NC State Ports Authority
Presentation Outline

- **Market and Industry Drivers**
  - Growth in International Trade
  - Port Infrastructure Issues
  - Growth in East Coast all-water service

- **Responding to Global Market Demand**
  - Port of Wilmington Expansion
  - Port of Morehead City and Radio Island
  - Transportation Initiatives

- **North Carolina International Terminal**
  - Why Build a new Terminal
  - What about existing Ports
  - Economic Impact of Ports
  - Supports NC Military Growth Initiatives
  - Transportation Initiatives

- **How the NC General Assembly can Help**
Mission

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

- Capital appropriation of $7.5M for replacement and expansion of ports infrastructure
  - Port of Wilmington - full replacement of container Berth 8 – project cost at $44M FY08 thru FY10
  - Port of Morehead City – replacement of berth and pier infrastructure

- Support transportation initiatives for highway and rail access to NC Ports

- Approve extension of NC Ports Tax Credit
  - Maintain parity with South Carolina and Georgia
  - Retain and increase NC business use of NC Ports

- Support State match of Federal funds for USACE Feasibility Study and dredging of Cape Fear Navigation Channel for NCIP
North Carolina’s Ports are Growing

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

International trade is projected to double by 2020

- US container traffic is forecasted to double to 50M TEU by 2015

- Demand at the Ports of Long Beach and Los Angeles is forecast to triple from 15M TEU to 45M TEU; both ports are capacity constrained; NY/NJ will quadruple. Severe capacity constraints at all major ports by 2012

- Container traffic is projected to grow at 6.3% CAGR for US East Coast and Gulf Coast Ports; 20M (2005) to between 54 and 94M TEU (2030)

- Diversion to all-water East Coast service of as much as 50% of the forecasted 30M TEU increase for the Ports of Long Beach and Los Angeles would result in an additional 2% CAGR; coincides with completion of Panama Canal expansion allowing 12000 TEU vessels access to East Coast ports
Today 60% of Asia Imports move via West Coast to East Coast by rail.
North American Container Current & Future Trade Growth
(Top 10 North American Gateway Ports)

By 2020 demand will exceed current capacity of many ports by as much as 400% !!!
How is North Carolina Responding to Global Market Demands?
Port of Wilmington, NC

Size – 284 acres

Volume – 3.4 million tons

Key commodities – containers, lumber, wood pulp, steel, fertilizers, animal feed, agricultural products

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

Transportation Initiatives – US74 Strategic Corridor, I-140 Bypass, Cape Fear Skyway Bridge, rail access improvements
Port of Wilmington
Container Yard Expansion

Multi-year program

$190 million plus investment

- $50 million invested to date

Increase throughput from 225,000 to 500,000 TEU

Major Components

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

TEU = Twenty-foot Equivalent Unit / FEU = Forty-foot Equivalent Unit or Two TEU
Port of Wilmington
Transportation Initiatives

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

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

Size – 128 acres
Volume – 2.1 million tons

Key commodities –
scrap steel, fertilizer,
asphalt, forest
products, rubber,
military

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

Transportation Initiatives – widen entrance channel, US 70 Strategic
Corridor, Gallants Channel Bridge, rail access improvements
Port of Morehead City
Radio Island Terminal

- Environmental Impact Statement complete
- 2,000 – linear feet berth
- 300,000-square foot warehouse
- 35 acres outside storage
Port of Morehead City Transportation Initiatives

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

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

Proposed I-140 & Skyway Bridge

NC 87

NC 211

Port of Wilmington

Rail

MOTSU

Progress Energy Nuclear Plant

NC International Port

Bald Head Island
Why build a new terminal?

