



# 2021 STRATEGIC PLAN

**NORTH CAROLINA PORTS**® 

## Letter from Executive Director Brian E. Clark

The North Carolina State Ports Authority is committed to safety, integrity, service, and teamwork. Our commitment to people – our employees, our customers, our partners, and our community – serves as the driving force for our future.

Through intensive and interactive planning, North Carolina State Ports Authority leadership has identified four key strategic pillars that uphold our mission to enhance the economy of North Carolina as a gateway to global markets. The 2021 Strategic Plan seeks to continue growing cargo volumes, expanding global coverage of vessel services, engaging and supporting our economic development partners across the state, and developing our internal and external talent pipeline. This plan of action will provide organizational direction, identify growth opportunities for NC Ports and the state, and transform the way we operate.

Our recent capital improvements have allowed us to serve larger, more efficient vessels while maintaining best-in-class vessel productivity, gate turn times, and rail dwell times. NC Ports opened an expanded refrigerated container yard in 2020 and record volumes quickly required even more refrigerated capacity in the near term. A partnership between the Duke Energy-Progress, NC Ports, and the state raised the Duke Power lines over the Cape Fear River to allow for the largest ships on the East Coast to call our port. Most recently, the Wilmington Harbor Navigation Improvement Project received conditional authorization and inclusion in the federal Water Resources Development Act of 2020. These improvements continue to align with our vision to bring the best value to our customers.

However, there is still more work to be done on our ports. Projects such as the new container gate project, new operational technologies, and network and cybersecurity initiatives will allow us to grow our capabilities while protecting the exchange of information. Adapting to evolving technologies, continual investment in capital improvements, and diversifying our cargo verticals are at the forefront of change. The publication of our Environment Management System (EMS) in 2021 shows NC Ports' commitment to the community and the environment. The EMS is an integrated, proactive approach to managing environmental responsibilities and objectives, ensuring a systematic approach to continual improvement of environmental performance. The EMS establishes environmental management as an intrinsic part of NC Ports' overall business philosophy and management of operations.

We continue in our commitment to meet and exceed industry standards while increasing efficiency that positions us as the most productive port on the East Coast. Our five-year plan will continue to emphasize this vital role we play in our community, our state, and our industry.

Through the implementation of the 2021 Strategic Plan, and by fostering stakeholder relationships, we will showcase our value as an organization, economic contributor, and asset to North Carolina. Working together as a team, we will proactively prepare for the future to continue fulfilling the mission of NC Ports.



Brian E. Clark, Executive Director

June 2021



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# Strategic Plan

This Strategic Plan aligns the North Carolina State Ports Authority's (NC Ports) organizational priorities and activities over the next five-year period with the Mission and Vision built upon the organization's employee-developed Core Values. These shared beliefs, combined with market-based objectives and economic development goals, drive the organization's culture and priorities by providing a framework in which all decisions are made.

Stakeholder engagement, initially via Board of Directors and senior management input, followed by customer and employee interviews and workshops, helped NC Ports identify, validate, and prioritize strategic initiatives. Once the 2021 Strategic Plan is adopted, NC Ports will establish a program with timelines and responsibilities. Key performance indicators will be used to measure overall health and track performance against the 2021 Strategic Plan, ensuring a continued focus on efforts that will result in NC Ports continuing to fulfill its mission.

## MISSION STATEMENT

The Mission of NC Ports is to be the gateway to global markets and to enhance the economy of North Carolina by supporting and improving the state's logistics network.

## VISION

To be the preferred East Coast port because of the value we bring to all stakeholders.

## CORE VALUES

**Safety:** NC Ports is committed to putting safety first in all decisions and actions.

**People:** NC Ports is passionately committed to our employees, our customers, and the communities that we serve.

**Integrity:** NC Ports is respectful of all Port stakeholders and performs every task safely, responsibly, and ethically.

**Service:** NC Ports strives to provide innovative solutions and the highest level of service to our customers each and every day.

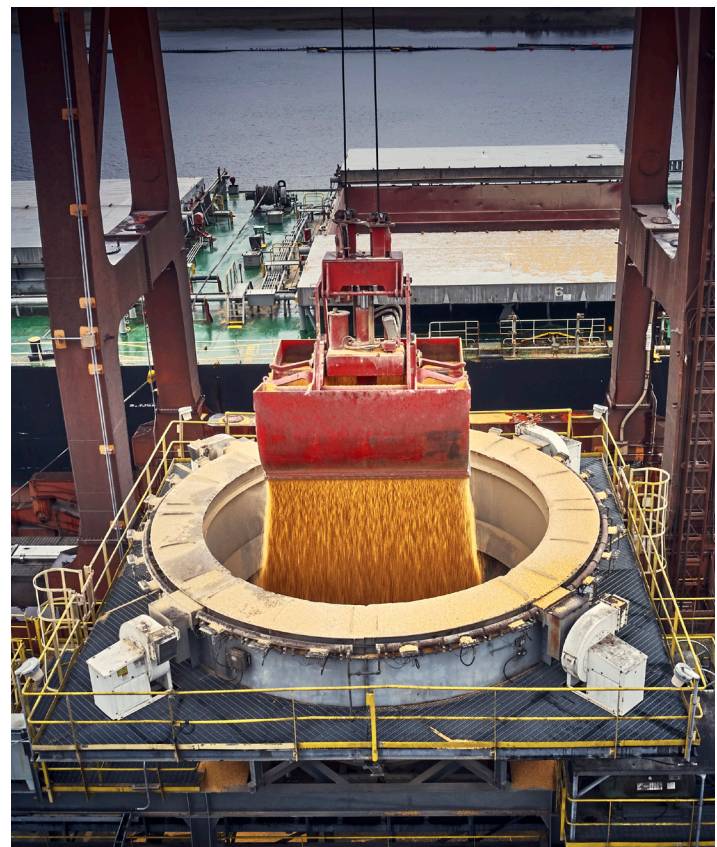
**Teamwork:** NC Ports is focused on the development of our team and future leaders so we can help our customers achieve their goals and objectives.

