

NORTH CAROLINA STATE PORTS AUTHORITY

REQUESTED CAPITAL BUDGET

2013 - 2014



NORTH CAROLINA STATE PORTS AUTHORITY

APPROVED CAPITAL BUDGET

2013 - 2014



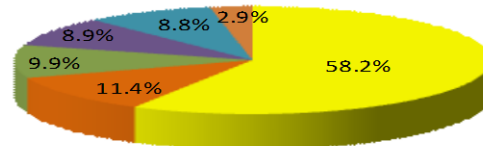
BUDGET OVERVIEW

Capital Budget Request, FY 2014

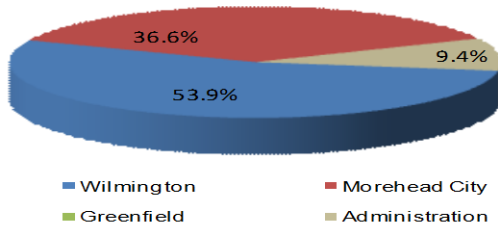
The fiscal year 2014 comprehensive capital budget is presented in tabular form on the following pages. It forecasts total expenditures of \$7,192,837. Funding sources identified and matched to the individual projects include the Authority's net revenues, Federal grants, Repairs and Renovations funds, and excess cash flow generated during FY 2013. The projects funded from excess cash flow in FY 2013 will be used to fund expansion that will generate incremental revenue over the next several fiscal cycles once completed. The following graphs summarize these expenditures.

FY 2014 Capital Budget Summary

Core Infrastructure Projects	\$ 4,187,229
Expansion Projects	820,000
Grant Projects	709,893
Major Maintenance	638,000
Information Technology	629,715
Major Equipment	208,000
	\$ 7,192,837



- Core Infrastructure Projects
- Expansion Projects
- Grant Projects
- Major Maintenance
- Information Technology
- Major Equipment



- Wilmington
- Morehead City
- Greenfield
- Administration

Wilmington	\$ 3,877,629
Morehead City	2,635,493
Greenfield	-
Administration	679,715
	\$ 7,192,837

A number of factors were considered during project selection and subsequent allocation of available resources. Support of the Authority's business model is central to each decision. Distinctions are also made between maintenance of existing facilities and infrastructure additions. The following list summarizes the criteria employed.

- ❑ Evaluation of the Ports' customer needs and how these are best served.
- ❑ Cost of the proposed project and its potential return on investment and/or improvements to productivity.
- ❑ Project consistency with the Authority's strategic priorities and consideration to long-term returns.
- ❑ Economic impact considerations to both the State as a whole and local region.
- ❑ Impact on other priorities or other capital projects.
- ❑ Safety and security of staff, customers, cargo, and facilities.
- ❑ Availability of applicable funding sources and associated competition both internally as well as externally.

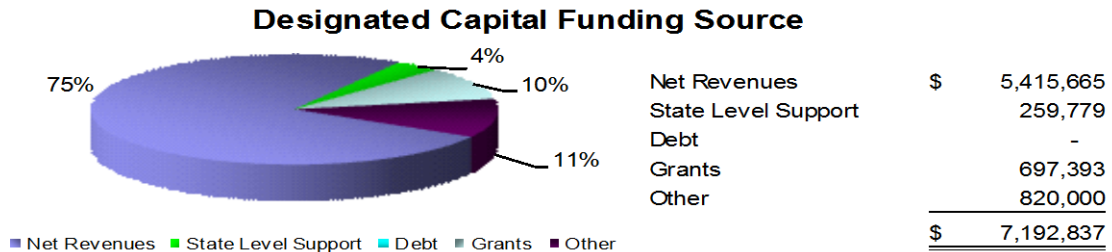
OVERVIEW (continued)

Major projects included in the FY 2014 Capital Budget primarily include improvements and upgrades to the Authority's core facilities. In Wilmington, core infrastructure projects include berth structure repairs, new crane rail and rail upgrades. In Morehead City these include completion of the main gate relocation and berth structure repairs. Additionally, there is an expansion project in progress in Morehead City to add a barge fleeting area to the facility. Other critical needs include implementation of software to enhance facility operations, projects that improve the safety and security of the facilities, and cargo handling equipment.

Funding for the FY 2014 anticipated capital expenditures comes from a number of sources. In an effort to ensure that adequate funding is available for planned expenditures, proforma financial statements have been developed. From a planning perspective, the proforma serves as a bridge between the Operating Budget and the Capital request and provides perspective on the projected overall financial state of the Authority. Highlights from the statement of cash flows and balance sheet include:

- ❑ Projected net positive cash flows from operating activities of approximately \$9 million.
- ❑ Projected net negative cash flows from financing activities of approximately \$2 million, resulting mostly from debt repayment.
- ❑ Support of net investing activities of approximately \$7 million, which includes all capital expenditures outlined above.
- ❑ Projected working capital ratio of 4.7 to 1.0.
- ❑ Projected long term debt to equity ratio of 0.42 to 1.0.

The following exhibits summarize the FY 2014 capital request and assigned funding sources. The "other" category indicates excess cash flow from FY 2013. The State level support is project specific and was already secured in a prior year. To determine a funding source for a specific project, please refer to the detailed schedules contained in the FY 2014 Plan section.



OVERVIEW (continued)

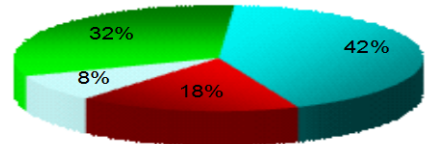
	FY 2014 Funding Need	Net Revenues	State R&R and Appropriations	Grants	Other	Debt
Morehead City						
Projects in Progress	\$ 2,102,181	\$ 1,130,000	\$ -	\$ 152,181	\$ 820,000	\$ -
Projects not Started	389,312	316,500	-	72,812	-	-
Major Maintenance	144,000	144,000	-	-	-	-
FY 14 Equipment	-	-	-	-	-	-
Facility total	<u>2,635,493</u>	<u>1,590,500</u>	<u>-</u>	<u>224,993</u>	<u>820,000</u>	<u>-</u>
Wilmington						
Projects in Progress	259,779	-	259,779	-	-	-
Projects not Started	2,915,850	2,480,950	-	434,900	-	-
Major Maintenance	494,000	494,000	-	-	-	-
FY 14 Equipment	208,000	208,000	-	-	-	-
Facility total	<u>3,877,629</u>	<u>3,182,950</u>	<u>259,779</u>	<u>434,900</u>	<u>-</u>	<u>-</u>
Administration						
Projects in Progress	125,000	125,000	-	-	-	-
Projects not Started	554,715	517,215	-	37,500	-	-
FY 14 Equipment	-	-	-	-	-	-
Facility total	<u>679,715</u>	<u>642,215</u>	<u>-</u>	<u>37,500</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,192,837</u>	<u>\$ 5,415,665</u>	<u>\$ 259,779</u>	<u>\$ 697,393</u>	<u>\$ 820,000</u>	<u>\$ -</u>

