

## Port of Virginia Update to the Commonwealth Transportation Board

John Reinhart  
CEO and Executive Director

April 14, 2015



Stewards of Tomorrow





# Agenda

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- Location
- Growth trend
- Terminal updates
- Economic force
- The future
- Conclusion/Questions



# Statewide Footprint



# Advantages

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- Served by two Class I railroads
- Ability to expand
- Post-Panamax ready at 50 ft. and in the early stages of permitting to deepen to 55 ft., as already authorized by the USACE
- Only 18 miles from open sea
- No overhead obstructions
- Central location on the East Coast
- Strong terminal infrastructure and intermodal connections provide for efficient cargo movement



# Leadership

## Virginia Port Authority Board of Commissioners

**John G. Milliken, Chairman**

**John N. Pullen, Vice Chairman**

Jennifer D. Aument

Val S. McWhorter

Martin J. Briley

Faith B. Power

J. William Cofer

Kim Scheeler

Alan A. Diamonstein

Deborah C. Waters

Gary T. McCollum

F. Blair Wimbush

Manju S. Ganeriwala, State Treasurer

## The Port of Virginia Senior Leadership Team

**John Reinhart, CEO/Executive Director**

James S. Bibbs, CHRO

James W. Noel, III, General Counsel

Tom D. Capozzi, CSO

Rodney W. Oliver, CFO

Cathie J. France, CPAO

Joseph Ruddy, CINO

Shawn Tibbetts, COO



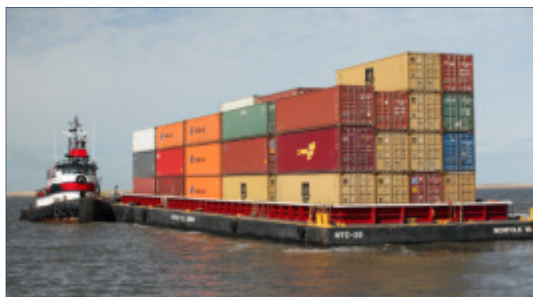


## 2014: A Record Year

- 2.4M TEUs handled
  - Rail containers: +4%
  - Barge containers: +18%
  - Truck containers: +9%
  - Ship calls: +5%
- Strong volume growth
- Increase of 7.6% when compared with 2013
- VIG and NIT operating at or near capacity