## CORE PILLARS

In early planning discussions, NC Ports' Board of Directors and senior management team members developed the core pillars for establishing the 2021 Strategic Plan. Employees from all departments, levels, and facilities participated in developing initiatives needed to achieve the projected five-year forecast, leverage opportunities and strengths, and minimize threats and weaknesses.

The core pillars of the plan are:

- Growth of Cargo Volumes
- Expand Global Coverage of Vessel Services
- Engage and Support State-wide Economic Development Projects
- Develop the Talent Pipeline





## ECONOMIC IMPACTS

NC Ports connects the state's consumers, markets, businesses, and industries to the world markets, and serves as magnets to attract new business and industry to the state. Efficient port access for all types of goods is an essential element of integrated supply chains — from consumer and finished goods to industrial components and commodities or raw materials. Raising awareness and appreciation of NC Ports' value is an important tool to communicate why ports are critical to a healthy statewide economy. International trade is a vital business component of many North Carolina industries, specifically agriculture, manufacturing, mining/aggregates, pork and poultry, and forest products.

North Carolina exporters rely on nearby port facilities for efficient access to global markets. In

turn, goods imported through NC Ports provide products to support North Carolina businesses including manufacturing plants, agriculture, major distribution centers, and retailers. The presence of port facilities also attracts a variety of value-added services that support employment in industries like trucking, rail, distribution, logistics and more. The Ports of Wilmington and Morehead City are a critical link in the supply chain that grows the economy and creates jobs throughout the state. In all, North Carolina's port activities contribute to more than 87,700 jobs and \$15.4 billion in economic output to the state on an annual basis.

Future Economic Contribution studies will be commissioned to measure the impact of NC Ports on the economy of North Carolina over this plan's five years.



*North Carolina Ports' Annual Economic Contributions  
(NC Ports 2018 Economic Contribution Study, NC State University's  
Institute for Transportation Research and Education)*



## CURRENT OUTLOOK

Trade with Asia continues to play a dominant role in the world market. Shanghai, China is the world's busiest port, handling over 43.5 million twenty-foot container units (TEUs). In comparison, the largest port region in the United States is the combined ports of Los Angeles and Long Beach which handle 17.3 million TEUs. On the US East Coast, the Port of New York and New Jersey handles 7.6 million TEUs, Savannah 4.7 million TEUs, Norfolk 2.8 million TEUs, Charleston 2.3 million TEUs, and the Port of Wilmington handles more than 330,000 TEUs.

The expansion of the Panama Canal in 2016 represented a significant risk to NC Ports as the Port of Wilmington was not in position to accommodate larger class container vessels. Over the past five years, ocean carriers deployed increasingly larger vessels to achieve better economies of scale on their services. These vessels require deeper water, higher air draft, larger cranes, and access to large markets.

Through the support of NC General Assembly and annual capital appropriations, upgrades to the infrastructure allowed NC Ports to compete for new and expanded container services. The recent completion of container berth upgrade projects, new neo-Panamax ship-to-shore cranes, raised Duke Energy-Progress power lines, and expansion of the Wilmington turning basin were all required to remain a viable option for carriers to call NC Ports.

Future projects include the deepening of the Wilmington navigational channel to accommodate fully laden neo-Panamax container vessels that call the Port of Wilmington. The U.S. Congress has conditionally authorized the Wilmington Harbor Navigational Improvement Project (WHNIP), and the project is included in the federal Water Resources Development Act of 2020. Addressing the conditions and securing the required federal and non-federal funding will be critical during the next five years. A deepened channel will have a positive benefit-to-cost ratio by lowering costs of moving cargo through the Port of Wilmington and into the state and region. Continued investments, including improvements to the current post-Panamax container cranes, will also be necessary to sustain the current level of growth due to increased vessel dimensions of neo-Panamax vessels.

Improvements to the inland infrastructure are also necessary, including reliable and cost-competitive intermodal rail service to expand options beyond the local truck market. NC Ports' container volume is forecasted to grow 50 percent to reach 500,000 TEUs per annum by 2026. By the end of 2021, NC Ports anticipates the operational start of the CSX Carolina Connector Terminal (CCX) in Rocky Mount, NC. With access to the larger CSX inland network, 50,000 containers are projected to arrive or depart the Port of Wilmington via rail over the five-year time frame. In fiscal year 2021, intermodal rail volume is expected to exceed 7,500 containers while serving only the Charlotte market via the Queen City Express (QCE) rail service. The Port of





Wilmington will need to achieve an average year-over-year growth of 8.5 percent to meet the fiscal year 2026 rail volume target. Traction toward this target will rely significantly upon annual carrier contracting cycles from 2022 onward.

As intermodal rail volume grows toward the 2026 target, NC Ports will need to expand its rail storage capacity on port, as well as install and deploy a dedicated radiation portal at the intermodal yard, which is a U.S. Custom & Border Protection requirement. The Wilmington Beltline rail project will include improvements to track, at-grade crossings, and rail bridges, allowing for trains to move at higher speeds between Davis Yard and the Port. There will also be on-terminal Port improvements required to improve velocity, capacity, and reliability. Should CSX relocate its domestic cargo operations from its Charlotte Intermodal facility to CCX, there may be an opportunity to recalibrate how the Queen City Express service operates. In the longer term, an increase in rail volumes could stress the existing rail infrastructure beyond the next five years.