As outlined above, the Authority's investment reserve does not require a cash infusion to comply with the Authority's Investment Reserve policy. As of June 30, 2013, the investment reserve was funded at \$11.8 million, a surplus of approximately \$4 million over the minimum requirement. During FY 2013, approximately \$2 million was added to the investment reserve. Additionally, the Authority has a debt service reserve fund of \$2.8 million that is associated with the 2010 bonds. The following is a summary of the reserve calculation.

Minimum Reserve Balance Analysis

Reserved for:

Operating cash flow requirement	\$ 2,406,502
Debt service requirement	3,212,910
Capital asset requirement	1,325,438
Casualty loss requirement	625,000
	<u>\$ 7,569,850</u>



■ Operating cash flow requirement
■ Debt service requirement
■ Capital asset requirement
■ Casualty loss requirement

**Includes Debt Service for 2010 bonds*

The schedules that follow this introduction provide further details with respect to the requested expenditures for capital projects, major maintenance items and equipment purchases along with funding sources as assigned to individual expenditures. Additional information provided includes justifications for requested capital projects, a summary of the current Capital Development Plan, a status of items included in the FY 2013 Capital Budget request and a history of capital expenditures.

North Carolina State Ports Authority
Proforma Financial Statement
Balance Sheet

	Actual FY 2012	Actual FY 2013	Budgeted FY 2014
ASSETS			
<i>Current unrestricted assets</i>			
Cash & Investments	\$ 13,856,384	\$ 16,063,571	\$ 15,877,916
Net accounts receivables	7,404,419	9,429,339	7,613,327
Inventories	599,193	669,640	827,722
Other Current Assets	<u>1,202,996</u>	<u>1,272,664</u>	<u>1,237,830</u>
Total current unrestricted assets	<u>23,062,992</u>	<u>27,435,215</u>	<u>25,556,795</u>
 <i>Current restricted assets</i>			
Cash & investments	<u>\$ 3,562,170</u>	<u>\$ 3,577,317</u>	<u>\$ 3,500,147</u>
 <i>Noncurrent assets</i>			
Property & equipment	421,293,804	427,881,843	434,436,680
Accumulated depreciation	<u>125,945,880</u>	<u>133,312,510</u>	<u>141,265,135</u>
Net property & equipment	<u>295,347,924</u>	<u>294,569,333</u>	<u>293,171,545</u>
Deferred charges	<u>995,115</u>	<u>721,935</u>	<u>955,907</u>
Total assets	<u>\$ 322,968,201</u>	<u>\$ 326,303,799</u>	<u>\$ 323,184,395</u>
 LIABILITIES & ACCUMULATED SURPLUS			
<i>Current liabilities</i>			
Accounts payable & accrued expense	\$ 4,151,939	\$ 4,447,116	\$ 4,248,201
Notes & current long-term commercial debt	1,153,368	1,182,710	1,213,501
Current portion of long-term bond debt	1,100,000	1,655,000	1,710,000
Bond Interest Payable	879,944	1,216,642	1,187,071
Income Received in Advance	<u>323,132</u>	<u>202,977</u>	<u>24,583</u>
Total current liabilities	<u>7,608,383</u>	<u>8,704,445</u>	<u>8,383,356</u>
 <i>Noncurrent liabilities</i>			
Commercial debt	31,258,152	30,075,443	28,861,942
Bond debt	<u>65,325,856</u>	<u>63,662,849</u>	<u>61,944,842</u>
Total liabilities	<u>104,192,391</u>	<u>102,442,737</u>	<u>99,190,140</u>
 <i>Accumulated surplus (deficit)</i>			
Total accumulated surplus	<u>\$ 218,775,810</u>	<u>\$ 223,861,063</u>	<u>\$ 223,994,254</u>
Total liabilities & accumulated surplus	<u>\$ 322,968,201</u>	<u>\$ 326,303,799</u>	<u>\$ 323,184,395</u>

North Carolina State Ports Authority
Proforma Financial Statement
Income Statement

	<u>Actual FY 2012</u>	<u>Actual FY 2013</u>	<u>Budgeted FY 2014</u>
Revenues	\$ 39,883,838	\$ 44,712,167	\$ 40,739,470
Expense			
Terminal Operating Expense	<u>27,107,444</u>	<u>29,542,430</u>	<u>28,078,781</u>
Terminal Operating Income	12,776,395	15,169,737	12,660,689
General Administrative Overhead	<u>8,960,656</u>	<u>9,023,311</u>	<u>9,192,901</u>
Ports Activity Income	3,815,738	6,146,426	3,467,788
Interest Income	(196,995)	(206,568)	(201,184)
Gain (Loss) on Investment	53,341	190,184	-
Grant Receipts	(408,366)	(3,880,755)	(602,034)
Interest Expense	3,747,579	3,652,694	3,679,478
Debt Issuance Fees	79,371	309,699	175,475
Casualty Losses	-	-	-
Gain/Loss on Early Bond Retirement			
Write-down of CIP	53,093	968,532	-
Gain/Loss on Disposal of Assets	<u>93,703</u>	<u>42,387</u>	<u>-</u>
Non-Operating Items	<u>3,421,726</u>	<u>1,076,173</u>	<u>3,051,735</u>
Net Income (Loss)	<u>\$ 394,012</u>	<u>\$ 5,070,253</u>	<u>\$ 416,053</u>
Planned variance - additional major maintenance			(638,000)
Planned variance - additional grant receipts			95,359
Adjusted Net Income			<u>\$ (126,588)</u>

