



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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Evaluation of Efficiency and Effectiveness of State Ports at Wilmington and Morehead City

Summary

The Joint Legislative Program Evaluation Oversight Committee's 2018–19 Work Plan directed the Program Evaluation Division to examine the efficiency and effectiveness of the North Carolina State Ports Authority (the Authority) and its operation of the Wilmington and Morehead City ports. Ports are an important component of the statewide and regional economy; in Fiscal Year 2017–18, North Carolina ports contributed \$15.4 billion to the state economy and indirectly supported more than 87,000 jobs that collectively provided \$4.3 billion in compensation to employees. In that same year, the ports processed more than four million tons of cargo and performed over 320,000 container moves.

Operations at the ports are generally effective and efficient, due largely to the performance of the Port of Wilmington and recent implementation of capital projects. Multiple measures of performance that address asset utilization, cargo throughput, quality, terminal productivity, and unit cost show the Port of Wilmington is largely responsible for performance indicator gains made by the Authority as a whole during the last five fiscal years. A significant factor in these gains is the General Assembly's investment in capital projects at the ports between Fiscal Years 2015–16 and 2018–19. Although many of the projects are not yet complete, throughput and other performance measures have improved at the Port of Wilmington following the installation of new cranes.

Operations at the ports are not duplicative. Although some activities and positions overlap, the Authority's administrative decision to operate two ports is prudent, in part because the two ports service different types of cargo.

The Authority is not in compliance with statute requiring that containerized cargo shipping operations be conducted at both ports, has not implemented an environmental management system (EMS), and does not adequately assess service quality from its customers.

To address these deficiencies the General Assembly should

- direct the Authority to establish strategies to address deficiencies at the Port of Morehead City, more comprehensively measure service quality, and report on the implementation of an EMS and
- align the containerized cargo statute with operations at the ports.