A new truck access at the North Gate will be required to handle growing volumes of freight traffic related to both port growth and diversion of truck traffic away from the South Gate. A future gate design will separate truck and rail freight to improve movement of both modes, including the Queen City Express

intermodal rail service and the opening of the CCX facility. Additional port terminal improvements will be required as part of a holistic rail strategy.

As the demand for container services continues to grow, so does the demand for port capacity and vessel space to accommodate breakbulk commodities and project cargo. Terminal operators face a growing dilemma between committing space for additional container throughput volumes and accommodating breakbulk commodities that require greater acreage per ton handled. With strong economies worldwide, sufficient volumes exist for both the container operators and the breakbulk project cargo vessel operators to co-exist and provide NC Ports a continued opportunity for a diverse revenue stream. Ports with sufficient space to support both lines of business will be successful in leveraging breakbulk clients that are losing their facility options at other ports. Breakbulk cargo operators are also facing growing competition from container carriers as more commodities are transitioned to containers. On the General Terminal, rail access and stronger partnerships with the rail providers will be critical to long-term growth and success. Much like the container segment, the general cargo shipping lines have experienced significant challenges over the past five years. Despite consolidation efforts and significant bankruptcies, NC Ports has seen the industry recently stabilize.

New Capability	Result
Increased turning basin	14,000+ TEU ships begin calling Wilmington within 2 months of project completion.
Increased air draft	2x Asia services remain in Wilmington; vessels with air drafts over 200' begin calling Wilmington within 5 months after the project was completed.
New cranes	Record volume months for the port: most recently March 2021; JOC rates Wilmington among most productive ports in the U.S.
Rail investment	74 percent growth since next-day service started; additional incremental intermodal growth with full CCX activation and inland network.
New refrigerated container stacks	Top two months for refrigerated cargo at the port: March and April 2021; new carrier service (NAE) anchored by Port of Wilmington/North Carolina cold chain flow.
New container gate complex	Best in industry truck turn times maintained, attracting additional trucking partners and cargo movers to Wilmington amidst a nationwide trucker shortage of > 500K.
Terminal and Gate Operating Systems (TOS/GOS); Community Access Port (CAP)	Additional stickiness with Port of Wilmington stakeholders across the container segment with user-friendly visibility combined with superior service.

*Recent port initiatives adding capability*

# Growth of Cargo Volumes

The senior management team, in partnership with organizational subject matter experts, determined a viable five-year cargo forecast by combining market data with their

expertise. To meet the cargo forecast goals of the 2021 Strategic Plan over five years, containers will grow 50 percent, breakbulk cargo will grow 25 percent, and bulk cargo will grow 30 percent.

Activity	Metric	Location	FY22	FY23	FY24	FY25	FY26
Containers	TEUs	Wilmington	330,300	343,113	448,807	467,109	484,640
Industrial	Tons	Wilmington	162,000	272,000	332,000	392,000	452,000
Chemicals/ Fertilizer	Tons	Wilmington	641,500	697,500	722,500	722,500	722,500
Agriculture/ Forest Products	Tons	Wilmington	1,530,000	1,465,000	1,570,000	1,680,000	1,785,000
<i>Subtotal</i>			<i>2,333,500</i>	<i>2,434,500</i>	<i>2,624,500</i>	<i>2,794,500</i>	<i>2,959,500</i>
Industrial	Tons	Morehead City	605,500	686,200	714,900	728,600	742,500
Chemicals/ Fertilizer	Tons	Morehead City	240,000	250,000	250,000	250,000	250,000
Agriculture/ Forest Products	Tons	Morehead City	320,000	385,000	470,000	495,000	495,000
<i>Subtotal</i>			<i>1,165,500</i>	<i>1,321,200</i>	<i>1,434,900</i>	<i>1,473,600</i>	<i>1,487,500</i>
<b>Total Tons</b>			<b>3,499,000</b>	<b>3,755,700</b>	<b>4,059,400</b>	<b>4,268,100</b>	<b>4,447,000</b>

## Five-year Forecast

### CONTAINERS

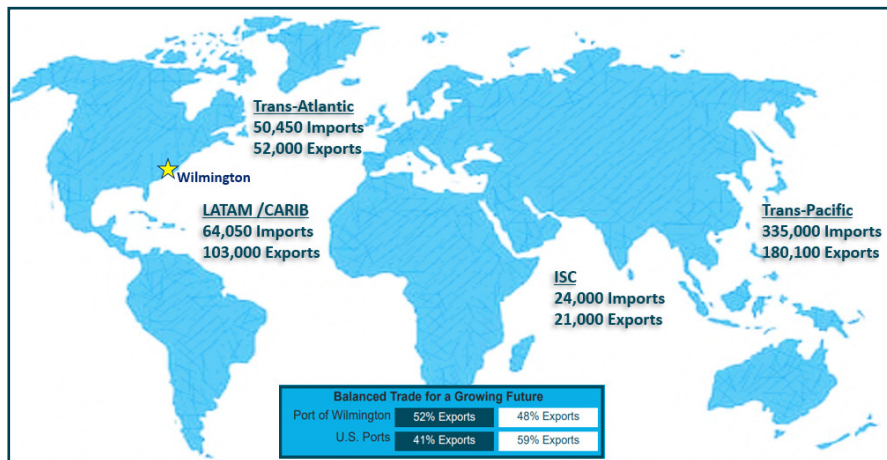
North Carolina represents a market of more than 3 million TEUs of containerized trade flows that originate or are consumed every year in the state. Currently, only a fraction of that business (12 percent of exports and 10 percent of imports from NC businesses) move via the Port of Wilmington. A variety of key verticals drive imports for North Carolina, including furniture, DIY/hardware, apparel, general department store merchandise (GDSM), and consumer goods. Agriculture, industrial, textiles, and cold chain drive the exports.

