

INDUSTRY STAKEHOLDER MEETING RECORD

INDUSTRY GROUP: North Carolina State Ports Authority

DATE: June 14, 2011

LOCATION: Port of Morehead City

PARTICIPANTS:

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| <u>NCSPA</u> | <u>Maritime Strategy Team</u> |
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The Maritime Strategy team met with NCSPA on June 14, 2011 from approximately 10:30 am to 2:30 pm. The purpose of the meeting was to discuss the operations and tour the terminal facilities at Morehead City. The group also toured the Radio Island site.

PCS (export)

- Terminal site on north side of US 70 leased for PCS potash export operations.
- Phosphate barged from Aurora – approximately 2MM tons per year.
- PCS proposal to expand facilities westward (\$100MM investment) to incorporate processing of materials on-site. Permitting is underway for this new sulfur facility, which would require wharf extension and channel dredging.
- Phosphoric acid (liquid)
- Liquid sulfur
- Ingredients for dog/cat food stored in two dome buildings
- PCS's Aurora ship for phosphate takes 24 to 36 hours to unload

Logs / wood chips (export)

- Chipped on site for export as replenishable fuel source
- Trucked in from NC – local resource important to local economy
- Destined for Turkey
- Wood chips 3,000 tons/hour
- Very active – keeps loggers, truckers, port operators and chippers very busy – excellent economic boon

Grancrrete (export)

- As yet unsuccessful effort to promote new product - 1" thick is much stronger than 3-1/2" thick regular concrete.

Nucor (import)

- scrap steel destined for western NC
- limited volumes

Natural rubber (import)

- Natural rubber is imported in containers via steel baskets and on pallets. It is railed or trucked to Goodyear, Bridgestone and Michelin factories throughout the Eastern US. The baskets are reusable.
- Rubber used to only come into New Orleans, but with the hurricane and severe flooding a few years ago, Goodyear and Michelin moved some of their shipping to Morehead City and it has been there ever since. This keeps their supply chain more diversified and adds redundancy.
- Inventory management performed by port staff in terminal warehouses before delivery to one of 4-5 regional tire plants in NC and SC
- Dwell time in warehouse usually 1 to 1.5 months
- 10 to 15 minutes to load baskets of natural rubber blocks. Each block weighs 75-80 lbs. 15 baskets to a truck. 300 to 400 [blocks?] to a container (clarify if this was blocks of rubber or some aggregation of blocks).

Lumber (import)

- Lumber from Brazil is imported for fencing. It is sent to a treatment plant, then to Lowe's for retail sale.
- Very limited volumes due to construction slowdown

Potash (import)

- From India for agricultural use (fertilizer)
- Approximately 10 minutes to load 25 tons of potash into a truck

Construction materials for Martin Marietta (import)

- Rock used for base material
- dwell time for aggregate currently on site has been over 1 year because of construction slowdown
- 44,000 tons unloaded in approx. 16 hours

Military

- US Navy makes 10 to 15 movements through the port each year.
- RoRo ramp used for loading/unloading of vehicles and equipment
- Small barracks on property are for the Navy when they are working with cargo.
- The road and RoRo ramp at the end of Radio Island are owned by the Navy.

Cargo handling equipment:

- Gantry crane from 1967 – functional and work well, but is outdated. 115 ton capacity
- Bridge crane at berth 9. 50 ton capacity (need to confirm that figure)
- The cranes have access to the railcars on the west side of port property for direct loading and unloading to a vessel.
- Two hoppers – right now used for potash unloading in following process: ship → crane → hopper → dump truck → warehouse
- Hydraulic truck lift – quite new. Lifts an entire 18-wheeler up on a severe angle (near 90 degrees) so the contents of the box can be emptied by gravity. Used for the woodchip work.
- Conveyor belt systems for bulk loading/unloading
- Much cargo is unloaded from vessels using shipboard cranes

Beaufort Inlet channel

- 1-1/2 hours from sea buoy to berths
- Approx. 6 miles to open ocean

- Some natural depths in the channel are as deep as 56 feet. Berth 1 is approx. 35-40 feet deep. Berths 2 & 3 are approx. 53 feet deep. Berth 7 is approx. 35-38 feet. Berths 8 & 9 are 36 feet and were dredged by the port (not USACE).

Land & facilities:

- The port owns Brandt Island, Radio Island, and a third island (except for Radio Island, used for dredge disposal; Radio Island was previously a dredge disposal site)
- Narrow spacing between some warehouses and berths (approx. 20 feet including train tracks for the dock apron) because original design facilitated water to rail and water to warehouse movements.
- RoRo ramp at Berth 9
- Warehouse (new) near Berth 9: holds 2-3 ships of rubber.
- Transit Warehouse 13 is next to Berth 7. It is approx. 95-100K square feet.
- Transit Shed 2 is for breakbulk.
- Building 6 has bulk potash

Highway access

- The US 70 Gallants Channel (sp?) bridge that is to connect Radio Island with Beaufort will have a 65 foot clear navigable span. The money has been allocated; the bridge should be finished in late 2012.
- Some conceptual level road design was done to improve highway access to Radio Island, including a compressed diamond interchange.

Rail service

- NS is the owner/operator of/on the track outside of the port. NS generally comes to the port on Mondays, Wednesdays, and Fridays
- The port owns the track starting at approximately the port entrance. Most of the port is accessible by rail.
- NCSPA contracts with CNLA – Carolina Coastal Rail Road Company to provide railroad service and switching within the port limits. CNLA trains were seen moving around the Morehead City section of the port on the south side of US 70.
- Part of the trestle across the water between Morehead City and Radio Island has been replaced but the bascule is still in fair condition and needs replacement so they have not been running trains onto Radio Island recently.
- On Radio Island, there is track accessing the port's land and a spur that leads to a rail maintenance facility they own; track and ties replaced on US 70.

Radio Island

- EIS was done for Radio Island for breakbulk. Moffatt & Nichol did some updating approx. 2006/7. The port had some outside interest for developing, but mainly for being associated with NCIT.
- Of 180 acres, about 120 are developable.

Personnel

- Longshoremen on port unload shipments onto dock; State workers transfer into warehouses.
- Once in warehouse, shipments become property of the port and port employees handle them.
- Port staff are state workers paid from revenues generated by the port.
- Among few high-paying jobs in area

Other

- Humanitarian efforts staged at port – for example, vessels were loaded for Haiti disaster
- NC Oyster Shell Recycling – restaurants drop off their shells in a set location. The port then dumps them in various water locations

Maritime Strategy Team action items resulting from the discussion include:

1. Obtain list / locations of NC and SC tire plants using rubber imported through MC
2. Confirm warehouse uses
3. Confirm load/unload rates
4. Confirm water depths