# 2014 Cargo Moved Via



4% Barge

Per day / 365

156



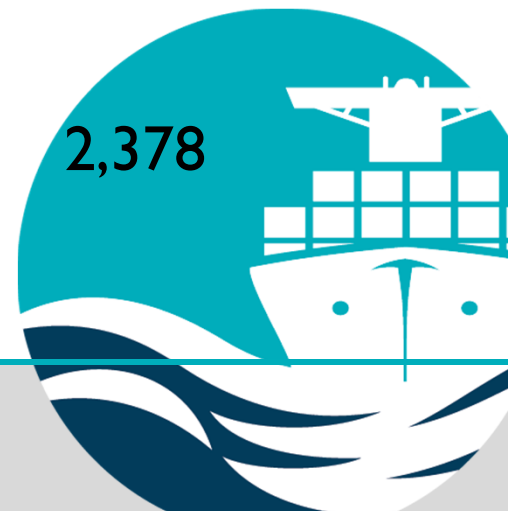
33% Rail

1,228

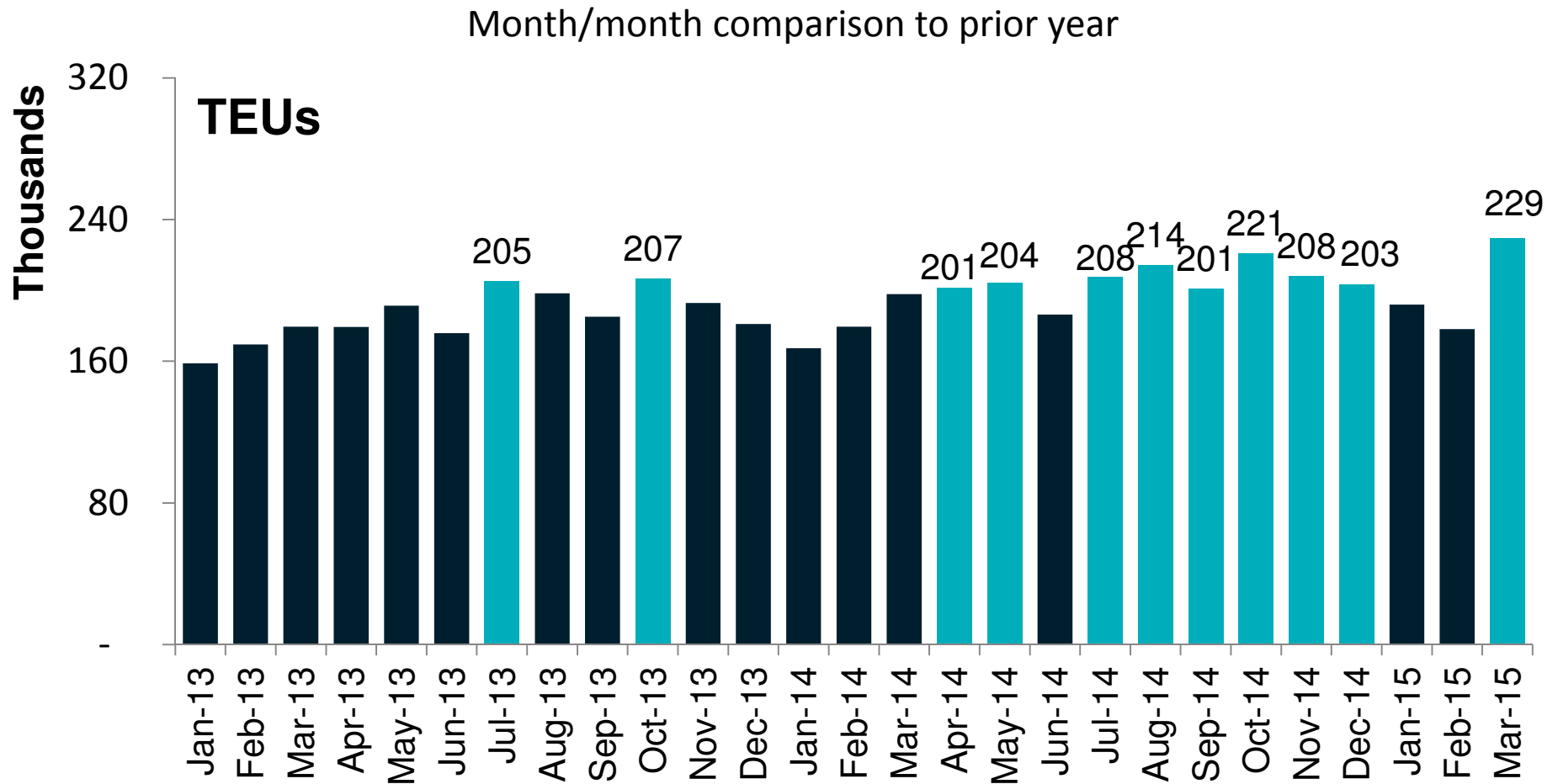


63% Trucks

2,378



# Record-setting volumes in 11 of the last 21 months







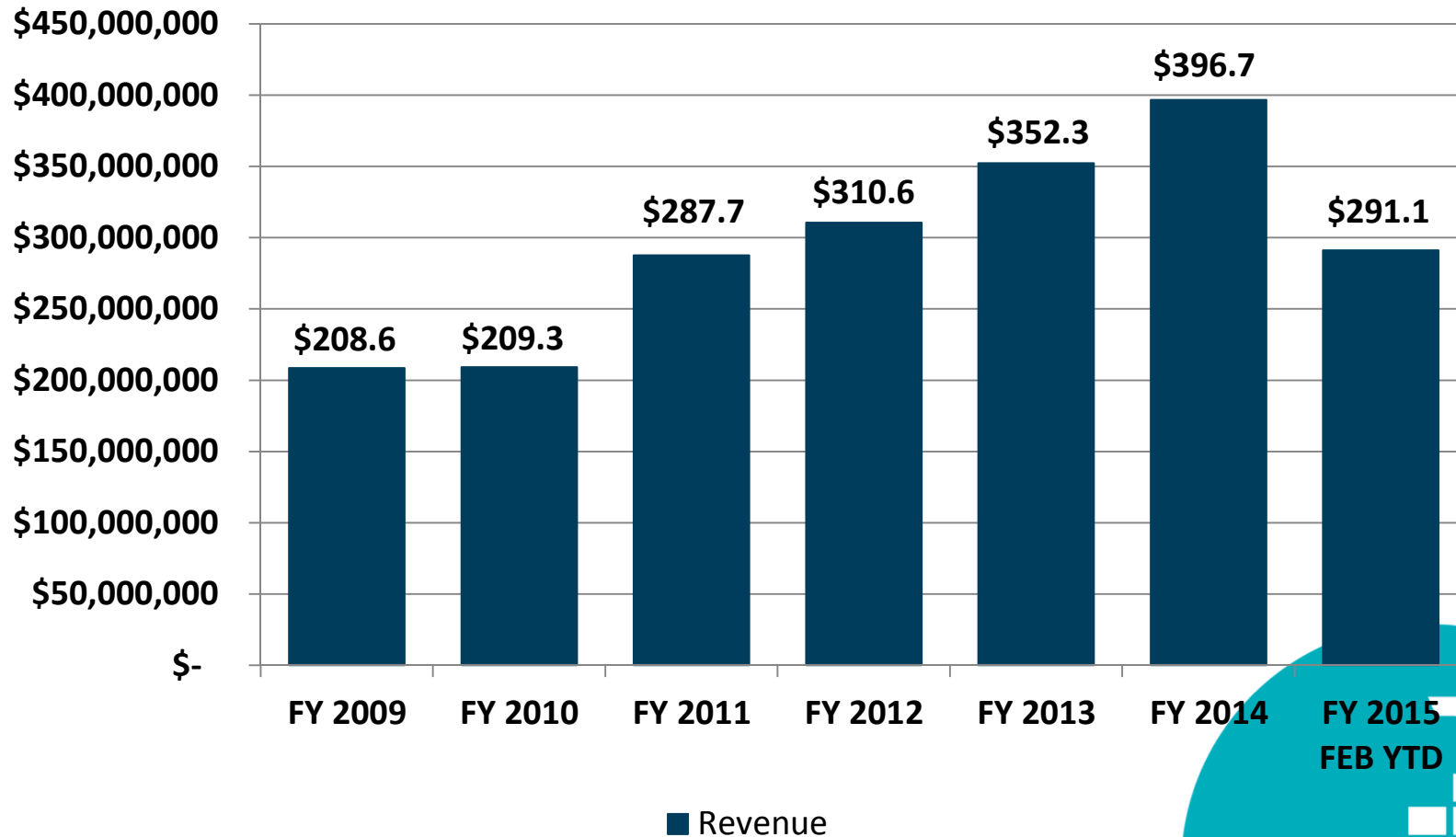
## Stabilizing The Port's Finances

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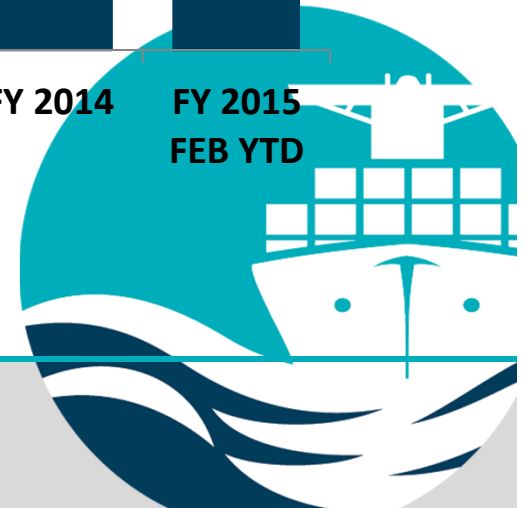
- Budgeting for the future
- Bond financing and refunding
- Current bond ratings
  - Fitch Ratings = A+
  - Moody's Investor's Service = Aa3
  - Standard & Poor's = A+



