



Cape Fear Firebird

The Voice of Save the Cape

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It's tough to make predictions, especially about the future
-Yogi Berra

Forecast Folly

The current controversy about the North Carolina International Terminal is whether to spend \$4.7 million of State funds and another \$5.3 million of Federal funds for a feasibility study to be conducted by the Wilmington District of the US Army Corps of Engineers. That would answer all the questions, say the proponents of that plan. We are not so sure.

In 1996, the Wilmington District completed such a feasibility study for deepening the channel in the Cape Fear River from 38 feet to 42 feet to accommodate the largest vessels able to transit the Panama Canal. The study found that the project would cost \$250,000,000; that is \$19,800,000 annually, amortized over fifty years. Average annual benefits over that fifty-year period were forecast at \$24,700,000. Since that represented a surplus of benefits over costs, in a benefit/cost ratio of 1.2, the project was recommended by the Corps of Engineers, Congress and the North Carolina General Assembly appropriated funds, and the project was begun.

Then what? The project is still underway; the cost to complete was last estimated at \$533,000,000. Yes, more than double the estimate. But that, we suppose, was predictable.

What about the benefits? The revaluation report required by Corps procedures has not been done, so we have no comparison of actual results with the original forecast. We do offer some anecdotal observations.

- The annual cost, over 50 years at the interest rate in effect during the period of greatest expenditures and including maintenance, is \$33,800,000. In 2008, 107 vessels of draft requiring the deeper channel called at Wilmington. Each visit cost taxpayers \$363,000.
- An increase in container traffic of about 62,000 per year can be attributed to the deeper channel. Each such container move cost taxpayers \$470. The State Port earned \$15.75 per container move in fiscal 2008.
- Over half of the forecast benefits were attributed to liquid commodities. But in 2008 only ten tankers requiring the deeper channel called at Wilmington.
- The study forecast tonnage of 8,740,000 through the harbor in 2004. Tonnage in 2008 was 6,870,000.

The Corps forecasts were done thoroughly. But they were only forecasts. And with the time horizon of fifty years, that rapidly morphs into prophesy.