



North Carolina Ports REOI - Refrigerated Storage

OCTOBER 17, 2019

NORTH CAROLINA STATE PORTS AUTHORITY

Introduction

The mission of North Carolina Ports is to be the gateway to global markets and enhance the economy of North Carolina by supporting and improving the state's logistics network. North Carolina Ports offers two maritime port locations, Wilmington and Morehead City, both with unique benefits. North Carolina's ports are both positioned to serve the U.S. East Coast with easy access to interstate highways and major railroads. A customer-focused approach means shippers receive superior customer service.

The Port of Wilmington is completing a \$225 million+ investment program that includes information technology system upgrades, berth improvements, new equipment, intermodal capability improvements, expansion of refrigerated container yard capabilities, a navigation channel deepening study, and increased air draft clearance. Most of this investment has been recently completed and will triple the container capacity of the Port of Wilmington to more than 1.2 million TEUs.

North Carolina Ports' commercial approach revolves around servicing North Carolina's key industry segments and a growing South Atlantic demographic. With refrigerated commodities, tailoring North Carolina Ports' capabilities, enablers, and services to support key industry segments is at the core of the Port of Wilmington's value proposition and commercial planning. To prepare for the expected growth, North Carolina Ports is constructing a new dedicated refrigerated container yard that will increase the reefer plug capacity by 100 percent, while reducing the footprint, by allowing for the vertical stacking of containers.

North Carolina Ports is looking to support the growth of near port refrigerated (fresh) storage and value add capabilities for the refrigerated sector. There is a growing global demand for refrigerated near port storage. Growth in international refrigerated cargo is being driven by changing consumer food preferences, advancing technologies in sea transportation and chilled space technology. Life science logistical advances, air to ocean modal shift transport opportunities and a determination to expand the off-season market capabilities of North Carolina growers are demands to be met through added near port refrigeration capabilities.

North Carolina Ports is requesting expressions of interest from refrigerated warehouse builders and operators to facilitate the construction of a state of the art near port refrigerated warehouse. In addition to refrigerated storage, respondents should demonstrate the ability to develop value added services like repacking and processing to end customer specifications. This Request for Expressions of Interest (REOI) is the initial phase of a discovery process to support the development of new refrigerated warehouse capacity and capabilities. The decision on the next phase of the process and when it will commence will be made and announced by North Carolina Ports at time to be determined.

The schedule for the REOI is as follows:

October 17, 2019 – Commencement

November 15, 2019 – Deadline for questions

November 22, 2019 – Answers to questions provided

December 2 – 16, 2019 – Informational meetings to be scheduled for interested parties

January 17, 2020 – REOI submission due date

February 21, 2020 – REOI evaluation results notification and tentative announcement of next phase

The Opportunity

The primary beneficiary of this process will be the consumers of North Carolina. North Carolina is the 9th most populous state in the U.S. with over 10 million consumers. There are a significant amount of grocery chain-store distribution centers in the state with more in neighboring Virginia and South Carolina. Grocers in the state collectively purchase millions of dollars of refrigerated products each year. Many of those products arrive via U.S. east coast seaports. North Carolina customers must use other ports, due to a lack of refrigerated (fresh) warehouse space near the Port of Wilmington. This results in higher transportation costs for grocers and ultimately higher costs for consumers. North Carolina refrigerated exporters are limited by trade lane equipment flows. Chilled imports help balance those flows as well as reducing costs for North Carolina's grocers. North Carolina Ports seeks forward thinking refrigerated warehouse builders and operators to partner with to improve the supply chain to this vast and growing consumer group.

There are several properties in and around the Wilmington region that could be suitable for refrigerated storage warehousing. One proposed location is located in Wilmington, New Hanover County, North Carolina on Raleigh Street, less than one mile from Port of Wilmington's Shipyard Boulevard container yard gate and includes 76 acres for development. The Raleigh Road property is available, preferably as a ground lease, with a stipulation that development must be functionally related and subordinate to the port facilities (i.e., requires an import/export function through the Port of Wilmington).

