

# CAROLINA JOURNAL ONLINE



- [News and Opinion](#)
- [Research](#)
- [Resources](#)
- [Related Sites](#)
- [Carolina Journal Info](#)

Carolina Journal News Reports

## Southport Megaport Sinking From Lack of Support

Dalton and McCrory join General Assembly in giving thumbs-down to proposal



By [Don Carrington](#)

Jul. 23rd, 2012

[More](#) |

[0](#)



CJ Photo by Don Carrington

In spite of recent statements by gubernatorial candidates Walter Dalton and Pat McCrory opposing the North Carolina International Terminal, Toby Bronstein, a spokeswoman for Save the Cape, fears the proposed megaport may not be dead.

RALEIGH — With no research in hand, in late 2005 the N.C. Ports Authority launched an effort to build what it called “America’s next great port” on the Cape Fear River next to Southport. The multibillion-dollar project, named the North Carolina International Terminal, now appears dead because the two major party candidates for governor — Republican Pat McCrory, the former mayor of Charlotte, and Democratic Lt. Gov. Walter Dalton — issued statements last week stating neither would pursue the project if elected governor.

If the project does not go forward, the state may be stuck owning an expensive parcel of land with marginal value. In 2006, the Ports Authority borrowed money to pay \$30 million for the 600-acre project site. The Brunswick County tax office currently values the land at \$12.7 million.

Gov. Bev Perdue has supported the project throughout her term of office. The “North Carolina Maritime Strategy” final report, issued in June and commissioned by Perdue’s Department of Transportation, lists the site as a viable option for increasing the state’s shipping capabilities, even though the General Assembly voted to end state funding for studies of the project two years ago.

The maritime study estimates that a new port at this site would cost \$5 billion to \$6 billion. The study also described how the existing state-owned ports at Morehead City and Wilmington could be improved for a much lower price tag.

The Ports Authority board, led by Chairman Carl Stewart Jr., in December 2005 approved the purchase. To obtain funding, the transaction needed the backing of Easley and his Council of State. The Council of State — made up of the governor and the nine other independently elected state officials, including the lieutenant governor, attorney general, and state auditor — must approve most state real estate transactions. In February 2006, the council authorized the Ports Authority request to purchase the property.

The project stalled because the specific site has three major problems: It is located adjacent to Progress Energy's Brunswick Nuclear Plant; there is significant organized local opposition to the project; and a new port has little support in the General Assembly.

The General Assembly passed legislation in 2007 directing the governor's Office of State Budget and Management to coordinate the development of a statewide logistics plan to address the state's long-term economic, mobility, and infrastructure needs.

Perdue became governor in January 2009. In response to the General Assembly's directive, she created the Governor's Logistics Task Force, appointed 30 people to serve on the committee, and designated Dalton to serve as chairman. The maritime strategy report was part of that effort.

The U.S. Army Corps of Engineers would be responsible for a substantial dredging operation if the new port were to be built. It studied the idea in a preliminary feasibility study called a Reconnaissance Study and dropped the site from further study after the General Assembly indicated it was unfavorable to the new port.

A spokeswoman for Perdue told *Carolina Journal* that our "future leaders" would have to decide the best use of the property that was purchased for the port.

Toby Bronstein, a spokeswoman for Save the Cape, an organization opposed to the proposed port, told *CJ* she is encouraged by the recent opposition expressed by Dalton and McCrory, but a future General Assembly could revive the project.

### **The purchase**

In the early 1970s, the pharmaceutical company Pfizer began buying land along the river adjacent to the nuclear plant to construct a citric acid production facility. The facility was constructed in 1973, but it did not occupy all the land that Pfizer had acquired.

By the early 1980s, Pfizer offered for sale some of the land, including the site eventually purchased by the Ports Authority. In 1990, Pfizer sold its citric acid plant to agribusiness giant Archer Daniels Midland, but it retained ownership of several undeveloped adjacent properties.

In early 2005, Pfizer enlisted the Staubach Company, an international real estate firm, to sell the vacant 600 acres. In October 2005, Staubach notified North Carolina's Southeast, a state-funded regional economic development organization, that it was marketing the tract.

Paul Butler, the Southeast director at that time, told *CJ* he contacted the Ports Authority about the land. CEO Tom Eagar immediately initiated actions to acquire it even though he had no study justifying the development of a new port or any feasibility study for that specific site.

"There is no way this project will fail. There is no way we can allow this project to fail," Eagar told *CJ* during a break at a Ports Authority board meeting in May 2010. Eagar joined the Ports Authority staff in 2000 and became chief executive officer in 2004. He said the state-owned ports at Morehead City and Wilmington are not adequate to meet the economic development mission of the authority.

Referring to ports in Virginia, South Carolina, and Georgia, Eagar said, "I get angrier than hell, and I mean angry, when I see what neighboring states are doing to us — the economic impact that their ports are having." His commitment to the proposed port is solid. "I may go down in flames, but I will not give up the effort to have this port built," he said.

