



# Investing in the Future: Update

Joint Legislative Transportation Oversight Committee

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# Financial Overview

	FY 14 Actual	FY 15 Actual	% Change		FY 16 Budget
<b>Volume</b>					
Container TEUs (thousands)	252.4	297.6	18%		317.3
General Cargo Tons (millions)	2.63	2.93	11%		3.01
<b>(in millions)</b>					
Revenues	\$ 39.5	\$ 43.8	11%		\$ 44.8
Expenses	<u>39.2</u>	<u>37.7</u>	-4%		<u>40.2</u>
Operating Income	\$ 0.4	\$ 6.1			\$ 4.6
Non-Operating Items	\$ (13.6)	\$ (3.4)			\$ (2.9)
Net Income	<u>\$ (13.2)</u>	<u>\$ 2.7</u>			<u>\$ 1.7</u>

*\* Excludes positive effect of implementing GASB 68 for net pension liability reporting*

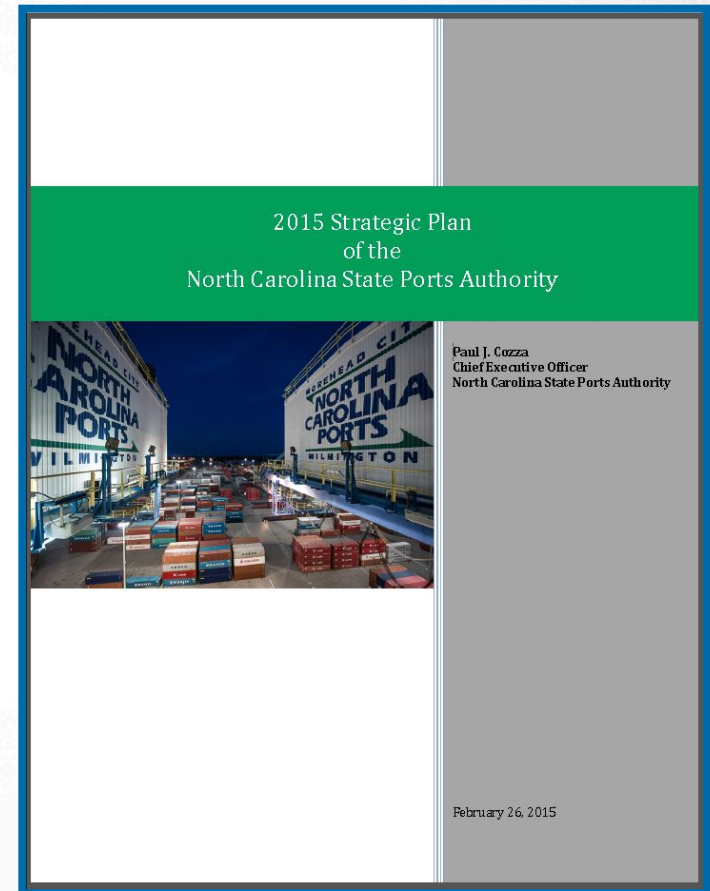
## 2016 Preliminary Forecast

- Containers at 98% of budget
- Bulk & Breakbulk above budget
- Expenses at/below budget
- On target to meet budgeted Net Income
- Excludes one-time gain on sale of marina and cost to dredge MHC inner harbor



# Guiding Principles Remain Unchanged

- Double container business to >500K TEUs
- Expand business of general terminals by 4M tons
- Execute an investment plan for terminal, road and rail infrastructure to support growth
- Channel enhancement in Wilmington and Morehead City
- Achieve long term financial stability to independently fund capital growth prospects



# Infrastructure Investment Plan - March 2015

	FY 2015 - FY 2020	FY 2021 - FY 2025
Administration	5,000,000	2,000,000
Morehead City	16,000,000	42,000,000
Wilmington	93,000,000	90,000,000
\$ Total	114,000,000	134,000,000