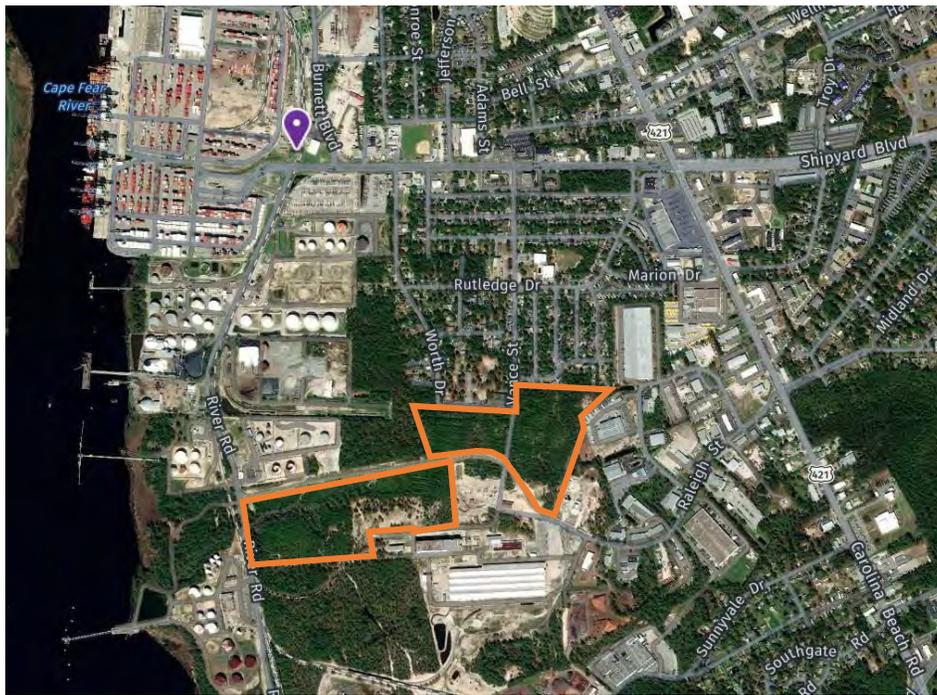


Figure 1. Aerial of Raleigh Street property in Wilmington, New Hanover County, North Carolina

Background

North Carolina Ports was established in 1954 and owns and maintains the Port of Wilmington, the Port of Morehead City, and the Charlotte Inland Port. As an enterprise agency, North Carolina Ports is managed as a self-sustaining business and governed by an 11-member Board of Directors. As established by the General Assembly, North Carolina Ports is a self-sustaining operation.

According to a 2018 study by the North Carolina State University's Institute of Transportation and Research and Education, more than 6.7 million tons of goods worth \$21.5 billion were transported through North Carolina Ports and North Carolina's ports support more than \$15.4 billion in gross revenues for North Carolina businesses and 87,700 jobs in 2018¹. These benefits ripple across the state by supporting trade and promoting economic activities, including agricultural trade, which is critical to the rural areas of North Carolina.

The Port of Wilmington is strategically located on the East Coast of the United States within 700 miles of more than 70 percent of the U.S. industrial base.

The Port offers terminal facilities serving military, container, bulk, breakbulk, and specialty cargo operations. The most heavily imported materials through this Port include agricultural goods and fertilizers, while the biggest share of exports include forest products and agricultural segments. The Port terminals processed more than \$21 billion of customer goods in 2018.

Vehicular access to the Port is provided through U.S. and interstate routes shown in **Figure 3**.



Figure 3. Access to the Port of Wilmington

Rail service is provided by CSX Transportation (CSXT) using the existing network. CSXT provides daily rail service for boxcar, tanker, containers, and general cargo services. Wilmington Terminal Railroad (WTRY) provides rail service within the Port as well as direct connections west and south to industries and sites in the immediate area.

¹ North Carolina Ports 2018 Economic Contribution Study, Institute for Transportation Research and Education, North Carolina State University, December 2018.