North Carolina State Ports Authority
Proforma Financial Statement
Cash Flow Statement

	Actual FY 2012	Actual FY 2013	Budgeted FY 2014
Cash Flows From Operating Activities			
Net Income/(Loss) From Operations	\$ 394,012	\$ 5,070,253	\$ (126,588)
Adjustments to Reconcile Net Loss to Net Cash Flows from Operating Activities:			
Depreciation & Amortization	8,239,403	8,149,132	8,393,653
Gain/(Loss) on Disposal of Land and Equipment	93,703	42,387	-
Federal & State Grant Receipts	(739,070)	(4,210,466)	(697,393)
Change in Assets and Liabilities:			
Accounts Receivables	\$ (1,475,332)	\$ (2,024,920)	\$ 1,816,012
Inventories	\$ 6,395	\$ (70,448)	\$ (158,082)
Prepaid Items	\$ 13,388	\$ (69,668)	\$ 34,834
Accounts Payable	\$ 142,758	\$ 295,177	\$ (198,915)
Interest Payable	\$ 77	\$ 336,698	\$ (29,571)
Deferred Revenues	\$ 296,529	\$ (120,154)	\$ (178,394)
Total Cash Provided From (Used For) Operating Activities	<u>6,971,865</u>	<u>7,397,992</u>	<u>8,855,556</u>
Cash Provided From (Used For) Investing Activities			
Acquisition of Fixed Assets	(3,699,142)	(6,978,964)	(6,554,837)
Acquisition of Land			-
Proceeds from Sale of Fixed Assets	122,600		-
Proceeds from Sale of Land	10,500		-
Deferred Charges	<u>(277,140)</u>	<u>(160,784)</u>	<u>(675,000)</u>
Total Cash Provided From (Used For) Investing Activities	<u>(3,843,182)</u>	<u>(7,139,748)</u>	<u>(7,229,837)</u>
Cash Provided From (Used For) Financing Activities			
Proceeds from Issuance of Bank Debt	400,000	-	-
Proceeds from Issuance of Revenue Bonds	-		-
Repayment of Bank Debt	(2,425,407)	(1,153,368)	(1,182,710)
Repayment of Revenue Bonds	(1,088,007)	(1,108,007)	(1,663,007)
Proceeds from Early Retirement of Bond Debt	-		-
Proceeds from Federal & State Grants	739,070	4,210,466	697,393
Proceeds from State Appropriation	\$ 115,541	\$ 15,000	259,779
Total cash provided from (used for) financing activities	<u>(2,258,803)</u>	<u>1,964,091</u>	<u>(1,888,544)</u>
Net increase (decrease) in cash & cash equivalents	<u>869,880</u>	<u>2,222,334</u>	<u>(262,825)</u>
Cash and cash equivalents at beginning of period	<u>\$ 16,548,674</u>	<u>\$ 17,418,554</u>	<u>\$ 19,640,888</u>
Cash and cash equivalents at end of period	<u>\$ 17,418,554</u>	<u>\$ 19,640,888</u>	<u>\$ 19,378,063</u>

North Carolina State Ports Authority
Proforma Financial Statement
Supporting Schedules

	Actual FY 2012	Actual FY 2013	Budgeted FY 2014
CASH & CASH EQUIVALENTS			
<i>Current unrestricted assets</i>			
Cash in bank	\$ 4,064,794	\$ 4,261,357	\$ 4,075,701
Investment reserve	9,791,590	11,802,215	11,802,215
Total current unrestricted	<u>13,856,384</u>	<u>16,063,571</u>	<u>15,877,916</u>
<i>Current restricted assets</i>			
Cash & investments - bonds	\$ 3,460,738	\$ 3,537,908	\$ 3,460,738
Cash & investments - construction fund			
State Appropriations	101,432	39,409	39,409
Total current restricted	<u>3,562,170</u>	<u>3,577,317</u>	<u>3,500,147</u>
Total cash & cash equivalents	<u>\$ 17,418,554</u>	<u>\$ 19,640,888</u>	<u>\$ 19,378,063</u>

ACCUMULATED SURPLUS			
Beginning Balance	\$ 218,266,257	\$ 218,775,810	\$ 223,861,063
Net income (loss)	394,012	5,070,253	(126,588)
Contributions			
State appropriations (includes R&R)	115,541	15,000	259,779
Insurance & Private Grants			-
Other changes	-	-	-
	<u>509,553</u>	<u>5,085,253</u>	<u>133,191</u>
Ending Balance	<u>\$ 218,775,810</u>	<u>\$ 223,861,063</u>	<u>\$ 223,994,254</u>

North Carolina State Ports Authority

Capital Budget Request

Fiscal Year 2014

Port of Wilmington

Project Name	Planning Effort	Location	Funding Source(s)	Estimated Cost	Pre 2014	FY 2014	First Year Approved & Year Scheduled for Completion
New Construction and Rehabilitation							
<u>Projects In Progress</u>							
Sewer System Repairs	CP	WIL	RR	293,454	33,675	259,779	2010 / 2014
Subtotal				<u>293,454</u>	<u>33,675</u>	<u>259,779</u>	
<u>Projects Not Yet Started</u>							
TWIC-Compliant Access Cont. System	PS	WIL	G	434,900	-	434,900	2010 / 2014
Subtotal				<u>434,900</u>	<u>-</u>	<u>434,900</u>	
<u>New Requests for FY 2014</u>							
Berth 1 & 2 Structural Repairs (incl. new fenders)	CP	WIL	NR	2,913,656	-	1,555,950	2012 / 2016
New 32' guage Crane Rail - Berth 4	CP	WIL	NR	500,000	-	500,000	2013 / 2014
RR Track and Drainage Improvements East of T2	CP	WIL	NR	425,000	-	425,000	2013 / 2014
Subtotal				<u>3,838,656</u>	<u>-</u>	<u>2,480,950</u>	
Equipment							
<u>Carryover from FY 2013/ In progress</u>							
(2) 8000lb. Forklifts	CP/Equip	WIL	NR	190,000	-	190,000	2013 / 2014
HVAC System - PTIT	CP/Equip	WIL	NR	18,000	-	18,000	2013 / 2014
Subtotal				<u>208,000</u>	<u>-</u>	<u>208,000</u>	
Grand total				<u>\$ 4,775,010</u>	<u>\$ 33,675</u>	<u>\$ 3,383,629</u>	