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

National Significance

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

Regional and State Importance

- Few ports on the U.S. East Coast can offer the deep draft conditions and large container terminals that will be required in the future
- Major manufacturing and assembly plant site-selection criteria require proximity to deepwater port facilities with global service coverage
- Economic impact of jobs and taxes will increase significantly
- Capacity to handle existing NC traffic moving over competing ports
- Serve as a key to retaining NC military installations and meeting future military requirements
Currently, NC is third largest military state measured by boots on the ground
- Six major military installations
- 100,000 active duty personnel
- 46,000 civilian, reserve and national guard

FORSCOM and USARC relocation
- Estimated 40,000 new residents (active duty, civilian, contractor personnel and dependents) in and around Fayetteville within the next four years

Marine Corps Special Operations Command and additional changes
- Estimated 60,000 new residents in and around Jacksonville within the next four years

Development of the North Carolina International Port provides the port infrastructure to accommodate the military’s expanding footprint in North Carolina and requirements for the efficient movement of personnel and equipment
A new international port will complement the Ports of Wilmington and Morehead City

International trade will continue to grow; demand for port infrastructure will intensify

NCIP will generate economic development contributing to new business opportunities for existing ports

New terminal establishes North Carolina as a preferred shipping destination

Ports of Morehead City and Wilmington will continue to have a major economic impact on our State long after the North Carolina International Terminal is developed
Transpacific Imports
All-Water Services through the port range of Virginia through Georgia

PIERS Data

<table>
<thead>
<tr>
<th>Volume By Port</th>
<th>Regional Cargo*</th>
<th>Intermodal Cargo**</th>
<th>Total TEU</th>
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<tbody>
<tr>
<td>Norfolk</td>
<td>362,000</td>
<td>54,000</td>
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<tr>
<td>Wilmington</td>
<td>75,000</td>
<td>0</td>
<td>75,000</td>
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<tr>
<td>Charleston</td>
<td>297,000</td>
<td>45,000</td>
<td>342,000</td>
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<tr>
<td>Savannah</td>
<td>569,000</td>
<td>113,000</td>
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<tr>
<td>TOTAL</td>
<td>1,303,000</td>
<td>212,000</td>
<td>1,515,000</td>
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Graphic depicts major regional import destinations
*Regional – cargo delivered within a truck-based market
**Intermodal – cargo delivered via rail

Source: PIERS Data Apr. 2006 – Mar. 2007
Transpacific Imports through Norfolk, Wilmington, Charleston, and Savannah
Transpacific Imports: Optimized
All-Water Services through the port range of Virginia through Georgia

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

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<td>55,000</td>
<td>345,000</td>
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<tr>
<td>Wilmington</td>
<td>315,000</td>
<td>0</td>
<td>315,000</td>
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<tr>
<td>Charleston</td>
<td>212,000</td>
<td>44,000</td>
<td>256,000</td>
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Source: PIERS Data Apr. 2006 – Mar. 2007
Transpacific Imports through Norfolk, Wilmington, Charleston, and Savannah
More Than 93 Facilities
Distribution / Manufacturing / Assembly
Receiving in excess of 300,000 TEU/Year
The impact of major international ports
Norfolk, Charleston, Savannah individually report:

- **Jobs**
  Average of 250,000 jobs statewide

- **Taxes & Economic Impact**
  Average of $1.5 billion contribution per year
North Carolina International Port – Project Status

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

- **Proposed Strategic Approach**
  - Complete proforma business model and economic impact study FY08
  - Initiate and complete Reconnaissance Study FY08
  - Initiate Feasibility Study FY09
  - Identify and reach agreement with a joint venture partner to undertake full development and construction of NCIP in CY08
North Carolina International Port Transportation Initiatives

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

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

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In Summary

- Growth in international trade and in US container volume will overwhelm US port and intermodal infrastructure.

- North Carolina State Ports Authority has window of opportunity to increase business & economic benefits statewide; global gateway / access is major requirement to attracting new industries.

- Enhanced inland transportation infrastructure essential to realize full value of capital investment projects at Wilmington and Morehead City, Radio Island and NC International Terminal.

- NC General Assembly support critical for capital appropriation for port infrastructure and extension of NC Ports tax credit.

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