North Carolina's core industry segments, including

furniture, forest products, pork and poultry, apparel, and textiles, have long been underserved in ocean services. These industry segments are attracting ocean carriers, importers, and exporters to the Port of Wilmington. North Carolina's export verticals of agricultural and cold chain (inclusive of poultry and produce) are vital. NC Ports' commercial strategy

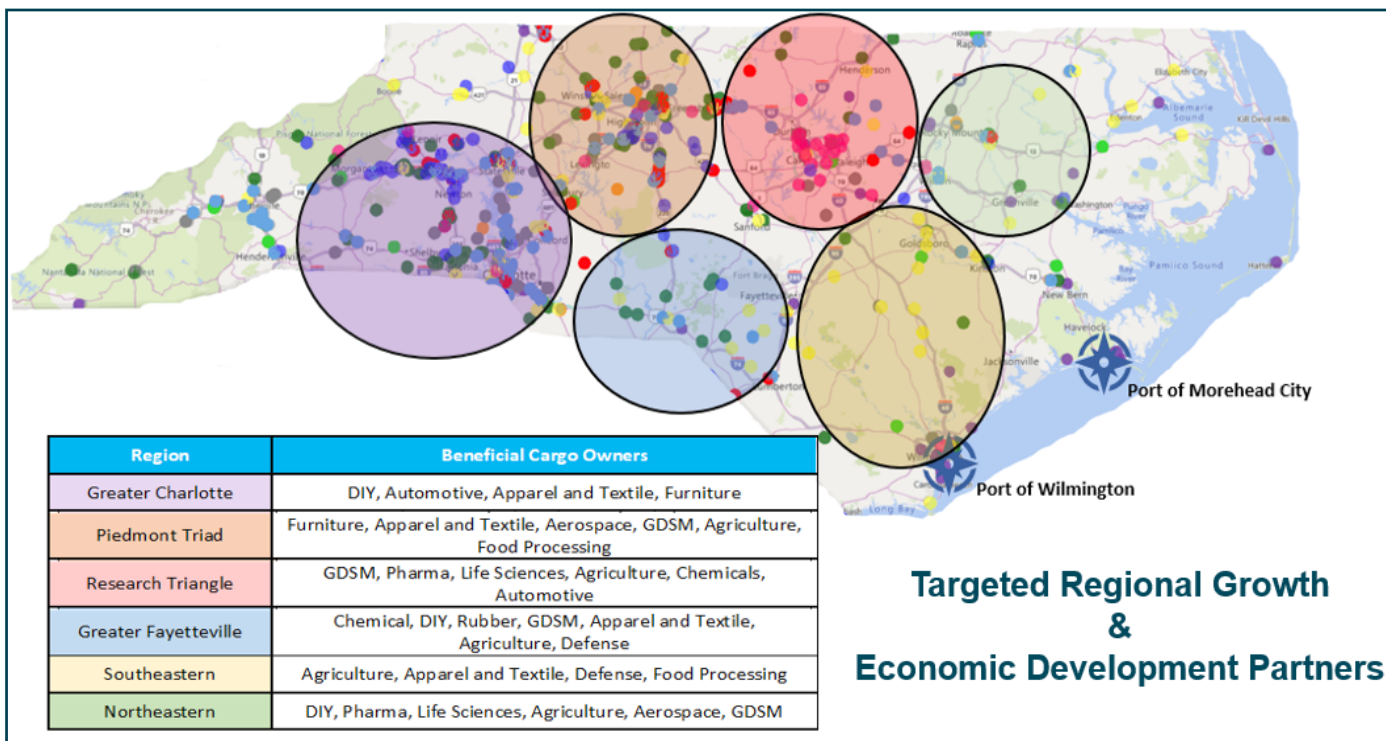
must support optimized round-trip economics by capitalizing on North Carolina's complementary import and export trade loops connecting Latin America, Asia, and Europe.

NC Ports currently captures 10 percent of the addressable market, or "home container



Import/Export Container Market Opportunity through Port of Wilmington





### NC Ports Economic Development Alignment

market”. Marketing strategies to increase share in key segments will help grow that percentage to at least 17 percent (a 50 percent growth) over the next five years. Coordinating with state partners to target major sectors like import retail and consumer goods will then drive more statewide export activity. Import cargo is usually the head-haul business to the U.S. for ocean carriers. Therefore, the availability of equipment for these imports will help support export activity in the state.

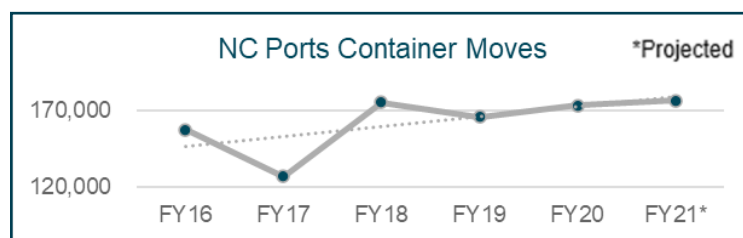
Retail, consumer goods, hardware, project cargo, and Out-of-Gauge (OOG) segments have also been underserved and are responding positively to the increased availability of container services to North Carolina’s expanding production and consumer bases. Other attractive industry verticals, like automotive and tire sectors, life sciences, and manufacturing, will provide future growth and trade potential for the region.