Note: Key located at end of section

North Carolina State Ports Authority

Capital Budget Request

Fiscal Year 2014

Port of Morehead City

Project Name	Planning Effort	Location	Funding Source(s)	Estimated Cost	Pre 2014	FY 2014	First Year Approved & Year Scheduled for Completion
New Construction and Rehabilitation							
<u>Projects In Progress</u>							
Barge Fleeting Area	MHC EXP	MHC	NR	844,489	24,489	820,000	2013 / 2014
RIT Cams & Intrusion Detection	PS	MHC	G	295,000	142,819	152,181	2012 / 2014
Port-wide Berth Structure Repairs	CP	MHC	NR	27,562,372	2,235,629	275,000	2007 / 2018
Main Gate Relocation @ MHC	CP	MHC	NR	1,473,769	618,769	855,000	2010 / 2014
Subtotal				<u>30,175,630</u>	<u>3,021,706</u>	<u>2,102,181</u>	
<u>Projects Not Yet Started</u>							
TWIC - Compliant Access Cont. System	PS	MHC	G	72,812	-	72,812	2013 / 2014
Fire Alarm System - MHC Maritime Bldg	CP	MHC	NR	75,000	-	75,000	2013 / 2014
Backflow Preventer & Meter - PCS	CP	MHC	NR	75,000	-	75,000	2013 / 2014
Crane 5 Upgrades - structural, mechanical, electrical	CP/Equip	MHC	NR	700,000	-	100,000	2013 / 2018
Subtotal				<u>922,812</u>	<u>-</u>	<u>322,812</u>	
<u>New Requests for FY 2014</u>							
Shipping & Receiving Facility	CP	MHC	NR	50,000	-	50,000	2014 / 2014
New Transformer for Transit Shed 3	CP	MHC	NR	16,500	-	16,500	2014 / 2014
Subtotal				<u>66,500</u>	<u>-</u>	<u>66,500</u>	
Grand total				<u>\$ 31,164,942</u>	<u>\$ 3,021,706</u>	<u>\$ 2,491,493</u>	

Note: Key located at end of section

North Carolina State Ports Authority

Capital Budget Request
Fiscal Year 2014

General Administration

Project Name	Planning Effort	Location	Funding Source(s)	Estimated Cost	Pre 2014	FY 2014	First Year Approved & Year Scheduled for Completion
<u>Projects In Progress</u>							
IT Backup & Security	IT	ADMIN	NR	250,152	125,152	125,000	2012 / 2014
Subtotal				<u>250,152</u>	<u>125,152</u>	<u>125,000</u>	
<u>New Request for FY 2014</u>							
MACH	IT	ADMIN	NR	231,500	-	57,875	2013 / 2015
SAP PM Module	IT	ADMIN	NR	166,840	-	166,840	2014 / 2014
Oracle RAC	IT	ADMIN	NR	100,000	-	100,000	2014 / 2014
ICT/Smartgate	IT	ADMIN	NR	180,000	-	180,000	2014 / 2014
Security Training Software	IT	ADMIN	NR/G	50,000	-	50,000	2014 / 2014
Subtotal				<u>728,340</u>	<u>-</u>	<u>554,715</u>	
Grand total				<u>\$ 978,492</u>	<u>\$ 125,152</u>	<u>\$ 679,715</u>	

Note: Key located at end of section

North Carolina State Ports Authority

Capital Budget Request
Fiscal Year 2014

Major Maintenance

Project Name	Planning Effort	Location	Estimated Cost	Pre 2014	FY 2014
<u>Projects In Progress</u>					
Berth 2/3 Rail Switches	MM	WIL	130,000	-	130,000
Subtotal			<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>
<u>Projects Not Yet Started</u>					
Expansion Joint Repairs in Craneway and Berth 8 Deck	MM	WIL	364,000	-	364,000
Subtotal			<u>364,000</u>	<u>-</u>	<u>364,000</u>
<u>New Requests for FY 2012</u>					
Fire Sprinkler Replacements MHC	MM	MHC	144,000	-	144,000
Subtotal			<u>144,000</u>	<u>-</u>	<u>144,000</u>
Grand Total			<u>\$ 638,000</u>	<u>\$ -</u>	<u>\$ 638,000</u>

Note: Key located at end of section

North Carolina State Ports Authority

Capital Budget Request
Fiscal Year 2014

Key

Planning Efforts

EXP	Port Expansion Program
CP	Core Infrastructure Capital Needs
PS	Port Security
Equip	Capital Equipment
IT	Information Technology
MM	Major Maintenance (funded from Operating Budget)

Location Codes

MHC	Port of Morehead City, General Terminal
WIL	Port of Wilmington (all facilities)
ADMIN	General Administration (Port of Wilmington)

Funding Codes

RR	State Repairs & Renovations Funds
G	Security Grants
NR	Net Revenues

NORTH CAROLINA STATE PORTS AUTHORITY
RECOMMENDED CAPITAL BUDGET
FISCAL YEAR 2014
PROJECT DESCRIPTIONS

Barge Fleeting Area – Morehead City

This project will replace the existing anchorage devices of the barge fleeting area located to the west of Radio Island, and also add new pipe piles for barge anchorage to the east side of Marsh Island, north of the Highway 70 bridge. This project will support the new business receiving DRI (direct reduced iron) at the Port and shipping to NUCOR Steel in Hertford County by barge. The existing barge fleeting system is not be adequate for the volume and size of the barges to be used for this new business. This project will provide series of pipe pilings and the associated mooring hardware as the new anchorage system.

Radio Island Cameras and Intrusion and Detection – Morehead City

The Morehead City terminal needs to upgrade its closed circuit TV system on the Radio Island property to improve perimeter coverage and increase cargo security. A perimeter security system is the first line of defense in a balanced, layered security system. Current coverage of the perimeter is very minimal. Required upgrades include new day-night cameras (with and without Pan/Tilt/Zoom capability). DVR storage capacity will be expanded commensurate to any added cameras.

