LEGISLATIVE

RESEARCH COMMISSION

STATE PORTS AUTHORITY AND INTERNATIONAL TRADE

REPORT TO THE
1991 GENERAL ASSEMBLY
OF NORTH CAROLINA
1991 SESSION

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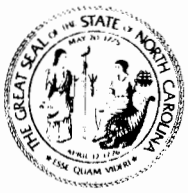

December 14, 1990

TO THE MEMBERS OF THE 1991 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its final report on the State Ports Authority and International Trade. The report was prepared by the Legislative Research Commission's Committee on the State Ports Authority and International Trade pursuant to Subchapter A, Section 1.1(2) of Chapter 1100 of the 1987 Session Laws, Senate Bill 257, and Section 2.1(1) of Chapter 802 of the 1989 Session Laws, Senate Joint Resolution 96 and House Joint Resolution 133.

Respectfully submitted,

Josephus L. Mavretic
Speaker

Henson P. Barnes
President Pro Tempore

Cochairmen
Legislative Research Commission

1989-1990

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PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is co-chaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

At the direction of the 1989 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Co-chairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Co-chairs, one from each house of the General Assembly, were designated for each committee.

The study of the State Ports Authority and International Trade was authorized by Subchapter A, Section 1.1(2) of Chapter 1100 of the 1987 Session Laws (1988 Session), and continued by Section 2.1(1) of Chapter 802 of the 1989 Session Laws (1989 Session). The former act states that the Commission may consider House Bill 2640 (1988 Session), which originally proposed the study, "in determining the nature, scope and aspects of the study."

House Bill 2640 proposed the creation of the North Carolina State Ports Authority Study Commission. The bill cited 1987 statistics showing that the North Carolina State Ports Authority handled 47.2% of the export shipments within its sphere of influence, but only 31.2% of the import shipments within that same sphere of influence. The bill directed the commission to "identify types and volume of trade and business handled by the State's ports (inland ports and harbors), the users of the port facilities, and ... [to] consider possible reasons for the difference in the volume of export and import business handled by the North Carolina State Ports Authority."

The relevant portions of Chapter 802 of the 1989 Session Laws is included in Appendix A. The Legislative Research Commission grouped this study in its Economic Development and Tourism area under the direction of Senator Donald R. Kincaid. The Committee was chaired by Senator Robert L. Martin and Representative Robert Grady. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

PROCEEDINGS

The Legislative Research Commission's Committee on the State Ports Authority and International Trade met seven times. Senator Donald Kincaid called the Committee's initial meeting to order on December 13, 1989. He directed the Committee's attention to the House and Senate joint resolutions which authorized the continuation of the study, and noted that one of the reasons for extending the study was to allow the Committee to address the issue of international trade.

December 13, 1989

Senator Robert L. Martin presided over the meeting, and introduced Mr. Pat Thomas, Chairman of the Board of Directors of the State Ports Authority. Mr. Thomas began by presenting a videotaped overview of the operations of the Ports Authority. According to the video, which was several years old, "the North Carolina ports offer steamship service to over 250 ports worldwide." The ports at Wilmington and Morehead are located within 600 miles of half of the nation's population, and one trillion dollars of industrial production - 60% of the U.S. market.

The video also stated that North Carolina ranks 11th in the U.S. in manufacturing, and is number one in the Southeast in the export of manufactured goods. North Carolina's ports shipped more than 4.4 billion dollars in exports in 1987. Wharf frontage at Morehead City and Wilmington exceeds two miles; some 2.4 billion square feet of warehouse and transit ship space is available for receiving storage. While only 16 vessels called at the Wilmington port in 1952, nearly 700 now call annually to load or discharge cargo. The State Ports Authority, created by the General Assembly in

1945, is a twenty million dollar-a-year business with annual profits of about two million dollars.

Mr. Thomas noted that, in the winter and spring of 1988, the North Carolina ports "faced a rather bleak future." There was an indifferent marketing effort; the ports were faced with a decreasing share of the market, especially with respect to North Carolina industries' exports. The Board considered its management personnel, with few exceptions, to be "inexperienced, unqualified, and ineffective." The Board itself was "inactive, hands-off, and politicized." The relationship between the Board and the staff was not healthy. Furthermore, the ports were held in low esteem by the state's international trade and maritime communities, as well as the ports industry in general. The ports were "on an uncompetitive footing" with the ports of South Carolina, Virginia, and Georgia, and the support from the North Carolina General Assembly was not at the same level as the legislative support given the ports in those three states.

Because of these circumstances, an advisory council has been formed of thirty-four of the major international companies located in North Carolina. Its mission is to advise the Board of the steps neccessary to attract the business of industries located in North Carolina, and to assist the Ports Authority in developing a strategic business plan. The Board is also preparing an analysis of the economic impact of the State Ports on employment, taxes, and income in North Carolina.

According to Mr. Thomas, the percentage of North Carolina goods that move through Virginia and South Carolina ports is "scary." He contended that, if the North Carolina ports could attract 30% of the goods originating in North Carolina but moving

through other ports, they would double their through put. To accomplish that is a primary goal.

The Board has decided that each member should make at least three speeches a year to civic groups and influential groups to stress the importance of the ports to the state's economy. The Board is no longer a "country club" board.

The object, Mr. Thomas continued, is to have operating ports, and to run them as a business for the benefit of the State of North Carolina. A primary goal is to double container through put in two years, to triple it in three years, and to increase it by 20% each year thereafter. He also feels that Radio Island offers "one of the biggest opportunities ever for eastern North Carolina."

In response to a question from Senator Martin on the future of the railroad to the Morehead port, Mr. Thomas assured the Committee that he has been in constant contact with the North Carolina Railroad Company. He is confident that the Ports Authority can work with the company to ensure that the Morehead port will be well-served by the renegotiation of the lease with Norfolk Southern.

Representative Redwine expressed his concern that more effort is needed to attract additional shipping lines to North Carolina; he suggested that the governor himself should place this high on his agenda, as the governor of Virginia has. In response to a question, Mr. Jim Scott, Executive Director of the Ports Authority, stated that there were currently four container lines, and six or eight break bulk lines make regular calls.

Mr. Thomas stated that, while the completion of I-40 to Wilmington would greatly assist the ports, he did not feel that the lack of an interstate highway has been a significant reason for the problems the ports have been experiencing. He also assured the Committee that there was not a congestion problem at the Wilmington port.

The Committee was also alerted to the fact that the coal terminal at the Morehead port has been converted to a woodchip terminal. The Ports Authority would like to establish a cold storage facility at one of the ports, since they presently have only refrigerated containers.

The discussion turned to the Ports Authority's plans for Radio Island, portions of which were purchased by the State for 3.4 million in 1987. Mr. Thomas asked the Committee's indulgence, asserting that the Authority has definite ideas about the use of the property, but is not yet prepared to make them public. He did offer to talk with the members individually, however.

In response to an inquiry as to how the Committee can assist the ports, Mr. Thomas expressed his interest in the passage of House Bill 1868, which would establish a tax credit based on incremental use of the State Ports. [That bill did not pass during the 1990 Session.] He also mentioned the issue of abandoned rail rights-of-way, but suggested that he was not sufficiently prepared to go into a detailed legislative agenda at that time. He promised to submit one to the committee at a later date.

The Committee was provided with materials setting forth the organizational makeup of the Ports Authority, the members of the new Advisory Council, a mission

statement and strategic planning information, a brief economic impact statement, and various financial statements. This material is contained in Appendix F.

February 5 and 6, 1990

The Committee's next held a two-day meeting at the ports facilities in Wilmington and Morehead City. On February 5, 1990, the Committee met at the Wilmington port. The meeting began with a presentation by Mr. James J. Scott, Executive Director of the Ports Authority, who explained the organization of the Authority and went over the financial history of the Authority and of the individual ports from 1986-90. This information is collected in Appendix G, pp. G3-G11.

Mr. Scott also provided the Committee with a breakdown of the Authority's allocation of its recent appropriations from the General Assembly, and a history of appropriations prior to 1988. That information is also found in Appendix G, pp. G12-G14. Mr. Scott pointed out that the money provided to the North Carolina ports by the General Assembly is much less than that provided to the ports of Virginia, South Carolina, and Georgia; our ports' budget is more comparable to that of the Kentucky ports.

Mr. Scott's presentation also included basic information on the capabilities and organizational structure of the Wilmington and Morehead City terminals. Appendix G, pp. G15-G18, contains this material.

In the course of his presentation, Mr. Scott was asked about the likelihood of obtaining environmental permits for Radio Island. While he expects the process will be long and difficult, Mr. Scott expects that those permits will be secured.

Mr. Scott feels that the best way for the Authority to increase its revenues is to obtain service to the Mediterranean and South America, "flesh out" its service to places such as the Caribbean, and pick up additional shipping lines and cargo sources. They are presently making presentations to steamship lines, and making efforts through international representatives in Korea, Japan, Hong Kong, Europe, and Chile. He was also hopeful that House Bill 1868 could be enacted in the 1990 Session, and that it would create an increase in use of the ports. [As noted, the bill did not pass.]

Mr. Scott's last topic was the funding which the Authority planned to request of the General Assembly for 1991. This included funds for certain capital improvements and equipment repair at the Wilmington terminal, and funds for the development of Radio Island at the Morehead City port. Mr. Scott particularly stressed the need for a cold storage facility at Wilmington.

The next speaker was Mr. Robert H. Mack, Chairman of the new Advisory Council to the Ports Authority. The Advisory Council is a non-profit organization representing 34 companies involved in international trade, though not all of them use the North Carolina ports; 29 of these companies are importers and/or exporters, and the other 5 are service companies. A membership list is contained in Appendix F, pp. F4-F6. At the time of the meeting, the Advisory Council had been in existence for just nine months.

Mr. Mack explained the ways that the Council thinks it can assist the Ports Authority. One of the important contributions the Council feels it can provide is a better understanding of the ways corporations determine distribution patterns. The Council is exploring possible new services to bring to the ports and attempting to determine what it will take to attract new carriers to North Carolina. Representatives of the Council have recently met with steamship lines in New York.

One of the important things that the ports must strive for, he explained, is a balance between imports and exports. He also stressed the importance of the tax credit bill to better marketing of the North Carolina ports.

One of the problems the Council has noted, according to Mr. Mack, is one of continuity of operation. They have been told that a perception of "political meddling" has had a negative impact; some shippers feel that the ports have changed every time a new administration has come to office. Mr. Mack stressed that it is very important to change this perception among shippers. The Council acknowledges that Chapter 273 of the 1989 Session Laws (Senate Bill 83, which was recommended in the first report of this Committee) made some improvement in this area. That bill authorized the Board of the Ports Authority, rather than the Secretary of Commerce, to appoint the Executive Director. However, Mr. Mack noted that the Board of the Ports Authority was still subject to a complete sweep upon a change of administrations. [Chapter 1072 of the 1989 Session Laws, passed during the 1990 Short Session, changed this by staggering the terms served by members of the Board, eliminating the Governor's ability to remove members without cause, and providing that the General Assembly may remove members only for cause.]

Mr. Mack concluded by saying that he thinks the "machinery is in place" for excellence in international movement of goods, and he and the rest of the Council look forward to assisting the ports in achieving that excellence.

The next speaker was Mr. Cameron Simmons, a past president of the North Carolina Shipping Association. The association is comprised of three different employers at the port: steamship agents, stevedores, and line handling companies. The primary purpose of the association is to negotiate the contracts with the various unions that provide labor to load and unload ships. It also administers those contracts once they are negotiated, by settling work disputes and the like.

Mr. Cameron encouraged the Committee to investigate ways of attracting more business to the ports. He acknowledged that the completion of I-40 to Wilmington will be helpful, but he noted that it still will still be eight miles (and 23 traffic lights) from the interstate to the port.

Mr. Cameron contended that another big problem is the limited rail transportation to the ports, since CSX provides the only service to Wilmington and Norfolk Southern is the only company providing service to Morehead City. He believed that our ports were the only ones on the east coast of the U.S. with only one railroad company running to them. The members of the Committee concurred on the importance of improving rail service to the ports, and especially the reestablishment of the abandoned segment of track from Wallace to Castle Hayne.

Mr. Cameron concluded that he felt that, in evaluating the success of the State Ports, far too much emphasis has been placed on profit and loss. The ports are an aid

to the overall economy of the State, he said, and they should be judged foremost by the good they do for the community.

Mr. Jack Wilson, Director of Marine Operations at the Wilmington Terminal, then took the Committee on a bus tour of the Wilmington Terminal. The Committee viewed the warehouses, cranes, and observed the loading and unloading of cargo.

On February 6, 1990, the Committee met at the port facility in Morehead City. The first speaker was Mr. Don McMahan, General Manager of the Morehead City Terminal, who began by describing the equipment in place at the port. He emphasized that the Morehead facility is very different from Wilmington, in that it is primarily a dry bulk terminal, rather than a break bulk one; its principal dry bulk customer is Texasgulf, Inc. Most of the cargo goes to and from the port by barge, rather than by truck; the major exceptions are tobacco and paper products, which move by truck and rail.

Mr. McMahan showed the Committee an aerial photograph of Radio Island and pointed out the area of the island that has been purchased for the port by the State. The Ports Authority is in the process of applying to the Army Corps of Engineers for bulkheading permits. In response to a Committee query as to the planned use of Radio Island, Mr. McMahan deferred to Mr. James Scott, who felt the island would be used for "commodities where you have industry that needs direct access to vessels, and also large area development."

In response to a question as to the reasons that the Morehead port has been operating at a loss for several years, Mr. McMahan said that they need to increase

volume at the port. He said the port needs "facilities to handle modern cargo," and he is hopeful that new marketing efforts will be bringing in higher-revenue cargo. Specifically, Mr. McMahan said he needs new dry bulk storage facilities, and funds for maintenance and for the development of Radio Island.

Mr. McMahan explained that the tobacco exporting business that was once so profitable for the Morehead port was lost because tobacco became container cargo, and the rural location of the Morehead port made it inconvenient to the container sources. He feels that, for economic reasons, it would not be worthwhile for the State to invest in container equipment for Morehead City.

Texasgulf, Inc. is responsible for approximately 80% of the business at the Morehead port. Mr. Randolph Carpenter, Manager of Public Relations and Governmental Affairs with Texasgulf, was in attendance, and assured the Committee that his company feels a strong commitment to Morehead. He asked for the support of the General Assembly in keeping the port open and available to Texasgulf products. He did not anticipate that recent environmental problems in the phosphate industry and increased environmental standards would have a detrimental effect on the company's operations in Morehead.

The next speaker was Captain Andrew Midgett, President of the Morehead City Ports Committee. The Ports Committee was formed in 1985 by members of the ports community who were alarmed by conditions at the Morehead port. They felt the port had been "outspent, outclassed, and outmaneuvered" by the ports north and south of it. The group is encouraged, however, that they have brought attention to the port's problems. It feels that a major new marketing effort is necessary, and emphasized that

funds would be needed soon for the deepening of the channel. Mr. Midgett stressed the importance of the development of Radio Island. Mr. Midgett closed by offering his opinion that one of the principal reasons that the efforts at establishing container cargo facilities at Morehead had failed was a lack of channel depth.

A discussion ensued between members of the Committee about the need to make its requests to the General Assembly with a unified voice, and to avoid "regionalism." The Committee agreed to make sure that its recommendations reflected this.

The Committee also heard from representatives of the Carteret County Economic Development Council and the Carteret County Chamber of Commerce. Mr. Pat Joyce, President of the Economic Development Council, said that his organization views the Morehead port as a vital source of jobs in the community, especially in view of the problems the fishing industry is experiencing.

Mr. Buff Chalk of the Chamber of Commerce urged the port to come up with a use for Radio Island as soon as possible. He also pointed out that one of the port's greatest assets was its immediate proximity to the ocean shipping lines. He also suggested that the politics should be removed from the operation of the State Ports, and that they should be run like a business.

Mr. Ervin Hooper, member of Carteret County Crossroads, urged that a part of Radio Island be established for some type of formal public beach access. He felt that this would not interfere with the use of the island for port purposes.

March 7, 1990

At its next meeting, the Committee turned its focus to the topic of international trade. The first speaker was Mr. William Brown, Director of Planning and Research with the recently organized Virginia Department of World Trade.

Mr. Brown began by offering his perception that, while state ports are competitive by nature, trade promotion is "not really competitive." He felt that there were many areas in which Virginia and North Carolina can work together, giving the furniture industry as one example.

Mr. Brown explained the governmental reorganization that Virginia has recently undergone in hopes of improving its efforts at stimulating world trade. In 1985, a Commission appointed by Governor Baliles proposed the formation of a central agency to receive state funding for trade promotion. Three staff members of the Department of Economic Development and three staff members of the Virginia State Ports Authority were joined with the existing Virginia Center for World Trade to form the new Virginia Department of World Trade (VDWT). Though it has departmental status, the new department has only twenty members, as opposed to hundreds in comparable departments under the Secretary of Economic Development.

The VDWT is located in Norfolk, next to the Ports Authority, though Mr. Brown suggested that it could have been located anywhere in the state. One good reason for not placing the department in Richmond was a desire to give representatives of the

companies it works with the feeling that they are dealing with a private enterprise rather than a government agency.

In order to give the new department stability and good access to the legislature, a popular former lieutenant governor was chosen as director. The deputy director, a businessman with a great deal of sales and international trade background, really runs the department. In selecting the remainder of the staff, the emphasis was on bringing immediate experience to the department.

The department focuses on three areas: export development, education, and information. The six members of the export development section work one-on-one with companies, and travel widely across the state and overseas. The three-member education section works closely with Virginia's business schools to draw on the resources available there. The information section provides marketing data both on Virginia companies to foreign buyers and on foreign needs to Virginia companies.

Mr. Brown stated that, while the department does work with the Virginia State Ports Authority, they do not always encourage the companies they work with to use the ports. Price is the most important factor in attracting international trade, and often Dulles airport makes more sense than the ports.

The next speaker was Mr. John Gillam, Executive Director of the North Carolina World Trade Association (NCWTA), who began by telling the Committee that his 1400-member organization is the largest world trade association in the nation and, presumably, in the world. The NCWTA is made up of representatives of businesses and industries from across the state. It is a non-profit company, and has never

requested state funds. He presented the Committee with a chart outlining an international trade "network" in North Carolina, in which NCWTA sees itself as part of a trio with the North Carolina Export Council and the World Trade Centers. A copy of this "network" can be found in Appendix H.

On any given day, according to Mr. Gillam, the NCWTA can provide any needed information on world trade activities in the state, with the exception of the activities of the airport authorities. The Association uses its $250,000 budget to find international buyers for North Carolina products. He extended an invitation from the NCTWA Board of Directors to the Committee to meet in joint session at a future time.

The next speaker was Mr. Richard Quinlan, the new Director of the International Trade Division of the Department of Economic and Community Development. Mr. Quinlan had taken over as director in December, 1989, and was in the process of making organizational changes to the division. He explained that the Division has five in-state trade specialists assigned to Africa, Canada, Europe, the Far East, and Latin America/the Caribbean/the Middle East. The Division has foreign offices in Canada, Europe, Hong Kong, and Korea, and offices are scheduled to open in Japan and one other location in the Far East.

The Division concentrates its efforts on helping small to mid-sized manufacturers in North Carolina; it considers itself to be the export manager for these companies, and counsels them on exporting their products. It works with the 50 small business centers located on the Community College campuses across the state to assist small manufacturers in developing marketing plans and improving efficiency. It sponsors catalog shows, trade fairs, and other events worldwide in order to attract foreign

buyers. These two activities are, according to Mr. Quinlan, "what we do best." He stated that a recent trade show had resulted in about 3,500 "trade leads" that they are currently processing.

Mr. Quinlan described a series of programs that the International Trade Division will be establishing during 1990 under the umbrella of North Carolina - Export Now. Appendix I contains a list of these programs and a roster of personnel within the International Trade Division, as restructured.

In fielding questions after his presentation, Mr. Quinlan noted that North Carolina had roughly a $70 million trade surplus in 1989 (exports over imports) and is one of only four states that can make that claim. As to what the Division is doing to increase use of the State Ports, Mr. Quinlan responded that, whenever it becomes aware of a company that is entering the export market, it notifies the marketing department of the Ports Authority. However, other than simply encouraging the use of the ports, he felt that was the most his Division could do.

The next speaker was Mr. Robert Jacobi, Director of Business Development with the State Ports Authority. He reviewed the current organizational chart of his department (contained in Appendix G, p. G4). He was not satisfied with this organization, however, and noted his plans to make changes in it as a part of the strategic planning process the Ports Authority was undergoing.

Mr. Jacobi began by emphasizing that in order to attract new steamship lines to the ports, there must be intermodal railroad service to Wilmington. At the time, there was no intermodal train service to either port; all transportation of containers from

Charlotte and Greensboro was by truck. The only rail service to the ports was of bulk and break bulk cargo. [A tentative agreement has since been reached to restore limited intermodal rail service to the Wilmington port.]

Mr. Jacobi explained that the marketing branch of his department acts as an extension of the steamship company agents, and he felt that they had done so successfully. They were generating an average of 30 "viable sales leads" per week, and the Ports Authority's container trade was up 20% over the last six months.

In the area of tariffs, Mr. Jacobi felt that the Ports Authority had become "extremely competitive." However, he noted that he could "change a price in a day," and would do so if it was necessary to get business.

The Ports Authority employs agents overseas to work with major shippers and keep the Authority informed of international developments; two of these agents, in Hong Kong and Korea, are shared with the International Trade Division. He felt that this branch of operations could be improved. The Ports Authority has not, for instance, set standards of performance for agents. He also felt that they need to develop better flexibility in the use of these agents.

Mr. Jacobi responded to a request from the previous meeting by stating that, during the first six months of the current fiscal year, Texasgulf's bulk cargo was responsible for almost 87% of the business through the Morehead City port (as measured by the Ports Authority). The Committee responded with questions as to why the Morehead City port has struggled for so long while doing such a substantial amount of its business with an extremely successful corporation like Texasgulf. Mr. Jacobi felt

that the efforts to bring in additional business at Morehead had not been there in the past; there needed to be more "willingness to take risks." There is lots of space at the Morehead port, but it has been delegated to cargo that "might show up."

April 18, 1990

At its next meeting, the Committee met with representatives of the North Carolina World Trade Association (NCWTA) to discuss their views on actions that the international community in North Carolina can take to promote greater use of the State Ports. Mrs. Janice Faulkner, President of NCWTA, presented an overview of the organization, which was founded 26 years ago with a goal of moving North Carolina products and services into the global market.