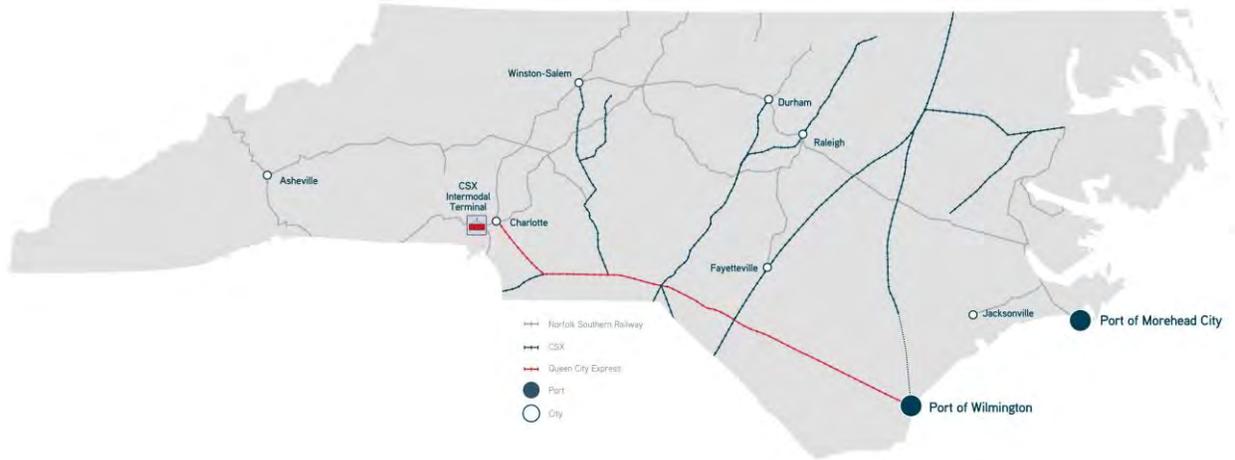


Figure 4. Port of Wilmington and Rail Networks within the City of Wilmington

Wilmington is a port city in New Hanover County, and the Port is located on the Cape Fear River.



Figure 5. City of Wilmington, North Carolina

By container volume growth percentage, North Carolina’s Ports are among the fastest growing on the U.S. East Coast. The Port of Wilmington’s addressable market for containers is more than three million TEUs; however, the Port of Wilmington currently serves only 13 percent of the addressable market. There is demand for the container facilities at the Port of Wilmington by companies wanting to import and export in the region. The imports and exports traveling through the Port of Wilmington generate jobs and income from the growth, harvesting and processing of agricultural products, extraction of minerals and materials, manufacturing of products, product retail and transportation of these goods to the Port.



Figure 6. North Carolina Ports Contributions²

The value proposition that North Carolina Ports can provide for industries dependent on global trade revolves around three key elements – speed, great service, and lower costs. By delivering best performance, best cost and best service options, North Carolina Ports provides advantages for export sourcing and import distribution that improve overall end-to-end delivery – and in many cases, North Carolina Ports provides an optimal trade gateway that is closer to source and closer to demand, enhancing business competitiveness for cargo owners and transportation and logistics providers.

North Carolina Ports is highly efficient, with no congestion and the fastest crane and gate turn productivity on the US East Coast. With vessel crane production of 40 moves per hour and truck gate turns of 20 minutes for single transactions and 30 minutes for dual transactions, Wilmington is well positioned to deliver value through reduced congestion and improved operational flows for vessel operators, truckers and intermodal movements. In addition to becoming a preferred service or performance gateway, the Port of Wilmington also has the potential to become a preferred trade match gateway, providing “round trip” economics for ocean carriers. With abundant exports to support a balanced trade North Carolina Ports can facilitate “virtuous import-export cycles” for ocean carriers, thereby reducing or eliminating the need for empty container equipment repositioning. Increased imports will position Wilmington to support more NC area exports from an ocean carrier equipment flow and balanced trade perspective. As cost pressure continues to be a core factor influencing ocean container carrier port selection, supporting better carrier economics through optimized equipment and vessel utilizations will position Wilmington well for the longer term.

Submission Requirements

Expression of Interest responses should contain sufficient information about their proposed concept. North Carolina Ports will accept expressions of interest from individual firms or teams made up of multiple submitting entities.

Expression of Interest responses should include the following information:

- Full name, address and contact details for the Respondent;

² North Carolina Ports 2018 Economic Contribution Study, Institute for Transportation Research and Education, North Carolina State University, December 2018.

- Past experience in the chilled sector and ports for the proposed operator and/or developer (if not the same) including qualifications based on experience (to both build and operate);
- Description of the proposed warehouse concept including a complete description of the sectors the project would address and how those align with Port objectives;
- Identification of the preferred location and size that would be required to deliver the proposed warehouse including a preliminary outline of lease and/or ownership terms; and
- Executed Non-Disclosure Agreement (Optional) – to the extent necessary and as allowed by NC law, North Carolina Ports may enter into a Non-Disclosure Agreement to protect an applicant’s proprietary information.

Any questions regarding this REOI should be submitted by e-mail to REOI@ncports.com by November 15, 2019. North Carolina Ports intends to respond to questions by November 22, 2019.

Submissions should conform to the following requirements:

- One (1) electronic copy of the Expression of interest delivered via email to REOI@ncports.com in a commonly accessible word processing or PDF format. Hard copies will not be accepted.
- The Expression of interest should be limited to no more than ten (10) 8-1/2” x 11” sized pages.
- The font size shall be no smaller than 12-point font, except for tables, which may be prepared using 10-point font.
- The executed Non-Disclosure Agreement with original signatures of the Respondent(s). The executed Non-Disclosure Agreement is not included in the ten (10) page limit.
- It is the responsibility of the party submitting its EOI to ensure that it is delivered prior to the Deadline.
- **Deadline to submit responses for Request for Expressions of Interest is 5:00pm Eastern Standard Time January 17, 2020**