TWIC-Compliant Access Control System – Morehead City

This project will provide for the installation of TWIC badge readers at the Morehead City general terminal and at the Radio Island Terminal in Morehead City. The work includes the installation of all needed pedestals, software and hardware, and accessories for operation and storage of data, all needed cabling and trenching for the project (electrical and optical fiber).

TWIC-Compliant Access Control System – Wilmington

This project will provide for the installation of TWIC badge readers at various access points at the Wilmington terminal. The work includes the installation of all needed pedestals, software and hardware, and accessories for operation and storage of data, all needed cabling and trenching for the project (electrical and optical fiber).

Port-wide Berth Structure Repairs - Morehead City

The subject title derives from work in 2006 that studied the condition of all berths in Morehead City. The study and analysis described over \$26M in future repair or replacements that will be required. The proposed project in FY14 focuses on the mooring bollards at Berths 8 and 9, which is one of the components of the larger investigation. The existing mooring bollards located are a mixture of hand-made and manufactured devices, and are in poor condition. The capacity of these bollards as it relates to mooring forces from vessels cannot be readily determined by conventional methods. These existing bollards need to be replaced with new, manufactured units that are designed for the required mooring forces. This project will replace 23 bollards at the Berth 8 & 9 area.

Berth 1 & 2 Structural Repairs - Port of Wilmington

This portion of the project consists of the installation of battered piles (piles driven at an angle instead of vertical) to support the landside crane rail beam supports. The original design for this area on the berth provided for minimal horizontal support to the landside crane rail beam. In addition, the steel sheetpile bulkhead which is directly underneath the landside crane rail is in poor condition based upon underwater investigations. There is an average of about 50% metal loss over the entirety of the 1,200-ft long bulkhead. With the increase in cargo operations at these berths, it is critical that this battered pile support system be installed to prolong the structural integrity of the berth. The designs have just been completed and the construction bid package is ready to issue for bids.

Relocation of Main Gate – Morehead City

The Main Gate serves as the primary security control station for the Port of Morehead City terminal and it is the only gate that is open 24/7, and is the primary access for all trucks entering this facility, which handles bulk and breakbulk cargoes. Only rarely is the North Gate opened for special or oversized cargoes. The current gate has been in place for several decades and is approximately 400 to 500 feet from U.S. Highway 70 (Arendell Street) which provides access to the terminal.

There is no designated vehicle and truck security inspection queuing areas outside the gate/fence. This is impractical for the number of inspections that will be required at MARSEC Levels 2 and 3 and there will be insufficient queuing area to handle backed up traffic. The Morehead City Main Gate needs to be relocated to provide an area for security personnel to conduct vehicle inspections and searches during increased security levels and ensure that vehicles do not back up a significant distance on U.S. Highway 70 (Arendell Street) while they are awaiting clearance to enter the terminal. The gate relocation will also provide new security fencing which will place the Maritime Building outside of the secure perimeter, facilitating access to the building for employees, guests, and visitors.

This project will provide an inbound and outbound gate complex area for highway trucks. Project plans includes all site work, paving, drainage, fencing, gates, IT infrastructure, and administration buildings. Several features of the new gate complex layout will be:

1. Gate complex is laid out to provide integrated security and optimized transaction operations.
2. NCSA property will be provided for queuing of vehicles, eliminating congestion on public streets.

Relocation of Shipping and Receiving Center – Morehead City

The existing Shipping and Receiving Center is located in the North Carolina Maritime Building at the Morehead City main terminal. This center functions as the primary customer point of contact for the bulk and breakbulk trucking customers. The checkers work inside this building to assign trucks to their correct cargo and other administrative duties. With the completion of the relocation of the Main Gate facility, the Shipping and Receiving Center will be moved to a new office structure located inside the secure perimeter of the terminal. The new site will provide for more truck parking and make this operation more efficient for the Port and the trucking customers.

Fire Alarm System Upgrades - Morehead City

This project will make the necessary upgrades to the fire alarm system in the Maritime Building. Recent inspections have noted multiple deficiencies in this system. This system is critical to protecting the people working in the building along with the building structure and contents. A new system of detectors and a control panel will be installed, and the old system removed.

Rehabilitate Crane Rail, Berth 4 - Wilmington

This project will replace the 32-foot gage crane rail for Berth 4 at the Wilmington terminal. Crane rails are the rails in which the gantry and container cranes are mounted and allow the cranes to roll up or down the track to work berths. The original (circa 1952), 32-foot gage crane rail sections installed at this berth are worn and are frequently broken. This condition is a safety and operational hazard to the cargo operations that use this berth. The rehabilitation of the crane rail will provide the dock facilities that are safe and efficient for cargo operations.

RR Track and Drainage Improvements east of T2

This project will replace, re-align, and re-elevate an 800' section of track along Transit Road. The road and track have settled over time, and this section of track is under a few inches of water with every significant rainfall. The area does not drain well and NCSPA crews sweep the water out with every event. The track is used daily at this point due to the new rail car unloader for cement, so the work is necessary for rail operations and to prevent further degradation of the track. Several new drop inlets and pipe sections will be added under this contract to improve the drainage of the area.

Install Backflow Preventer and Water Meter for PCS - Morehead City

This project will install a backflow preventer and water meter for the PCS area at the Port of Morehead City. The DENR Public Water Supply section requires backflow preventers of a certain type and style to protect the water supply against the chemicals handled by the PCS operation.

Sewer System Repairs - Wilmington

This project will make the necessary repairs to various portions of the sanitary sewer systems at the Port of Wilmington terminal. These piping systems are a part of an aging infrastructure at the terminal. It has become necessary to repair and/or replace pipelines when they fail under service. Infiltration of groundwater into the sewer system results when pipe and joints fail, causing the NCSPA to pay more since the wastewater is metered. This project may be the first in a series to correct deficiencies and lower our wastewater costs.

Replace Berth 2/3 Railroad Switches – Wilmington

This project will replace three existing railroad track switches located on Berth 2/3. These switches are worn out and cannot be repaired due to the lack of replacement parts. The current situation is an operational and safety hazard to both the Ports employees and the Wilmington Terminal Railroad employees. This track is the only access to the berth areas and must be maintained for the safe movement of cargo.