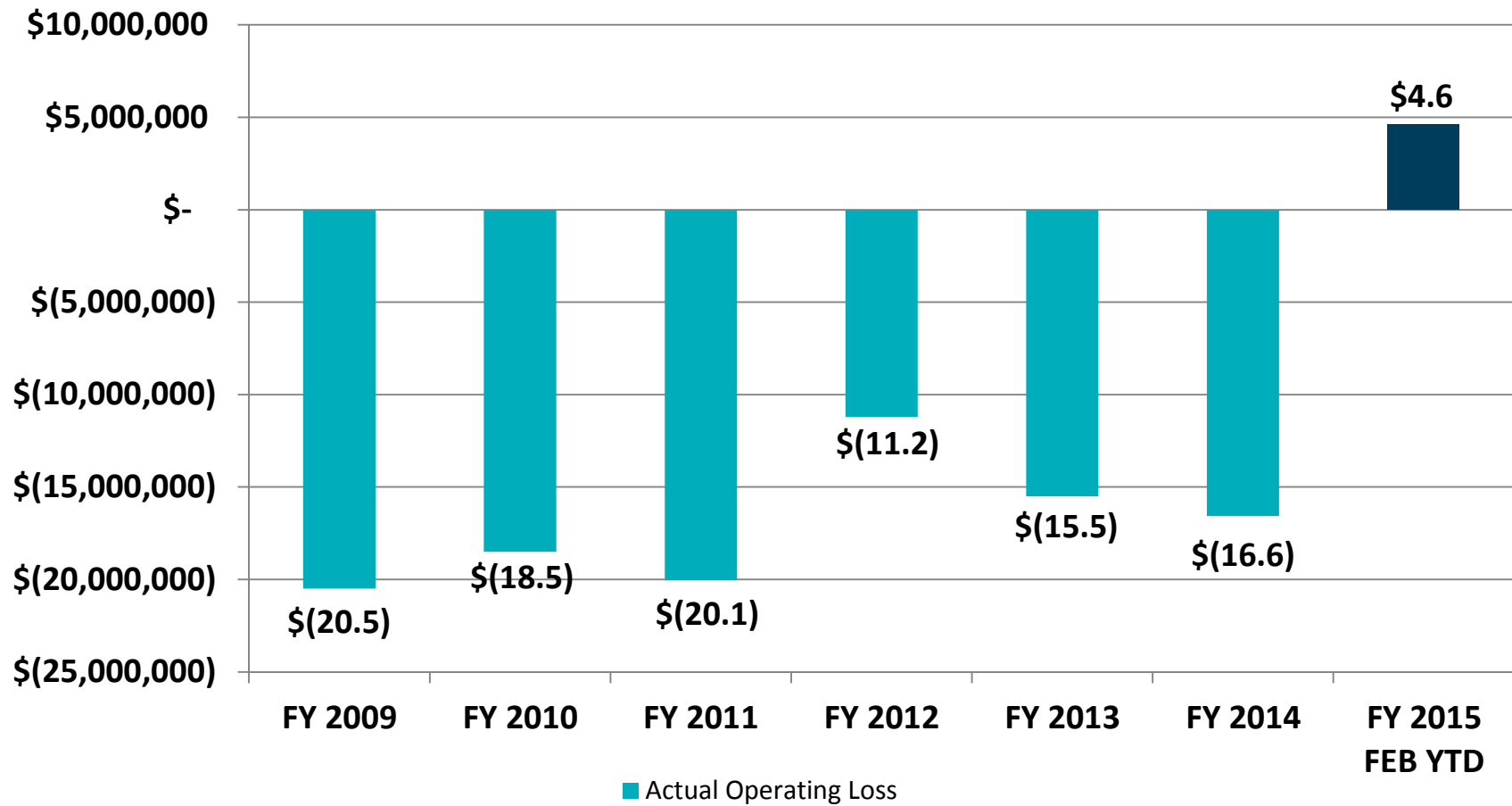
# Consolidated Operating Revenue



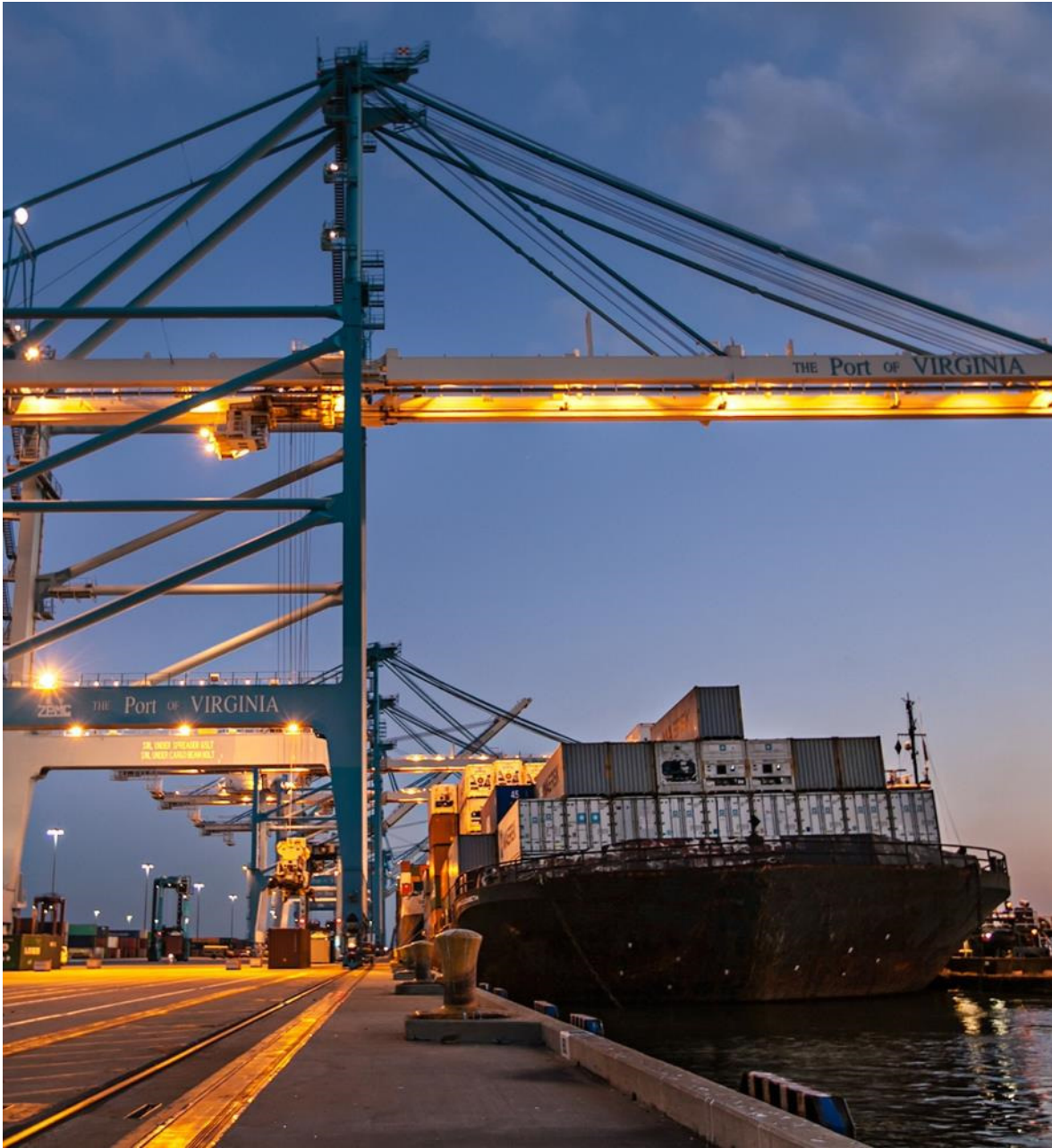
- *FY2009 and FY2010 do not include APM Statistics*
- *Operating Revenue Compound Annual Growth Rate 2011-2014 is 11.3%*