The challenges facing international logistics include time, location, cost, resource allocation, and carbon footprint. Velocity, gateway diversification, and risk mitigation are major factors in managing business supply chains across each of the major verticals. Many North Carolina business-

es have sub-optimized supply chains that have evolved using other, more distant gateways over the past several decades. Using the upgraded and expanded Port of Wilmington will save North Carolina businesses significant transportation costs and time. Refrigerated and intermodal rail cargo are two major container markets that deserve special attention. Resources and effort must focus on continuing to grow these markets. The refrigerated market supports the strong agriculture and pork and poultry exports from North Carolina, while the rail brings inland points closer to the port. Both reduce inland transportation costs and emissions.

To expand NC Ports’ share in the container market, ocean carriers and cargo owners need increased cold chain capabilities and intermodal rail connectivity to have the market access and reach they require.

On the cold chain side, fresh produce consumption and demand are projected to increase by 56 percent by 2030. This will be significant for North Carolina’s grocery sector, which will require further development of cold storage and distribution facilities. NC Ports has prioritized this strategic segment



*Historical Container Volumes at Port of Wilmington, by Moves*

and will continue to facilitate the increase of on-port, near-port, and inland platforms to support increased import and export trade for North Carolina via NC Ports.

On the intermodal side, demand from ocean carriers and cargo owners drives US East Coast and South Atlantic peer port volumes by 20 to 40 percent. This percentage is poised to increase given the growth of inland port usage and reduced trucking capacity due to driver shortages, electronic driver logs (ELD) regulations, and rising fuel prices. Servicing these trade flows for North Carolina businesses and other inland users will require expanding on the success of NC Ports' Queen City Express. Carrier gateway selection and multinational beneficial cargo owner (BCO) site selection depends on Multi-Class I railroad access and connectivity. To maximize NC Ports' future growth and economic development potential, increased intermodal network capability will be key.

### **CROSS OVER AND VALUE-ADDED SERVICES**

NC Ports' value-added and landside services have created development and growth in cross-over business between container and non-container cargo and customers. As shipper capacity requirements ebb and flow against dynamic ocean carrier allocations, incremental cargo programs are often challenged to find sufficient export space. With NC Ports' container and general cargo capabilities, North Carolina shippers can utilize both segments to keep cargo moving. This combination value proposition continues to be utilized by major shippers, particularly in the forestry, paper, and pulp sector. Given global capacity challenges, these developments position NC Ports for additional opportunities going forward.

Regular import programs where containers are stripped, stored, and the cargo delivered out of NC Ports' warehouses increase the need for transload or cross-dock value-added services for cargo owners against capacity, equipment, and truck power constraints. On the export side, NC Ports is partnering with carriers and beneficial cargo owners to provide on-terminal container stuffing from warehouses. NC Ports plans to continue developing these diverse, yet complementary cargo services on and off the terminal.

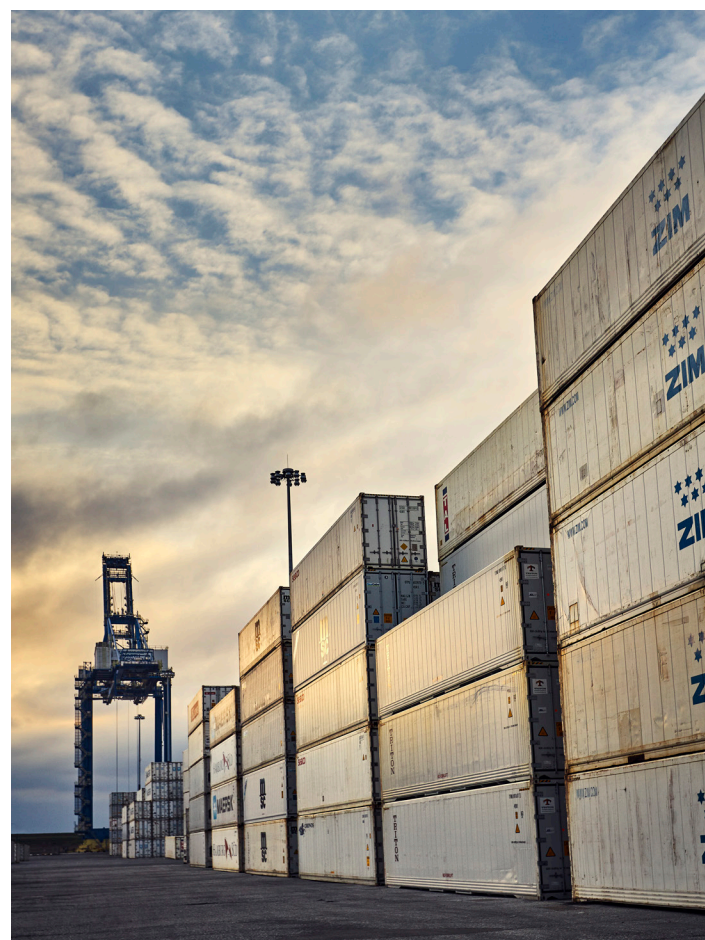
### **NON-CONTAINERIZED PORTFOLIO OPTIMIZATION**

As General Terminal business expands and capacity is constrained, a strategic priority going forward will

be targeted cargo mixing that allows NC Ports to focus General Terminal marketing on strategic key segments. Targeted segments will support both legacy business sectors within the state, such as wood pulp manufacturing, as well as emerging sectors like aerospace. Higher-valued breakbulk cargoes like steel and project cargo (for example, wind energy components) can support expanding North Carolina industrial sectors and drive higher revenue per ton returns.

