

A Few Facts about the Planned Megaport at Southport

The North Carolina Department of Transportation has taken over the State Ports Authority and its proposed project to construct a “megaport” container terminal at Southport on the Cape Fear River.

Cost—\$4.4 billion. The State Ports Authority’s consultants provided this estimate for the cost of the planned megaport and its related infrastructure in June 2010.

Location—Next to a nuclear plant and ammunition depot. The site of the megaport adjoins a nuclear power plant with two reactors and an above-ground spent-fuel storage facility, and the Military Ocean Terminal at Sunny Point, the largest marine ammunition terminal in the world.

Channel—A deepwater port where the water is not deep. The Cape Fear River at the megaport site is two feet deep. Necessary dredging to reach the current channel and increase its depth from 42 feet to the required 55 feet for 17 miles out to sea has been estimated by the US Army Corps of Engineers to cost \$1.2 billion. The State would pay 60% of this cost—\$720 million. Maintenance dredging is estimated to cost \$17 million per year; the State would pay half—\$8.5 million per year.

Infrastructure Inadequacy—Nearest interstate highway is 20 miles away. Road and rail improvements needed for the megaport have been estimated to cost \$584 million—to be paid by the State.

Market—NC business goes elsewhere. 80% of North Carolina international commerce moves through ports in other states (at Norfolk, Charleston, and Savannah) which are close by and offer more vessel calls and more foreign destinations. The existing Wilmington port operates at about half its capacity despite excellent service, the lowest rates in the Southeast, and a State tax credit. The excess capacity at Wilmington and other nearby ports meets the needs for the foreseeable future.

Business Case—Megaport requires ten times the traffic as Wilmington. The business plan for the proposed megaport requires annual container volume of three million twenty-foot equivalent units (TEUs). The existing Wilmington port volume has never exceeded one-tenth of that—three hundred thousand TEUs. Wilmington’s geographic disadvantages and distance to markets would not be solved by a megaport at Southport—the proposed location only makes matters worse.

Subsidy—Ports lose money. State Ports’ revenues cover operating costs but not capital costs; those must be appropriated by the General Assembly. The State provides a tax credit for port users. No property taxes are paid to host communities. Other states also subsidize their ports.

Opposition—Six closest local communities are opposed. The communities of Southport, Boiling Spring Lakes, St James, Oak Island, Bald Head Island and Caswell Beach have all adopted resolutions of opposition. This opposition is based on the increased shoreline and beach erosion caused by dredging and ship traffic; the threat of salt water intrusion in the Castle Hayne fresh water aquifer; and the overall negative impact of ship and truck traffic on the recreation-based economy.

Money Pit—Where a feasibility study leads. The next step is a Corps of Engineers feasibility study for the necessary dredging. The State would pay at least \$5 million, half of the estimated total cost of over \$10 million. The study would take five years or more. A similar study for Savannah has taken 12 years and consumed \$40 million. The NC State Ports Authority has already paid \$48 million for the megaport site, preliminary studies, and debt service. \$44 million in debt remains outstanding.