# Consolidated Operating Results



- Six years of operating losses \$(102.4) million
- Should be returning \$44 million annually on invested capital (at 5%)

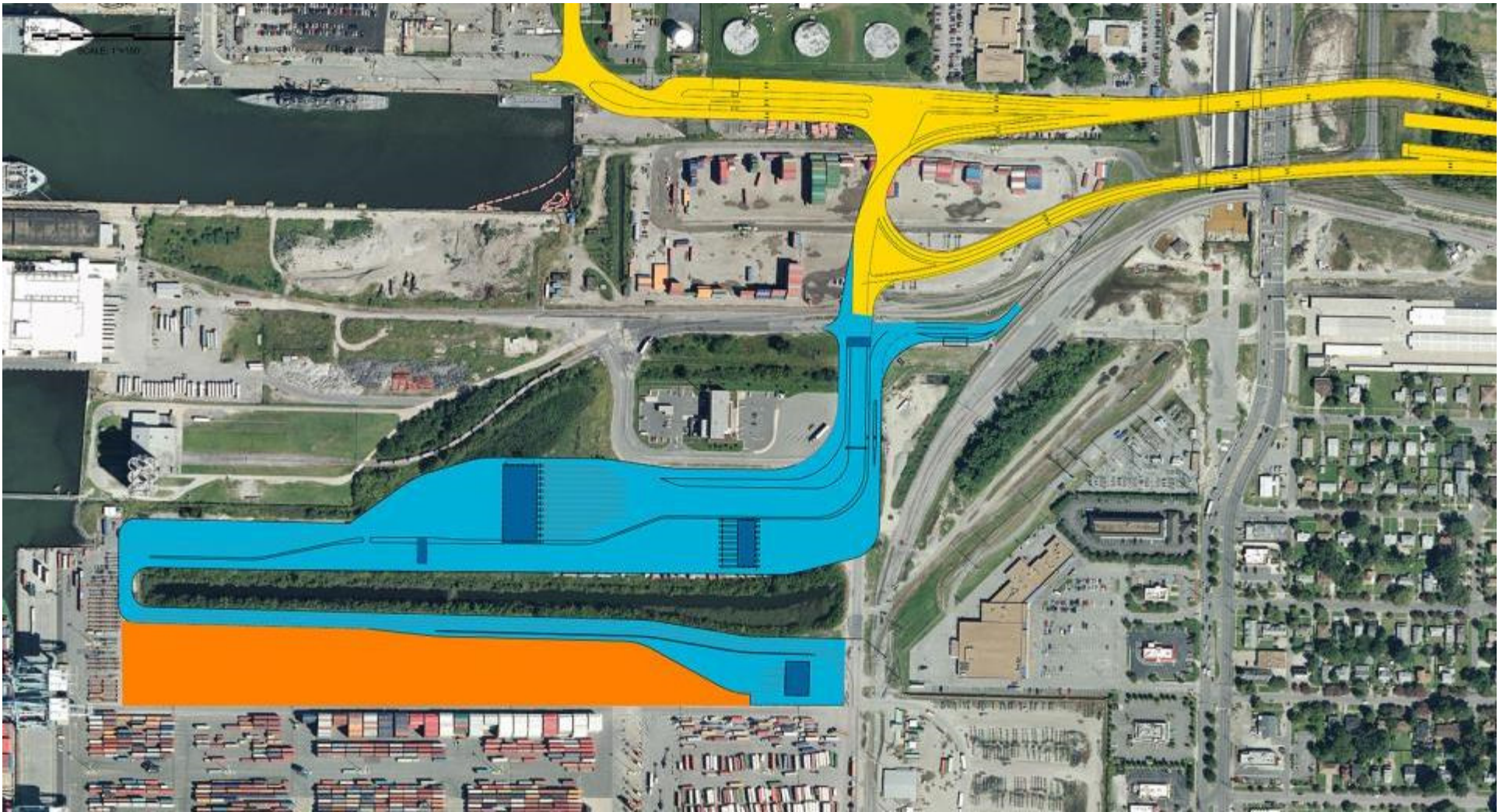


# Terminal Updates

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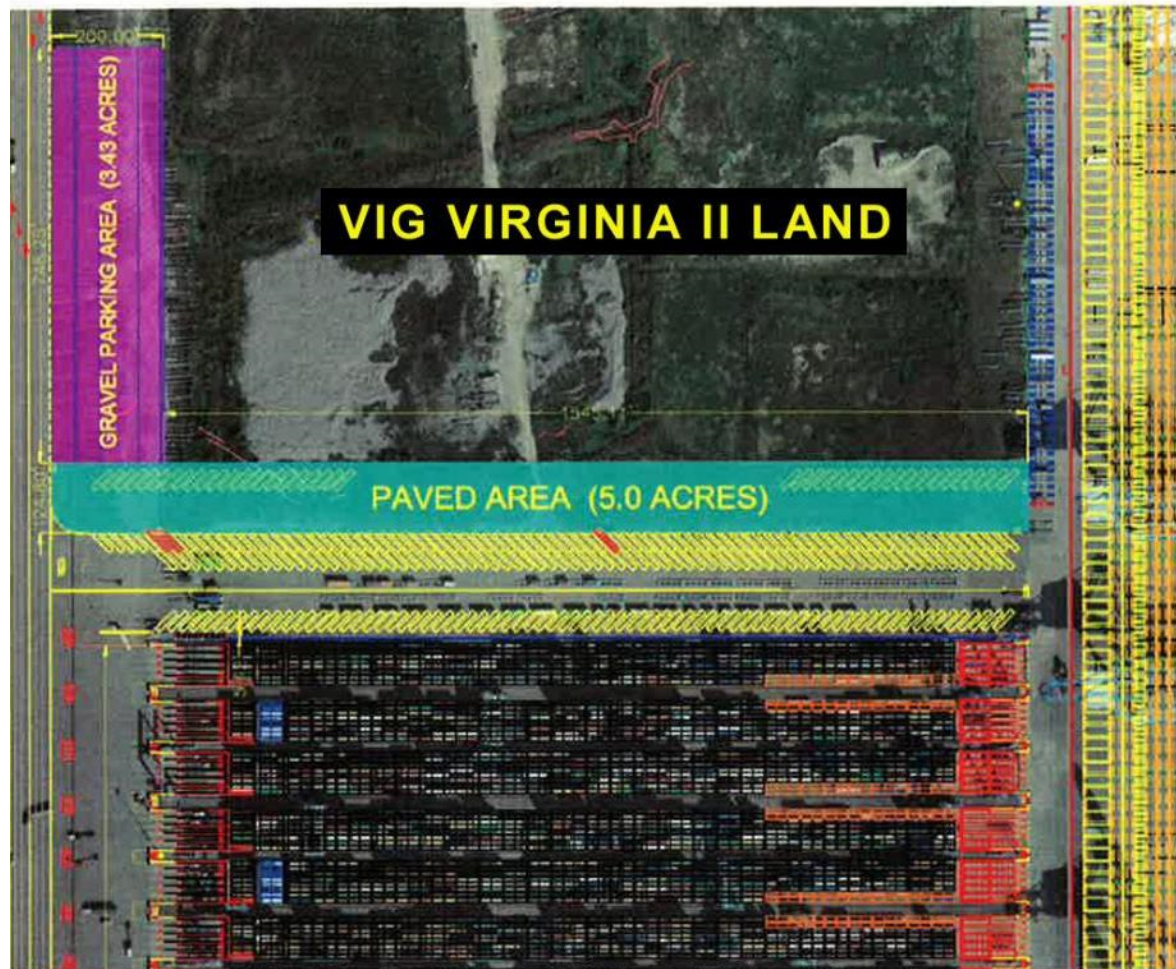
# NIT N Gate Complex - TIGER Grant Funding