### **GRAINS, FEEDS, AND BEANS**

NC Ports will focus and expand operations with key bulk segments including grains, feeds, and beans. These agricultural flows represent significant opportunities for North Carolina imports and exports across both Wilmington and Morehead City. Structural deficits in domestic organic grain feed supplies have grown both the organic poultry sector and the organic grain import programs along with major grain and poultry customers. The ability to transload export soybeans into containers continues to grow exports incrementally over Wilmington. The expansion of on-port grain transload facilities through industry partnerships will support even more North Carolina soybean exporters during the next five-year period. Such platforms also enable transload of additional North Carolina export





crops like wheat and corn, with even greater export potential via intermodal connections with the inland points of Columbus, Northwest Ohio, Chicago, and beyond. Dynamic domestic animal feed supply and demand scenarios, coupled with currency fluctuations, drives incremental import opportunities for grains and feeds, including seasonal corn, wheat and soybean meal from the southern hemisphere and other source regions. In combination with industry partners, NC Ports will continue to maximize related bulk and container trade opportunities across grains, feeds, and beans.

Sound warehouse strategy and pricing practices become even more critical, as NC Ports expands the General Terminals. Maximization of the current and future assets will help negate the effect of aging or near capacity facilities in need of recapitalization.

### **RO-RO, AUTO, PROJECT SECTORS**

NC Ports has an opportunity to make an entrance as a Roll on, Roll off (Ro-Ro) terminal player over the five-year planning period. The mid-Atlantic is underserved by Ro-Ro facilities with the largest gateways located to the north in Baltimore, Maryland and to the South in Brunswick, Georgia and Jacksonville, Florida. The number of automotive manufacturing plants and dealership distribution points in the southeastern United States is substantial and growing. Automotive supply chains are built around manufacturers, original equipment manufacturers (OEMs), and processors – each having the potential to anchor regular Ro-Ro services connecting Asia, Europe, and the Americas (Mexico).

As NC Ports' rail network grows, developing access to plants producing electric and other technologically advanced vehicles will become a crucial strategy.

### **ENERGY, RENEWABLES, OFFSHORE WIND**

North Carolina as a state is examining the opportunity of developing the offshore wind (OSW) supply chain, including OSW manufacturing (blades, towers, and nacelles), assembly, marshalling, and the OSW maintenance and support sector. North Carolina's well-established manufacturing in the state provides a unique opportunity to leverage the growing offshore wind industry on the U.S. East Coast. NC Ports has multiple port and water-front properties well-situated to meet the requirements for staging, storage, and maintenance in support of the industry. In the near term, environmental studies and access

improvements at potential offshore wind support facilities, mainly Radio Island in Morehead City, could help North Carolina compete for OSW manufacturing and construction opportunities, as well as longer-term maintenance and support operations.

Within the OSW, automotive, and project sectors, specialized carriers and terminals often cater to a mix of complementary industrial sets. NC Ports must consider potential growth with industry partners across these sectors to maximize gateway asset and property potential.

The transition from fossil fuels to renewables includes several potential growth opportunities for NC Ports, including OSW and biomass. Wilmington and Morehead City have both supported energy project trade flows during the past five years. With terminal and infrastructure investments and upgrades, both ports could play larger and more regular roles in the expanding energy sector.

### **STRATEGIC SEAPORTS**

North Carolina's ports of Morehead City and Wilmington are two of the 17 Strategic Ports in the United States, capable of simultaneously handling commercial and military requirements. Each Strategic Seaport is unique in its capabilities and provides the Department of Defense with operational flexibility, redundancy, and port facilities and services critical for meeting a wide range of national security missions and timelines. NC Ports is also active in government and military transport; however, further emphasis and resources are necessary to effectively grow this market, including US flag ocean carrier services and logistics required by users, including TRANSCOM, SDDC, and DLA.

### **INVESTMENT REQUIREMENTS TO MEET THE CARGO FORECAST**

The FY22 Capital Plan, approved by the Board of Directors in June 2021, identified capital needs to support the next fiscal year, as well as the five-year forecast. High-priority container investments include continued investment in intermodal rail and the container yard, completing ongoing technology improvements, and advancing the Wilmington Harbor Navigational Improvement Project. Annual capital appropriations funding from the General Assembly will continue to support these capital expansion projects, while revenue generated by moving cargo and grant programs will support core capital investments.

Growing the General Terminal capabilities requires upgraded infrastructure related to vessel berths and warehouses. Warehouse space available at General Terminal is limited at both ports. In Wilmington, four of the nine warehouses are leased by tenants. One was built on a land lease. The four remaining warehouses are operated by NC Ports. None of the tenant leases are set to expire within the five-year planning period and cannot be used in support of new port operations. NC Ports is utilizing 75 percent of the 344,677 usable square feet (or 6,036,075 cubic feet) in warehouses with stacking capability, drive aisles, beam locations, etc.

Of the ten warehouses in Morehead City, only one is currently under lease by a tenant. The remaining nine are operated by NC Ports. The tenant warehouse lease is set to expire within the planning period and could be reclaimed for Port operations (approximately 110,186

square feet). However, the current tenant is actively moving cargo across the docks and through the warehouse. The nine warehouses operated by NC Ports in Morehead City are operating at nearly 100 percent capacity (936,098 square feet).

Using innovative solutions, like pretension warehouses, will bring down costs compared to more traditional warehouse construction and help materialize new General Terminal cargos. Major development opportunities will likely require Public Private Partnerships (PPPs). When appropriate, NC Ports will lease parcels to third-party operators or shippers, allowing them to make the necessary investments required to operate the facility. This model has specific operational requirements for employing bulk operations. Redevelopment of the stevedore garages and the NC Ports' maintenance facility in Wilmington will open up nearly four acres in the center of the General Terminal for this endeavor.





## Expand Global Coverage of Vessel Services

Three main alliances dominate and control the major East/West ocean shipping markets. Since 2015, THE Alliance, Ocean Alliance, and 2M+Z have seen significant reshuffling and strength gains.