Mr. Jim Kelly, a past president of NCWTA and CEO of Aeroglide, Inc., spoke next. He emphasized the great help that the Association had been to his company, in showing them how to contact and deal with buyers in foreign markets. However, he acknowledged that, though 15% of his company's product is exported, it does not always leave through North Carolina's ports; an increase in the number and frequency of shipping lines calling at the ports would remedy this.

Another past president of NCTWA, Mr. Herbert Pocklington, was recognized next. Mr. Pocklington is presently chairman of the North Carolina Export Council and President of Hatteras International in High Point. His company exported $20,000,00 in yachts in 1989 and hoped to increase the figure to $30,000,000 in 1990; however, it

too must often depend on ports in other states. Mr. Pocklington expressed two desires: to share the success which NCTWA brought to his business with other companies, and to find a way of shipping all of his company's products through the North Carolina ports. He felt that the key to increasing exports through North Carolina' ports was to increase the number of North Carolina companies shipping products overseas.

The next speaker was Marion Jones, a member of the NCTWA Board of Directors and Senior Vice-President of Wachovia Bank and Trust. Wachovia publishes a quarterly North Carolina Trade Index, developed by the NCTWA and the Center for Economic and Business Studies at N.C. State University. Mr. Jones shared some information from the Index with the Committee: only 17% of North Carolina's 1989 exports (in dollars) went through our ports; 20% were shipped through Norfolk, and 10% went through Charleston; JFK International Airport ranked fourth, with 9% of North Carolina's exports, while Buffalo, N.Y. was fifth, with 8%. This last figure was explained by the fact that Canada is our state's leading trade partner, and Buffalo is the chief port for products shipped by truck to Canada. Of all the cargo going through North Carolina's ports in 1989, only 54% was from North Carolina.

Mr. Thomas Brown, Second Vice-President of NCWTA and Director of the International Trade Center at N.C. State University, was the next speaker. He described the function of the trade center in educating students in international business and in attempting to develop industry awareness of the impact of changing world conditions. Mr. Brown was disappointed at the lack of support he found across the state for increased exporting.

The next speaker was Ms. Ruth Turner, a member of the Board of Directors of NCWTA and Managing Director of the World Trade Center in the Research Triangle. She expressed her opinion that the businesses and industries that her group works with want to use the North Carolina ports whenever possible. Ms. Turner also asked the Committee to consider the development of port facilities at North Carolina's airports, citing aquaculture as an example of an industry that would benefit greatly from such facilities.

Mr. Jack Whitely of the U.S. Commerce Department next told the Committee that the furniture industry has tremendous export potential, but that the industry is demonstrating very little interest in pursuing the possibilities.

The Committee concluded the meeting by formally requesting that the NCWTA develop a position paper to assist the State in its efforts to promote the use of the State Ports in Wilmington and Morehead City.

October 8, 1990

At the Committee's fifth meeting, Mrs. Janice Faulkner, President NCWTA, presented the position paper that the Committee had requested. That document can be found in Appendix J. Mrs. Faulkner reported that the NCWTA had worked with the public and private sectors to develop this outline for development of a comprehensive trade policy for North Carolina.

The NCWTA suggested that a legislative body be formed for the formulation and coordination of State programs relating to international affairs. Mrs. Faulkner noted the recent formation of the Governor's Advisory Council on International Trade, and suggested that it would be appropriate to form a group of elected officials representing the public sector to complement that body of private sector representatives.

The NCWTA believes that a strategic plan for the promotion of international business should be adopted, and that the Governor, as the chief executive officer of the State, should be charged with the implementation of that policy. This would be consistent with the approach taken in other states.

The paper recommends funding the administration and implementation of a strategic trade policy plan and continuation funding for the international trade programs already in existence. After extensive meetings with officials at the Ports Authority and reviewing the history of funding of the Ports, the NCWTA further recommends funding for capital improvements and maintenance at the State Ports. The funding request is included as an attachment to the position paper in Appendix J, pp. J9-J10. The paper also summarizes the opinion of NCWTA regarding the strengths and weaknesses of the State Ports Authority.

Mrs. Faulkner commended the General Assembly for the legislation passed during the short session which staggered the terms of the members of the Board of the State Ports Authority. She felt the change would go a long way toward "depoliticizing" the Board and providing much-needed continuity on the Board.

The Committee focused on the paper's assertion that a full 70% of North Carolina exporters and importers use out-of-state ports to move water-borne cargo to and from the State. The NCWTA feels that "[a]ggressive marketing could deliver large volumes of that cargo to N.C. docks." Mrs. Faulkner acknowledged, however, that channel depth is also an impediment to attracting a larger volume of business.

In the course of the discussion, Mr. James Scott, Executive Director of the Ports Authority, announced that the Authority has reached an agreement with CSL Intermodal to restore limited intermodal service to the Wilmington port.

At the conclusion of Mrs. Faulkner's presentation, the Committee began discussing the recommendations it would make to the General Assembly in its report. The Committee decided to recommend the reintroduction of two bills that had failed to pass during the 1989 Session:

(1) the Ports Tax Credit bill (House Bill 1868); and

(2) the Sales and Use Tax Refund bill (Senate Bill 1464).

The Committee also decided to recommend a bill to exempt the Ports Authority from the provisions of Chapter 143 of the General Statutes in the selection of architects, engineers, and other professional consultants where the fee for such services is less than thirty thousand dollars. [The previous LRC Committee on the State Ports Authority and International Trade had recommended an unsuccessful bill to exempt the Ports Authority from all the purchasing and contracting provisions of Chapter 143 (Senate Bill 98, House Bill 134).]

The Committee also decided to recommend that, if the budget shortfall precludes the General Assembly from meeting the Ports Authority's appropriations request, a

general obligation bond referendum should be considered. The members also discussed the potential for creating a State Ports Trust Fund in order to fund future development of the State Ports.

The Committee also agreed to encourage the General Assembly to work with the Department of Transportation to expedite the repurchase of the abandoned segment of railroad track between Wallace and Castle Hayne. That segment can serve as a mechanism for connecting the two ports and facilitating their operation.

November 14, 1990

At its sixth meeting, the Ports Authority presented the Committee with its Strategic Plan, approved by the Board in September. This plan outlines changes in both philosophy and operations aimed at making the Ports Authority more successful in the future. A copy of the plan can be found in Appendix K.

The Committee also continued discussing the contents of its final report.

November 28, 1990

At its final meeting, the Committee approved the contents of this report.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION ONE: That the General Assembly enact the bill found in Appendix C, which provides for a state income tax credit to any corporation or individual using the Wilmington or Morehead City ports for the export of cargo.

The Committee finds that a full seventy percent of North Carolina exporters and importers use ports in other states to move their cargo. This is true in spite of the fact that both ports have the capacity to accomodate additional vessels and cargo. The Committee believes that an increase in the volume of cargo will attract the shipping lines necessary to move that cargo.

The Committee feels that one way of encouraging industries and businesses to use North Carolina's ports is to provide a tax incentive to corporations using the ports. Any increase in the volume of cargo moving through the State Ports would enhance and accelerate economic development throughout the State.

RECOMMENDATION TWO: That the General Assembly enact the bill found in Appendix D, which adds the North Carolina State Ports Authority to the list of governmental entities entitled to refunds of sales and use taxes paid on direct purchases of tangible personal property.

The Committee finds that the Ports Authority pays an average of $120,000 each year in state sales taxes. This figure increases drastically whenever the Ports Authority purchases equipment. In 1990, for example, the purchase of two container cranes brought the total tax liability for that year to $535,600.

This bill would add the Authority to a list of governmental entities that are entitled to refunds of sales and use taxes, providing the Authority with additional funds for capital improvements necessary to make ports more competitive.

RECOMMENDATION THREE: That the General Assembly enact the bill found in Appendix E, which exempts the State Ports Authority from the requirements set forth in Chapter 143 of the General Statutes in the selection and retention of architects, engineers, or other professional consultants in cases where the fee for such services is less than thirty thousand dollars.

The Committee finds that the State Ports Authority is greatly hampered by the requirement that it follow the procedures set forth in Chapter 143 of the General Statutes whenever it wishes to retain architects, engineers, or other professional consultants. The Committee finds that the Ports Authority needs greater flexibility in its operations than most state agencies, because it is in essence a business which is in competition with the ports authorities of other states.

RECOMMENDATION FOUR: That, if the present budget shortfall precludes the General Assembly from meeting the State Ports Authority's funding request for capital improvements and major maintenance, the General Assembly should consider a general obligation bond referendum as a method for funding the program.

The Committee finds that the improvements proposed for the Wilmington and Morehead ports are vital to the long-range success of the State Ports Authority and to economic development in the State of North Carolina. The Ports Authority is in a turnaround mode, and the improvements requested are essential to efforts to increase the volume of cargo flowing through the ports.

RECOMMENDATION FIVE: That the General Assembly cooperate with the Department of Transportation to expedite the reassembly of the abandoned railroad corridor between the towns of Wallace and Castle Hayne.

The Committee finds that the reaquisition of the abandoned rail route linking Wilmington with Raleigh and the northern Piedmont is crucial to the future success of the State Ports. In addition to providing increased rail access to the Wilmington port, the reassembled corridor would serve as a mechanism for connecting the two ports by rail.

The Wallace to Castle Hayne "gap" was nominated as a first choice for reassembly after the Rail Corridor Preservation Act was amended to grant authority to the Department of Transportation to reassemble portions of rail corridors lost to abandonment. The Department is proceeding with this costly process.

APPENDIX A

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION
RATIFIED BILL

CHAPTER 802
SENATE BILL 231

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMITTEES AND COMMISSIONS, TO MAKE APPROPRIATIONS THEREFOR, AND TO DIRECT VARIOUS STATE AGENCIES TO STUDY SPECIFIED ISSUES.

The General Assembly of North Carolina enacts:

PART I. TITLE

Section 1. This act shall be known as "The Studies Act of 1989."

. . .

PART II.-----LEGISLATIVE RESEARCH COMMISSION

Sec. 2.1. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1989 bill or resolution that originally proposed the issue or study and the name of the sponsor. The Commission may consider the original bill or resolution in determining the nature, scope and aspects of the study. The topics are:

(1) State Ports--study continued (S.J.R. 96 - Barker, H.B. 133 - Hall), Lease and Renegotiation of Contracts of the North Carolina Railroad Company and the Atlantic and North Carolina Railroad Company,

...

Sec. 2.4. Committee Membership. For each Legislative Research Commission Committee created during the 1989-1991 biennium, the Cochairmen of the Commission each shall appoint a minimum of seven members.

Sec. 2.5. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1990 Session of the 1989 General Assembly or the 1991 General Assembly, or both.

Sec. 2.6. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

Sec. 2.7. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission.

. . .

PART XXV.-----EFFECTIVE DATE

Sec. 25.1. This act shall become effective July 1, 1989.

In the General Assembly read three times and ratified this the 12th day of August, 1989.

APPENDIX B

MEMBERSHIP OF LRC COMMITTEE ON THE STATE PORTS AUTHORITY AND INTERNATIONAL TRADE

LRC Member in Charge:
Sen. Donald R. 'Don' Kincaid
P.O. Box 988
Lenoir, NC 28645
(704)758-5181

Members

President Pro Tem's Appointments

Sen. Robert L. 'Bob' Martin
Co-Chairman
P.O. Box 387
Bethel, NC 27812
(919)825-4361

Sen. Franklin L. 'Frank' Block
520 Princess Street
Wilmington, NC 28401
(919)763-3463

Sen. George B. Daniel
P.O. Box O
Yanceyville, NC 27379-1108
(919)694-4363

Sen. Wendell H. Murphy
P.O. Box 280
Rose Hill, NC 28458
(919)289-2111

Mr. Joe M. Parker
310 S. Colony Avenue
Ahoskie, NC 27910
(919)332-2556

Mr. Bobby Porter
Route 2
Roseboro, NC 28382
(919)564-4138

Sen. Robert G. 'Bob' Shaw
P.O. Box 8101
Greensboro, NC 27419
(919)855-7533

Speaker's Appointments

Rep. Robert Grady
Co-Chairman
107 Jean Circle
Jacksonville, NC 28540
(919)353-3579

Rep. J. Vernon Abernethy
P.O. Box 38
Gastonia, NC 28053
(704)865-2906

Rep. Gerald L. Anderson
117 Creekview Road
New Bern, NC 28562
(919)633-5100

Rep. Howard B. Chapin
212 Smaw Road
Washington, NC 27889
(919)946-3480

Rep. Lawrence E. 'Larry' Diggs
5001 Matthews - Mint Hill Road
Charlotte, NC 28212
(704)545-4966

Rep. E. David Redwine
P.O. Box 283
Shallotte, NC 28459
(919)754-4326

Rep. Clarence P. Stewart
Route 3, Box 718
Lillington, NC 27546
(919)893-8966

Staff:
Sean Dail
Bill Drafting Division
(919)733-6660

Clerk:
Sarah Murphy
Room 525
Legislative Office Building
O: (919)733-5705
H: (919)828-6735

APPENDIX C

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

S/H D

91-LL-005
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: N.C. Tax Incentive. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A TAX CREDIT FOR THE USE OF NORTH CAROLINA PORTS.

Whereas, the State of North Carolina ranks first in the Southeast in exporting; and

Whereas, the North Carolina State Ports Authority serves hundreds of industries and businesses in North Carolina by moving over 8 million tons of cargo from its ports on an annual basis; and

Whereas, seventy percent (70%) of the State's imports and exports are shipped from ports outside the State; and

Whereas, the State Ports at Wilmington and Morehead City have the capacity to accommodate additional vessel calls and cargo; and

Whereas, the increased use of the State's seaports would enhance and accelerate economic development in the State; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Article IV, Schedule D, Division I of Chapter 105 of the General Statutes is amended by adding a new section to read:

"<u>§ 105-130.41. Credit for North Carolina State Ports Authority wharfage and handling charges on exports.</u>

(a) Any corporation utilizing the deepwater docks at the Wilmington or Morehead City ports for the export of cargo that is loaded on an ocean carrier calling at either port shall be allowed a credit against the tax imposed by this Division. The credit shall be equal to the excess of the charges paid by the corporation on exported, processed cargo for the current taxable year over an amount equal to the average of the charges paid by the corporation on exported, processed cargo for the current taxable year and the two preceding taxable years. The credit shall apply to the following charges on exported, processed cargo assessed by the Ports Authority: wharfage, handling charges on break bulk cargo, LCL (less-than-container-load) cargo, bulk through put charges and the equivalent or like charges on container cargo. This credit may not exceed fifty percent (50%) of the amount of tax imposed by this Division for the taxable year reduced by the sum of all credits allowable under this Division, except tax payments made by or on behalf of the corporation. If the credit allowed by this section exceeds fifty percent (50%) of the tax imposed under this Division, the excess may be carried forward and applied to the tax imposed under this Division for the succeeding five years. To obtain the credit, a corporation shall provide to the Secretary of Revenue a statement from the State Ports Authority certifying the amount of charges paid by the corporation for which a credit is claimed and any other information required by the Secretary to enable the Secretary to determine the amount of credit due the corporation. The maximum cumulative credit that may be claimed by any corporation under this section may not exceed one million dollars ($1,000,000).

(b) For purposes of this section, the terms 'handling' and 'wharfage' shall have the meaning as defined in the State Ports Tariff Publications, 'Wilmington Tariff, Terminal Tariff #6,' and 'Morehead City Tariff, Terminal Tariff #1.' For purposes of this section, the term 'through put' shall have the same meaning as 'wharfage' but is applicable only to bulk products, both dry and liquid."

Sec. 2. Article IV, Schedule B, Division II of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-151.18. Credit for North Carolina State Ports Authority wharfage and handling charges on exports.**

(a) Any person utilizing the deepwater docks at the Wilmington or Morehead City ports for the export of cargo that is loaded on an ocean carrier calling at either port shall be allowed a credit

against the tax imposed by this Division. The credit shall be equal to the excess of the charges paid by the taxpayer on exported, processed cargo for the current taxable year over an amount equal to the average of the charges paid by the taxpayer on exported, processed cargo for the current taxable year and the two preceding years. The credit shall apply to the following charges on exported, processed cargo assessed by the Ports Authority: wharfage, handling charges on break bulk cargo, LCL (less-than-container-load) cargo, bulk through put charges and the equivalent or like charges on container cargo. This credit may not exceed fifty percent (50%) of the amount of tax imposed by this Division for the taxable year reduced by the sum of all credits allowable under this Division, except tax payments made by or on behalf of the taxpayer. If the credit allowed by this section exceeds fifty percent (50%) of the tax imposed under this Division, the excess may be carried forward and applied to the tax imposed under this Division for the succeeding five years. To obtain the credit, the taxpayer shall provide to the Secretary of Revenue a statement from the State Ports Authority certifying the amount of charges paid by the taxpayer for which a credit is claimed and any other information required by the Secretary to enable the Secretary to determine the amount of credit due the taxpayer. The maximum cumulative credit that may be claimed by any taxpayer under this section may not exceed one million dollars ($1,000,000).

(b) For purposes of this section, the terms 'handling' and 'wharfage' shall have the meaning as defined in the State Ports Tariff Publications, 'Wilmington Tariff, Terminal Tariff #6,' and 'Morehead City Tariff, Terminal Tariff #1.' For purposes of this section, the term 'through put' shall have the same meaning as 'wharfage' but is applicable only to bulk products, both dry and liquid."

Sec. 3. The North Carolina State Ports Authority shall report annually to the General Assembly regarding the impact of this act on shipping and economic growth. Each report shall show the overall annual increase in shipping at each port affected by this act for the most recent year for which data is available and for each of the previous ten years. Each report shall estimate the number of jobs created at each port and in businesses related to port activity at each port since January 1, 1992, as compared to the number of similar jobs created during the ten years preceding January 1, 1992. Each report shall state the net economic impact on the State as a result of the allowance of tax credits under this act. The Ports Authority shall file a report

on May 1 of 1993, 1994, and 1995, by submitting a copy to the Speaker of the House of Representatives and the President Pro Tempore of the Senate. The Department of Revenue and the Department of Economic and Community Development shall cooperate with the Ports Authority in providing the information required in the annual reports.

Sec. 4. This act is effective for taxable years beginning on or after January 1, 1992.

EXPLANATION OF LEGISLATION

This bill adds G.S. 105-130.41 to allow a state corporate income tax credit for corporations loading cargo onto an ocean carrier in the ports of Wilmington or Morehead City, and adds G.S. 105-151.18 to give the same tax credit to individuals exporting through the ports. The credit equals the excess of charges paid on exported, processed cargo for the current taxable year over an amount equal to the average of charges paid for the current taxable year and the two preceding taxable years.

The credit applies to wharfage, handling charges on break bulk cargo, LCL (less-than-container-load) cargo, bulk through put charges (bulk products wharfage), and the equivalent or like charges on container cargo. The credit is limited to 50% of the the tax imposed for the current year, but allows a five-year carry-forward of the excess. The cumulative credit may not exceed one million dollars.

The bill requires the corporation or individual to provide the Secretary of Revenue with a statement from the Ports Authority certifying the amount of charges paid for which the credit is being claimed, along with any other information necessary to determine the amount of credit due the taxpayer.

The Ports Authority must make an annual report to the General Assembly on the impact of the act on shipping and economic growth. Each report must:

(1) Show the overall annual increase in shipping at each port for the most recent year for which data is available and for the each of the ten previous years;

(2) Estimate the number of jobs created at each port and in businesses related to port activity at each port since the effective date of the act, as compared to the number of similar jobs created during the ten years prior to the effective date of the act; and

(3) State the net economic impact on the State as a result of the allowance of tax credits under the act.

APPENDIX D

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

S/H D

91-LL-006
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: Ports Authority/No Sales Tax. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT THE NORTH CAROLINA STATE PORTS AUTHORITY MAY RECEIVE REFUNDS OF SALES AND USE TAXES PAID ON DIRECT PURCHASES OF TANGIBLE PERSONAL PROPERTY.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-164.14(c) reads as rewritten:

"(c) Upon receipt of timely applications for refund, the Secretary of Revenue shall make refunds annually to all governmental entities, as hereinafter defined, of sales and use tax paid under this Article, except under G.S. 105-164.4(4a) and G.S. 105-164.4(4c), by said governmental entities on direct purchases of tangible personal property. Sales and use tax liability indirectly incurred by such governmental entities on building materials, supplies, fixtures and equipment which shall become a part of or annexed to any building or structure being erected, altered or repaired which is owned or leased by such governmental entities shall be construed as sales or use tax liability incurred on direct purchases by such governmental entities, and such entities may obtain refunds of such taxes indirectly paid. The refund provisions contained in this subsection shall not apply to any governmental entities not specifically named herein. In order to receive the refund herein provided for, governmental entities shall file a written request for said refund within six months of the close of the fiscal year

of the governmental entities seeking said refund, and such request for refund shall be substantiated by such records, receipts and information as the Secretary may require. No refunds shall be made on applications not filed within the time allowed by this section and in such manner as the Secretary may otherwise require. The term 'governmental entities,' for the purposes of this subsection, shall mean all counties, incorporated cities and towns, water and sewer authorities created and existing under the provisions of Chapter 162A of the General Statutes, lake authorities created by a board of county commissioners pursuant to an act of the General Assembly, sanitary districts, regional councils of governments created pursuant to G.S. 160A-470, area mental health, mental retardation, and substance abuse authorities (other than single-county area authorities) established pursuant to Article 4 of Chapter 122C of the General Statutes, district health departments, regional planning and economic development commissions created pursuant to G.S. 158-14, regional sports authorities created pursuant to G.S. 160A-479, regional economic development commissions created pursuant to G.S. 158-8, regional planning commissions created pursuant to G.S. 153A-391, metropolitan sewerage districts and metropolitan water districts in this State, the North Carolina Low-Level Radioactive Waste Management Authority created pursuant to Chapter 104G of the General Statutes, the North Carolina Hazardous Waste Management Commission created pursuant to Chapter 130B of the General Statutes, <u>the North Carolina State Ports Authority created pursuant to G.S. 143B-452,</u> and the Rockingham County Airport Authority."

Sec. 2. This act is effective upon ratification and applies to sales made on or after the date of ratification.

EXPLANATION OF LEGISLATION

This bill adds the North Carolina State Ports Authority to the list of "governmental entities" entitled under G.S. 105-164.14(c) to refunds of sales and use taxes paid on direct purchases of tangible personal property, and on indirect purchases of building materials, supplies, fixtures and equipment which shall become a part of or annexed to any building or structure being erected altered or repaired which is owned or leased by the governmental entity.