# I-564 Intermodal Connector



# Virginia International Gateway – Land Improvements



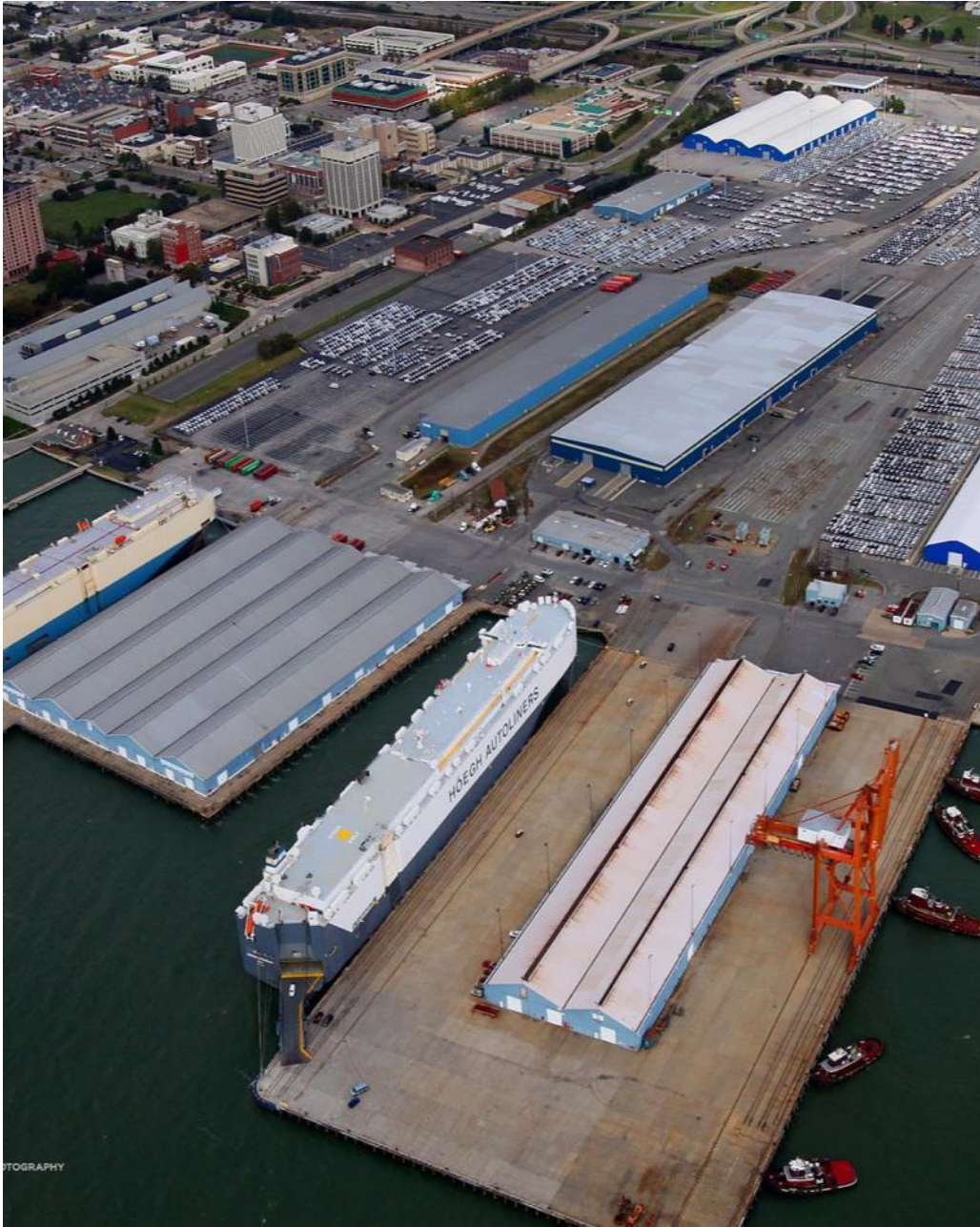


## Port of Richmond

- \$4.2M being invested in new mobile harbor crane
- \$600,000 in rail improvements
- Four lines offering bills of lading
- Averaging 185 moves per week
- Working with City of Richmond to attract investment
- Discussing “next steps” with city leaders

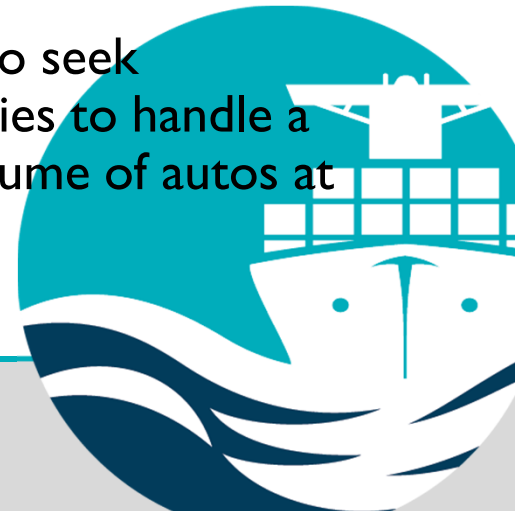






# Newport News Marine Terminal

- Exploring development of more warehouse space
- Targeting cargoes suited for outside storage include steel products as well as turbines, generators and other large component pieces
- Continue to seek opportunities to handle a greater volume of autos at NNMT



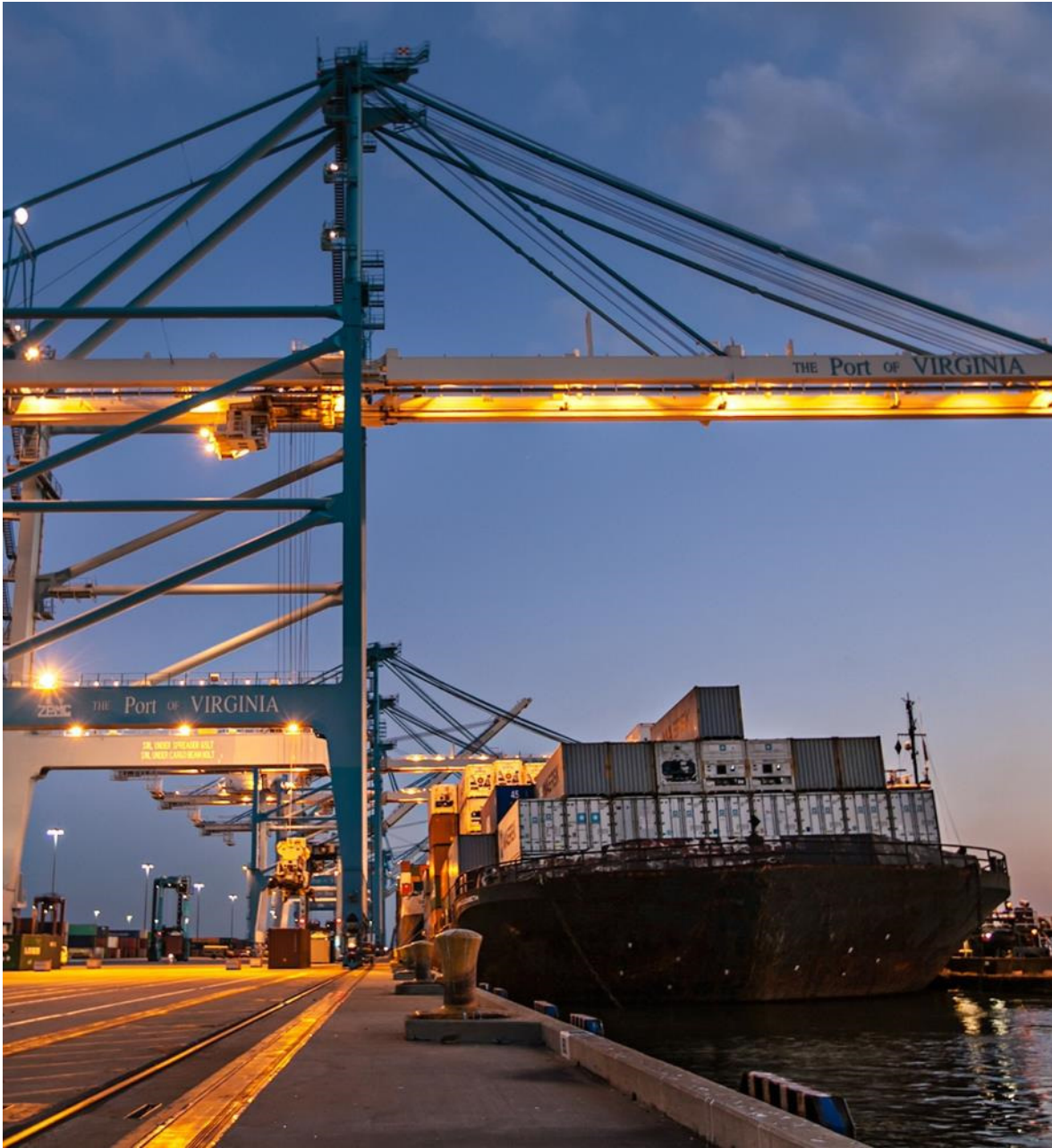


# Virginia Inland Port

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- Regional economic engine
- 39 major companies using VIP
- Investment of nearly \$748 Million
- 8M-plus sq. ft. of buildings
- Employment of more than 8,000





