

Southport Port Proposal Spurs Opposition

Commercial viability, adjacent nuclear plant cited as concerns

By Don Carrington

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CJ Photo by Don Carrington

The proposed Southport port would be located between the yellow property line and the Cape Fear River. The broken red line shows the rail line that services the Brunswick Nuclear Plant (center). The plant's cooling canal is on the right.



SOUTHPORT — Nearly five years have passed since the North Carolina State Ports Authority bought 600 acres near Southport to build a \$3 billion project it calls “America’s next great port.” Project boosters are confident the port will be built even though at least five more years of study will pass before construction might begin. The next study phase is on hold pending a commitment from the administration of Gov. Bev Perdue.

The authority claims the project will support over 400,000 jobs, generate additional state and local tax revenues, and “offer convenience to millions of U. S. consumers and businesses.”

The project has attracted significant opposition from NoPort Southport, a nonprofit established to oppose it actively. A study commissioned by NoPort Southport questions the ability of a new port to handle enough traffic to make it viable commercially when the nearby Wilmington port, also owned by the state, is being expanded.

Moreover, the proximity of the proposed port to Progress Energy’s Brunswick Nuclear Plant has raised concerns about both the plant’s security and potential emergency access to the facility if freight trains servicing the port were to stall or derail.

Perdue is aware of the opposition. “While she supports the concept of a port that could bring thousands of jobs to North Carolinians and have a significant economic impact, she also insists that significant public input is crucial before moving forward with building the port. This is a divisive issue, and both sides deserve to be heard,” Perdue Communications Director Chrissy Pearson told Carolina Journal.

Officially named the North Carolina International Terminal (NCIT), the idea was launched in 2005 when the Ports Authority learned that an undeveloped 600-acre site on the Cape Fear River was for sale. It acquired the property in early 2006 for \$30 million, even though it had no study justifying the development of a new port or any feasibility study for that specific site. The U. S. Army Corps of Engineers, a key partner in the project, has completed a preliminary study, and the Ports Authority has completed two separate studies.

The beginning

In the early 1970s, the pharmaceutical company Pfizer began buying land 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 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 property. In October 2005, Staubach notified North Carolina’s Southeast, a state-funded regional economic development organization, about the 600-acre tract.

N. C. Southeast and the N.C. Department of Commerce maintain information on industrial property for sale. Paul Butler, the Southeast director at that time, told CJ he contacted the Ports Authority about the land and Eagar immediately initiated actions to acquire it.

In December 2005, the Ports Authority Board of Directors approved the purchase of the Pfizer site for \$30 million, or \$50,000 per acre. The transaction needed the approval of when Gov. Mike Easley and his Council of State.

The Council of State — made up of the governor and the nine other separately elected state officials, including the lieutenant governor, attorney general, and state auditor — must approve most state real estate transactions. In February 2006, the council approved the Ports Authority request to purchase the property.

In July 2006, the Ports Authority hired international engineering and consulting firm CH2M Hill to design and manage development of the port. The Authority expanded the scope of work in August 2006 to include “a business plan and financial strategy to take the project to construction,” according to a Ports Authority newsletter. The business plan was completed in March 2008.

The Ports Authority commissioned a separate feasibility study for use in a revenue bond offering. That study by Moffatt & Nichol, completed in February, concluded the project was feasible.

NoPort Southport

NoPort Southport hired Mike Rice, a retired transportation planning consultant with homes in Connecticut and Southport, to review the NCIT's business plan and the Army Corps' initial study. Rice is an active member of NoPort and attends most Ports Authority meetings.

NoPort has shared Rice's review with legislators and several media organizations. Rice told CJ that the Ports Authority tentatively has agreed to hear NoPort's opposition arguments at the next Ports Authority meeting.

Among Rice's conclusions were that the site presented numerous difficulties for a deepwater port, "the most formidable of which is that the water is not deep."

He also pointed out that the Port Authority's business plan is based on capturing six times the share of Southeastern U.S. container traffic currently going through the Port of Wilmington. "Because of access and geographic factors, and such capture at all is unlikely," stated the review.

His review also concluded that North Carolina's needs for import and export facilities would be best met through the Port of Wilmington expansion plans that have already begun.

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. And, "the location of the proposed NCIT raises significant operational and security issues for our company," he wrote.

Yates said that a major construction project and ongoing shipping and operation directly adjacent to the nuclear plant would challenge plant security. Another major concern is that the NCIT 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 would typically be a mile long and presumably still be a specific safety concern for Progress.

'Cannot allow this to fail'

"There is no way this project will fail. There is no way we can allow this project to fail," Ports Authority CEO Tom Eagar told CJ during a break at a Ports Authority board meeting in May. 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.

NoPort Southport believes that all aspects of the project — including the feasibility study — should be put on hold. Among its concerns is the belief that the business case for the NCIT "rests on very questionable assumptions" about the magnitude of container business the NCIT would be able to capture, and that funding for the project may be difficult to secure. NoPort also sites environmental concerns, safety issues with the adjoining nuclear, and infrastructure problems that should be resolved before a feasibility study is started.

The Ports Authority, an agency of the N. C. Department of Commerce, currently operates state ports in Wilmington and Morehead City, plus inland terminals in Charlotte and Greensboro. It is governed by an 11-member board of directors. The governor appoints seven members and designates the chairman and vice-chairman. The General Assembly appoints four members.

Gov. Mike Easley appointed current Chairman Carl Stewart, Jr., of Gastonia, a former speaker of the N. C. House of Representatives. Stewart's term ends on July 1, but Perdue has reappointed him to another 6-year term.

The project

The property is three miles from downtown Southport and 20 miles down river from The Port of Wilmington. Developing the site will require extensive dredging and the destruction of natural areas along the river. Major highway and railway improvements will be necessary to access the site.

The project has two main components. The first is the dredging of the river and sea channels to a depth of 50 feet. Those tasks would be the responsibility of the Army Corps. The state would be responsible for the second component —development of the shore facilities, including the construction of adequate roads and rail lines.

The Army Corps needs a specific local partner before it can proceed with a feasibility study.

While the local partner could have been another agency, state and Army Corps officials decided the best local partner would be the N.C. Department of Environment and Natural Resources. Secretary Dee Freeman, an appointee of Perdue, said DENR has partnered with the Army Corps on several other projects and due to numerous environmental issues he wanted his agency to be involved early in the feasibility study phase.

Freeman told CJ that after consultation with Perdue, he would decide sometime this summer whether to sign a letter of intent to partner with the Army Corps and pay half of the cost of a feasibility study expected to run \$10 million.

Before the feasibility study can proceed, it also must receive specific funding approval from the both Congress and the General Assembly.

Freeman is open-minded on the conclusions of a feasibility study. He said it might conclude that a new port is not a good idea, or that it is a good idea, but the Southport site is not a good location. Freeman, Eagar, and Army Corps officials have told CJ that a feasibility study may take up to five years.

Don Carrington is executive editor of Carolina Journal.