APPENDIX E

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

S/H D

91-LL-007A
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: Ports Authority Contracts. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXEMPT THE STATE PORTS AUTHORITY FROM THE PROVISIONS OF CHAPTER 143 OF THE GENERAL STATUTES IN THE SELECTION OF ARCHITECTS, ENGINEERS, AND OTHER PROFESSIONAL CONSULTANTS WHERE THE FEE FOR SUCH SERVICES IS LESS THAN THIRTY THOUSAND DOLLARS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 143B-465 reads as rewritten:

"**§ 143B-465. Purchase of supplies, material and equipment and building contracts.**

(a) All of the provisions of Article 3 of Chapter 143 of the General Statutes relating to the purchase of supplies, material and equipment by the State government are hereby made applicable to the North Carolina State Ports Authority. ~~All~~ Except as provided in subsection (b) of this section, all of the provisions of Chapter 143 of the General Statutes relating to public building contracts are hereby made applicable to the North Carolina State Ports Authority for those construction projects which may be funded, in whole or in part, by appropriations from the General Assembly.

(b) The North Carolina State Ports Authority is not subject to the provisions of Chapter 143 of the General Statutes in the selection of architects, engineers, or other professional consultants where the fee for such services is less than thirty thousand dollars ($30,000)."

Sec. 2. This act is effective upon ratification.

EXPLANATION OF LEGISLATION

This bill exempts the State Ports Authority from the provisions of Chapter 143 of the General Statutes in the procurement of architects, engineers, and other professional consultants in cases where the fee for those services is less than thirty thousand dollars.

The Authority is already exempt from some of the procedural requirements of Chapter 143 when an architect, engineer, or surveyor is procured for state capital improvement projects under the jurisdiction of the State Building Commission where the estimated expenditure is less than fifty thousand dollars. A state capital improvement project is defined as the construction, alteration, renovation, or addition to State buildings for which State funds are used and which are required to be publicly advertised. This bill would expand that exemption to include consultants retained for projects not already qualifying for exemption as part of a state capital improvement.

APPENDIX F

BOARD OF DIRECTORS

OF THE

NORTH CAROLINA STATE PORTS AUTHORITY

P. A. Thomas, Chairman
High Point, NC

Larry Brittain, Vice Chairman
Charlotte, NC

Ruth Adams
Jacksonville, NC

J. Chalmers D. Bailey
Rocky Mount, NC

Thomas M. Evins, Jr.
Oxford, NC

L. Sneed High
Fayetteville, NC

William F. Maready
Winston-Salem, NC

C.C. Murrow
Wilmington, NC

Ron Perry
N. Wilkesboro, NC

W. Wallace Respess
Lenoir, NC

James T. Broyhill
Raleigh, NC

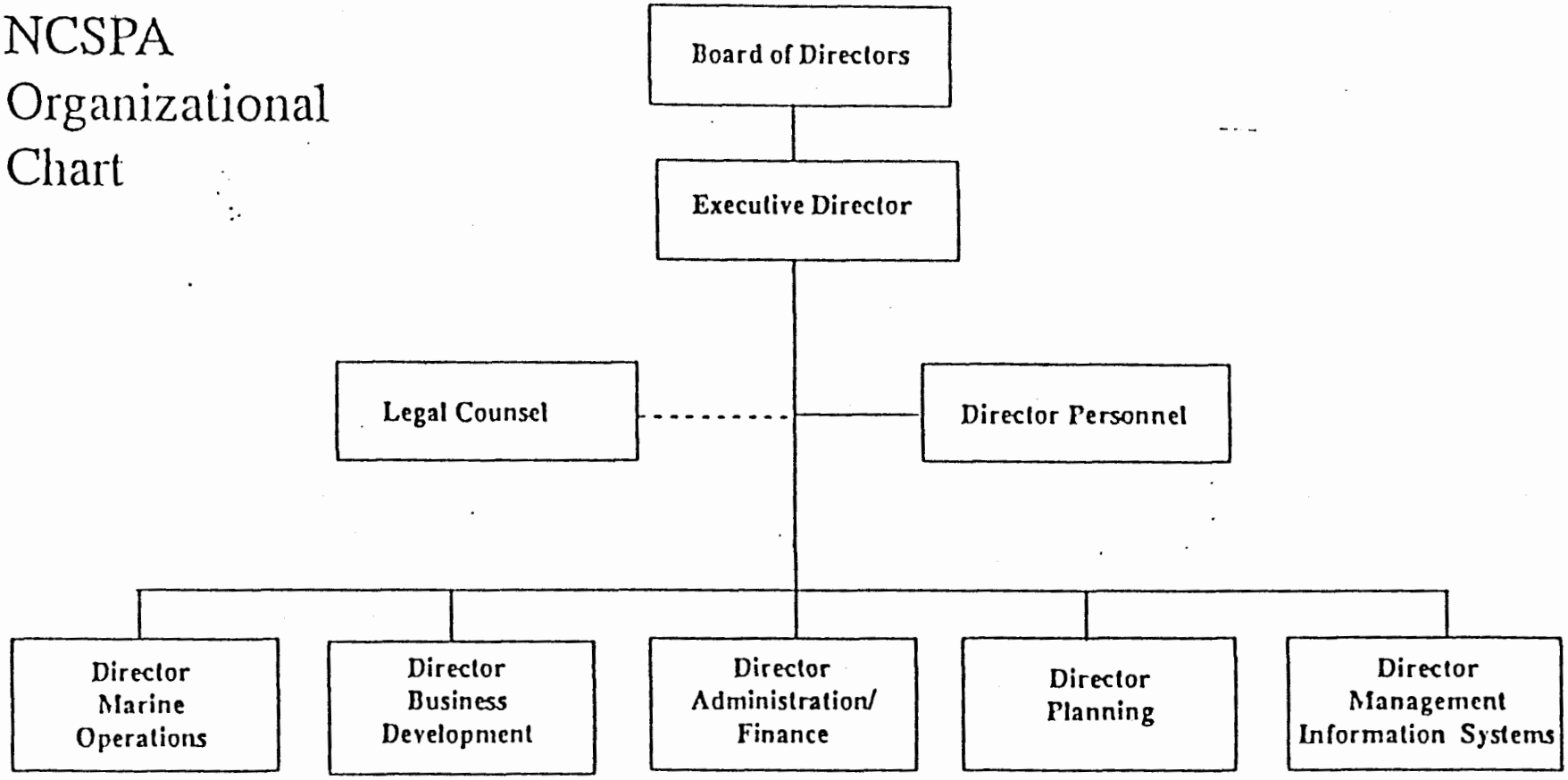
COMMITTEES OF THE BOARD OF DIRECTORS

OF THE

NORTH CAROLINA STATE PORTS AUTHORITY

Executive Committee:	P. A. Thomas, Chairman; Larry Brittain, William F. Maready
Finance Committee:	Larry Brittain, Chairman; Thomas M. Evins,Jr., W.Wallace Respess
Property Committee:	William F. Maready, Chairman; Ruth Adams, C.C. Murrow
Operations Committee:	P. A. Thomas, CHairman; William F. Maready, Ron Perry
Marketing Committee:	Ron Perry, Chairman; J. Chalmers D. Bailey, Ruth Adams
Governmental Relations Committee:	C.C. Murrow, Chairman; L. Sneed High, W.Wallace Respess, James T. Broyhill

NCSPA Organizational Chart



ADVISORY COUNCIL

OF THE

NORTH CAROLINA STATE PORTS AUTHORITY

COMPANY MEMBER	CATEGORY	INDIVIDUAL MEMBER
American Barmag Corporation Charlotte, NC 28217	Importer	Thayer Stem Traffic Manager
Atlantic Veneer, Inc. Beaufort, NC	Exporter/ Importer	Herman Meyer President
E.N. Beard Lumber Company Greensboro, NC	Exporter/ Importer	Tom Beard President
Brendles, Inc. Elkin, NC	Importer	Gene Lambert Traffic Manager
Pat Brown Lumber Company Lexington, NC	Exporter/ Importer	Dan Moore President
Burlington Industries Burlington, NC	Exporter/ Importer	Demi Simpkins Director, Int'l Ocean Transport
Cape Industries	Exporter	Bob Mack Traffic Manager
Carolina Byproducts Company Greensboro, NC	Exporter	Mike Riesel VP, Marketing
Carolina Leaf Greenville, NC	Exporter/ Importer	Guy Hawkins President
Carolina Steel Corporation Greensboro, NC	Importer	John Robinson President
Channelmaster Smithfield, NC	Importer	Steve Hendrix Shipping Manager
Cone Mills Greensboro, NC	Exporter/ Importer	Pete Gratale Vice President
Federal Paperboard Company Montvale, NJ	Exporter	Bud Wenthen Export Transpor- tation Manager
A.J. Fritz Greensboro, NC	Service	Steve Jones National Accounts Executive

COMPANY MEMBER	CATEGORY	INDIVIDUAL MEMBER
Hampco Apparel, Inc. Kinston, NC	Exporter/ Importer	Leo Tutak Vice President
Lavino Shipping Company Wilmington, NC Morehead City, NC	Service	Jack Tilley Vice President
Lowe's Companies, Inc. North Wilkesboro, NC	Importer	Steve Palmer General Traffic Manager
Masco Corporation High Point, NC	Importer	Andy Hines Vice President
A.C. Monk & Company Farmville, NC	Exporter/ Importer	Phil Harrell Traffic Manager
Morehead City Port Committee Morehead City, NC	Service	Roy Stevens Consultant
Pic-n-Pay Charlotte, NC	Importer	Bob Kelly Vice President
Potpourri Press Greensboro, NC	Exporter/ Importer	Jeff Black Purchasing Manager
RJR Sales Company Winston-Salem, NC	Exporter/ Importer	Clarence Groce Manager/Export/ Import
Al Smith CHB Charlotte, NC	Service	Al Smith President
Roses Stores,Inc. Henderson, NC	Importer	Joe McClelland Vice President
Tennessee Eastman Kingsport, TN	Exporter/ Importer	Larry Buckingham Supervisor,Int'l Transportation
Texas Gulf,Inc. Raleigh, NC	Exporter/ Importer	Clyde Davis Vice President
Sara Lee Knit Products Winston-Salem,NC	Exporter/ Importer	Bud Kiger Transportation Manager

COMPANY MEMBER	CATEGORY	INDIVIDUAL MEMBER
Southco, Inc. Wilmington, NC	Importer	Richard Yang Vice President
Variety Wholesalers Raleigh, NC	Importer	Jack Bonds Vice President
Weyerhauser Company New Bern, NC	Exporter	Tony Chesson Superintendent
World Wood Corporation Cove City, NC	Exporter/ Importer	W. P. Nelson Vice President
Wilmington Shipping Company Wilmington, NC	Service	Edward C.Bromeier Vice President
Trinity Industries Rocky Mount, NC	Importer	Fred Williams Regional Manager

STRATEGIC AND DEFINED POSITION OF THE ADVISORY COUNCIL BY THE BOARD OF DIRECTORS

THE PORTS ADVISORY COUNCIL (AC) HAS A CONSULTATIVE AND ACTION DRIVEN COUNTERPART RELATIONSHIP WITH THE NCSPA BOARD OF DIRECTORS, ITS COMMITTEES, THE STAFF, AND DEPARTMENT HEADS. THE ADVISORY COUNCIL IS REGARDED BY THE BOARD AS OFFERING A MOST UNIQUE ADVANTAGE OVER COMPETITION IN THE PROMOTION AND DEVELOPMENT OF MUTUALLY ESTABLISHED GOALS AND STRATEGIES OF THE STATE PORTS AUTHORITY.

THE BOARD CONSIDERS THE ADVISORY COUNCIL TO BE THE AUTHORITY'S SINGLE MOST VALUABLE EXTERNAL RESOURCE IN THE DEVELOPMENT OF PLANS, STRATEGIES AND THEIR EXECUTION, PARTICULARLY IN THE AREAS OF BUSINESS DEVELOPMENT, MARKETING, OPERATIONS, ADMINISTRATION/FINANCE, MANAGEMENT INFORMATION SYSTEMS AND LEGISLATIVE ACTION.

IT IS THE CONSIDERED DECISION OF THE BOARD OF DIRECTORS THAT THE ADVISORY COUNCIL BE REGULARLY AND ROUTINELY CONSULTED BY KEY MEMBERS OF THE STAFF, AS WELL AS MEMBERS OF THE BOARD, ON MATTERS INVOLVING LEGISLATION, MARKETING, OPERATIONAL NEEDS, ASSESSMENTS, PLANNING AND STRATEGIES. LINES OF COMMUNICATION TOWARDS THAT END ARE TO BE ESTABLISHED AND MAINTAINED THROUGH REGULARLY SCHEDULED MEETINGS AND UNSCHEDULED "COMMUNICATIONS" AS MAY BE REQUIRED.

THE ADVISORY COUNCIL INPUT SHALL BE SOLICITED AND IT'S ASSESSMENTS INCLUDED IN THE IDENTIFICATION, DIRECTION, FORMULATION AND EXECUTION OF SHORT AND LONG-TERM GOALS AND OPPORTUNITIES ACROSS ORGANIZATIONAL LINES.

THE BOARD FEELS GREATEST SHORT TERM ASSISTANCE POTENTIAL OF THE ADVISORY COUNCIL LIES IN THE MARKETING OF THE NCSPA BY THE SOLICITATION OF ADVICE ON "TARGET MARKETING" AND LEGISLATIVE OPPORTUNITIES. THE LONG TERM OPPORTUNITIES ARE LIMITLESS.

THE INPUT OF THE ADVISORY COUNCIL SHALL BE SOUGHT NOT ONLY IN THE CHARACTER OF ADVICE BUT IN THE FORM OF DIRECT ASSISTANCE IN PROMOTION OF THE PORTS TO THE PUBLIC AT LARGE, AND IN LEGISLATIVE ACTION.

IT IS NOT INTENDED THAT THE ADVISORY COUNCIL BE INJECTED INTO THE PHYSICAL HANDS ON, DAY-TO-DAY OPERATIONS OF THE NCSPA NOR IN THE DECISION-MAKING AUTHORITY. IT IS INTENDED THAT THE INPUT OF THE ADVISORY COUNCIL BE SOUGHT, WEIGHED, AND INCLUDED IN ALL BOARD AND STAFF DECISIONS IN ALL PORT MATTERS.

RESPONSIBILITY OF THE NORTH CAROLINA STATE PORTS AUTHORITY (NCSPA) TO STAKEHOLDERS

STAKEHOLDERS	RESPONSIBILITY OF THE NCSPA
Advisory Council of the NCSPA	To seek the consultation, advice and assistance of the Advisory Council with respect to the business operations of the NCSPA ports terminals, marketing of the services and ports terminal facilities of the NCSPA and the promotion of trade resources in North Carolina.
Taxpayers and People of North Carolina	To be responsible trustees of public assets and funds in NCSPA custody and promote the economic welfare of the people of North Carolina by increasing trade through the State ports of North Carolina.
Exporter, Importers and Other Users	To be user friendly and customer oriented by providing convenient, efficient and competitive ports terminal facilities and services required to conduct international trade.
NCSPA Employees at All Levels of the Organization	To provide sound leadership and management; a clean, secure and safe work environment; fair and reasonable compensation and recognition that NCSPA employees are the NCSPA's greatest asset and, as such, should be encouraged, individually and collectively, to reach their full potential.
Elected State Officials	To provide professional, competent, responsible, disciplined and non-partisan direction of the NCSPA and its resources with due regard to the NCSPA role as trustees of public assets and funds and the NCSPA duty to enhance the economy and welfare of the State of North Carolina.

Government Agencies (Federal, State, Local)	To create mutual and cooperative working relationships to the end that required results are obtained as efficiently as possible, and to promote the orderly administration of government by basing the actions of NCSPA at all times upon sound reason, solid judgement and reasonable compliance with all lawful rules, regulations and procedures.

NATURE OF BUSINESS

The business of the North Carolina State Ports Authority is to develop, maintain and profitably operate for the State of North Carolina the facilities and systems necessary to efficiently move international commerce through a complex of inland and ocean ports terminals of the State of North Carolina.

MISSION STATEMENT

The mission of the North Carolina State Ports Authority (NCSPA) is to continually enhance the economy of North Carolina by the dynamic and sound growth of international trade through the ports terminals of the State of North Carolina.

Specific Priorities

- The NCSPA will enhance economic development throughout the State and region.
- The NCSPA will be sensitive to the needs of the users.
- The NCSPA will offer a strategic advantage to its customers.
- The NCSPA recognizes that people are an organization's most important asset and will encourage its people to develop to their full potential.
- The NCSPA will maximize utilization of he public assets entrusted to it for the economic benefit of the people of North Carolina, the State Ports and partners of interest.
- The NCSPA will provide cost effective and efficient facilities for its users.
- The NCSPA will be recognized as the most aggressive, hard working and fastest growing ports complex in the South Atlantic providing better service than its competitors.

BROAD DIRECTIONAL STRATEGY AND POSITIONING OF THE NORTH CAROLINA STATE PORTS AUTHORITY

* Make major efforts to organize and manage the State Ports Authority so as to capture and capitalize on the resources, experience, skills and competence of the Board, Staff, and Advisory Council.

* Strengthen our efforts to attract, motivate and develop the "best" professional managers and staff, and create the work environment that will serve to retain and challenge these people.

* Expand and intensify efforts to strengthen the business development and marketing organization and it's plans and programs.

* Build market share. Significantly increase our share of the South Atlantic container, breakbulk, and bulk tonnage market.

* Broaden the concept of target customers beyond the exporters and importers to include steamship lines with a target focus on small to medium size lines. Serving all our customers will be our Number 1 priority. Recognizing and consistently meeting the expectations of our target and other customers is at the heart of our strategy.

* Take a leadership role in fostering statewide commercial and industrial development and economic growth emphasizing the important NETWORK concept embracing truck, highway, rail, ocean carrier, government officials and state legislators. Focus on overcoming competitive disadvantages and pursuing opportunities to promote and foster North Carolina growth in concert with the long range North Carolina Economic Development Plan.

* In cooperation and coordination with the North Carolina Railroad Corporation, identify and pursue cargo opportunities which will accrue benefits to the State ports, the State railroad and the State economy.

* Formulate an aggressive strategy to earn needed legislative and state government support for NCSPA plans, programs and capital projects.

* Change the focus of the State Ports Authority from "facilities development" to center on customers and markets. Become a market driven entity always addressing the questions: What's in it for the customer <u>and</u> how does the State Ports Authority do a better job serving customers than the competition?

* Adopt and commit to the adherence of a specific financial discipline for measuring financial performance. NCSPA believes that the fundamental purpose of a business is to earn a profit. The use of ROI and economic impact analysis will be the best means of measuring performance and deciding which capital projects should be approved and which strategies supported.

* Achieve and maintain a strong financial position as the foundation for the future through which sound fiscal management and solid earnings together will generate significant excess cash flow to invest in capital projects. The SPA is committed to increasing the level of investment in modernizing and expanding the terminals in the long term as a key element in our strategy to increase market share.

* Formulate and implement strategies that are aimed at making our facilities and services more competitive.

* Emphasize implementing strategies that will profitably increase utilization of existing port facilities and minimize capital investment in the near term of one to three years.

* Modernize, maintain and selectively expand the Morehead City Terminal, positioning it as a leading bulk and breakbulk terminal aggressive and responsive to realistic marketing opportunities while remaining flexibly opportunistic in pursuit of all other attractive cargo category opportunities.

* Modernize, maintain and selectively expand the Wilmington Terminal positioning it as a leading container and breakbulk terminal intent on increasing it's share of the growing container and lucrative breakbulk markets while remaining flexibly opportunistic in pursuit of all other attractive cargo category opportunities.

* Continue to develop and refine the existing satellite intermodal facilities and network to reach out in pursuit of additional cargo opportunities both inside and outside North Carolina.

* Develop and implement an appropriate management information and electronic data interface system that meets the essential information needs of management and port users in a timely and efficient manner.

* In coordination with the U.S. Army Corp of Engineers and the State of North Carolina, initiate and participate in development of plans and programs for improvements to deepwater harbors and channels leading to and from NCSPA terminals.

KEY RESULTS AREAS

FOR THE

NORTH CAROLINA STATE PORTS AUTHORITY

GROWTH

PROFITABILITY

MARKET SHARE

PRODUCTIVITY

IMAGE AND INTEGRITY

CUSTOMER SATISFACTION

GOVERNMENT LIAISON

IMPACT OF THE STATE PORTS OF NORTH CAROLINA, VIRGINIA AND SOUTH CAROLINA ON THE ECONOMY OF EACH OF THE RESPECTIVE STATES

Although the most recent economic impact study for North Carolina ports is 1981 compared to 1987 for South Carolina and 1987 for Virginia, it is reasonable to expect that properly managed, properly operated and properly positioned North Carolina ports will produce competitive per unit impacts for the economy of our state as do the ports of South Carolina and Virginia for their respective states.

A program is presently underway to measure, annually, the impact of the State ports on the economy of North Carolina.

NORTH CAROLINA (1981)

Employment Impact: 50,000 jobs were held throughout the state as result of ports activity: 10 jobs for each 1000 tons of cargo.

Income Impact: $770,000,000 in personal salaries and wages were earned throughout the state as result of ports activity: $154,000 in personal income for each 1000 tons of cargo.

Tax Impact: $97,675,000 in state and local taxes were collected throughout the state as result of ports activity: $19,535 in taxes for each 1000 tons

VIRGINIA (1987)

Employment Impact: 111,000 jobs were held throughout the state as result of ports activity: 3 jobs for each 1000 tons of cargo.

Income Impact: $2,300,000,000 in personal salaries and wages were earned throughout the state as result of ports activity: $46,930 in personal income for each 1000 tons of cargo.

Tax Impact: $260,000,000 in state and local taxes were collected throughout the state as result of ports activity: $5,306 in taxes for each 1000 tons of cargo.

SOUTH CAROLINA (1987)

Employment Impact: 58,837 jobs were held throughout the state as result of ports activity: 9.4 jobs for each 1000 tons of cargo.

Income Impact: $1,239,461,033 in personal salaries and wages were earned throughout the state as result of ports activity: $198,700 in personal income for each 1000 tons of cargo.

Tax Impact: $166,590,918 in state and local taxes were collected throughout the state as result of ports activity: $26,710 in taxes for each 1000 tons of cargo.