# An Economic Force

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# Economic Impacts FY 2013



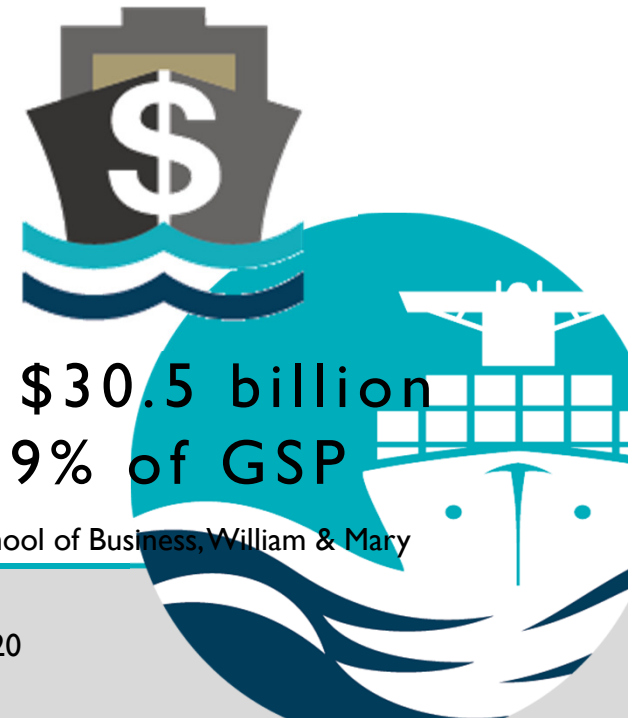
\$17.5 billion in wages  
374,000 employees  
9.4% Va workforce



18 million tons  
\$53.2 billion



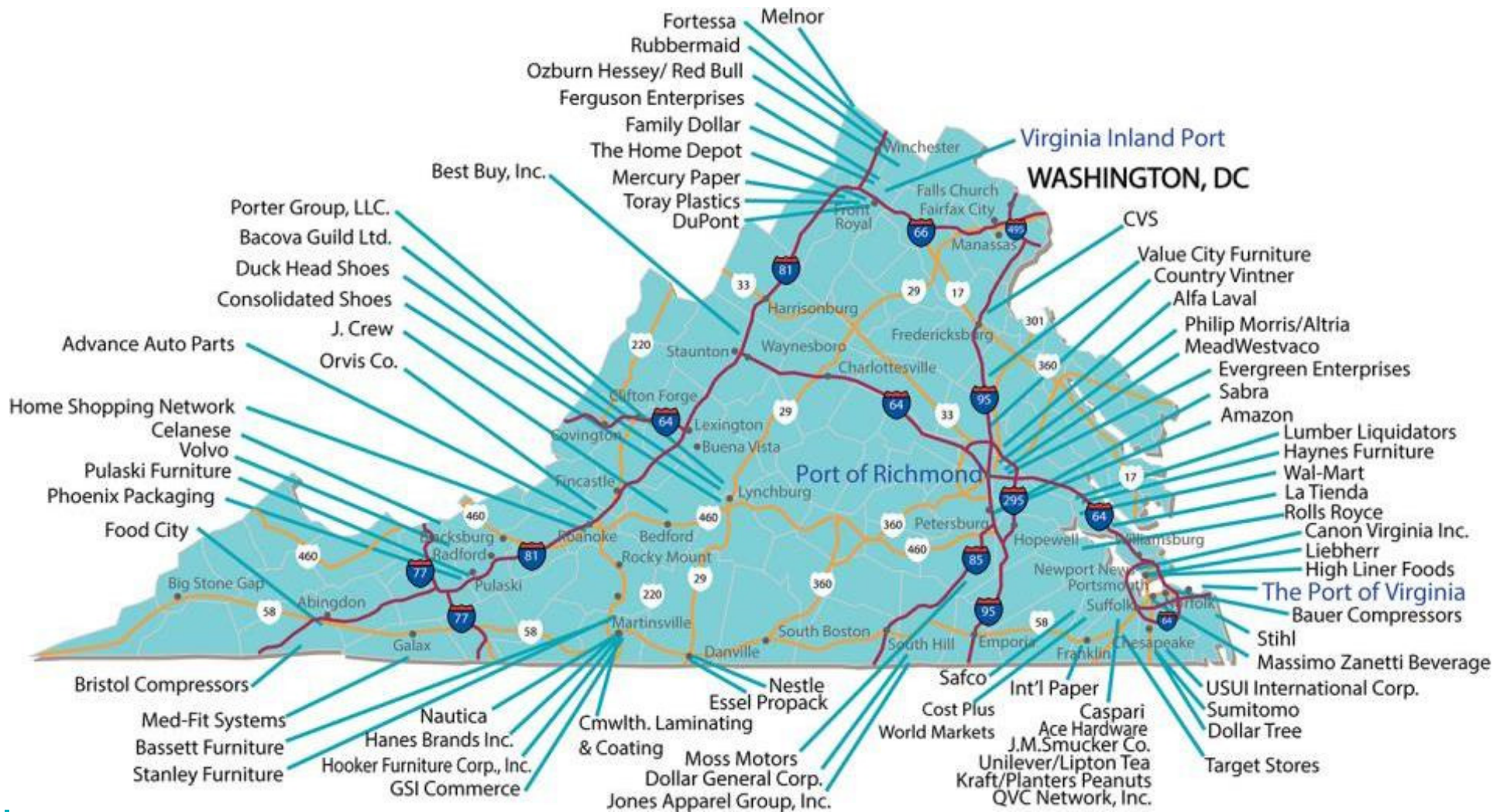
4.5 million tons  
\$10.9 billion



GSP \$30.5 billion  
6.9% of GSP

Source: *The Fiscal Year 2013 Economic Impacts of The Port of Virginia*, Raymond A. Mason School of Business, William & Mary