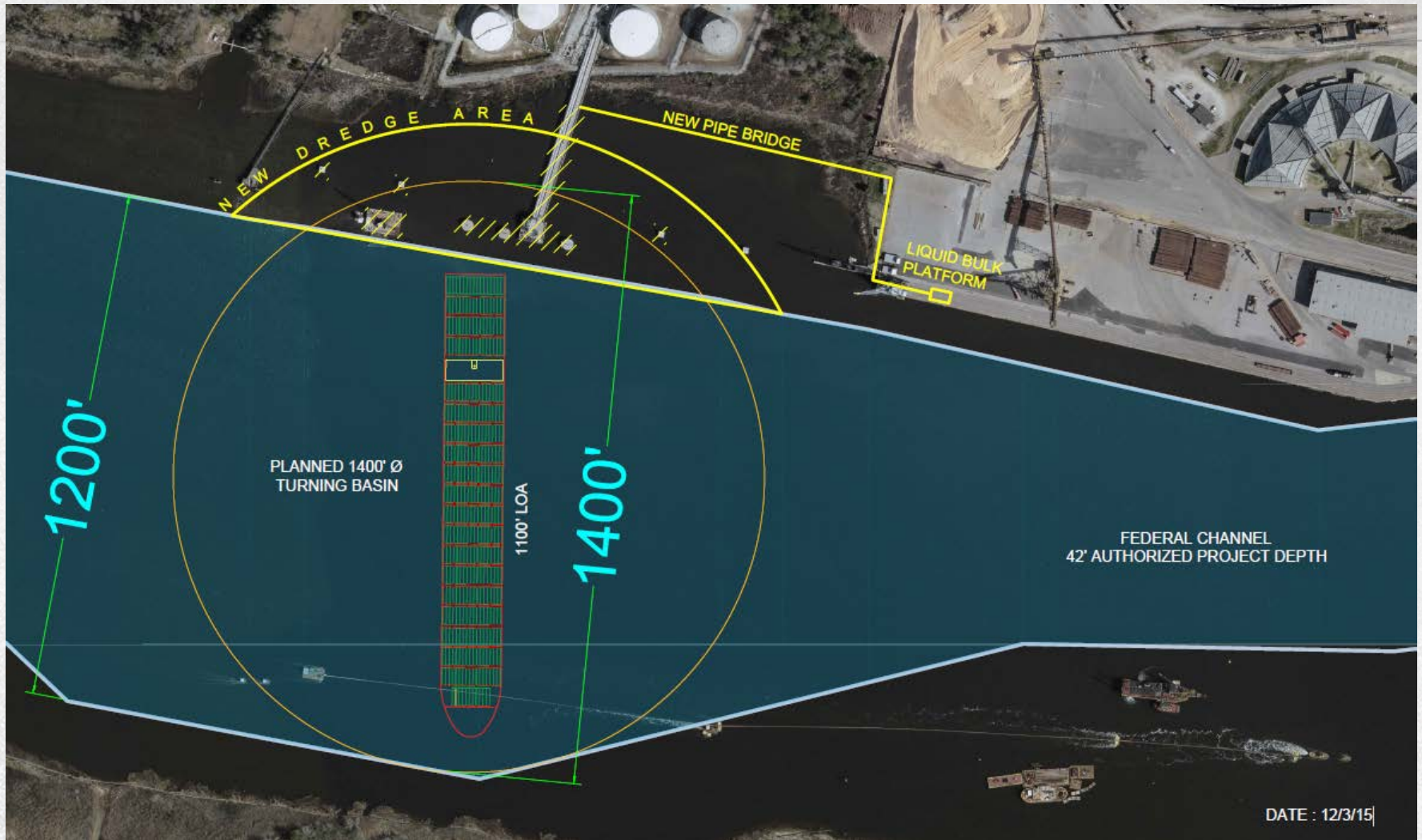
## Commercial needs and accelerated timing is driving modifications:

- Turning Basin Expansion
- Morehead City Dredging
- Scope of Berth 8 Replacement & Upgrades
- Section 203 Study for Harbor Deepening