STATE FUNDING OF LANDSIDE PORT AND TERMINAL PROJECTS
FISCAL YEARS 1977-1988

Tidewater Ports	State Funding
Alabama	$134,740,000
Alaska	135,047,000
Connecticut	3,023,000
Delaware	9,250,000
Georgia	269,377,000
Hawaii	75,149,000
Louisiana	186,009,000
Maine	12,242,000
Maryland	252,640,000
Massachusetts	92,161,000
Mississippi	9,400,000
New Hampshire	1,815,000
New York	36,150,000
North Carolina	20,386,000
Oregon	8,216,000
Pennsylvania	14,407,000
Rhode Island	13,820,000
South Carolina	129,360,000
Virginia	87,716,000
Subtotal	$1,490,909,000
Great Lakes Ports	
Illinois	15,468,000
Indiana	37,211,000
Minnesota	369,000
New York	18,600,000
Ohio	67,000
Pennsylvania	5,606,000
Wisconsin	3,715,000
Subtotal	$81,036,000

- continued -

STATE FUNDING OF LANDSIDE PORT AND TERMINAL PROJECTS
FISCAL YEARS 1977-1988
PAGE 2

Inland Waterways	State Funding
Illinois	$ 4,526,000
Indiana	36,595,000
Kentucky	19,414,000
Louisiana	26,390,000
Mississippi	198,000
Missouri	13,448,000
Ohio	4,000,000
Oklahoma	74,000
Pennsylvania	7,344,000
Tennessee	2,976,000
Wisconsin	116,000
Subtotal	$115,081,000
Total	$1,687,025,000

SOURCE: AASHTO, Survey of State Funding of Landside Port Facilities, Cargo Terminals and Harbor Improvement Projects 1977-88, p. 15.

APPENDIX G

PRESENTATION TO

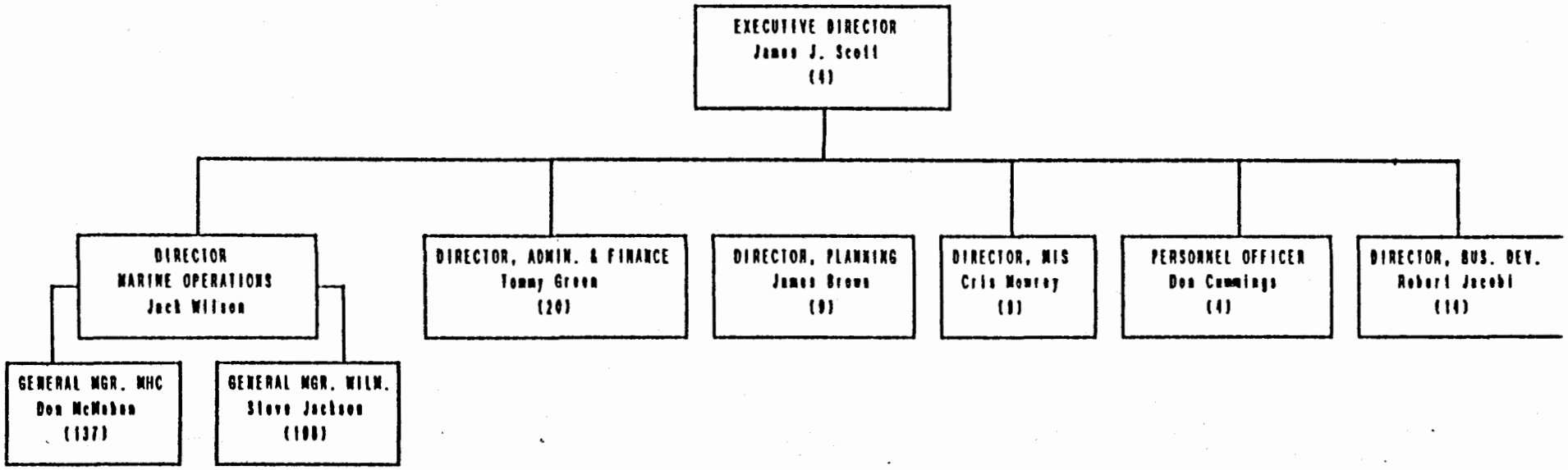
THE NORTH CAROLINA LEGISLATIVE STUDY COMMITTEE
ON THE
NORTH CAROLINA STATE PORTS AUTHORITY
AND
INTERNATIONAL TRADE