Expansion Joint Repairs in Craneway and Berth 8 Deck Repairs - Wilmington

This project will repair both dock and craneway expansion joints at various locations at the Port of Wilmington. These expansion joints are a part of an aging infrastructure at the terminal. It has become necessary to repair and/or replace these expansion joints when they fail under service. This project will make the necessary repairs and/or replacement of the expansion joints in order to preserve the integrity of the system. In addition, the concrete deck structure of Berth 8 continues to deteriorate. This deterioration reduces the live load capacity of the structure and limits the ability of the operations department to safely load and unload vessels at this berth. This portion of the project will make repairs to the most damaged areas of the berth structure, including holes in the deck and surface spalling.

Fire Sprinkler Replacements - Morehead City

This project will make the necessary repairs to fire protection sprinkler systems in various buildings at the Port of Morehead City. Recent inspections have noted multiple deficiencies such as leaking pipes, broken pipe hangers, clogged test drains and valves, etc. These systems are critical to protecting both the building and stored cargo and must be repaired and returned to proper working order.

SmartGate / ICT – Containers Wilmington and Charlotte

The SmartGate / ICT project is an upgrade of our current gate and ICT systems. This is needed because our current version is obsolete and no longer supported by the vendor. The new version of the software is backward compatible with our current camera systems, but adds the addition of ground loops for faster more efficient processing of the trucks through the gate system. The upgrade also gives us the needed API's for integration into our new TOS system (MACH) when it is brought online.

Backup and Recovery / DR – Wilmington Charlotte and Morehead City

This project will replace our existing obsolete backup and recovery systems. With the implementation of this new system, we will gain the added functionality of Bare Metal Restore, which allows for the rapid recovery of failed servers, minimizing critical system downtime. This will also give us the flexibility to specify different file retention policies to guarantee compliance with State guidelines for data retention.

MACH – New TOS for Wilmington and Charlotte Containers

With the implementation of CMC Americas, Inc's general cargo warehouse management and billing system, the port has completed 'phase one' of its strategic goal of having a single TOS and billing solution across all Port facilities and terminals. Phase two of this project is the implementation of the vendors TOS (MACH) system into the container operations at the Wilmington and Charlotte facilities. The implementation of MACH will complete the effort of replacing our legacy cargo management systems with a single TOS and billing system.

Oracle RAC (Real Application Cluster) – Wilmington Charlotte and Morehead City

As the Port continues to become more automated, we are finding that our most critical systems are running with Oracle Databases as the foundation of our applications. We currently have our two most critical applications (WARM and TOS) running on an Oracle platform with the plans of migrating SmartGate to Oracle in the near future. In our current environment, we have no fault tolerance for any of our Oracle-based applications, which puts us at risk of significant downtime in the case of a hardware failure. If this failure were to occur it would have a negative impact on all three of our operating locations (Wilmington, Charlotte, and Morehead City) with significant impact on day-to-day operations. With the implementation of Oracle RAC this will give us the “High Availability” and redundancy needed to mitigate the effect that a hardware failure will have on the organization. With the RAC in place we should see an increase in performance and most importantly significantly reduce the chances of a system outage.

North Carolina State Ports Authority

FY 2014 Capital Budget Request
Summary of Capital Expenditures

	Total Cost/Source	Pre FY 2014	Cash Flows									
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Summary of Capital Expenditure												
Capital Projects												
Port of Morehead Expansion Plan	\$ 844,489	24,489	820,000	-	-	-	-	-	-	-	-	-
Port of Wilmington Expansion Plan	\$ 56,495,000	899,266	-	-	2,653,809	15,275,000	18,275,000	11,500,000	7,891,925	-	-	-
Grant Projects	\$ 17,852,712	142,819	709,893	500,000	5,500,000	6,000,000	5,000,000	-	-	-	-	-
Core Infrastructure Projects	\$ 68,029,830	3,952,422	4,187,229	7,495,826	8,385,427	9,350,000	7,900,000	6,703,849	8,476,667	5,776,666	2,900,871	2,900,872
	\$ 143,222,031	5,018,997	5,717,122	7,995,826	16,539,236	30,625,000	31,175,000	18,203,849	16,368,592	5,776,666	2,900,871	2,900,872
Capital Equipment												
Operations - New Requests	\$ 6,100,000	-	-	1,400,000	1,900,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Operations - FY 2013 Carryovers	\$ 208,000	-	208,000	-	-	-	-	-	-	-	-	-
Information Technology	\$ 6,565,492	125,152	629,715	980,625	405,000	695,000	630,000	620,000	620,000	620,000	620,000	620,000
	\$ 12,873,492	125,152	837,715	2,380,625	2,305,000	1,095,000	1,030,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Major Maintenance												
Port of Morehead City	\$ 144,000	-	144,000	-	-	-	-	-	-	-	-	-
Port of Wilmington	\$ 494,000	-	494,000	-	-	-	-	-	-	-	-	-
	\$ 638,000	\$ -	638,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 156,733,523	\$ 5,144,149	\$ 7,192,837	\$ 10,376,451	\$ 18,844,236	\$ 31,720,000	\$ 32,205,000	\$ 19,223,849	\$ 17,388,592	\$ 6,796,666	\$ 3,920,871	\$ 3,920,872

Summary of Capital Funding Source Application

Appropriations & Grants	
Secured Funding	
State	\$ 259,779
Requested Funding	
State Appropriation and R&R	-
Total State Funding	259,779
Total Grant Funding	697,393
Funded from Cash Reserves	820,000
Net Revenues	5,415,665
Total Funding Source	\$ 7,192,837

