Principal-Gas Line \$ 195,222

*Principal balances are as of February 1, 2013



Obligations (Continued)*

19 facility / land / infrastructure lease agreements

Airport must remain open for public use

- DOD funding obligations
- FAA funding obligations

Training center must remain open for public use

- EDA funding obligation through 2017
- Spirit inducement agreement through 2020

Escheat Fund:

- Principal \$21,741,952
- Interest \$ 4,276,477 (July 2011 through Jan. 2013)
- Due October 2014 \$26,018,429**



2013 Capital Projects

2013 Projects	Budget	Actual	%
Environmental	316,996	94,172	30%
GTP-7*	1,296,364	455,571	35%
GTP-1*	1,519,388	960,003	63%
Airport	1,230,027	58,896	5%
Airline Marketing	372,883	18,869	5%
Other	738,021	114,271	15%
Total	5,473,679	1,701,782	31%



Recent Capital Projects

- GTP-1 upfit (Spirit – Gulfstream - \$4.4 mil)
- GTP-7 new shell building completed (Crate Tech - \$4.1 mil)
- Environmental (Atkins / Wooten Co. / Coastal Carolina Research - \$30K)
- Airport projects (Federal Air Service Development Grant - \$1 mil)
- Airport capital grants (Airfield signage - \$300K)



Major Capital Needs





Moving Toward Self Sufficiency

- Continue market-rate leasing
- Explore property master development through third party
- Explore alternative debt financing methods with lower interest rates
- Full service fixed-based operator (FBO) to expand services & profitability
- Increase air traffic & airport-related revenues
- Sale of mitigation credits
- Pursue private railroad operator & business recruitment
- Continue progress towards dual Class I railroad access
- Develop infrastructure & inland port functions
- Partner on Agriculture opportunities



Transfer Update

The NCSPA and the NCGTP were transferred to the NCDOT in 2011:

- **SECTION 1.(a)** G.S. 63A-3(a) reads as rewritten: ...The Authority shall be located within the Department of Transportation and shall be subject to the direction and supervision of the Secretary.
- **SECTION 14.6.(a)** The North Carolina State Ports Authority...is hereby transferred by a Type II transfer to the Department of Transportation. The North Carolina State Ports shall use the State's budgeting, accounting and human resources systems...
- **G.S. 136-260 (a)** The North Carolina State Ports is hereby created within the Department of Transportation and shall be subject to and under the direct supervision of the Secretary of Transportation.



Combined Near Term Strategic Direction

- Utilize facts gathered in the NC Maritime & 7 Portals Studies
- Partner with County & Region Economic Developers
- Coordinate and implement Strategic Plans
- Collaborate and utilize diverse resources of each organization
- Align action plans to Authority and employee performance goals
- Develop public facing performance dashboards
- Enhance economic benefit metric in project prioritization process



Questions?



For more information contact:

Roberto Canales

919-707-2821

Jeff Miles

(910) 343-6430

Alanna King

(252) 522-4929, ext. 719

Laura Blair

(910) 251-7072

Darlene Waddell

(252) 522-4929, ext. 714