FEBRUARY 5 AND 6, 1990

INDEX

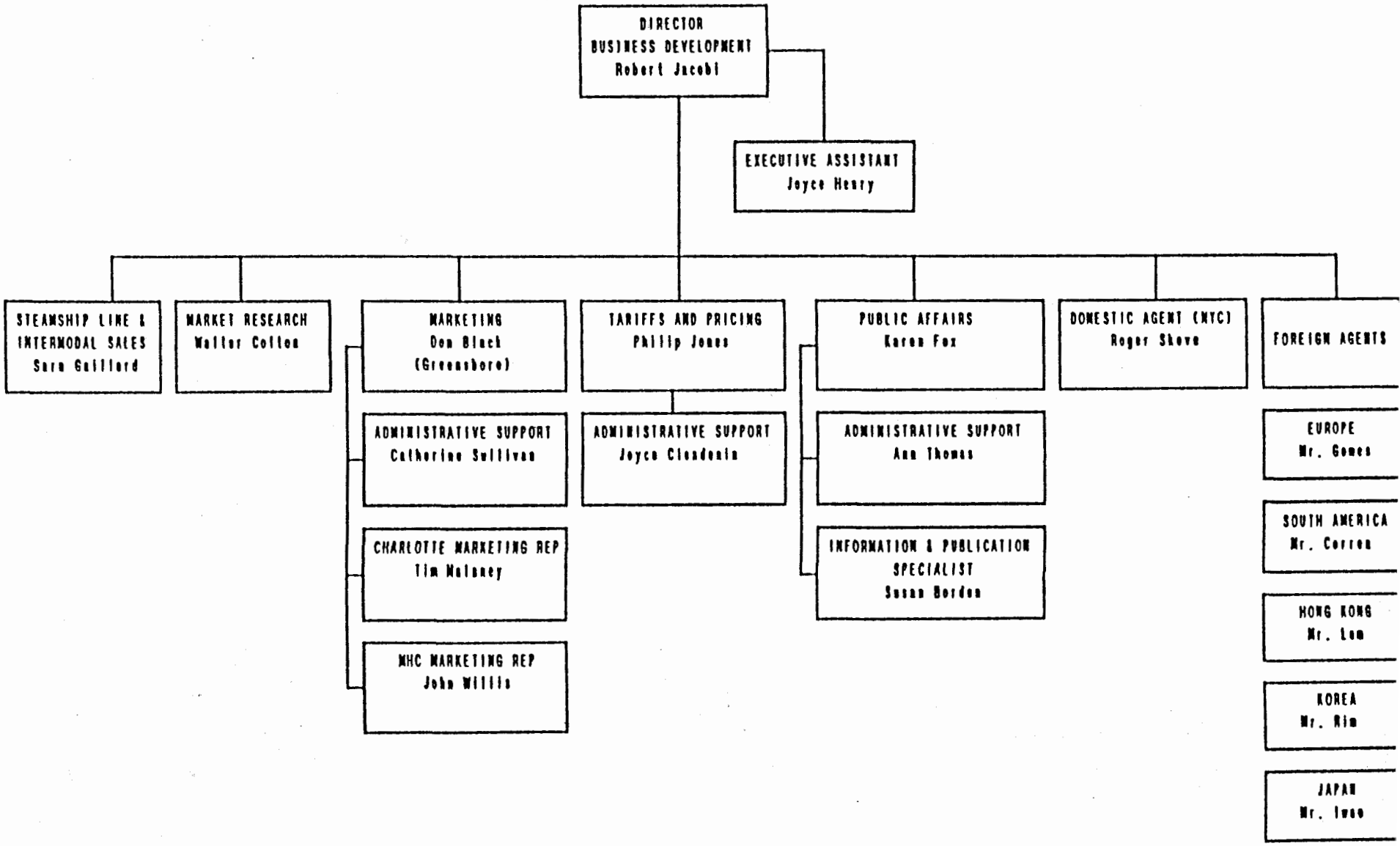
NORTH CAROLINA STATE PORTS AUTHORITY

ADMINISTRATION

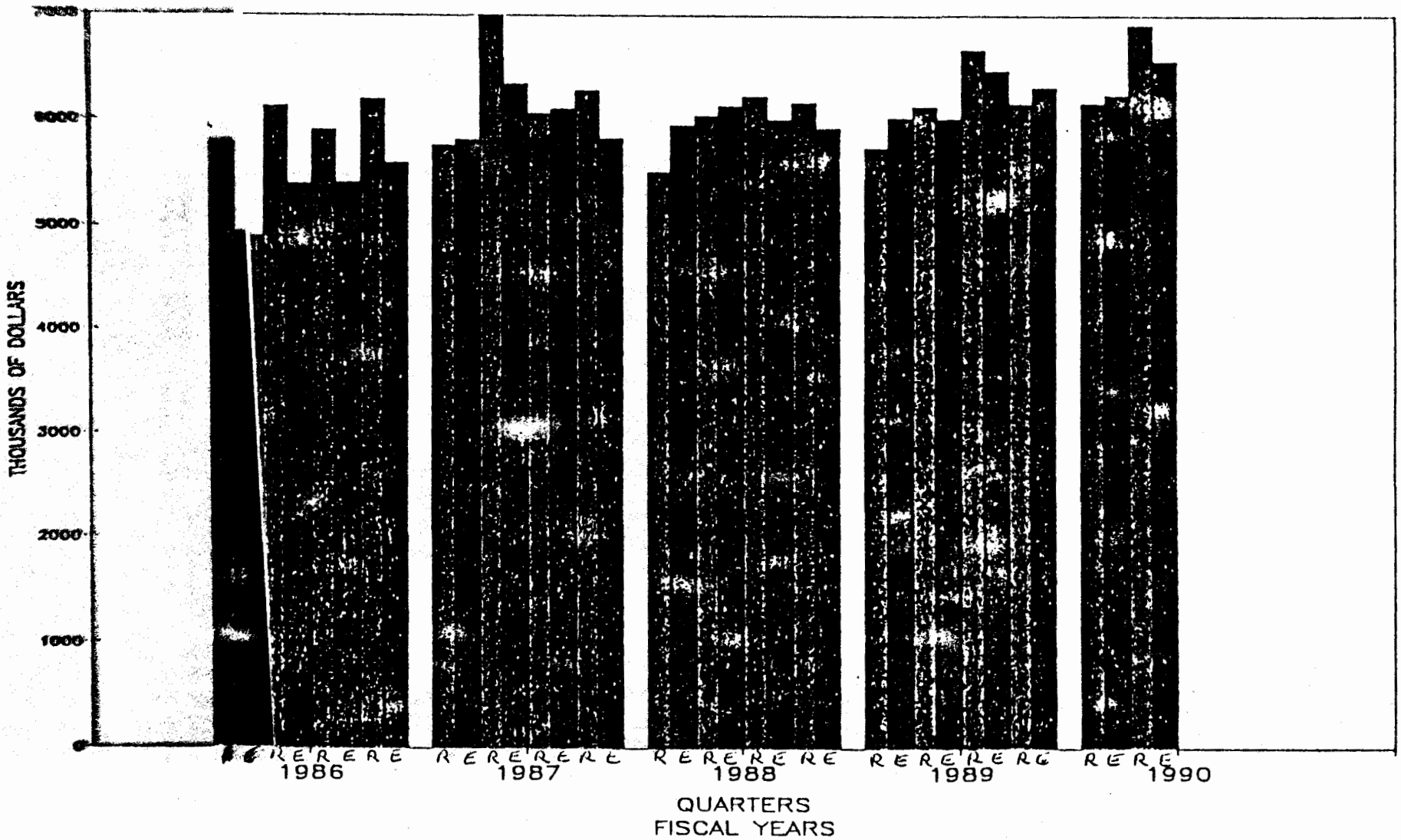


NORTH CAROLINA STATE PORTS AUTHORITY

BUSINESS DEVELOPMENT

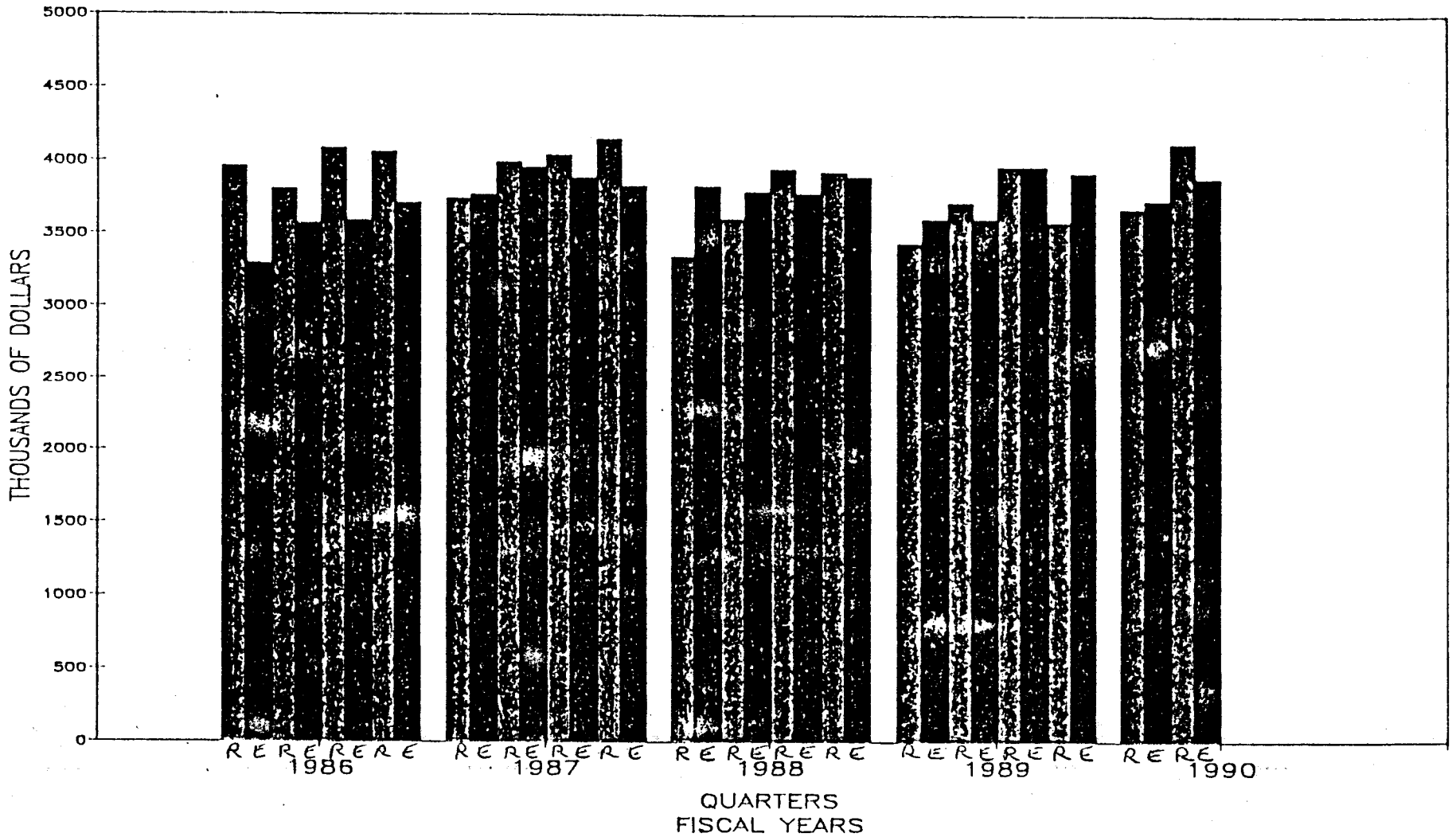


NORTH CAROLINA STATE PORTS AUTHORITY
REVENUE AND EXPENSES BY QUARTERS
FISCAL YEARS 1986 — 1990



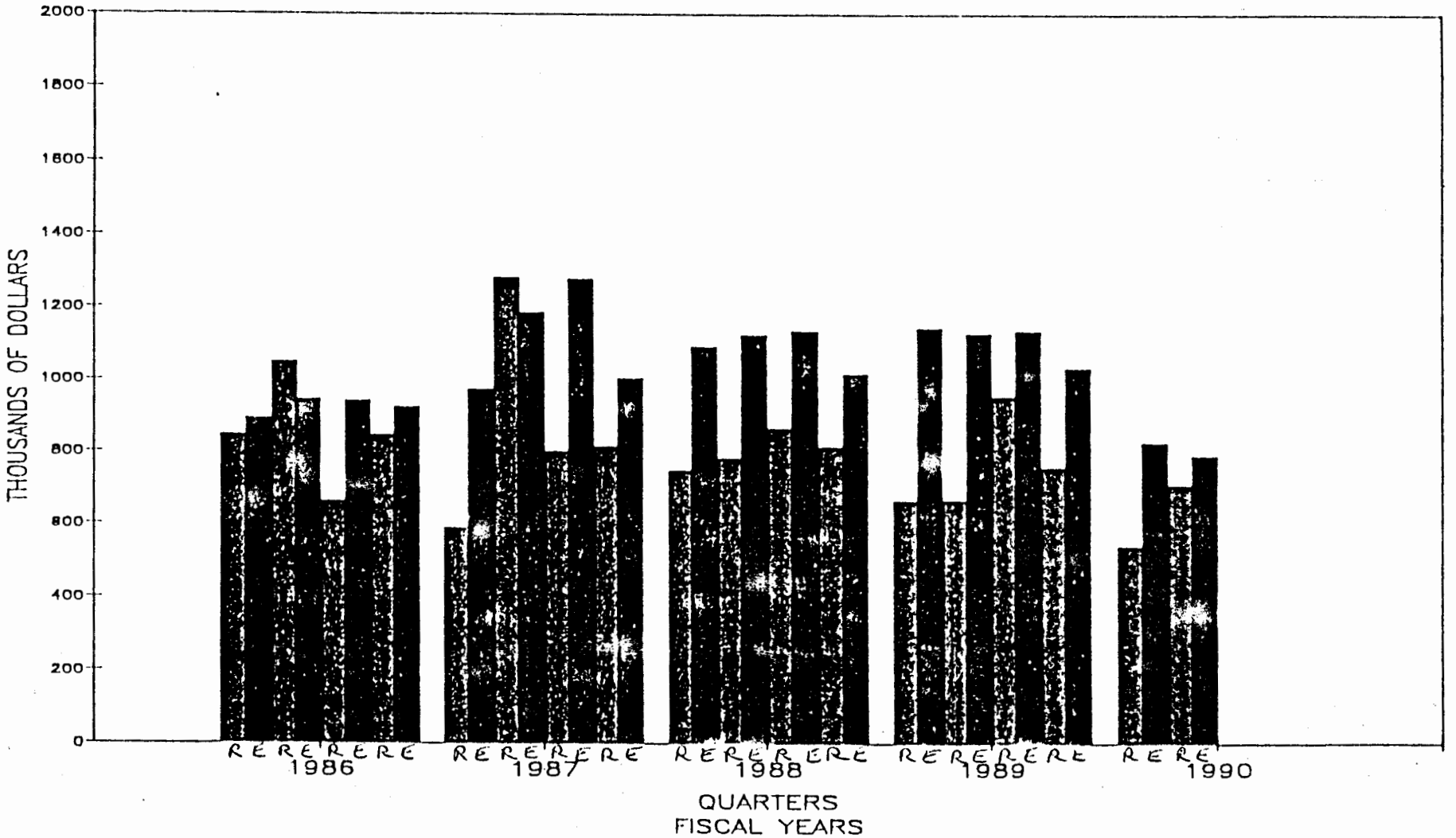
LEGEND: GREEN — REVENUE RED — EXPENSES

NORTH CAROLINA STATE PORTS AUTHORITY
REVENUE AND EXPENSES BY QUARTERS
PORT OF WILMINGTON
FISCAL YEARS 1986 — 1990



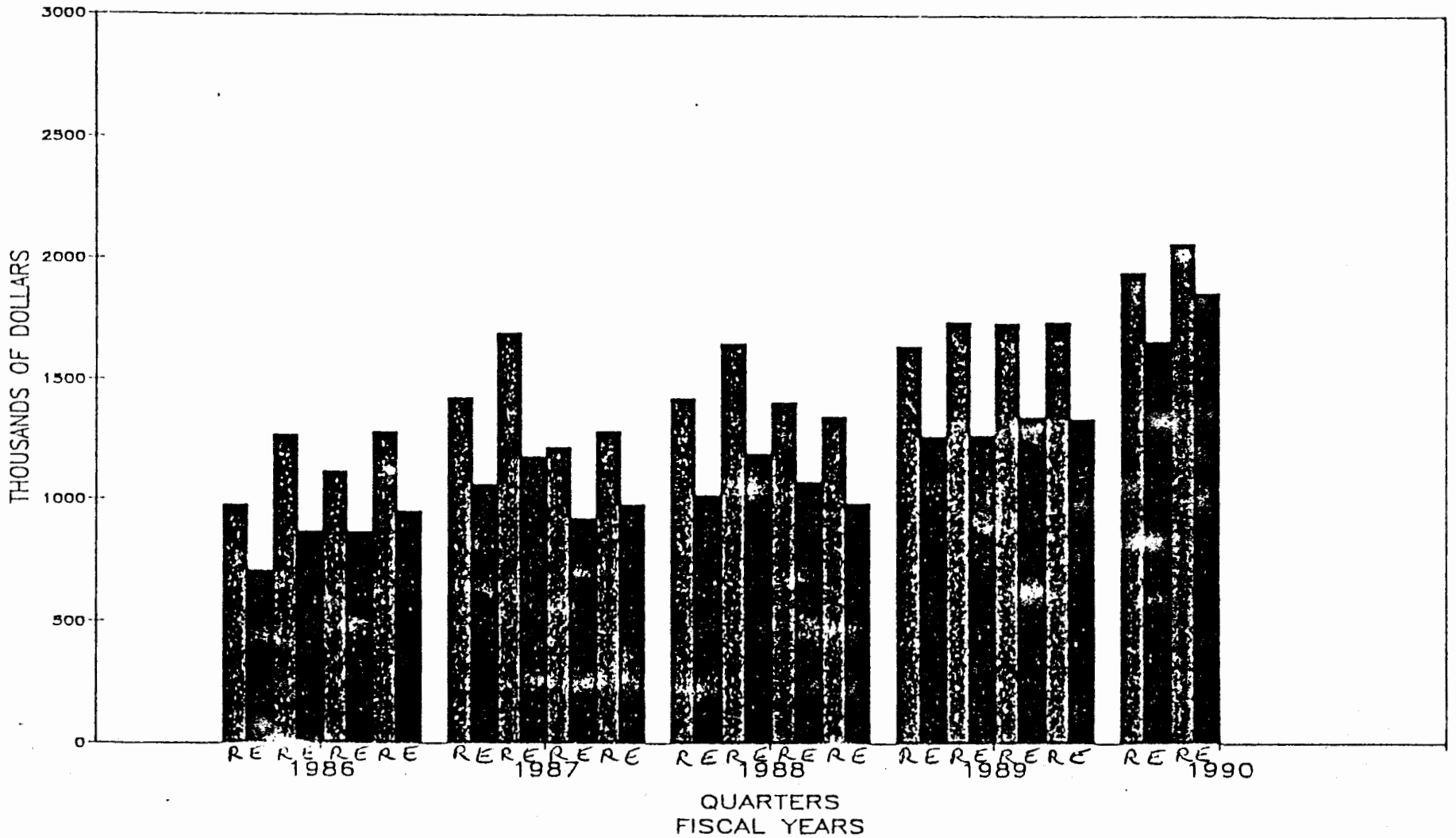
LEGEND: GREEN — REVENUE RED — EXPENSES

NORTH CAROLINA STATE PORTS AUTHORITY
REVENUE AND EXPENSES BY QUARTERS
PORT OF MOREHEAD CITY
FISCAL YEARS 1986 — 1990



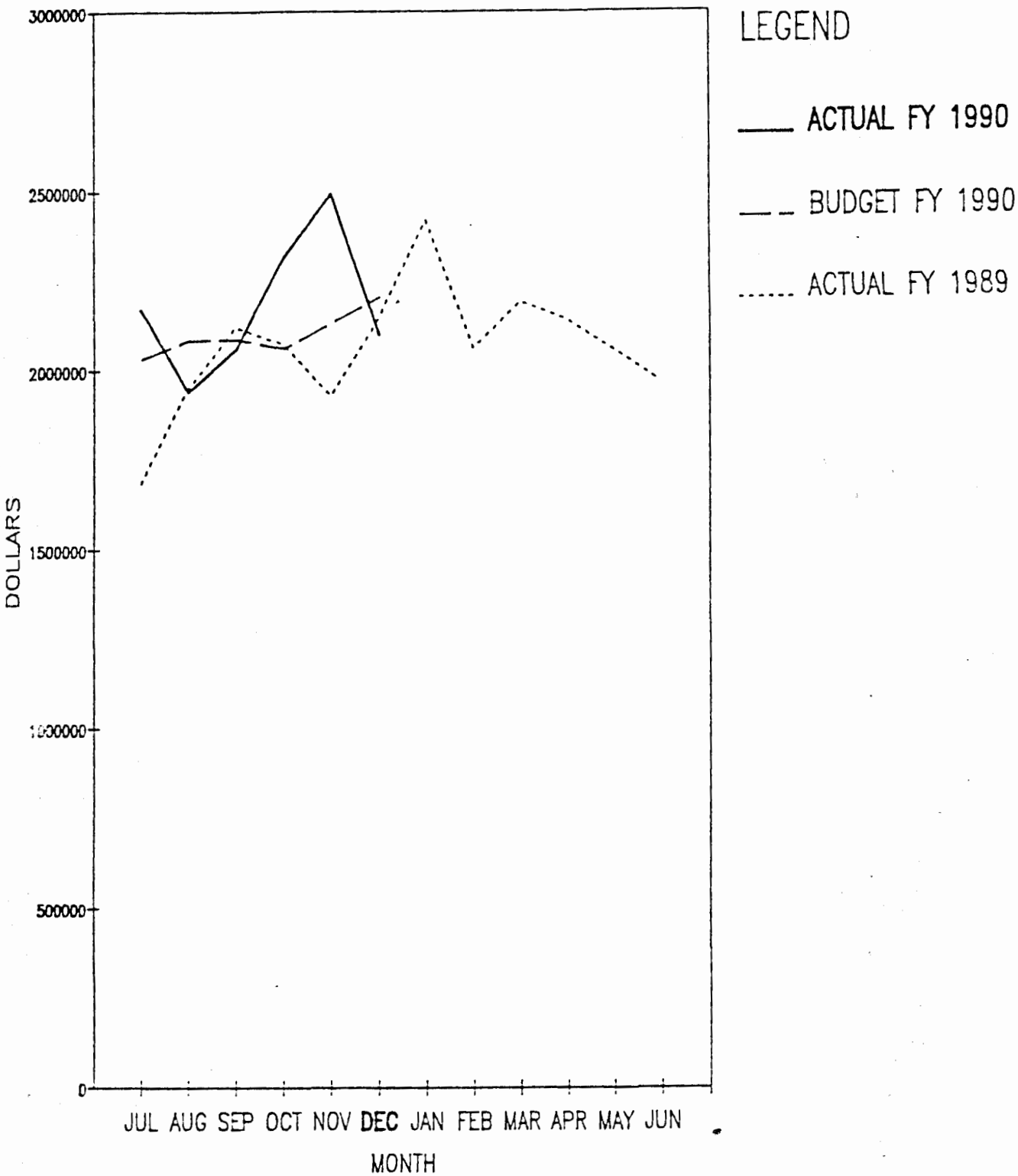
LEGEND: GREEN — REVENUE RED — EXPENSES

NORTH CAROLINA STATE PORTS AUTHORITY
REVENUE AND EXPENSES BY QUARTERS
BULK HANDLING FACILITY
FISCAL YEARS 1986 — 1990

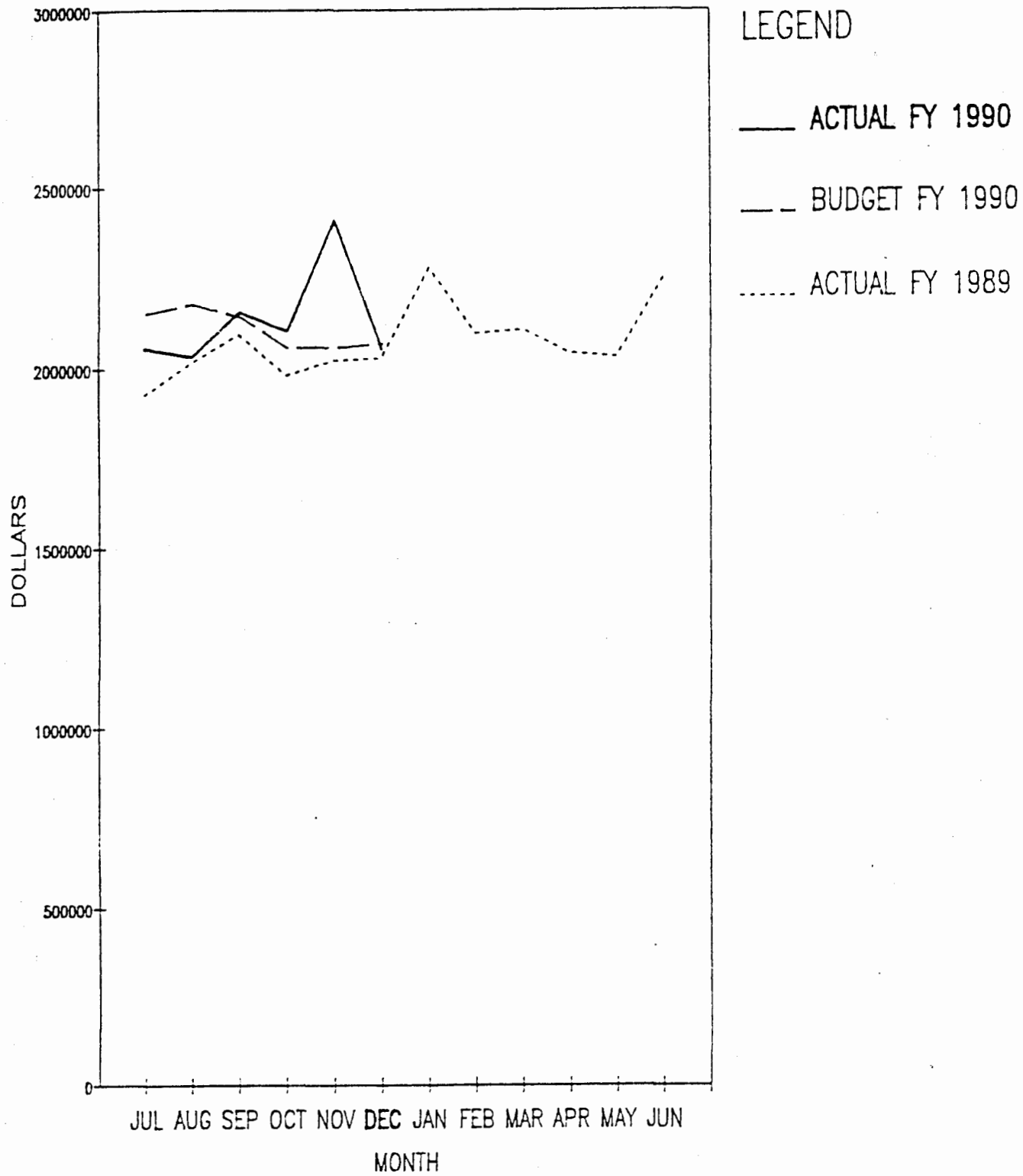


LEGEND: GREEN — REVENUE RED — EXPENSES

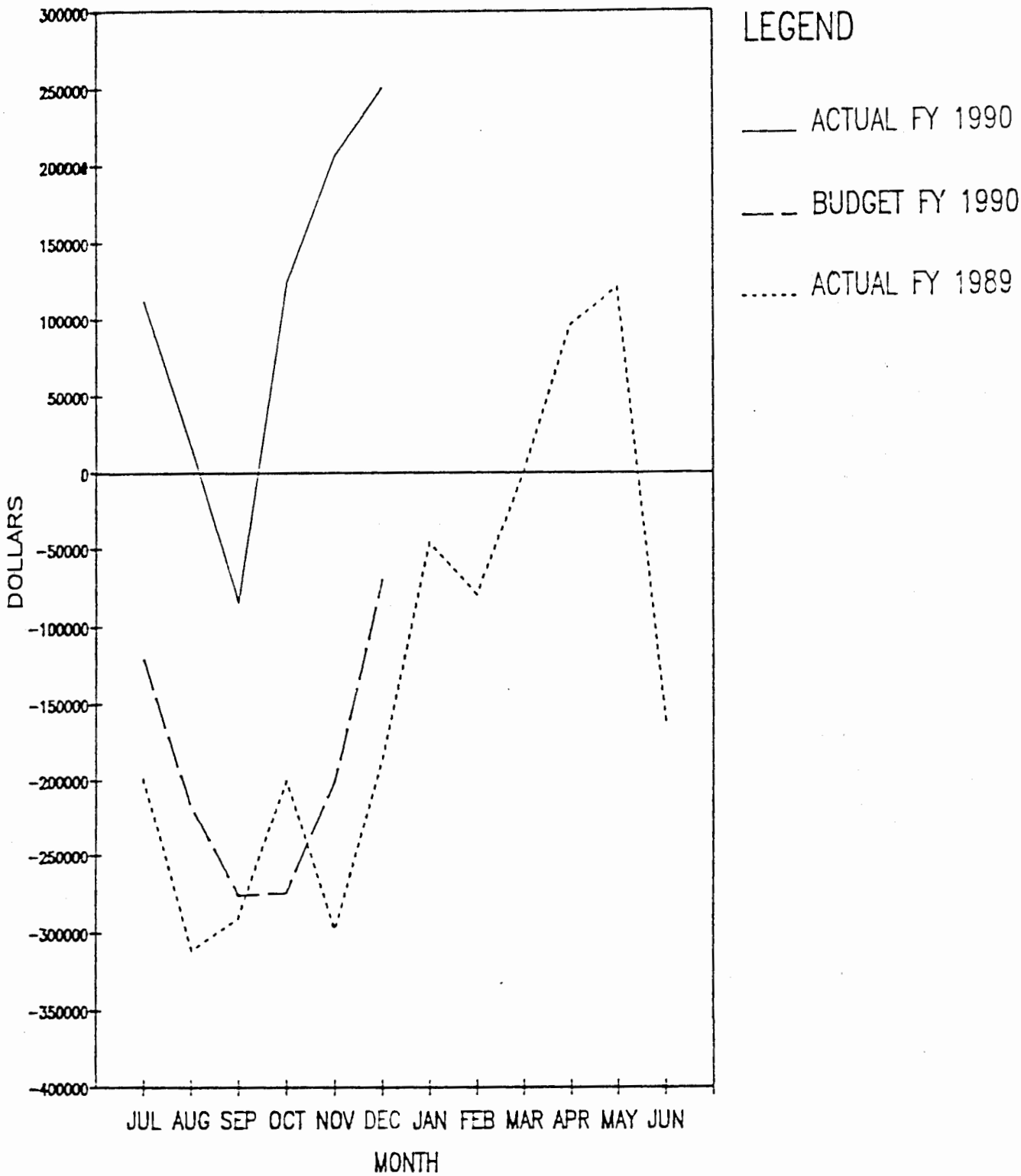
NORTH CAROLINA STATE PORTS AUTHORITY
CONSOLIDATED GROSS REVENUE
FISCAL YEARS 1989 AND 1990



NORTH CAROLINA STATE PORTS AUTHORITY
CONSOLIDATED TOTAL EXPENSE
FISCAL YEARS 1989 AND 1990



NORTH CAROLINA STATE PORTS AUTHORITY
YEAR-TO-DATE CONSOLIDATED NET INCOME
FISCAL YEARS 1989 AND 1990



NORTH CAROLINA STATE PORTS AUTHORITY

ALLOCATION OF APPROPRIATION FOR BIENNIUM 88-89

WILMINGTON:

Berth 9	$ 13,750,000
Berth 9 Hardstand	1,163,434
Container Cranes (2)	8,500,000
Distribution Warehouse (Design)	181,911
	$ 23,595,345

MOREHEAD CITY:

Berth 1	$ 5,843,840
Bulk Storage Facility	3,000,000
Radio Island	3,425,068
Demolition of Transit #4	35,747
	$ 12,304,655

Combined Total	$ 35,900,000

NORTH CAROLINA STATE PORTS AUTHORITY

ALLOCATION OF APPROPRIATION FOR FY90

WILMINGTON:

Reroof portion of transit shed No. 4	$ 400,000
Reroof storage warehouse No. 3 and structural repairs	450,000
Rehabilitate systems controls on gantry crane No. 3	335,000
Install personnel elevator on two container cranes	160,000
Pave floors in bay 1 of building C-1	100,000
Demolish vacant storage building	50,000
Install cross connection control for water system	100,000
Purchase four 10,000 lb. capacity forklifts	180,000
Purchase four bale clamps for 30,000 pound forklifts	120,000
Purchase one length adjustable trailer	20,000
Make improvements to sprinkler systems	110,000
Provide funding for shortfall on Berth 9 Hardstand	800,000
Provide funding for shortfall for claims associated with dredging for Berth 9	175,000
	$ 3,000,000

MOREHEAD CITY:

Conduct environmental mitigation and facilities development investigations for Radio Island	$ 350,000
Reroof transit shed No. 1	500,000
Reroof storage warehouse No. 6	550,000
Rehabilitate railroad and crane rail beds and trackage	750,000
Demolish existing liquid storage tanks	50,000
Conduct initial site development work on Radio Island	650,000
Improve sprinkler systems	150,000
	$ 3,000,000

Combined Total	$ 6,000,000

NORTH CAROLINA STATE PORTS AUTHORITY

ANALYSIS OF STATE APPROPRIATIONS

YEARS 1951 - 1987

1951	$ 7,500,000
1957	3,265,885
1959	1,417,400
1963	4,593,854
1965	4,467,588
1967	4,483,644
1969	4,650,000
1971	3,349,786
1973	8,254,838
1974	3,800,000
1975	85,000
1976	1,975,000
1977	2,265,000
1978	796,503
1979	2,700,000
1980	4,800,000
	$ 58,404,498

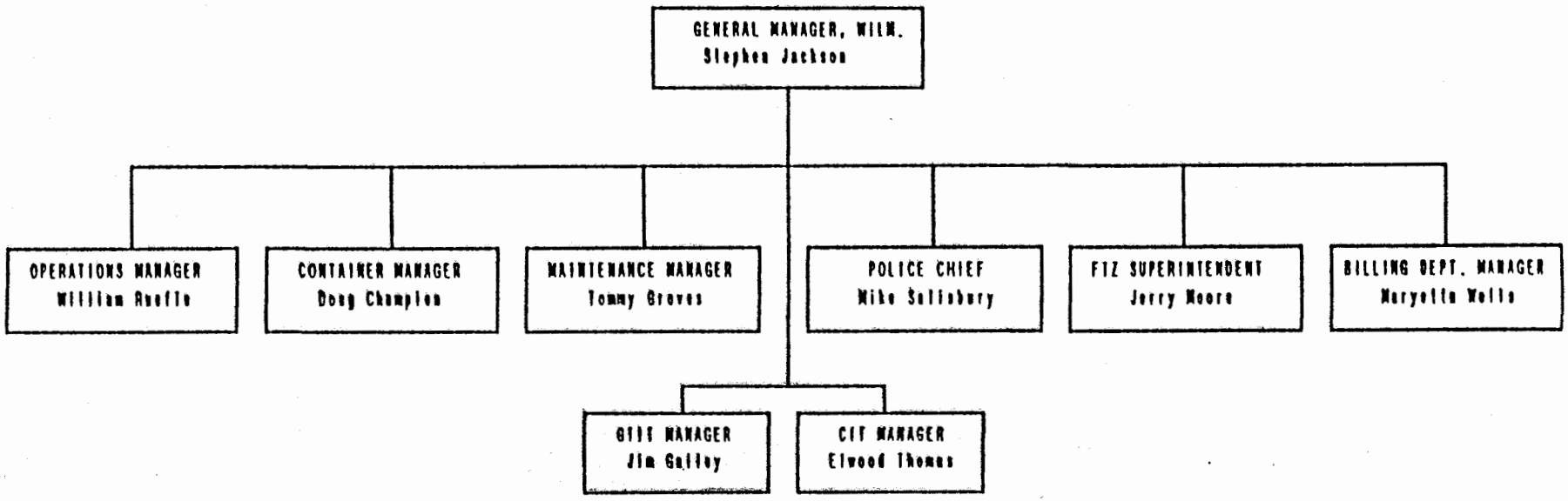
PORT TERMINAL

WILMINGTON, NORTH CAROLINA

ESTABLISHED:	1952
ACRES:	400+
WAREHOUSE SPACE:	616,692 SQUARE FEET
TRANSIT SHED SPACE:	569,267 SQUARE FEET
BERTH SPACE:	6,940 FEET
CRANES:	5 CONTAINER CRANES = 3-40 L/T, 2-50 L/T
	4 GANTRY CRANES
	1 - 225 TON
	1 - 115 TON
	2 - 25 TON
	1 MOBILE CRANE - 135 TON
CARGO HANDLING EQUIP:	143 VARIOUS UNITS
EMPLOYEES:	198
TOTAL REVENUE:	FY 1988 = $14,470,341
	FY 1989 = $14,350,236
TOTAL TONNAGE:	FY 1988 = 3,245,142 TONS
	FY 1989 = 1,777,865 TONS
TOTAL SHIPS:	FY 1988 = 561
	FY 1989 = 494
TOTAL BARGES:	FY 1988 = 561
	FY 1989 = 255
TOTAL CONTAINERS:	FY 1988 = 51,511
	FY 1989 = 53,530

NORTH CAROLINA STATE PORTS AUTHORITY

WILMINGTON TERMINAL



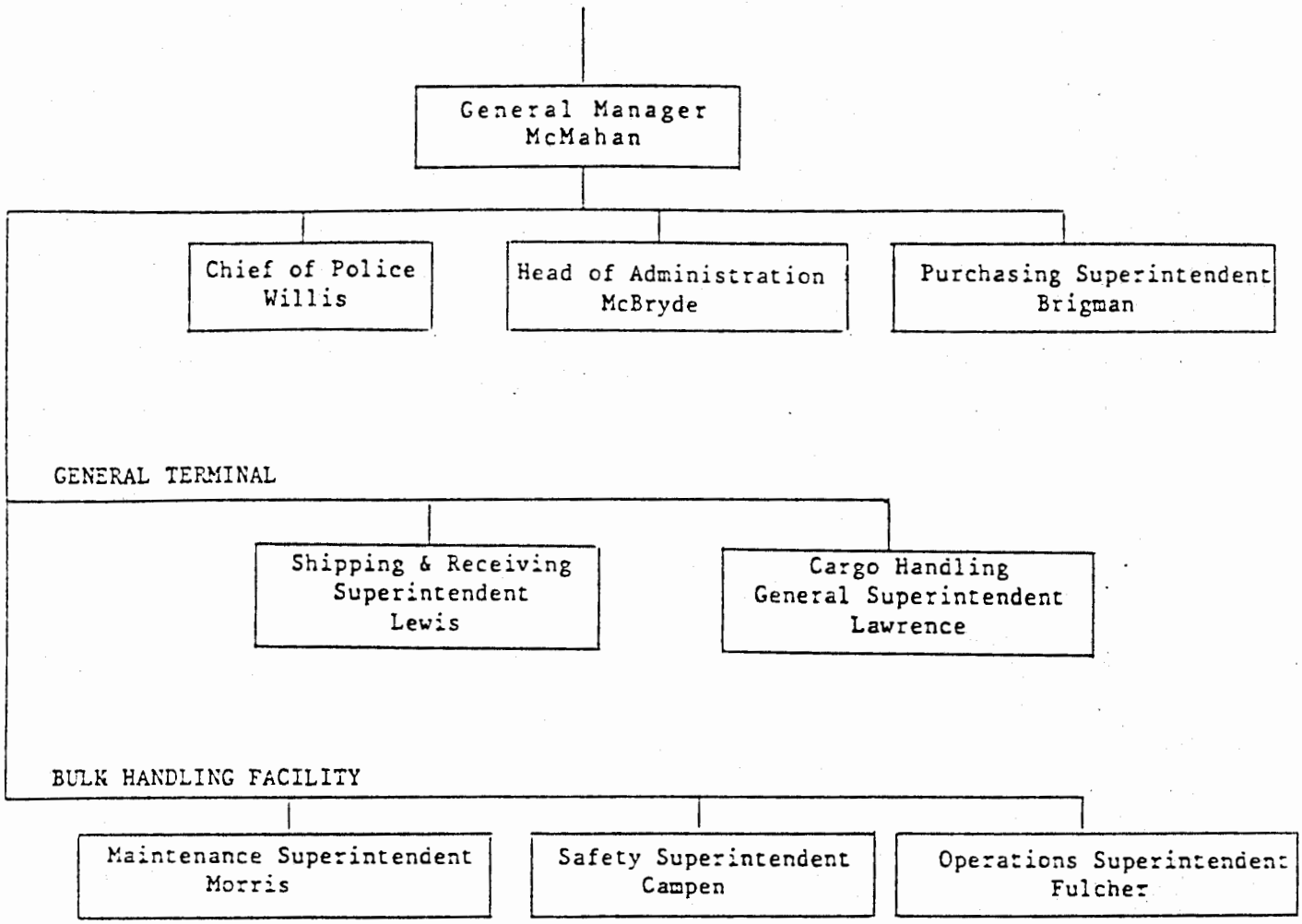
PORT TERMINAL

MOREHEAD CITY, NORTH CAROLINA

ESTABLISHED:	1936
ACRES:	248
WAREHOUSE SPACE:	489,700 SQUARE FEET
TRANSIT SHED SPACE:	342,500 SQUARE FEET
BERTH SPACE:	5,300 FEET
CRANES:	2 GANTRY CRANES 115 TONS EACH
CARGO HANDLING EQUIP:	119 VARIOUS UNITS
EMPLOYEES:	134
TOTAL REVENUE:	FY 1988 = $8,795,625.00
	BH - $5,788,497.00
	GEN - $3,007,128.00
	FY 1989 = $9,567,141.00
	BH - $6,751,840.00
	GEN - $2,815,301.00
TOTAL TONNAGE:	FY 1988 = 2,202,792 TONS
	BH - 1,617,736 TONS
	GEN - 585,056 TONS
	FY 1989 = 2,393,697 TONS
	BH - 1,876,552
	GEN - 517,145
TOTAL SHIPS:	FY 1988 = 207
	FY 1989 = 204
TOTAL BARGES:	FY 1988 = 1,107
	FY 1989 = 1,169