NCSA Capital Projects List

Project Name	Planning Effort	Location	Op	Estimated Cost	Future Costs	Expenditures Prior to FY 2014	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Utilities																
Backflow Preventer & Meter - PCS	CP	MHC	Gen	\$75,000	\$75,000	\$0	\$75,000									
Sewer System Repairs	CP	WIL	Wmix	\$293,454	\$259,779	\$33,675	\$259,779									
Replace 48-inch Stormwater Outfall- Berth 1	CP	WIL	Gen	\$240,000	\$240,000	\$0						\$240,000				
New LED fixtures at Perimeter Security Lights	CP	WIL/MHC	Mix	\$200,000	\$200,000	\$0		\$200,000								
Lighting at Area B and C	CP	WIL	Con	\$600,000	\$600,000	\$0				\$600,000						
Major Maintenance (not included in Operating Budget)																
Berth 2/3 Rail Switches	CP	WIL	Gen	\$130,000	\$130,000	\$0	\$130,000									
Expansion Joint Repairs in Craneway and Berth 8 Deck	CP	WIL	Gen	\$364,000	\$364,000	\$0	\$364,000									
Fire Sprinkler Replacements MHC	CP	MHC	Gen	\$144,000	\$144,000	\$0	\$144,000									
Equipment (Contract Work on Equip)																
Crane 5 Upgrades- structural, mechanical, electrical	EQUIP	MHC	Gen	\$700,000	\$700,000	\$0	\$100,000	\$100,000			\$500,000					
New Truck Scale(s) / Automate Existing Scale	CP	MHC	Gen	\$150,000	\$150,000	\$0		\$150,000								
Crane 8 - Repainting	EQUIP	WIL	Wmix	\$250,000	\$250,000	\$0		\$250,000								
Cranes 1 and 2 - New Electrical Drive Systems	EQUIP	MHC	Gen	\$200,000	\$200,000	\$0			\$200,000							
Crane 2 - New Electrical Drive System	EQUIP	WIL	Gen	\$500,000	\$500,000	\$0							\$500,000			
				\$68,667,830	\$64,715,408	\$3,952,422	\$4,825,229	\$7,495,826	\$8,385,427	\$9,350,000	\$7,900,000	\$6,703,849	\$8,476,667	\$5,776,666	\$2,900,871	\$2,900,872
IT Projects																
Information Technology Capital Projects (Base)	Equip	WIL/MHC	IT	\$4,200,000	\$4,200,000					\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
MACH	Equip	WIL	IT	\$231,500	\$231,500		\$57,875	\$173,625								
SAP PM Module	Equip	WIL	IT	\$166,840	\$166,840		\$166,840									
Oracle RAC	Equip	WIL	IT	\$100,000	\$100,000		\$100,000									
ICT/Smartgate	Equip	WIL	IT	\$180,000	\$180,000		\$180,000									
IT Backup & Security	Equip	WIL	IT	\$250,152	\$125,000	\$125,152	\$125,000									
FireKing Data Safe	Equip	WIL	IT	\$12,000	\$12,000			\$12,000								
Sharepoint (Doc Mgmt & Website Hosting) HB 200	Equip	WIL	IT	\$65,000	\$65,000			\$65,000								
VOIP	Equip	WIL	IT	\$250,000	\$250,000			\$250,000								
eSAP	Equip	WIL	IT	\$25,000	\$25,000			\$25,000								
SG/ICT/MACH Integration	Equip	WIL	IT	\$60,000	\$60,000			\$60,000								
RSA Dual Intergration	Equip	WIL	IT	\$60,000	\$60,000			\$60,000								
Vshield for Vmware	Equip	WIL	IT	\$50,000	\$50,000			\$50,000								
Microsoft Ent. Agreement	Equip	WIL	IT	\$50,000	\$50,000			\$50,000								
Wireless Controller & Aps	Equip	WIL	IT	\$40,000	\$40,000			\$40,000								
Oracle support with CMC	Equip	WIL	IT	\$15,000	\$15,000			\$15,000								
MDT's (x20)	Equip	WIL	IT	\$115,000	\$115,000			\$40,000	\$75,000							
Conference Room & Video Conference	Equip	WIL	IT	\$80,000	\$80,000			\$80,000								
Wireless Mesh	Equip	MHC	IT	\$40,000	\$40,000			\$40,000								
Core Switches	Equip	WIL	IT	\$170,000	\$170,000				\$170,000							
TWIC Readers	Equip	WIL	IT	\$100,000	\$100,000				\$100,000							
Intrusion Detection Appliance	Equip	WIL	IT	\$25,000	\$25,000				\$25,000							
DataDomain	Equip	WIL	IT	\$90,000	\$90,000				\$90,000							
Webgate Firewall	Equip	WIL	IT	\$10,000	\$10,000					\$10,000						
Servers	Equip	WIL	IT	\$180,000	\$180,000			\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
				\$6,565,492	\$6,440,340	\$125,152	\$629,715	\$980,625	\$405,000	\$695,000	\$630,000	\$620,000	\$620,000	\$620,000	\$620,000	\$620,000
Major Equipment																
Toplifts - Port of Wilmington	Equip	WIL	Con	\$2,500,000	\$2,500,000			\$1,000,000	\$1,500,000							
General Terminal - Wilmington - equipment replacement	Equip	WIL	Gen	\$2,008,000	\$2,008,000		\$208,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
General Terminal - Morehead - equipment replacement	Equip	MHC	Gen	\$900,000	\$900,000			\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Container Terminal - Wilmington - equipment replacement	Equip	WIL	Con	\$900,000	\$900,000			\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
				\$6,308,000	\$6,308,000		\$208,000	\$1,400,000	\$1,900,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
SUMMARY:																
Waterside Expansion Projects Total				\$28,844,489	\$28,623,809	\$220,680	\$820,000	\$0	\$803,809	\$14,000,000	\$13,000,000	\$0	\$0	\$0	\$0	\$0
Landside Expansion Projects Total				\$28,495,000	\$27,791,925	\$703,075	\$0	\$0	\$1,850,000	\$1,275,000	\$5,275,000	\$11,500,000	\$7,891,925	\$0	\$0	\$0
Grant Projects Total				\$17,852,712	\$17,709,893	\$142,819	\$709,893	\$500,000	\$5,500,000	\$6,000,000	\$5,000,000	\$0	\$0	\$0	\$0	\$0
Core Infrastructure Projects Total				\$68,667,830	\$64,715,408	\$3,952,422	\$4,825,229	\$7,495,826	\$8,385,427	\$9,350,000	\$7,900,000	\$6,703,849	\$8,476,667	\$5,776,666	\$2,900,871	\$2,900,872
IT & Major Equipment				\$12,873,492	\$12,748,340	\$125,152	\$837,715	\$2,380,625	\$2,305,000	\$1,095,000	\$1,030,000	\$1,020,000	\$1,020,000	\$1,020,000	\$1,020,000	\$1,020,000
GRAND TOTAL				\$156,733,523	\$151,589,375	\$5,144,149	\$7,192,837	\$10,376,451	\$18,844,236	\$31,720,000	\$32,205,000	\$19,223,849	\$17,388,592	\$6,796,666	\$3,920,871	\$3,920,872