THE Alliance is comprised of ONE (a merger between the Japanese carriers: “K” Line, Mitsui OSK Line, and NYK Line), Hapag Lloyd (which absorbed United Arab Shipping Co.), HMM (re-branded from Hyundai Merchant Marine), and Yang Ming Line.

The Ocean Alliance is made up of China Ocean Shipping Company (COSCO), including the Orient Overseas Container Line (OOCL) brand, CMA-CGM along with their APL (former American President Line) brand, and Evergreen Marine Corporation.

The 2M+Z has added ZIM Integrated Shipping Services to the Maersk (SeaLand, Safmarine, Hamburg Sud), and Mediterranean Shipping Line (MSC) alliance.

The only mid-size independent transpacific carrier

remaining are Pacific International Lines (PIL) who withdrew from the North American trade two years ago, Wan Hai operating only two West Coast services, and SM Lines, a carrier that has yet to venture into the North American trade.

At present, eight container services call the Port of Wilmington. In the transpacific market, there are two services: THEA’s EC2 service, and the 2M+Z’s ZCP/TP10/Amberjack service. ICL offers the only European service. In the Central America and Caribbean trade, there are three services: Crowley Liner Service’s Northern Zone (NZ) service, SeaLand’s SAE service, and NAE service. Bahri serves the Middle East & the Indian Sub-Continent, while Boke serves West Africa. All are weekly, except Bahri and Boke.

The NC Ports’ trade breakdown mirrors the overall US trade dynamics with the transpacific playing the most dominant role followed by the transatlantic and North/South trades. Over the next two years, over 70 container vessels will be built, ranging in size from 12,000 – 16,000 TEUs. With the rebound from COVID and increasing

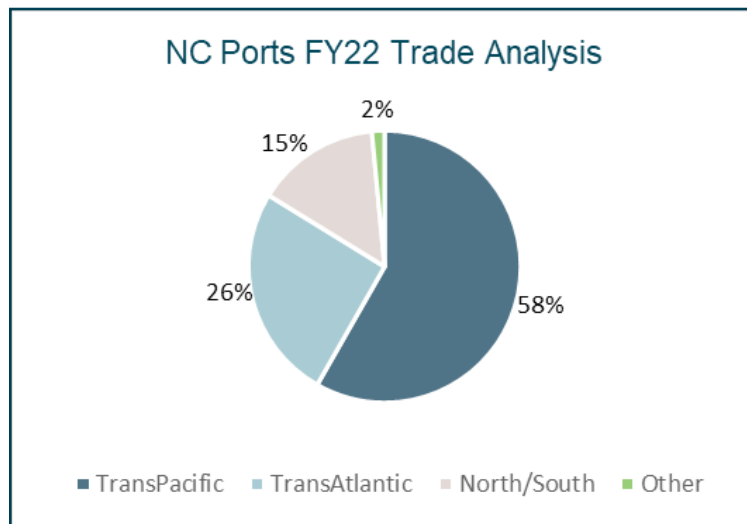






market demand via Wilmington under-way, each of the current weekly services calling NC Ports has grown incrementally in calendar 2021, surpassing pre-COVID volumes from 2019 and tracking near FY18's record year. With multiple terminal and port infrastructure upgrades completed or near completion, the Port of Wilmington is delivering superior performance, while also serving North Carolina and regional growth.

New container vessel services are driven by a combination of factors including market demand, ocean carrier growth, inland transportation access, at or near port distribution centers, sufficient vessel operation and yard support



*Trade Analysis for Containers at the Port of Wilmington, by Trade Lane*

equipment for working multiple neo-Panamax vessels at one time, and sufficient channel depth to maximize the utilization of vessel capacity. Continued work toward the completion of the container yard master plan and the Wilmington Harbor Navigation Improvement Project will address these terminal needs. Improved inter-modal rail and highway connectivity will support NC Port's efforts to attract new vessel

services. Coordinated targeting of import GDSM, consumer goods, e-retailers, and other targeted segments, such as fresh perishables, will help drive the expansion of new vessel services and supply the equipment needed to support the loading of North Carolina exports, enabling round-trip utilization.



# Engage and Support State-wide Economic Development Projects

Competition amongst peer ports is fierce. Norfolk, Charleston, and Savannah are extremely well-established in the supply chain. All ports, including Wilmington, are working with state, regional, and local economic development teams to attract new importers and distribution centers to the region. In addition, all are vying for the shifting West Coast to East Coast container volumes. Select industry verticals, such as cold chain, apparel, and textiles, require NC Ports to compete with legacy gateways in Philadelphia, Delaware, and South Florida. For the organization to be successful, NC Ports must be opportunistic by positively disrupting these established supply chains.

With the completion of several major capital improvements, much of the next phase of NC Ports' commercial development will take place "outside the gate" to support North Carolina business expansion and growth in the facilitation of international trade and supply chain requirements. State, regional, and local economic development partnerships are vital for fostering statewide economic growth. NC Ports' support of major North Carolina economic development initiatives is key to maximizing potential growth in the State by aligning target market segments. Over the next five years, NC Ports will continue to coordinate across joint marketing and pipeline development through strategic partnerships. NC Ports is advancing its value propositions across North Carolina industry verticals and regions to help move from an enabler of international trade to a catalyst for new

business growth and expansion. Business recruitment and development also involves aligning market landside sites and facilities for manufacturing, processing, and distribution. Strengthening these partnerships is underway and will remain a priority focus for NC Ports moving forward.

NC Ports can leverage current port assets for development and economic impact by identifying potential viable uses. NC Ports is marketing some large undeveloped sites for development, including the North property and Raleigh Street in Wilmington, Radio Island in Morehead City, and various smaller parcels. The Southport property will be further evaluated for property value and development suitability. Other properties are being held to support port operations in the future.