NORTH CAROLINA STATE PORTS AUTHORITY

MOREHEAD CITY



NORTH CAROLINA STATE PORTS AUTHORITY

FUNDING REQUIREMENTS FOR FISCAL YEAR 1991

WILMINGTON:

1-	TRANSIT SHED	$ 2,500,000
2-	OFFICES AND RESTROOMS AT BERTHS 8 & 9	60,000
3-	EQUIPMENT REPAIR AND STORAGE FACILITIES	175,000
4-	COLD STORAGE PLANT	2,500,000
5-	DISTRIBUTION WAREHOUSE	2,500,000
		$ 7,735,000

MOREHEAD CITY:

1- RADIO ISLAND DEVELOPMENT-
WHARF AND 20 ACRES BACKUP
CARGO AREA (COST TO BE DETERMINED)

APPENDIX H

International Trade Network
State of North Carolina

North Carolina World Trade Association, Inc.
Asheville Chapter Cape Fear Chapter Coastal Plains Chapter
Triangle Chapter Triad Chapter Metrolina Chapter
Western Carolina Chapter

North Carolina Export Council

World Trade Centers
Charlotte
Greensboro
Research Triangle
Wilmington

North Carolina Small Business and Technology Development Center
(University of North Carolina - System)

United States Department of Commerce

North Carolina Department of Economic and Community Development
(University of North Carolina - System)

University of North Carolina - System
(Schools of Business)

University of North Carolina - System
(International Studies Center)

Foreign Trade Zones

North Carolina State University
International Trade Center

International Visitors Centers

North Carolina Community Colleges - System
(Small Business Centers)

North Carolina State Ports Authority

North Carolina Department of Agriculture
(International Division)

Chambers of Commerce - State of North Carolina
(International Committees)

Airport Authorities

Councils of Governments

APPENDIX I

EXPORT NOW

Under the umbrella of NORTH CAROLINA - EXPORT NOW, the International Trade Division will be establishing in 1990 the following programs:

- Shared/Group FSC Program with Owens International in January 1990
- Foreign Credit Insurance Association Program in January 1990

- Initiate Exim Bank Pilot Program
- Coordinate "How to Export" Seminars and Videos with the N.C. Community Colleges
- Offer Country and Industry Market Seminars with N.C. City Chambers/Universities
- Sponsor Catalog Shows, Trade Fairs, Trade Missions/Events worldwide
- Provide evaluations on selected Trade Fairs worldwide
- Issue a quarterly international newsletter
- Provide a screened foreign agent/distributor and qualified North Carolina company computerized matching service
- Maintain a market information and export reference library available to North Carolina companies

To be able to design and implement these programs listed above and to meet the growing emphasis on trade, the International Trade Division has been restructured as follows:

International Trade Director - Richard L. Quinlan

Assistant Director: Export Financing Programs .....David Madigan
Manager: Planning, Development and Operations.....Babs DeMeritt

In-State Trade Specialists:

Africa .....Felicia Pine
Canada.....David Dubach
Europe - East and West.....Babs DeMeritt
Far East.....Chien Yu
Latin America, Caribbean, Middle East.....John Krapels

Foreign Office Trade Specialists:

Canada (Scheduled opening mid-February).....Mariya Fogarasi
Europe.....John Stilwell
Hong Kong (Representative Office-Consultant).....Donald Lam
Japan (Scheduled opening April).....Vacant
Far East (Scheduled opening March).....Vacant
Korea (Representative Office Consultant).....K.S. Rim

APPENDIX J

LEGISLATIVE STUDY COMMISSION

ON PORTS AND INTERNATIONAL TRADE

NORTH CAROLINA WORLD TRADE ASSOCIATION POSITION PAPER

In response to the need to sustain and to strengthen North Carolina's ability to compete effectively in the global marketplace, the North Carolina World Trade Association has worked with the state's public and private sectors to develop a position paper on comprehensive development of trade policy for North Carolina. This document is for advisory purposes only. It has no official status.

SECTION I - FINDINGS: NCWTA finds that international trade:

1. is increasingly important to sustaining a stable and growing economy in North Carolina;

2. is a viable strategy for fostering economic development in North Carolina; and

3. is a means of creating jobs, generating profits for businesses and industries, and raising the visibility of North Carolina in the global marketplace.

NCWTA finds further that a comprehensive policy on trade is necessary:

1. for protection and expansion of our current market share and for increasing profits;

2. to assure that the state's trade interests receive full and fair consideration in all legislative deliberations;

3. to assure stability and continuity in the allocation of resources to service providers to the international trade community; and

4. to support appropriate allocations of resources in an era of increasing demand for shrinking revenues.

SECTION II - POLICY: NCWTA recommends that:

1. the Legislative Study Commission on Ports and International Trade (or a committee of its designees) assume primary responsibility for the formulation of international trade policy and for the coordination of state programs relating to international affairs. The committee should:

   a. recommend priorities and encourage development of new or expanded programs with full resource support;

   b. recommend responsibility for prescribed actions to the appropriate agencies; and

   c. establish mechanisms to identify and remedy impediments to the expansion of trade in the state's tax structure and business climate.

NCWTA recommends further that trade policy address the following issues:

1. Administrative Responsibility: Maintain information on policies and programs in various state agencies in the areas of international trade, investment, promotion, international education, research, and intergovernmental relations for the benefit of private and public sectors.

2. Research: Analyze political, social, and economic trends in foreign countries that impact on business development and allocation of governmental resources.

3. Export Finance: Develop recommendations for export finance and loan package programs. (Two are already established.)

4. Information Network: Share with state agencies and private sector organizations information about international resources, programs, and trends and provide a "one-step" international information service for interested parties.

SECTION III - MANAGEMENT: NCWTA recommends that responsibility for implementation of trade policy provide:

1. that the Governor will be the principal international affairs officer in order to:

a. assure high-profile, priority leadership; and

b. institutionalize in the chief executive a responsibility for long-term commitment to stable trade policy.

2. that a strategic plan for promotion of international business be formulated and adopted into law. The strategic plan should establish:

a. quantifiable goals and objectives for the enhancement of international trade and international education;

b. effective means for the development of foreign markets for North Carolina based manufacturers, growers, traders, and service providers;

c. policies to promote business and educational ties with targeted foreign nations with the greatest potential for economic activity with North Carolina;

d. procedures to assure that educational programs are adequate for active participation in the global marketplace; and

e. means to assure high priority treatment of international trade and investment in both the legislative and the executive branches of government.

SECTION IV - APPROPRIATIONS AND FUTURE FUNDING: To insure a strong budget commitment and continuing support for international activities, General Appropriations bills should include:

1. funding for administration and implementation of a strategic plan for the management of trade policy and programs, including coordination, research, and planning;

2. continuation monies to fund international programs in the Departments of Agriculture, Economic and Community Development, and education;

3. continuation monies to support foreign offices to assist in trade and investment promotion;

4. new monies for optimum expansion, modernization and maintenance of the ports' deepwater terminals and inland intermo-

dal transportation facilities and systems; and

5. a perpetual funding mechanism incorporating the NCSPA into the transportation infrastructure of the State, such as the Transportation Trust Fund, for example, as has been accomplished in Virginia and Louisiana.

SECTION V - SEAPORT IMPROVEMENTS: Given the importance of seaport improvements to a comprehensive policy for the international trade and the economic development of the State, NCWTA recommends adoption of the 1991-1993 Biennium (FY 1991 and FY 1993) legislative agenda of the NCSPA. The budget for capital improvement and major maintenance program is attached. The NCWTA decision to endorse without reservation the NCSPA legislative agenda is based upon the following findings:

STRENGTHS

Board of Directors:

The NCSPA Board of Directors conducted a situation assessment and needs analysis of the management and operations of the NCSPA and acted to ensure a turnaround during FY 1990 in the performance and results of the NCSPA. This Board continues to meet its responsibilities to the citizens of the State as custodian of the valuable public assets entrusted to it.

Qualified Management:

The credentials and performance of the present staff are uniformly good. The Executive Director has an impressive track record in the private and public ports industry and, since being recruited and joining the NCSPA in late FY 1989, led and managed the NCSPA to a $589,000 profit for FY 1990 following unprofitable years in FY 1988 and FY 1989. Key staff positions have been filled with experienced and qualified professionals. Professional qualifications have been paramount in making hiring decisions.

Advisory Council:

The NCSPA Advisory Council, formed and organized in FY 1989,

is comprised of private sector executives statewide export, import and related service firms. It provides useful and valuable advice, counsel and assistance to the NCSPA Board and staff.

Strategic Business Plan:

The strategic business plan for the NCSPA represents a vision and philosophy fundamental to the long-range success of the NCSPA during the decade of the 1990's and beyond. The plan addresses the full range of business related components and considerations critical to the prosperity of NCSPA.

The strategic business plan identifies and defines strategic issues, nature of the business, mission, code of ethics, stakeholders (constituents), policy guidelines, objectives, and action plans. It includes a provision that the performance of staff directors and management personnel will be measured against the standards of performance and results established in the plan.

ONCE PROCESSED INTO FINAL FORM, PUBLISHED AND PRINTED DURING OCTOBER 1990, COPIES OF THE STRATEGIC BUSINESS PLAN WILL BE PROVIDED TO THIS LEGISLATIVE STUDY COMMITTEE AND TO OTHER APPROPRIATE PUBLIC AND PRIVATE SECTOR OFFICIALS.

N.C. Manufacturing:

The volume of manufacturing in North Carolina generates a ready market for building cargo. As one of the leading states in furniture, textiles, and lumber and wood products, North Carolina can supply the ports with an increased volume of cargo as new overseas markets for these products are developed.

Container Cargo Centers:

The strategic development of the ports to increase capacity to handle container cargo has been on target. The ports are well equipped to handle larger volumes without increase in capital outlay.

Potential Congesting in Competing Ports:

There are verifiable indicators that ports in Hampton Roads and Charleston are becoming congested. That trend should be tracked so that N.C. is positioned to recruit overflow business when those ports reach full capacity, as they are likely to do in the very near future.

Non-User Market Among N.C. Exporters:

According to reliable sources of data, a full 70% of North Carolina exporters and importers use out-of-state ports to move export and import water-borne cargo from and to the State. Aggressive marketing could deliver large volumes of that cargo to N.C. docks. (An aside: One philosophy of marketing holds that developing cargo volume will attract shipping lines. Should we be calling on N.C. exporting firms and persuading them to use the ports so that selling N.C. as a port-of-call will be an easier job? If there's freight to haul, ships will stop to pick it up.)

U.S. Highway #17:

There is no north-south route through eastern North Carolina that makes the ports accessible. Highway transportation in and out of the Wilmington and Morehead City terminals continues to be a deterrent to full operational capacity. Until the current "Roads" package was adopted, planning for highway construction has been short-sighted and politically motivated. The route itself is an asset; the failure to develop it into a four-lane highway with feeder roads into the ports continues to be a liability.

New Job Creation:

Increasing the flow of cargo through North Carolina ports has a favorable impact on the economy. It creates jobs, as evidenced by recent economic impact studies conducted for the ports of Virginia, South Carolina and Georgia and as will be evidenced for North Carolina at year's end upon completion of a study to measure the impact of the NCSPA on the economy of North Carolina. The NC ports employ approximately 1,000 persons. An additional 22,000 persons hold trade related jobs in North Carolina.

Other Economic Impact:

Every ton of cargo that moves through the ports generates three tax dollars for the state's coffers. The more business generated by the ports, the more tax dollars paid into the state's coffers. The ports fuel the economies of both the private and the public sectors, as will be evidenced for North Carolina at year's end upon completion of a study to measure the impact of the NCSPA on the economy of North Carolina - jobs, income, and taxes.

WEAKNESSES

Political Control:

The appointive powers of the executive and the legislative branches have so politicized appointments to advisory bodies that the process impairs business-wise responses. Advice is therefore frequently tainted with external and/or irrelevant considerations.

Financing:

There is inadequate and inconsistent funding for development of the ports. Because there is neither a dedicated source of revenue nor a state policy regarding development of the ports, resources continue to be scarce.

Container Freight Transportation:

The lack of intermodal transportation and dual-line rail services will hamper development of the ports. Every opportunity to upgrade transportation should be captured and built upon.

Storage Facilities:

Neither warehouse space nor temperature controlled storage and distribution facilities are competitive with ports in sister states.

Geography:

The barrier islands and, particularly, the inland trek to facilities in both Morehead and Wilmington make shipping less accessible to open ocean waters than is the case at other ports.

Shipping Lines:

Calls are too few and too irregular to encourage exporters and importers to use the ports on a regular basis. Foreign destinations and origins may not always match the needs of exporters and importers. Upgrading is necessary. (Note: Developing a sufficient volume of cargo to attract the ships can change that.)

Dredging:

The channels at both Morehead and Wilmington require implementation of costly dredging projects which are recurring.

SECTION VI - RELATED DEVELOPMENTS WITH IMPACT ON THE LEGISLATIVE AGENDA

NCWTA is aware of and/or has participated in projects originating in the private sector with implications for international trade as follows:

1. The Governor's Advisory Council on International Trade has created an interagency think tank charged with the responsibility to construct detailed profiles of agencies providing services to the international business community and to develop a plan for management of the trade agenda. Policy recommendations presented to that body in a preliminary report are consistent with those presented in this NCWTA position paper.

2. A concept paper is in circulation among Chambers of Commerce and other private sector entities proposing the creation of a network of international business centers around the state. Each center would provide "one-stop" shopping for the services of freight forwarders, brokers, inland and overseas carriers, legal and financial services, and trade leads. Additional services to users of these centers would be provided by state and federal agencies in cooperation with other affiliates of the centers.

CAPITAL IMPROVEMENT AND MAJOR MAINTENANCE PROGRAM

Wilmington Terminal:

Project	($) FY 1992	($) FY 1993	($) TOTAL
Transit Shed 3 Expansion for storage of chilled cargo	9,649,100		9,649,100
New 100,000 Square Foot Distribution Warehouse	4,971,700		4,971,700
Reroof Portion of Transit Shed 4	642,200		642,200
Repairs to Fender System, Berths 3 and 4	949,800		949,800
Modifications to Fender System, Berths 6, 7 and 8		2,352,000	2,352,000
Replace Obsolete Electric Controls, Gantry Crane 3		710,200	710,200
Extension of Berth 9 with Mooring Dolphin		3,682,600	3,682,600
Mitigation for 52-Acre Expansion Area	1,079,300		1,079,300
Site Fill and Access for 52-Acre Expansion Area		2,729,800	2,729,800
Total Wilmington:	17,292,100	9,474,600	26,766,700

Morehead City Terminal:

Bulkhead, Fill, Rail Spur, Radio Island	7,016,700		7,016,700
Environmental Mitigation, Radio Island	1,650,400		1,650,400
Dock, Utilities, Sitework, Radio Island	15,544,700		15,544,700
Reroof Transit Shed 1	587,000		587,000
Reroof Warehouse 6	608,400		608,400

Project	($) FY 1992	($) FY 1993	($) TOTAL
New Rail Car Weigh Scale		243,500	243,500
Total Morehead City:	25,407,200	243,500	25,650,700
TOTAL NCSPA:	42,699,300	9,718,100	52,417,400

SALES TAX REFUND

Legislation to provide that the NCSPA may receive refunds of sales and use taxes paid on direct purchases of tangible personal property.

EXEMPTION FROM CERTAIN STATE CONSTRUCTION AND PURCHASE & CONTRACT PROVISIONS OF THE GENERAL STATUTES

Legislation to exempt the NCSPA from certain State Construction and Purchase & Contract provisions of the General Statutes with the result that the NCSPA shall not be subject to such provisions of such statutes in the selection and retention of architects, engineers or other professional consultants where the fee for such services is less than thirty thousand dollars ($30,000.00).

APPENDIX K

NORTH CAROLINA PORTS

NORTH CAROLINA STATE PORTS AUTHORITY

POST OFFICE BOX 9002 / WILMINGTON, NORTH CAROLINA 28402 / (919) 763-1621

JAMES J. SCOTT
Executive Director

WATS: (800) 336-2405
FAX: (919) 763-4020

May 7, 1990

Mr. P. A. Thomas
Chairman, Board of Directors
North Carolina State Ports Authority
P.O. Box 2450
High Point, North Carolina 27261

SUBJECT: STRATEGIC PLAN FOR THE NORTH CAROLINA STATE PORTS AUTHORITY

Dear Mr. Thomas:

This is my Executive Summary of and Foreword to the Strategic Plan for the North Carolina State Ports Authority, presented herewith.

The strategic plan for the State Ports Authority represents the ambitious new vision and philosophy fundamental to the long-range success of the Authority during the decade of the 1990's and beyond. The plan provides the strategic direction the Authority must take in support of that ambitious new vision and philosophy.

This strategic plan is not simply a facilities modernization, expansion and maintenance plan. Comprehensive and strategic in scope and content, this plan embraces and addresses the full range of business related components and considerations critical to the Authority becoming a user friendly, growth oriented and profit driven business enterprise responsibly and carefully led, managed and operated by experienced and qualified personnel.

This plan is about change, change from old paralyzing conditions to new, innovative and results oriented conditions. Such changes which must be caused to occur were identified during the critical analyses phase of the planning process, participated in by the Authority Board of Directors, Advisory Council and members of the management staff. When effected, these changes from the old to the new will feed the future success of the State Ports Authority. For illustrative purposes, some examples of the changes which must occur are indicated below.

OLD CONDITION	NEW CONDITION
. Not user friendly and user driven	. Become user friendly and user driven
. Culture and value system of a bureaucracy	. Become a bottom line oriented business enterprise focused on meeting the needs of and providing quality services to users while achieving superior improvement in the key results areas of growth, profitability, market share, productivity and image
. Slow moving, unresponsive, cautious; no sense of urgency	. Become a spirited, fired up, aggressive and responsive business enterprise dedicated to meeting the needs of users while achieving superior results
. Unsatisfactory and unacceptable financial performance	. Achieve superior long-term financial performance
. Frequent turnover of management personnel	. Attract, develop and retain a strong, experienced and qualified management team
. Management's focus and attention centered on development of facilities and equipment	. Effect a strategic behavioral change which shifts focus, attention and resources to the development of markets, services to users and to growth and profitability of the business

- Low morale and a prevalence of apathy throughout the organization

- Develop and implement a full service, organization-wide program designed to cause the Authority to test the skills and imagination of all employees and to evaluate and reward meritorious performance accordingly

By design, the strategic plan presents the strategic decisions derived from the planning process. Such decisions, predicated upon the reality that planning is an ongoing process, will continue in turn to ensure the development, implementation and successful completion of specific action programs for each functional component of the Authority.

It is intended that a full-scale review of the plan will be conducted in mid-November 1990 to measure the first six months of progress made toward the implementation of strategies, action plans and the achievement of objectives.

Subsequently, the strategic plan will be evaluated and revised annually for presentation to and approval of the Board of Directors. Future annual revisions will reflect the results of the continuing critical analyses of the Authority's strengths, weaknesses, opportunities, problems and threats.

I am confident the strategic planning process just ended and the plan produced from it will serve successfully as the blueprint for the long-range success of the North Carolina State Ports Authority.

Sincerely,

J. J. Scott, Jr.

Enclosure

INTRODUCTION

This Strategic Plan of the North Carolina State Ports Authority was approved by the Board of Directors of the Authority on September 25, 1990.

The Base Year used for this plan is Fiscal Year 1990 (July 1, 1989 - June 30, 1990).

This plan, to be evaluated and revised annually, encompasses the period Fiscal Years 1991 - 1995 (July 1, 1990 - June 30, 1995).

ACKNOWLEDGEMENTS

Advisor and Facilitator for Strategic Planning Program

Mr. Henry "Hank" Pattison, with special acknowledgement for his expertise, guidance, direction, candor and determination to cause the North Carolina State Ports Authority to successfully develop and implement a strategic plan representative of an ambitious new vision and philosophy fundamental to the long-range success of the Authority.