North Carolina State Ports Authority
 FY 2014 Capital Budget Request
 Status of FY 2013 Capital Budget Construction Projects

<u>Project Description</u>	<u>Project #</u>	<u>Total FY 2013 Budget</u>	<u>Status</u>
<u>Port of Morehead City</u>			
Barge Fleeting Area		\$ 750,000	In Progress
Access Control		\$ 674,184	Complete
Main Gate Relocation @ Morehead	10307	\$ 1,045,335	In Progress
Surveillance & Detection (incl. TOS & Fiber)		\$ 32,340	Complete
Surveillance & Detection (incl. TOS & Fiber)		\$ 359,747	Complete
Gate Access TWIC (N Gate)		\$ 75,000	Complete
Laptops for Mobile Data Terminals		\$ 10,000	Complete
RIT Cams & Intrusion Detection		\$ 50,000	In Progress
TWIC-Compliant Access Cont. System		\$ 20,000	Carryover
Trailerable Security Message Boards		\$ 35,000	Complete
Emergency Response Vehicles		\$ 165,000	Complete
Port-wide Berth Structure Repairs	10271	\$ 250,000	In Progress
Fire Sprinkler Replacements MHC	10314	\$ 221,000	Carryover
Fire Alarm System- MHC Maritime Bldg	10329	\$ 60,000	Carryover
Replace Berth 7 Rail Frogs		\$ 500,000	Carryover
Repair & Repave 4th St (between W7 & W8)		\$ 350,000	Carryover
Replace Berth Area Light Fixtures		\$ 55,000	Complete
Backflow Preventer & Meter - PCS		<u>\$ 75,000</u>	Carryover
Subtotal for Port of Morehead City Projects		\$ 4,727,606	
<u>Port of Wilmington</u>			
Equip for Command and Control Center	10276	\$ 964,055	Complete
Cameras and DVRs (Access Control)		\$ 173,000	Complete
Relocation of the Port Entrance Gate	10307	\$ 2,869,175	Cancelled
Gate Relocation	10307	\$ 113,162	Cancelled
Surveillance & Detection (not incl. IT)		\$ 285,705	Complete
CF River Surveillance Cameras / WIL Security Improvements	10321	\$ 200,000	Complete
Security Equipment		\$ 30,000	Complete
Laptops for Mobile Data Terminals		\$ 20,000	Complete
TWIC-Compliant Access Cont. System		\$ 50,000	Carryover
Trailerable Security Message Boards		\$ 35,000	Complete
Emergency Response Vehicles		\$ 220,000	Complete
Cargo Control Center (new)	10157	\$ 50,000	In Progress
Deepen Vopak to 42ft, remove rock, repair & strengthen cells	10306	\$ 230,097	Complete
Replace Fenders at Berth 8	10311	\$ 60,000	Carryover
Expansion Joint Repairs in Craneway and Berth 8 Deck	10323	\$ 400,000	Carryover
Fire-rated Corridors at Maritime Trade Center (ENG)		\$ 35,000	Carryover
Relocate/Replace Dock Lights at T4 & T5		\$ 30,000	Carryover
Fire Protection Study & Sprinkler Repairs	10314	\$ 300,000	Carryover
Replace South Door and Add North Door at T2		\$ 25,000	Complete
Berth 2/3 Rail Switches	99100	\$ 334,950	In Progress
Environmental Document for Transportation Corridor POW	10162	\$ 250,000	In Progress
Patch Asphalt across from DRI Building (and Area F)	10333	\$ 130,000	Complete
Sewer System Repairs	10315	<u>\$ 274,779</u>	In Progress
Subtotal for Port of Wilmington Projects		\$ 7,079,923	
Total for All Projects		<u>\$ 11,807,529</u>	
Total for Completed Projects		\$ 3,719,128	31.50%
Total for Projects in Progress		\$ 3,005,064	25.45%
Total for Projects Not Started		\$ 2,101,000	17.79%
Total for Projects On Hold		\$ -	0.00%
Total for Cancelled Projects		<u>\$ 2,982,337</u>	25.26%
Total for All Projects		<u>\$ 11,807,529</u>	100.00%

North Carolina State Ports Authority

FY 2014 Capital Budget Request

Status of FY 2013 Capital Budget Equipment

<u>Project Description</u>		<u>Total FY 2013 Budget</u>	<u>Status</u>
<u>Port of Morehead City</u>			
	<u>Project #</u>		
Crane 5 Upgrades- structural, mechanical, electrical		\$ 250,000	Carryover
Bulk Hopper Reconstruction		\$ 175,000	Complete
New Truck Scale(s) / Automate Existing Scale	99200	\$ 150,000	Carryover
Sweeper		\$ 220,000	Complete
Mobile Boom Truck Crane		\$ 125,000	Cancelled
Tank Car/Trailer Safety Ladder		\$ 8,000	Cancelled
Pad Mount Transformer		\$ 15,000	Carryover
Fiberglass Boat & Motor		\$ 15,000	Cancelled
(2) 10yd Cable Clam Shell Buckets		\$ 90,000	Complete
Bucket truck		\$ 35,000	Complete
Backhoe Tractor		\$ 75,000	Cancelled
		<u>\$ 1,158,000</u>	
Subtotal for Port of Morehead City Equipment		\$ 1,158,000	
<u>Port of Wilmington</u>			
3 Trucks		\$ 60,000	Complete
Warehouse Heater		\$ 5,800	Cancelled
Towing Tug		\$ 20,000	Cancelled
New Bulk Hopper		\$ 500,000	Cancelled
New Truck Scales near CCC		\$ 300,000	Cancelled
		<u>\$ 885,800</u>	
Subtotal for Port of Wilmington Equipment		\$ 885,800	
Total for All Equipment		<u>\$ 2,043,800</u>	
Total for Completed Projects		\$ 580,000	28.38%
Total for Projects in Progress		\$ -	0.00%
Total for Projects Not Started		\$ 415,000	20.31%
Total for Cancelled Projects		\$ 1,048,800	51.32%
Total for All Projects		<u>\$ 2,043,800</u>	<u>100.00%</u>