**Total project scope and cost is fluid and being revised.**

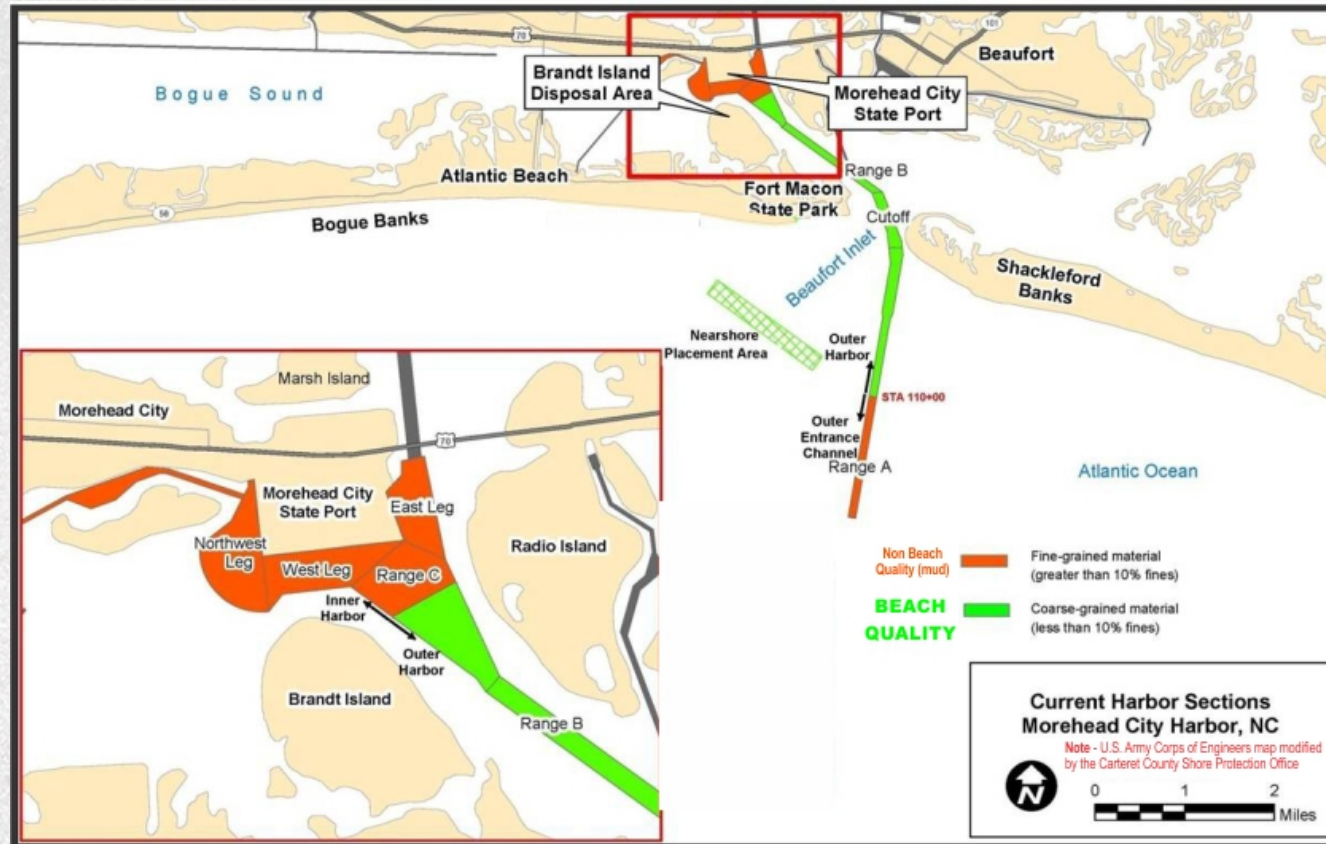


# Turning Basin Expansion - May 2016 Completion



Provides capability to turn vessels from 1,000 to 1,167 feet long

# Morehead City Dredging



## Current

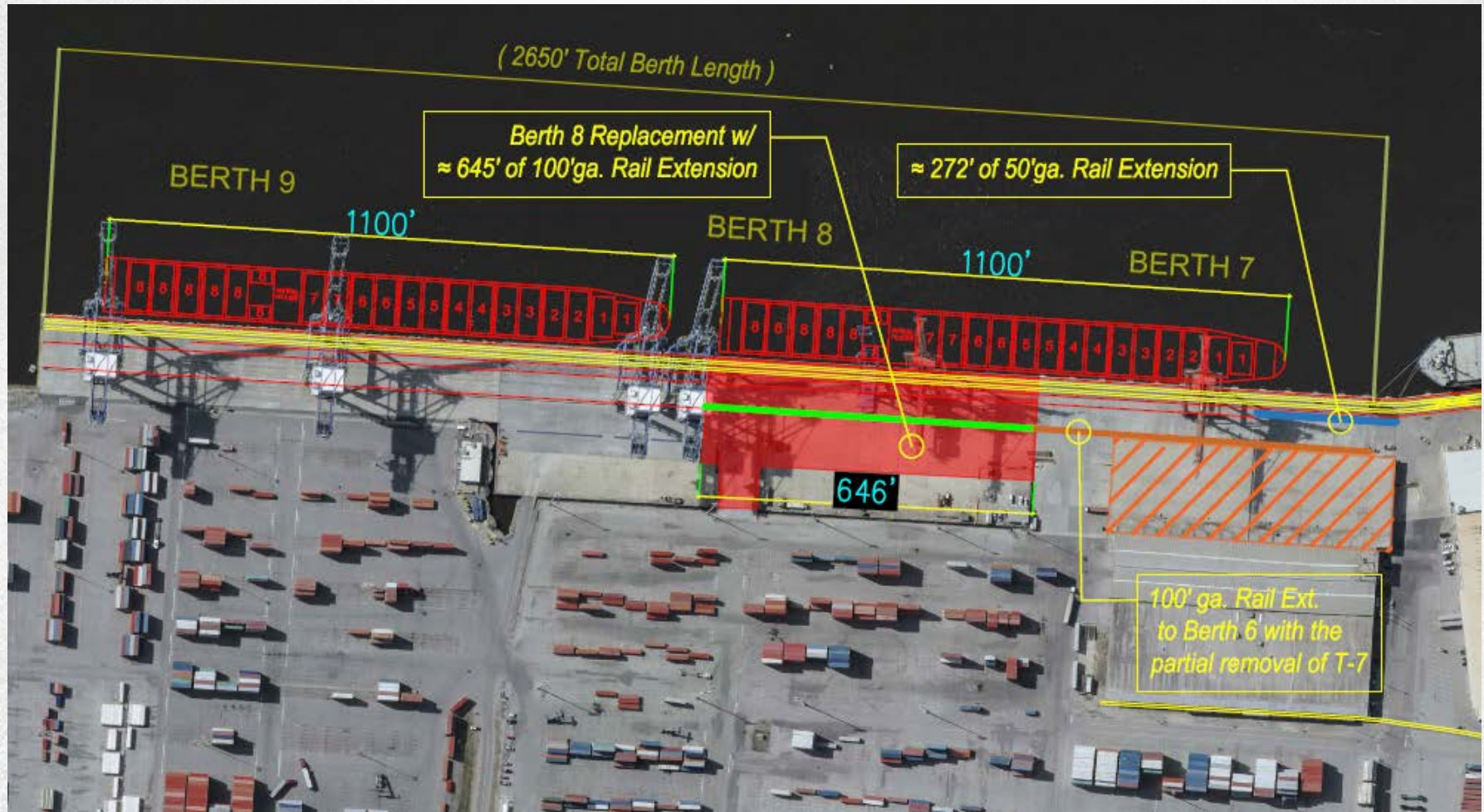
- Federal funding shortfall for required dredging
- NC Ports will fund inner harbor dredging (\$3.1-\$3.5 million)
- Enables COE to utilize federal funds for outer harbor dredging

## Future

- COE forecasts shortfall based on current federal funding levels
- **Longer term state involvement is necessary to cover shortfall**



# Berth 8 Replacement & Related Upgrades



Meets market demand to work two 1,100 foot post-panamax vessels

# Modifications Summary

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## Berth 8 Replacement & Related Upgrades (\$53-58 million)

Replace 645ft x 200ft of dock structure

Includes 645ft of new landside crane rail on Berth 8

272ft extension of 50ft gauge crane rail

Rail extension to Berth 6 with partial removal of T-7

Structural improvements to waterside crane rail on Berths 7 & 9

## Post-Panamax Container Cranes (\$32-36 million)

## Turning Basin Expansion (\$10-12 million)

Relocate liquid bulk pier & dredging at east side of turning basin

## Morehead City Dredging (\$3.1-3.5 million)

NCSPA funding current year's inner harbor dredging

## Section 203 Feasibility Study (\$1.4 million)



## Summary

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- Rapidly changing customer needs and demands accelerate the scope and timing of infrastructure investments
- We must remain responsive and reactive to our customer demands
- Long-term planning is vital
- We continue to focus on business, industry and customer trends and appropriately react.



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