Board of Directors of the North Carolina State Ports Authority

Pat A. Thomas, Chairman
High Point, NC

Larry Brittain, Vice Chairman
Charlotte, NC

Ruth Adams
Wilmington, NC

J. Chalmers D. Bailey
Rocky Mount, NC

James T. Broyhill
Raleigh, NC

Thomas M. Evins, Jr.
Oxford, NC

L. Sneed High
Fayetteville, NC

William F. Maready
Winston-Salem, NC

C. C. Murrow
Wilmington, NC

Ron Perry
N. Wilkesboro, NC

W. Wallace Respess
Lenoir, NC

Advisory Council of the North Carolina State Ports Authority

Thayer Stem
American Barmag Corporation
Charlotte, NC

Tom Beard
E.N. Beard Lumber Company
Greensboro, NC

Herman Meyer
Atlantic Veneer,Inc.
Beaufort, NC

Gene Lambert
Brendles, Inc.
Elkin, NC

Advisory Council of the North Carolina State Ports Authority (Continued)

Dan Moore
Pat Brown Lumber Company
Lexington, NC

Bob Mack
Cape Industries
Wlmington, NC

Guy Hawkins
Carolina Leaf
Greenville, NC

Steve Hendrix
Channelmaster
Smithfield, NC

Bud Wenthen
Federal Paperboard Company
Montvale, NJ

Leo Tutak
Hampco Apparel, Inc.
Kinston, NC

Steve Palmer
Lowe's Companies, Inc.
North Wilkesboro, NC

Phil Harrell
A.C. Monk & Company
Farmville, NC

Bob Kelly
Pic-n-Pay
Charlotte, NC

Clarence Groce
RJR Sales Company
Winston-Salem, NC

Joe McClelland
Roses Stores, Inc.
Henderson, NC

Demi Simpkins
Burlington Industries
Burlington, NC

Mike Riesel
Carolina Byproducts Co.
Greensboro, NC

John Robinson
Carolina Steel Corporation
Greensboro, NC

Pete Gratale
Cone Mills
Greensboro, NC

Steve Jones
A.J. Fritz
Greensboro, NC

Jack Tilley
Lavino Shipping Company
Wilmington, NC
Morehead City, NC

Andy Hines
Masco Corporation
High Point, NC

Roy Stevens
Morehead City Port Committee
Morehead City, NC

Jeff Black
Potpourri Press
Greensboro, NC

Al Smith
Al Smith CHB
Charlotte, NC

Larry Buckingham
Tennessee Eastman
Kingsport, TN

Advisory Council of the North Carolina State Ports Authority (Continued)

Clyde Davis
Texas Gulf, Inc.
Raleigh, NC

Richard Yang
Southco, Inc.
Wilmington, NC

Tony Chesson
Weyerhauser Company
New Bern, NC

Edward C. Bromeier
Wilmington Shipping Company
Wilmington, NC

Bud Kiger
Sara Lee Knit Products
Winston-Salem, NC

Jack Bonds
Variety Wholesalers
Raleigh, NC

W. P. Nelson
World Wood Corporation
Cove City, NC

Fred Williams
Trinity Industries
Rocky Mount, NC

Staff Members of the North Carolina State Ports Authority

James J. Scott, Executive Director
Robert G. Jacobi, Director, Business Development
Jack L. Wilson, Director, Marine Operations
Thomas J. Green, Jr., Director, Administration and Finance
James E. Brown, Director, Planning
Cris A. Mowrey, Director, MIS
F. Donald Cummings, Director, Personnel

Sarah Gaillard, Manager, Steamship Sales
Donald D. Black, Manager, Marketing and Sales
Phillip S. Jones, Manager, Traffic
Karen P. Fox, Manager, Communications

Robert D. McMahan, General Manager, Morehead City Terminal
Stephen W. Jackson, General Manager, Wilmington Terminal
William R. Ruefle, Operations Manager, Wilmington Terminal
B. Douglas Champion, Container Terminal Manager, Wilmington Terminal

Virgil L. Smallwood, Assistant Comptroller
Stratton Penberthy, Special Assistant, Planning Division

CONTENTS

LIST OF EXHIBITS

STRATEGIC ISSUES

The key strategic issues indicated below were identified during the phase of the planning process in which the internal and external environments of the State Ports Authority were critically assessed. These issues are viewed optimistically by the Board of Directors, Advisory Council and staff as challenges which will be met.

Business Development Issues

- Foreign Trade Routes and Steamship Lines. The foreign trade routes they serve and the number of steamship lines presently calling on a regularly scheduled and inducement basis at the Wilmington and Morehead City deepwater terminals are too few and too infrequent to serve the needs of North Carolina's exporters and importers as well as those of exporters and importers in neighboring states in the region.

- Market Share. The State Ports Authority's market share of all categories of North Carolina's export and import cargoes (containerized, breakbulk and bulk), at less than 25 percent, is unacceptably low.

- Organization and Personnel. Business development, marketing, sales and promotional programs and activities together with quality and quantity of personnel require continuous assessment to ensure achievement of growth in number of steamship lines, foreign trade routes and ports served, tonnage, revenue and market share.

Operations Issues

- Rail Service. The absence of intermodal and dual line rail services are deterrents to growth in number of steamship lines, foreign trade routes and ports served, tonnage, revenue and market share.

- Harbor Navigation. The present depths of the Wilmington Harbor and Morehead City Harbor are inadequate. Present depths prevent some container, breakbulk and bulk vessels presently calling at the two terminals from maximizing tonnage capacity and are deterrents to attracting additional steamship services.

- Deferred Maintenance. Deferral of required maintenance of transit sheds, warehouses, other cargo handling facilities and equipment, caused by unavailability of funds, affects

opportunities to improve productivity and efficiency of operations activities.

- Warehouse and Transit Shed Space. Warehouse and transit shed space is insufficient, affecting the Morehead City Terminal on a seasonal basis and Wilmington Terminal on a regular basis.

- Cold Storage Facility. The absence of a cold storage facility may be affecting a specific opportunity to achieve growth in tonnage and revenue.

- Productivity. Formal programs and methodology to measure and improve productivity and profitability of terminal operations have not been developed and implemented.

Finance and Financing Issues

- Revenues and Profits. Revenues and profits are unacceptably low.

- Costs and Profitability. Formal programs to accurately and systematically track, measure and control costs and profitability have not been fully integrated into the business.

- Financing. Unacceptably low profits together with the absence of ongoing long-term State funding mechanisms or assurances continue to be deterrents to financing expansion, modernization and maintenance of facilities.

Personnel Issues

- Formal Personnel Policies and Guidelines. A formal, fully integrated personnel program containing appropriate components designed to meet the requirements of a professional personnel management system, although in development, is not completed and implemented.

- Communications. Predicated upon a proven and accepted leadership principle, communications programs and activities designed to keep employees officially, regularly and accurately informed require involvement of all personnel having managerial and supervisory responsibility.

- Morale. Continued improvement in the morale of employees cannot be assumed.

Management Information Systems Issues

- Automated Management Information Tools. Development and implementation of standardized, useful and automated management information reports have not been completed.

- Automated Container Operations. Container terminal operations have not been fully automated.

- Link to U.S. Customs. An automated link to U.S. Customs has not been fully developed and implemented.

- Link to Shipping Community. An Electronic Data Interchange (EDI) network linking the Authority to the shipping community has not been fully developed and implemented.

Planning Issues

- Strategic Business Planning. Total understanding and acceptance of the requirement for and benefits of ongoing strategic long range business planning are not fully developed throughout the Authority.

- Facilities Planning. A program to establish an advance inventory of engineering drawings and designs for capital improvement and maintenance projects is not developed.

- Natural Environment. Facilities expansion and modernization are increasingly affected by federal, state and local laws, regulations and procedures designed to protect the existing natural environment and to require mitigated compensation for damages when the natural environment is disturbed by permitted development.

Other Strategic Issues

- Federal, State and Local Governments. The mission, economic importance and benefits and long-range potential of the State Ports Authority are not fully understood, appreciated and accepted by the majority of North Carolina officials elected to federal, state and local office.

- Bureaucratic Deterrents. Existing State laws, policies and procedures dealing with procurement of services and equipment and approval of capital improvement and maintenance projects are deterrents to competitive responses to business opportunities.

NATURE OF BUSINESS

The business of the North Carolina State Ports Authority is to provide competitive services to its users by developing, maintaining and profitably operating for the State of North Carolina the State owned facilities and systems necessary to efficiently move international commerce through a complex of inland and ocean ports terminals owned and operated by the State of North Carolina.

MISSION STATEMENT

The mission of the North Carolina State Ports Authority (NCSPA) is to continually enhance the economy of North Carolina by the dynamic and sound growth of international trade through the ports terminals owned and operated by the State of North Carolina.

Specific Priorities

- The NCSPA will enhance economic development throughout the State and region.
- The NCSPA will be sensitive to the needs of its users.
- The NCSPA will offer a strategic advantage to its customers.
- The NCSPA recognizes that people are an organization's most important asset and will encourage its people to develop to their full potential.
- The NCSPA will maximize utilization of the public assets entrusted to it for the economic benefit of the people of North Carolina, the State Ports and partners of interest.
- The NCSPA will provide cost effective and efficient facilities for its users.
- The NCSPA will be recognized as the most aggressive, hard working and fastest growing ports complex in the South Atlantic providing better service than its competitors.

CODE OF ETHICS

The State Ports Authority ascribes and commits to a code of ethics recognized in its every action and transaction. The essence of this code is the belief that ethical behavior influences the conduct of all activities to such favorable extent that commercial interests and requirements to compete are not compromised by less than ethical pursuits.

Every policy and manner of conducting the business of the Authority are motivated by honesty, integrity and fairness together with respect for the dignity of people. To this end, the requirements enumerated below will be held to be understood and agreed to by each person employed by the Authority.

Business Conduct

- No employee should be subject, or even seem to be subject, to influences, interests or relationships which conflict with the best interest of the Authority.
- While all employees must work vigorously in a highly competitive environment to achieve the goals and objectives and carry out the mission of the Authority, all employees will do so in compliance with laws and regulations applicable to the activities of the Authority.
- In the conduct of Authority business, each employee shall adhere to and comply with the recognized and accepted standards of society.

Conflict of Interest

- A conflict of interest exists when the duty of an employee to give undivided commercial loyalty to the Authority can be prejudiced by actual or potential personal benefit from a source or sources external to the Authority.
- Each employee shall be expected to avoid any investment, interest or association which interferes, may interfere or may be thought to interfere with the independent exercise of judgement in the best interest of the Authority.

Human Relations Values

- Central to human relations values is Respect:

  .. for the Truth,
  .. for the Rights of others,
  .. for the need to Honor commitments.

- Central to human relations values which apply to decisions affecting employee(s) is that such decisions:

  .. will not be based upon the politics of expediency or what is best for the decision maker(s);

  .. will be based upon an understanding of the right thing to do and what is best for the employee(s) and the Authority as a whole.

STAKEHOLDERS

The State Ports Authority acknowledges and recognizes those private citizens, businesses and organizations, public officials, agencies and organizations and Authority employees who have a stake in the long-range success of the Authority. In doing so, the Authority has carefully defined its responsibility to those stakeholders in further recognition of their expectations that the Authority be governed, managed, operated and developed in a responsible and businesslike manner.

Stakeholders	Responsibility of the Authority
Advisory Council of the Authority	To seek the consultation, advice and assistance of the Advisory Council with respect to the business operations of the Authority terminals, marketing of the services and ports terminal facilities of the Authority and the promotion of trade resources in North Carolina.
Taxpayers and Citizens of North Carolina	To be responsible trustees of public assets and funds in custody of the Authority and to promote the economic welfare of the taxpayers and citizens of North Carolina by increasing trade through the State owned and operated deepwater and inland ports of North Carolina.
Users (Exporters, Importers, Steamship Lines and Their Agents and Stevedores, Rail and Truck Transportation Companies, Freight Forwarders and Customs House Brokers)	To be user friendly and customer oriented by providing convenient, efficient and competitive terminal facilities and services required to conduct international trade.
All Employees of the Authority	To provide sound leadership and management; a clean, secure and safe work environment; fair and reasonable compensation and recognition that the employees are the Authority's greatest asset and, as such, should be encouraged, individually and collectively, to reach their full potential.

Elected State Officials	To provide professional, competent, responsible, disciplined and non-partisan direction of the Authority and its resources with due regard to the Authority role as trustee of public assets and funds and the Authority duty to enhance the economy and welfare of the State of North Carolina.
Government Agencies	To create mutual and cooperative working relationships to the end that required results are obtained as efficiently as possible, and to promote the orderly administration of government by basing the actions of the Authority at all times upon sound reason, solid judgement and reasonable compliance with all lawful rules, regulations and procedures.

STRATEGIC POLICY GUIDELINES

The formulation of strategic policy guidelines in the long-range planning process is critical to the determination of the specific objectives, strategies and action plans required to carry out the mission of the State Ports Authority. Commitment to the guidelines iterated below is made by the Authority.

- The Authority will carry out its mission and, in so doing, will assign its human and physical resources and assets to the specific priorities of the mission.
- The Authority is a business enterprise competing in an international business environment and will be governed, managed and operated as a business, not as a bureaucracy.
- The Authority will be a market oriented and market driven business.
- The Authority will be a profit oriented and profit driven business.
- The Authority will be a user friendly and user driven business.
- The Authority will become more competitive.
- The Authority will focus on markets and customers and demonstrate that serving and meeting the needs of present and future customers is the Number One priority of the Authority.
- The Authority will do a better job for present and future customers than the competition.
- The Authority will improve significantly its position as a state ports complex and become a recognized force as a regional ports complex.
- The Authority will improve and expand upon its position as an operating Authority and, while not completely ruling out non-operating, landlord or stevedoring possibilities, will proceed responsibly and cautiously when entertaining such opportunities.
- The Authority will remain a public asset of the State.
- The Authority will achieve significant growth in cargo tonnage handled and revenue generated.
- The Authority will increase significantly its share of the market.

- The Authority will achieve significant growth in profits.
- The Authority will forge a financial discipline to improve profitability and total financial performance.
- The Authority will improve significantly the productivity of employees, facilities and equipment.
- The Authority will improve its statewide, nationwide and worldwide image and reputation.
- The Authority will capture and capitalize on the resources, experiences, skills and competence of the Board of Directors, Advisory Council and a professional management staff.
- The Authority recognizes and will demonstrate that its people are the most important asset of the Authority.
- The Authority will develop a formal personnel program to test the skills and imagination and measure the performance of all employees.
- The Authority will modernize, maintain and selectively expand its operating facilities.
- The Authority will provide useful automated management information and electronic data interchange systems and services.
- The Authority will forge a strategic long range planning discipline.

OBJECTIVES

The State Ports Authority establishes five strategic objectives for the five-year period Fiscal Year 1991-Fiscal Year 1995.

1. GROWTH

   a. Achieve growth in tonnage* over the five-year period, as follows (Exhibits 1a1, 1a2, 1a3):

      . Container Cargo..... +80.36%

      . Breakbulk Cargo..... +59.05%

      . Bulk Cargo..... +42.54%

      . Military Cargo..... + 0.00%

   b. Achieve growth in revenue** over the five-year period, as follows (Exhibits 1b1, 1b2, 1b3):

      . Container Cargo..... +97.63%

      . Breakbulk Cargo..... +77.88%

      . Bulk Cargo..... +46.22%

      . Military Cargo..... + 0.00%

   * Revenue-producing cargo tonnage only.

   ** From cargo tonnage only.

2. PROFITABILITY

   a. Improve the operating margin from 16 percent to 39 percent over the five-year period (Exhibit 2a).

   b. Improve net income as a percentage of revenue from less than 3 percent to 24 percent over the five-year period (Exhibit 2b).

   c. Improve return on investment after depreciation (net income divided by assets) from less than 1 percent to 5 percent over the five-year period (Exhibit 2c).

3. MARKET SHARE

   Increase to 35 percent the present 20 percent market share of North Carolina's export and import containerized and breakbulk tonnage.

4. PRODUCTIVITY

Improve productivity of operations activities, facilities, equipment and personnel.

- Identify and select from among the Authority's operations activities, facilities, equipment and personnel those elements of productivity which should be and can be measured.

- Formulate and develop valid and useful measurements of productivity.

- Establish productivity standards.

- Implement a productivity improvement program.

5. IMAGE

Improve the statewide, nationwide and worldwide image and reputation of the Authority.

EXHIBIT 1a1

TONNAGE* GROWTH OBJECTIVE

CONSOLIDATED

TONNAGE CATEGORY	(TONS) BASE YEAR FY 1990 (Actual)	(TONS) FY 1991 (Budget)	(TONS) FY 1992	(TONS) FY 1993	(TONS) FY 1994	(TONS) FY 1995	PERCENT CHANGE 1990 - 1995
Container	655,503	738,800	849,620	977,063	1,074,769	1,182,246	
% Change		12.70%	15.00%	15.00%	10.00%	10.00%	80.36%
Breakbulk	791,264	898,798	977,404	1,063,102	1,156,558	1,258,498	
% Change		13.59%	8.74%	8.77%	8.79%	8.81%	59.05%
Bulk	2,812,385	3,297,915	3,462,811	3,635,951	3,817,749	4,008,635	
% Change		17.26%	5.00%	5.00%	5.00%	5.00%	42.54%
Military	71,967	57,908	59,259	60,678	62,168	63,732	
% Change		-19.54%	2.33%	2.39%	2.45%	2.52%	-11.44%
Total	4,331,119	4,993,421	5,349,094	5,736,794	6,111,244	6,513,111	
% Change		15.29%	7.12%	7.25%	6.53%	6.58%	50.38%

* Revenue-producing tonnage only.

EXHIBIT 1a2

TONNAGE* GROWTH OBJECTIVE

WILMINGTON TERMINAL

TONNAGE CATEGORY	(TONS) BASE YEAR FY 1990 (Actual)	(TONS) FY 1991 (Budget)	(TONS) FY 1992	(TONS) FY 1993	(TONS) FY 1994	(TONS) FY 1995	PERCENT CHANGE 1990 - 1995
Container	655,423	738,800	849,620	977,063	1,074,769	1,182,246	
% Change		12.72%	15.00%	15.00%	10.00%	10.00%	80.38%
Breakbulk	686,778	731,242	789,741	852,920	921,154	994,846	
% Change		6.47%	8.00%	8.00%	8.00%	8.00%	44.86%
Bulk	352,937	356,360	374,178	392,887	412,531	433,157	
% Change		0.97%	5.00%	5.00%	5.00%	5.00%	22.73%
Military	61,519	27,024	28,375	29,794	31,284	32,848	
% Change		-56.07%	5.00%	5.00%	5.00%	5.00%	-46.61%
Total	1,756,657	1,853,426	2,041,914	2,252,664	2,439,738	2,643,097	
% Change		5.51%	10.17%	10.32%	8.30%	8.34%	50.46%

* Revenue-producing tonnage only.

EXHIBIT 1a3

TONNAGE* GROWTH OBJECTIVE

MOREHEAD CITY TERMINAL

TONNAGE CATEGORY	(TONS) BASE YEAR FY 1990 (Actual)	(TONS) FY 1991	(TONS) FY 1992	(TONS) FY 1993	(TONS) FY 1994	(TONS) FY 1995	PERCENT CHANGE 1990 - 1995
Container	80	0	0	0	0	0	
% Change		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Breakbulk	104,486	167,556	187,663	210,182	235,404	263,652	
% Change		60.36%	12.00%	12.00%	12.00%	12.00%	152.33%
Bulk	2,459,448	2,941,555	3,088,633	3,243,064	3,405,218	3,575,478	
% Change		19.60%	5.00%	5.00%	5.00%	5.00%	45.38%
Military	10,448	30,884	30,884	30,884	30,884	30,884	
% Change		195.60%	0.00%	0.00%	0.00%	0.00%	195.60%
Total	2,574,462	3,139,995	3,307,180	3,484,130	3,671,506	3,870,014	
% Change		21.97%	5.32%	5.35%	5.38%	5.41%	50.32%

* Revenue-producing tonnage only.

EXHIBIT 1b1

REVENUE* GROWTH OBJECTIVE

CONSOLIDATED

REVENUE CATEGORY	($) BASE YEAR FY 1990 (Actual)	($) FY 1991 (Budget)	($) FY 1992	($) FY 1993	($) FY 1994	($) FY 1995	PERCENT CHANGE 1990 - 1995
Container	5,352,870	6,169,855	6,857,177	8,161,412	9,291,767	10,578,676	
% Change		15.26%	11.14%	19.02%	13.85%	13.85%	97.63%
Breakbulk	10,321,288	11,417,908	12,853,385	14,472,359	16,298,740	18,359,617	
% Change		10.62%	12.57%	12.60%	12.62%	12.64%	77.88%
Bulk	3,595,404	3,769,025	4,095,856	4,451,315	4,837,623	5,257,044	
% Change		4.83%	8.67%	8.68%	8.68%	8.67%	46.22%
Military	708,049	389,916	418,961	450,327	484,274	520,987	
% Change		-44.93%	7.45%	7.49%	7.54%	7.58%	-26.42%
Total	19,977,611	21,746,704	24,225,379	27,535,413	30,912,404	34,716,324	
% Change		8.86%	11.40%	13.66%	12.26%	12.31%	73.78%

* From cargo tonnage only.

EXHIBIT 1b2

REVENUE* GROWTH OBJECTIVE

WILMINGTON TERMINAL

REVENUE CATEGORY	($) BASE YEAR FY 1990 (Actual)	($) FY 1991 (Budget)	($) FY 1992	($) FY 1993	($) FY 1994	($) FY 1995	PERCENT CHANGE 1990 - 1995
Container	5,352,870	6,169,855	6,857,177	8,161,412	9,291,767	10,578,676	
% Change		15.26%	11.14%	19.02%	13.85%	13.85%	97.63%
Breakbulk	8,177,707	9,233,193	10,320,863	11,536,660	12,895,678	14,414,788	
% Change		12.91%	11.78%	11.78%	11.78%	11.78%	76.27%
Bulk	770,352	563,953	612,904	666,043	723,789	786,541	
% Change		-26.79%	8.68%	8.67%	8.67%	8.67%	2.10%
Military	676,706	297,264	323,066	351,076	381,549	414,667	
% Change		-56.07%	8.68%	8.67%	8.68%	8.68%	-38.72%
Total	14,977,635	16,264,265	18,114,010	20,715,191	23,292,783	26,194,672	
% Change		8.59%	11.37%	14.36%	12.44%	12.46%	74.89%

* From cargo tonnage only.