Asset	Status
Raleigh Street, New Hanover County	Actively marketing
Radio Island South, Carteret County	Actively marketing
The North Property, New Hanover County	Actively marketing
Southport Property, Brunswick County	Evaluate property value
Edgewater Property, Carteret County	Surplus/Listed for Sale

NC Ports' Assets

## Develop the Talent Pipeline

The NC Ports team is integral to the value NC Ports brings to stakeholders. Employees make a significant impact by living the core values, striving to achieve the Ports' vision, and upholding its mission. Developing the talent pipeline is an ongoing initiative. Using feedback and ideas gathered from the cross-functional planning committees NC Ports created an employee value proposition, focusing on compensation & benefits, professional development, culture, affiliation, and work. NC Ports will implement this proposition within the organization and share it with the team, potential candidates, and new hires, allowing NC Ports to easily communicate the value that NC Ports offers.

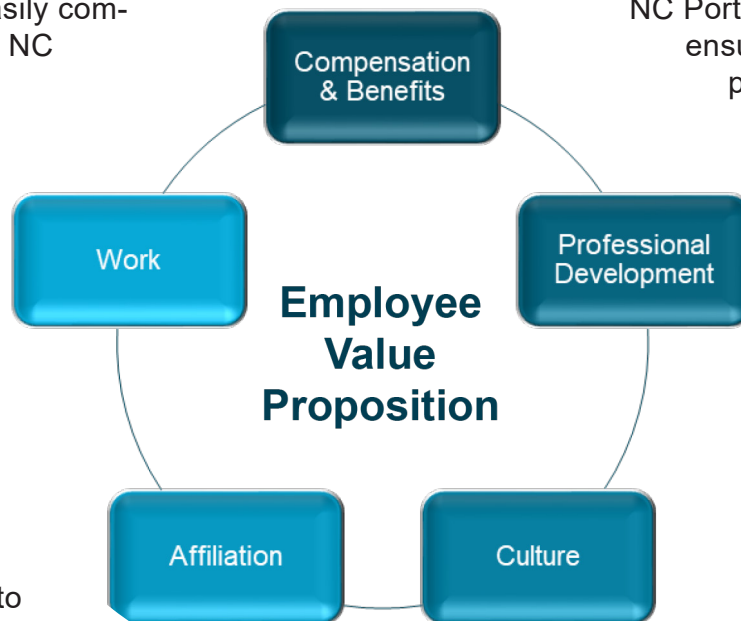
Competitive compensation and benefits play a significant role in attracting and retaining talent. Base salary, retirement, paid leave, rewards & recognition, and health care are top priorities and will continue to be a focus as NC Ports continues to grow. NC Ports will continue to monitor the total compensation structure to compete within the local markets.

NC Ports will grow internal talent by enhancing the Ports University (Ports U) program for current employees. Individual career roadmaps will help identify areas for necessary training that will promote growth opportunities. NC Ports will also identify and deploy a new software-based performance management system for personal objective setting and annual performance reviews. Succession plans that link career roadmaps to training opportunities will make NC Ports a preferred place to work, reflecting the core values developed and embraced by NC Port

employees.

NC Ports' mission, vision, and core values build on a culture that shapes team members' perceptions, behaviors, and understanding. Along with collaboration, trust, teamwork, and camaraderie, a positive culture helps maintain the best talent. To better communicate with NC Ports' employees, customers, stakeholders, and communities, a formalized plan will emphasize these standards.

Career satisfaction and productivity continue to aid the success of NC Ports. To keep the NC Ports team engaged and challenged, NC Ports will elicit feedback to ensure variety, autonomy, and purpose while still providing a work-life balance.



*NC Ports' Employee Value Proposition*

To keep the team connected and motivated, NC Ports will focus on brand awareness, organizational communications, social responsibility, community citizenship, and service quality. To bolster positive affiliation between the organization and its team members, NC Ports is committed to communicating important information, changes, and opportunities with the team.

NC Ports will formalize an apprentice/internship program by partnering with the local county school districts, particularly trade schools and high school dual enrollment programs, community colleges, and local and statewide universities. These efforts will strengthen the brand and help enhance the talent pipeline supports the future staffing requirements of NC Ports and surrounding businesses. NC Ports will also actively recruit veterans and other qualified talent pools in the community.



## Summary

**N**orth Carolina Ports has an unprecedented opportunity to impact future prosperity for generations of North Carolinians. Over the next five years, there is forecasted cargo growth of 50 percent for the container segment, 25 percent in breakbulk, and 36 percent in bulk. Leveraging recent infrastructure investments will position NC Ports to capture new business through continued expansions at the Ports of Morehead City and Wilmington along with future developments on and off terminal.

North Carolina's ports function as catalysts for economic growth and development throughout the state. The ports provide efficient, cost-effective access to the world's import and export markets for business, industry, and consumers. They serve as magnets to attract domestic and foreign investments for new manufacturing facilities and distribution centers that require global sourcing for materials.

The convergence of growth and planned expansion positions NC Ports to significantly change the course of the enterprise by increasing the magnitude of economic benefits to stakeholders. To enhance the economy of North Carolina as a global gateway, NC Ports must support and improve the state's logistics network by growing cargo volumes, increasing global reach, strengthening relationships with economic development partners, and growing and motivating the talent pool. NC Ports strives to be the preferred East Coast port by bringing value to all stakeholders through principles of safety, people, integrity, service, and teamwork.

Special thanks to the NC Ports' Board of Directors, employees, customers, and stakeholders for their contributions to the 2021 Strategic Plan.



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