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Unload the megaport project

by Richard O. Mason, Ph.D.

SOUTHPORT North Carolina appears ready to submerge into another money sink: the proposed North Carolina International Terminal. This, even though classroom teachers are being laid off, medical and dental care is being forgone and over \$30 billion is still needed for road repairs.

A money sink is any form of expenditure, large or small, that flies under the radar until it somehow gets approved and taxpayer money is spent. North Carolina has had its share of them. Think about Sparta's Teapot Museum, the Randy Parton Theatre and the Global TransPark.

The terminal project, proposed during Mike Easley's tenure as governor, would be a container-ship megaport on 600 acres bordering the Cape Fear River at the northern edge of Southport. At current projections, sure to escalate like the second Oak Island bridge, NCIT will cost taxpayers more than \$3 billion for construction and infrastructure.

The U.S. Army Corps of Engineers-Wilmington District is asking the state for a letter of intent to participate in the cost of a feasibility study to dredge the river for this project. It would be an expensive study, estimated at \$10 million, of which the state would pay \$4.7 million.

But this project has already been studied by consultants to the State Ports Authority and by the Corps of Engineers. This is what emerges from the reports:

The business case is unsubstantiated. It is predicated on a "build it and they will come" theme. The plan is to capture business, in excess of six times the volume handled by the Port of Wilmington, from other ports - including the established deepwater ports at Hampton Roads, Charleston and Savannah, all of which have current expansion plans and are aggressive competitors.

The NCIT was conceived as being financed as a concession by a private operator. The Ports Authority has been looking for such an investor since purchasing the property four years ago, but the only prospect to show an interest quickly withdrew. So at the current time, the state remains the sole underwriter for the billions involved.

The ultimate cost will be huge, and we really don't know how huge. The terminal alone has been

estimated to cost \$1.4 billion. The Corps has estimated that dredging the Cape Fear River to the necessary depth would cost another \$1.2 billion. North Carolina would pay 60 percent of that bill. (The state still owes about \$30 million for current dredging.)

In addition there are substantial infrastructure requirements: a new road system at about \$270 million, \$72 million for railroad work and \$60 million or \$70 million for engineering, rights-of-way and permit-granting. These are conservative estimates. Altogether, the price tag comes to more than \$3 billion and counting. The real, final cost to North Carolina taxpayers will be higher.

The location is vulnerable to security and safety breaches. The site is near two nuclear reactors and the largest military munitions terminal in the Western Hemisphere, so the consequences of a hazardous material mishap like the one that recently occurred at Morehead City could be catastrophic. The lesson that should be learned: "If you think safety is expensive, try having an accident."

An environmental catastrophe, however, is assured, and no expenditure on mitigation, however expensive, can escape it.

The Cape Fear River estuary is recognized as a "biodiversity hotspot" by the Nature Conservancy. Its precious wetlands and marshes are the habitat for greater diversity of plant and animal species than anywhere along the East Coast north of Florida. The U.S. Fish & Wildlife Service, in a letter to the Corps of Engineers about the project, said that the NCIT project "when considered in its entirety, would result in a permanent loss of environmental resources and ecosystem services from the region." Consequently, there is no "federal interest" in a project that would result in permanent environmental loss of this magnitude.

The legislature and the Perdue administration must look for other uses of limited funds and acknowledge that it would be imprudent to spend \$10 million on an unneeded feasibility study when in actuality a definitive feasibility study would cost many times that amount. A white elephant initiated during the Easley administration must be laid to rest. More than a money sink, it is a potential abyss.

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