EXHIBIT 1b3

REVENUE* GROWTH OBJECTIVE

MOREHEAD CITY TERMINAL

REVENUE CATEGORY	($) BASE YEAR FY 1990 (Actual)	($) FY 1991 (Budget)	($) FY 1992	($) FY 1993	($) FY 1994	($) FY 1995	PERCENT CHANGE 1990 - 1995
Container	0	0	0	0	0	0	
% Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Breakbulk	2,143,581	2,184,715	2,532,522	2,935,699	3,403,062	3,944,829	
% Change		1.92%	15.92%	15.92%	15.92%	15.92%	84.03%
Bulk	2,825,052	3,205,072	3,482,952	3,785,272	4,113,834	4,470,503	
% Change		13.45%	8.67%	8.68%	8.68%	8.67%	58.24%
Military	31,343	92,652	95,895	99,251	102,725	106,320	
% Change		195.61%	3.50%	3.50%	3.50%	3.50%	239.21%
Total	4,999,976	5,482,439	6,111,369	6,820,222	7,619,621	8,521,652	
% Change		9.65%	11.47%	11.60%	11.72%	11.84%	70.43%

* From cargo tonnage only.

EXHIBIT 2a

OPERATING MARGIN OBJECTIVE

CONSOLIDATED

	BASE YEAR FY 1990 (Actual)	FY 1991 (Budget)	FY 1992	FY 1993	FY 1994	FY 1995
Gross Revenue	24,908,635	26,630,422	29,569,001	32,653,852	35,699,799	39,126,761
Operating Income	4,077,801	5,288,003	8,136,878	10,484,963	12,758,781	15,376,527
Operating Margin	16.37%	19.86%	27.52%	32.11%	35.74%	39.30%

EXHIBIT 2b

NET INCOME OBJECTIVE

CONSOLIDATED

	BASE YEAR FY 1990 (Actual)	FY 1991 (Budget)	FY 1992	FY 1993	FY 1994	FY 1995
Gross Revenue	24,908,635	26,630,422	29,569,001	32,653,852	35,699,799	39,126,761
Net Income	589,053	1,478,476	3,143,561	5,191,646	6,997,464	9,215,210
Net Income as % of Revenue	2.36%	5.55%	10.63%	15.90%	19.60%	23.55%

EXHIBIT 2c

RETURN ON INVESTMENT OBJECTIVE

CONSOLIDATED

	BASE YEAR FY 1990 (Actual)	FY 1991 (Budget)	FY 1992	FY 1993	FY 1994	FY 1995
Net Income	589,053	1,478,476	3,143,561	5,191,646	6,997,464	9,215,210
Assets	122,418,742	123,427,409	141,277,409	156,277,409	179,677,409	199,677,409
Return on Investment	0.48%	1.20%	2.23%	3.32%	3.89%	4.62%

PLANNING GAP

The Planning Gap is the difference over time between "no change in results" (expressed as a trend) and "positive change in results" (expressed as a planned objective).

If a planned objective (a positive change in results) is to be achieved, such achievement will occur only by closing the Planning Gap. Closing the Planning Gap, in turn, can be accomplished only by the successful identification, development and implementation of specific qualified and quantified action plans.

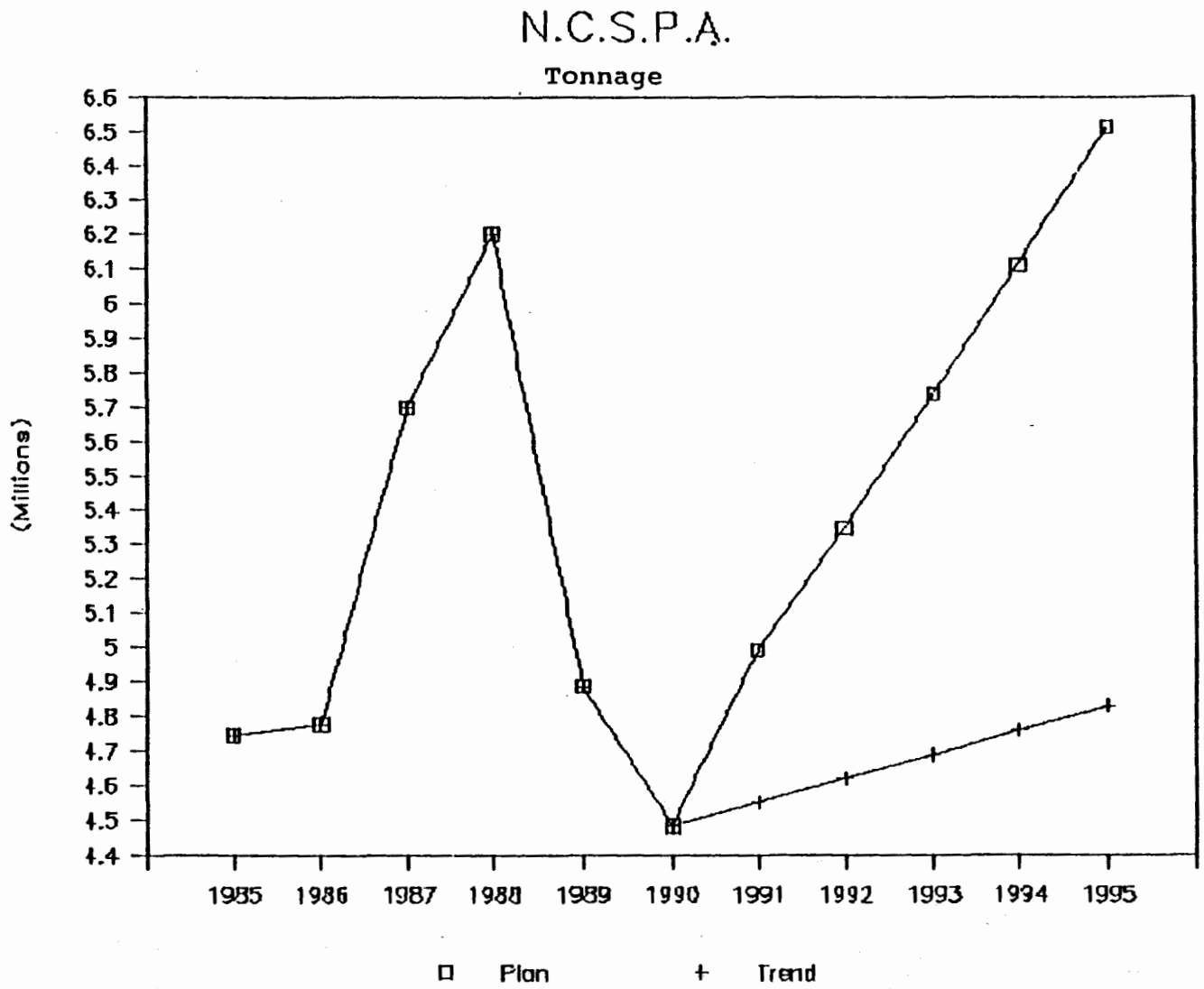
The State Ports Authority during the strategic planning process has established the requirement that positive change in results must occur in the following Key Result Areas (KRA's): cargo tonnage, revenue, profits and profitability, market share, productivity and image. Accordingly, strategic objectives for each of these key result areas have been determined and established (pages 11 and 12, preceding).

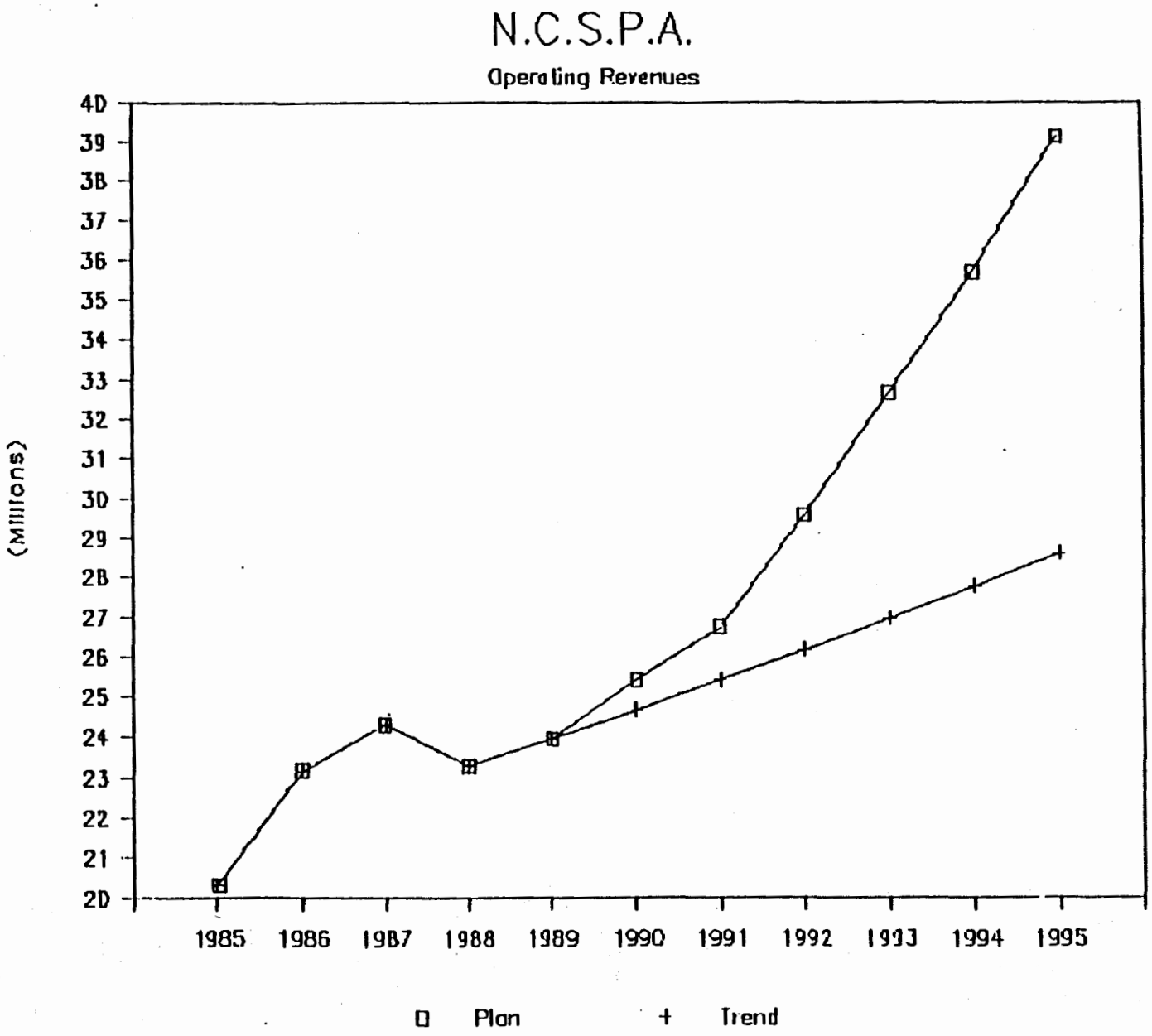
Exhibits 3, 4 and 5 on pages 23, 24 and 25, following, depict quantitatively in graphic form the planning gaps presently existing for tonnage, revenue and profit, respectively, gaps which must be closed with the successful identification, development and implementation of specific action plans.

The Summary of Action Plans on pages 30 and 31, following, identifies by function and responsibility some of the specific actions the State Ports Authority has determined are required during the period Fiscal Year 1991 - Fiscal Year 1995 to close the planning gaps presently existing in the key result areas named above.

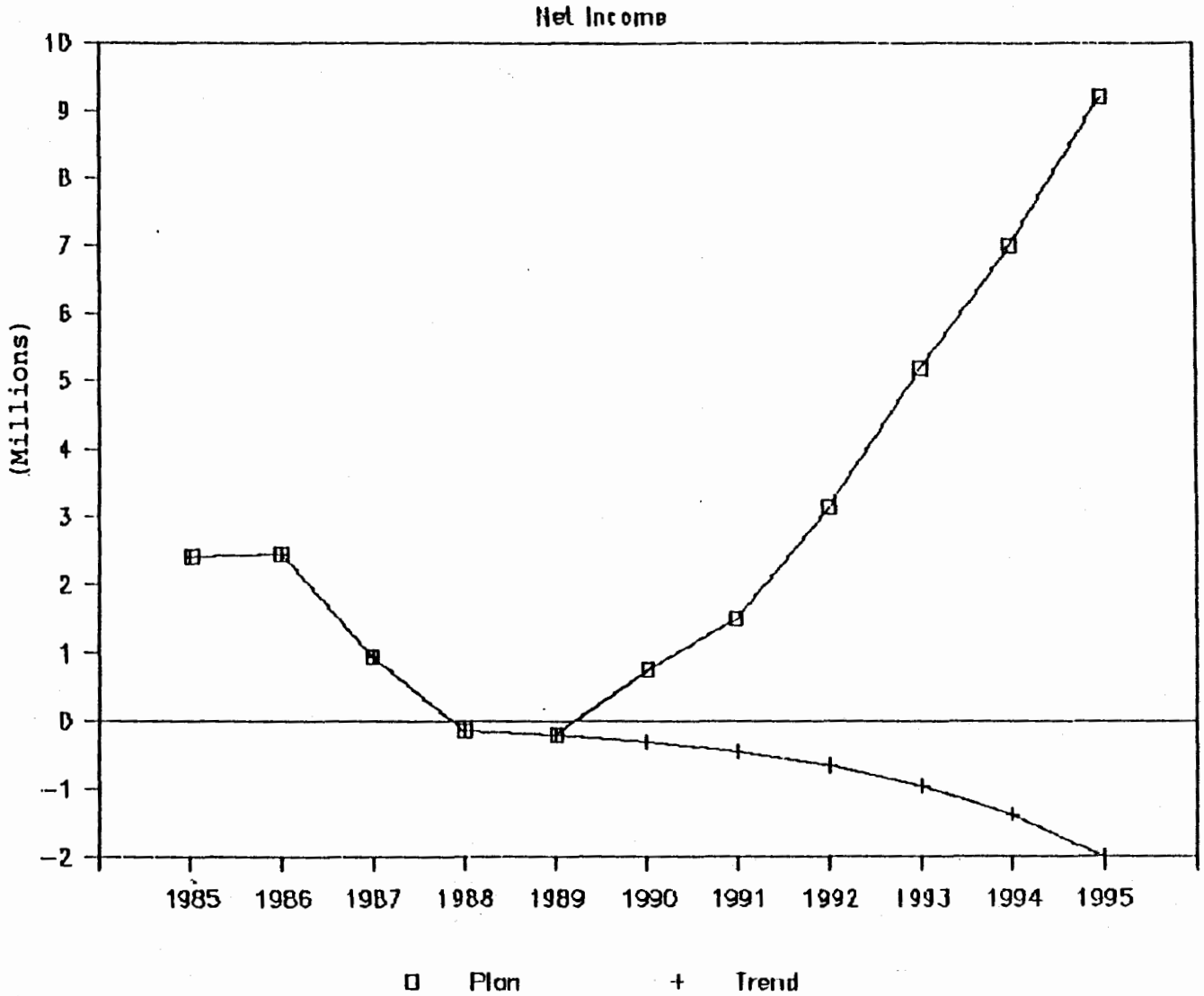
EXHIBIT 5

EXHIBIT 3




N.C.S.P.A.
Operating Revenues
(Millions)
40
39
38
37
36
35
34
33
32
31
30
29
28
27
26
25
24
23
22
21
20
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
Plan
Trend

N.C.S.P.A.


Net Income
(Millions)
10
9
8
7
6
5
4
3
2
1
0
-1
-2
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
Plan
Trend

BROAD DIRECTIONAL STRATEGY

The broad directional strategy of the State Ports Authority provides an integrated set of actions aimed at achieving a sustainable competitive advantage for the Authority.

The strategy delineated below across the several functional components of the Authority organization meets the strategy development criteria established during the planning process, as follows:

- The strategy is consistent across the range of functions of the Authority.
- The strategy is aimed at creating the future of the Authority rather than attempting to predict the future.
- The strategy is one not easily or quickly copied or neutralized.
- The strategy is oriented externally against specific rivals, primarily the ports of Virginia, South Carolina, Georgia and Jacksonville, Florida.

Authority-Wide

- As required, attract, motivate and develop only the best, most competent, qualified and experienced managers and staff and continue to create the work environment which will serve to challenge and retain these professionals.
- Continue major efforts to organize and manage the Authority so as to cause the Authority staff to capture and capitalize on the resources, experience, skills and competence of the Board of Directors and Advisory Council.
- Demonstrate with every action and transaction that the Authority is user friendly.
- Demonstrate with every action and transaction that serving customers is the Number One priority of the Authority.
- Demonstrate with every action and transaction that the Authority, although an agency of the government of the State of North Carolina, is a profit oriented business enterprise and not a bureaucracy.

Business Development

- Continue to strengthen the business development, marketing and sales organization and its plans and programs.

- Increase significantly the Authority's market share of containerized, breakbulk and bulk tonnage.

- Increase significantly the revenues the Authority derives from the processing of containerized, breakbulk and bulk cargoes.

- Continue to include steamship lines, exporters and importers as the focus of targeted potential customers while serving and meeting the needs of all existing and potential customers.

- Continue to develop and advantageously use competitive knowledge to overcome competitive disadvantages.

- Take an active leadership role to identify, foster and involve in the business development activities of the Authority the statewide international trade network comprised of commercial and industrial economic development specialists; highway, rail and ocean transportation professionals; elected, appointed and career officials in State government; members of the North Carolina World Trade Association and other trade, transportation and port industry related organizations.

- Capture and capitalize on the resources, experience, skills and competence of the Advisory Council.

Operations

- Make operating facilities and services more competitive.

- Develop, identify, define, track and measure on an ongoing basis the cost of all operations at all operating facilities and contain costs systematically.

- Improve significantly the profitability of the operations of facilities and equipment.

- Profitably increase utilization of existing operating facilities and equipment and minimize capital investment in the near term of one to three years.

- Develop, identify, define, track and measure on an ongoing basis the productivity of operating facilities, equipment and personnel and improve productivity systematically.

- Modernize, maintain and selectively expand the Morehead City Terminal to position it as a leading bulk and breakbulk terminal aggressively responsive to realistic business development opportunities and remain openly receptive and flexible to other cargo opportunities.

- Modernize, maintain and selectively expand the Wilmington Terminal to position it as a leading container and breakbulk terminal aggressively responsive to realistic business development opportunities and remain openly receptive and flexible to other cargo opportunities.

- Develop and refine the existing satellite intermodal facilities to process additional in-state and out-of-state cargoes generated by business development efforts.

- In cooperation and coordination with the North Carolina Railroad Company, North Carolina Department of Transportation, North Carolina Railroad Commission, North Carolina Port Railroad, private railroads and state and federal legislators and officials, develop intermodal and dual-line rail services for the operating terminals.

- Capture and capitalize on the resources, experience, skills and competence of the Advisory Council.

Finance

- In cooperation and coordination with the Executive Director and other applicable staff directors, improve significantly the profits, profitability and cash flow of the Authority.

- Adopt and commit to the adherence of specific financial disciplines to track, measure, compare and improve financial performance.

- Adopt and commit to the adherence of a specific credit policy favorable to the best financial interest of the Authority.

- Spearhead the achievement and maintenance of a strong financial position to provide the solid financial foundation for the future and to expand funding options for capital investment in the modernization, expansion and maintenance of facilities and equipment.

- Capture and capitalize on the resources, experience, skills and competence of the Advisory Council.

Personnel

- Develop, implement and administer a formal, complete and fully integrated personnel program designed to test the skills and imagination of all employees and to demonstrate that the employees are the Authority's most important asset.

- Develop, implement and administer a formal and fully integrated safety program.

- Capture and capitalize on the resources, experience, skills and competence of the Advisory Council.

Management Information Systems

- Continue to develop and implement an appropriate and useful management information and electronic data interchange system which meets in a timely and efficient manner the information needs of management and the shipping community.

- Capture and capitalize on the resources, experience, skills and competence of the Advisory Council.

Planning

- Further develop policies and procedures to manage and administer more effectively and efficiently the strategic planning program and process.

- In cooperation, coordination and participation with designated staff, members of the Board of Directors and the Advisory Council, continue the development and implementation of an aggressive program to earn statewide legislative and government support for the Authority's plans, programs and modernization, expansion and maintenance projects.

- In coordination with the State and the U. S. Army Corps of Engineers, initiate and participate in the development of plans, programs and non-federal funding for improvements to the deepwater harbors at Morehead City and Wilmington.

- Further develop policies and procedures to manage and administer more effectively and efficiently the programs for modernization, expansion and maintenance.

- Further develop policies and procedures to more effectively and efficiently create advance engineering and design data for modernization, expansion and maintenance projects.

- Capture and capitalize on the resources, experience, skills and competence of the Advisory Council.

SUMMARY OF ACTION PLANS

Specific action plans are required to close planning gaps, effect changes, create the future, achieve desired results.

A summary of specific action plans is provided in the strategic plan to illustrate some of the work the State Ports Authority has assigned itself to carry out its mission and achieve its objectives in a highly successful manner.

Business Development

- Increase breakbulk tonnage through the Wilmington and Morehead City terminals.
- Determine the most effective methods to market the Morehead City Terminal.
- Add new container carriers at the Wilmington Terminal and/or Morehead City Terminal.
- Increase traffic through the intermodal facilities at Charlotte and Greensboro.
- Improve and increase the visibility worldwide of the State Ports Authority.

Operations

- Identify and select operations functions for measurement of productivity.
- Develop measurements of productivity.
- Establish standards of productivity.
- Implement a program to improve productivity.
- Establish intermodal service at Wilmington Terminal.
- Increase depth of channels at Wilmington and Morehead City.
- Conduct deferred maintenance of facilities and equipment.

Finance

- Implement a new credit policy.
- Establish policies and procedures to assist in improvement of financial performance.

Personnel

- Establish a full service personnel function and program.
- Establish a full service safety program.

Management Information Systems

- Fully automate container operations.
- Establish link to U. S. Customs Automated Manifest System.
- Establish an electronic data interchange network for the shipping community.
- Provide an automated tracking system for maintenance of facilities and equipment.
- Provide an automated inventory system for repair parts.
- Analyze the needs for voice communications equipment.

Planning

- Establish policies and procedures to improve strategic long range planning process.
- Establish policies and procedures to improve administration of capital improvement and major maintenance programs.
- Improve program to earn legislative and government support for plans and programs.
- Develop guidelines to better coordinate efforts to fund improvements to navigation.
- Establish policies and procedures to create advance engineering and design data.

PERFORMANCE

The performance of the managerial staff shall be measured against the objectives of the Strategic Plan, giving due regard to feasibilities and unforeseen circumstances as they may emerge.