

MEMORANDUM FOR MEMBERS OF THE GENERAL ASSEMBLY

Prohibition on Funding for Another Port on the Cape Fear River

The plan for a large container port on the Cape Fear River at Southport (f.k.a. North Carolina International Terminal) has consumed nearly \$50 million in State funds and continues to consume State funds now that the State Ports Authority has come under the Department of Transportation.

The fiscal year 2011 budget contained language prohibiting State funding of the project. For fiscal year 2012, similar language, adapted to reflect transfer of the State Ports Authority to the Department of Transportation and its extensive funding, was included by the House in H200, the budget bill. That language was removed without explanation in the Senate by parties unknown. When the bill became law, a study being conducted by the Department of Transportation at a cost of \$2 million immediately changed its focus to a “deepwater” port at Southport where, alas, the water is not deep.

We urge that the fiscal year 2013 budget restore language to prevent further State spending on a new port on the Cape Fear River. Otherwise, the bureaucracy will roll the project along and spend more millions.

- The latest credible estimate of the cost of the proposed port at Southport is \$4.4 billion, with associated dredging and landside infrastructure. The NCDOT Maritime Strategy Study February 15, 2012, draft has an estimate of \$6.1 billion for the port and associated dredging and infrastructure. The Wilmington District of the Corps of Engineers has estimated the cost of the dredging at \$1.2 billion. The State share of dredging would be 60%, or \$720 million.
- The State and the Corps of Engineers are beginning a \$10 million feasibility study for “Wilmington Harbor Improvements.” The Corps “Section 905(b) Analysis” establishing the scope of that study shows the \$1.2 billion dredging for the port at Southport as an alternative.
- The port project has cost nearly \$50 million for the terminal site, studies, and debt service. \$44 million has been borrowed and is now debt of the State Ports Authority. The NCDOT Maritime Strategy Study has cost \$2 million and portends more study.

We suggest this language for section 30.8 of a new bill:

**PROHIBIT EXPENDITURES FOR A SECOND PORT ON THE CAPE FEAR RIVER**

**SECTION 30.8.** Notwithstanding G.S. 136-253 and any other provision of law, no funds from the General Fund (including without limitation funds allocated to Water Resources Projects), Highway Fund, or Highway Trust Fund shall be used to fund a second port on the Cape Fear River or any studies with respect thereto.

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