Stewart, a Gastonia attorney and former speaker of the N.C. House of Representatives, has served as chairman of the Ports Authority

since 2004. He was appointed by Easley and then reappointed in 2010 to another six-year term by Perdue. Last year the General Assembly moved the authority from the Commerce Department to the Transportation Department.

At Commerce, the authority essentially became an independent agency with decisions made by the authority's board of directors. After the move, DOT Secretary Gene Conti declared he had the power to hire and fire the CEO and terminated Eager in January. Conti then selected Chief Financial Officer Jeff Strader to serve as executive director.

### **Nuclear neighbor**

The site is adjacent to the Brunswick Nuclear Plant and the federal government's Military Ocean Terminal at Sunny Point, the nation's largest ammunition handling port. Progress Energy has expressed concerns about the proposed NCIT to both the Ports Authority and the Army Corps.

Progress Energy Carolinas CEO Lloyd Yates, in September 2009 correspondence to the Army Corps, highlighted the utility's concerns. "Progress Energy has not taken a position on the proposed NCIT and will not do so until all risks are identified and resolved," he wrote. "[T]he location of the proposed NCIT raises significant operational and security issues for our company."

Yates said a major construction project, along with ongoing shipping operations directly adjacent to the nuclear plant would challenge plant security. Another major concern is that NCIT's docks would be adjacent to the plant's cooling water canal and any disruption or contamination of the cooling water could pose a serious hazard. Yates also said that Progress has provided the Nuclear Regulatory Commission with a list of specific issues to be resolved.

Progress has been concerned about an incompatible neighbor for at least 30 years. In the early 1980s, the Williams Companies, a Tulsa-based natural gas company, explored purchasing the Pfizer site to develop a coal handling facility. For the site to work, Williams needed an agreement with Progress Energy, then known as Carolina Power & Light, to share the company's rail line that wrapped around the nuclear plant.

After a brief period of study, Progress officials determined that the possibility of a long train blocking access to the nuclear plant during an emergency posed a significant safety concern. Williams abandoned interest in the site after Progress signaled it would not cooperate.

Freight trains servicing the NCIT typically would be a mile long and presumably remain a specific safety concern for Progress.

Progress recently merged with Duke Energy, but the same concerns remain. "We support the state's economic development efforts, but our primary concern is the safe and uninterrupted operation of our nuclear plant," Jeff Brooks, a spokesman for the utility company, told *CJ* last week.

### **Local opposition**

Organized opposition to NCIT emerged quickly after the Ports Authority purchased the land. The first group to form was "No-Port Southport," and in 2010, another group named Save the Cape was formed. Caswell Beach resident Bronstein has worked with both groups.

In an interview with *CJ*, she chronicled the number of organizations opposed to or concerned about the NCIT project.

She noted that six affected coastal communities — Southport, Caswell Beach, Oak Island, the Village of Bald Head Island, Boiling Spring Lakes, and St. James — issued resolutions opposing this project, stating it would be catastrophic to the local tourism-based economy and the environment.

Bronstein also said that the Baptist State Convention, representing more than 1 million Baptists in North Carolina, joined the chorus, along with Cape Fear River Watch, Bald Head Island Conservancy, Coastal Water Watch, and Cape Fear Audubon Society. Also submitting comments of opposition to the Army Corps of Engineers on the Reconnaissance Study were the U.S. Environmental Protection Agency, U.S. Fish & Wildlife Service, U.S. Marine Fisheries, N.C. Department of Cultural Resources, N.C. Department of Environment and Natural Resources, and the N.C. Wildlife Resources Commission.

She said the most compelling rejection came from U. S. Rep. Mike McIntyre, D-7th District, who stated in writing that he was pulling all federal support from the NCIT project. He could not reconcile building a massive international port next door to a nuclear power plant, abutting the largest military munitions depot in the world. McIntyre said he agreed with the coastal communities: The proposed international port is too risky and too costly and could cause irreparable harm both economically and environmentally.

“And yet, after all these years of fighting, we are still waiting for one courageous state politician to finally pull the plug and say this project is dead; declare that it is time to transfer or sell the land and move on. Unequivocally say that \$50 million spent on a project doomed to fail is enough,” she said.

Bronstein said she arrived at then \$50 million figure by adding the \$30 million purchase price, the \$10 million spent on related studies, and \$11 million in debt service so far. But since the money for the land was borrowed, the total cost of the site can't be finalized, she said.

### **General Assembly not supportive**

After the land was purchased, the authority spent \$10 million studying the feasibility of NCIT. In July 2010, the General Assembly voted to prohibit further spending on studies for NCIT.

That didn't stop the Perdue administration from including the site in the \$2 million Maritime Strategies Study, commissioned by DOT in 2011. NCDOT hired a private sector consulting team to conduct the maritime study development process.

The recently passed state budget contained language prohibiting Perdue or her successor from spending any more state funds studying the NCIT during the current fiscal year ending June 30, 2013.

*Don Carrington is executive editor of Carolina Journal.*

---

©2012 [John Locke Foundation](#), 200 West Morgan St., Raleigh, NC 27601, Voice: (919) 828-3876

 [DesignHammer](#), a Raleigh, Durham web design company ~ Building Smarter websites