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## Recommendations

**Recommendation 1. The General Assembly should direct the North Carolina State Ports Authority to establish operational objectives, including modifying its strategic plan, in order to improve performance at the Port of Morehead City.**

As discussed in Findings 1, 2, and 3, North Carolina's ports are, on the whole, effective and efficient. However, recent operational improvements have been entirely driven by the performance of the Port of Wilmington, whereas the Port of Morehead City has experienced declining performance in recent years according to nearly every metric of effectiveness and efficiency examined by the Program Evaluation Division.

As the Authority moves through its five-year strategic planning process, the General Assembly should direct it to establish objectives to address reduced operational effectiveness and efficiency at the Port of Morehead City. At a minimum, the objectives should address ways to increase port utilization and throughput and decrease gate times and ship turnaround times. These strategies should be included as part of the Authority's 2021–2025 strategic plan, and they should be reported to the Authority's board and the House and Senate Transportation Committees.

**Recommendation 2. The General Assembly should modify the statute pertaining to containerized shipping to align with current practice.**

According to Gen. Stat. § 136-260, the Authority is required to dually develop container shipping operations at both the Ports of Wilmington and Morehead City. However, as Finding 6 demonstrates, the Port of Morehead City does not currently conduct nor plans to develop such operations. Furthermore, the Authority is not positioned to develop container operations at Morehead City until investments in improved truck mobility have been committed.

To ensure the law provides greater discretion to the Authority to decide where to conduct container shipping operations, the General Assembly should modify statute to remove language that makes maintaining container operations an explicit expectation of both port locations in favor of language that establishes container operations as a part of maritime shipping services provided by the Authority at the ports.

**Recommendation 3. The General Assembly should direct the North Carolina State Ports Authority to improve its service quality measurement.**

Shipping and transport service quality is critical to achieving competitive business advantage. Customer satisfaction is one measure of service quality and is integral to continuous improvement. Quality of service is also a program outcome. One way of assessing service quality is through a customer satisfaction survey. Finding 7 shows that although the Authority does measure service quality by distributing a customer satisfaction survey, the survey's questions do not adequately address the various dimensions of

maritime port service quality. Furthermore, the Authority failed to achieve a response rate sufficient to ensure the survey results are generalizable.

The General Assembly should direct the Authority, as part of its strategic planning process, to assess the quality of services it provides to its customers. The Authority's construction of its service quality measurement tool should ensure each of the dimensions and factors of service quality described in Exhibit 28 are adequately addressed. Furthermore, measurement of service quality should be conducted in a manner that ensures the sampling method and size allow the Authority to generalize results to inform strategic planning and overall operations.

**Recommendation 4. The General Assembly should direct the Authority to periodically update the House and Senate Transportation Committees and its board on the development and implementation of its environmental management system (EMS).**

Ports, whose operations are highly reliant on environmental factors, have traditionally viewed themselves as stewards of coastal resources. Sustainability is a critical function of all ports and remains a high priority of the Authority's executive management team. One method of achieving environmental sustainability is by developing and implementing an EMS. However, as Finding 8 demonstrates, the Authority is currently only in the beginning stages of developing and implementing such a system.

To ensure the Authority follows through on its commitment to developing and implementing a formalized EMS, it should be directed to provide periodic updates to the General Assembly's House and Senate Committees on Transportation and the Authority's own board. Updates should include the status of each of the components listed in Exhibit 29 of this report. The legislative committees should receive their status report annually beginning on June 30, 2020 and the Authority's board should be updated annually and complete any necessary board action regarding development and implementation during board meetings.

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## Appendices

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Appendix A: Port of Wilmington and Morehead City Map

Appendix B: Operations at the Port of Wilmington Have Improved in Nearly Every Performance Measure

Appendix C: Operations at the Port of Morehead City Have Decreased Over Most Performance Measures Appendix

Appendix D: Questions Used in the 2015 North Carolina Port Authority Survey

Appendix E: Maritime Ports Must Navigate a Myriad of Federal Environmental Regulations

Appendix F: Summary Statistics About the Ports

Appendix G: Financial Statement of Net Position from the 2018 Comprehensive Annual Financial Report