# Distribution Centers Utilizing The Port



# Port-Driven Economic Development Achievements

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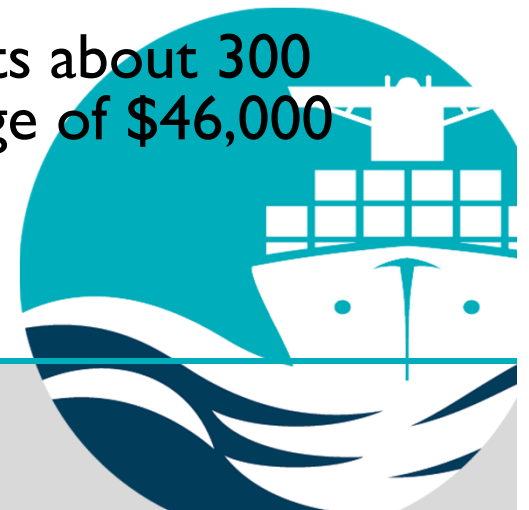
- Announcements: 34
- Square Footage: 4.3+ million
- Investment: \$2.6+ billion
- Jobs Created: 5,000+
- As a benchmark, every 1,000 containers impacts about 300 jobs (direct/indirect/induced) at an average wage of \$46,000

\* Announced in 2014

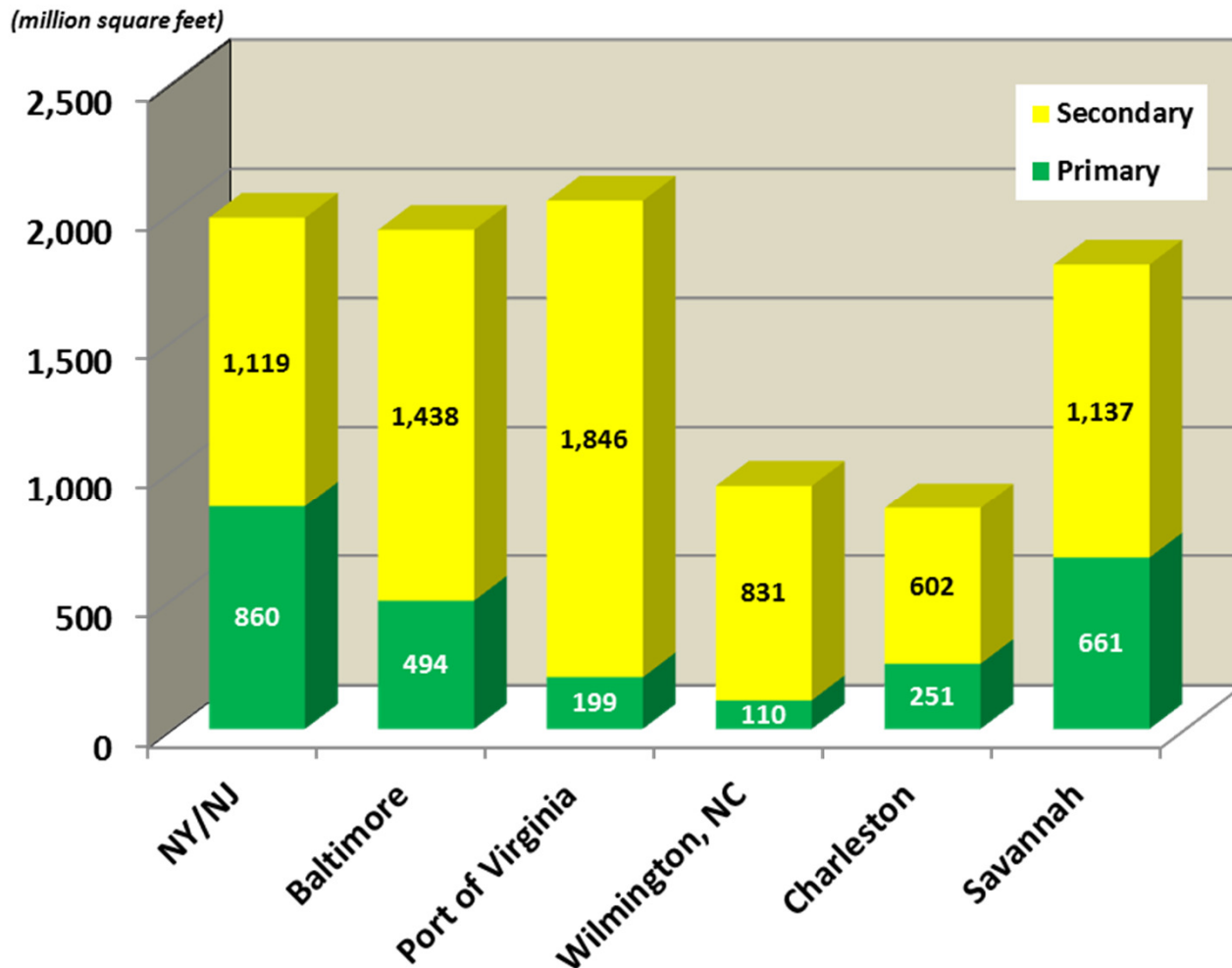


Stewards of Tomorrow

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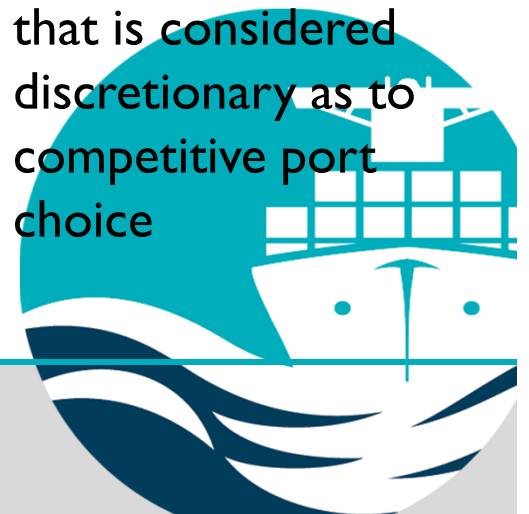


# Industrial Warehouse Capacity



Primary: industrial warehousing within 50 miles of a port, or within 100 miles if in the same state

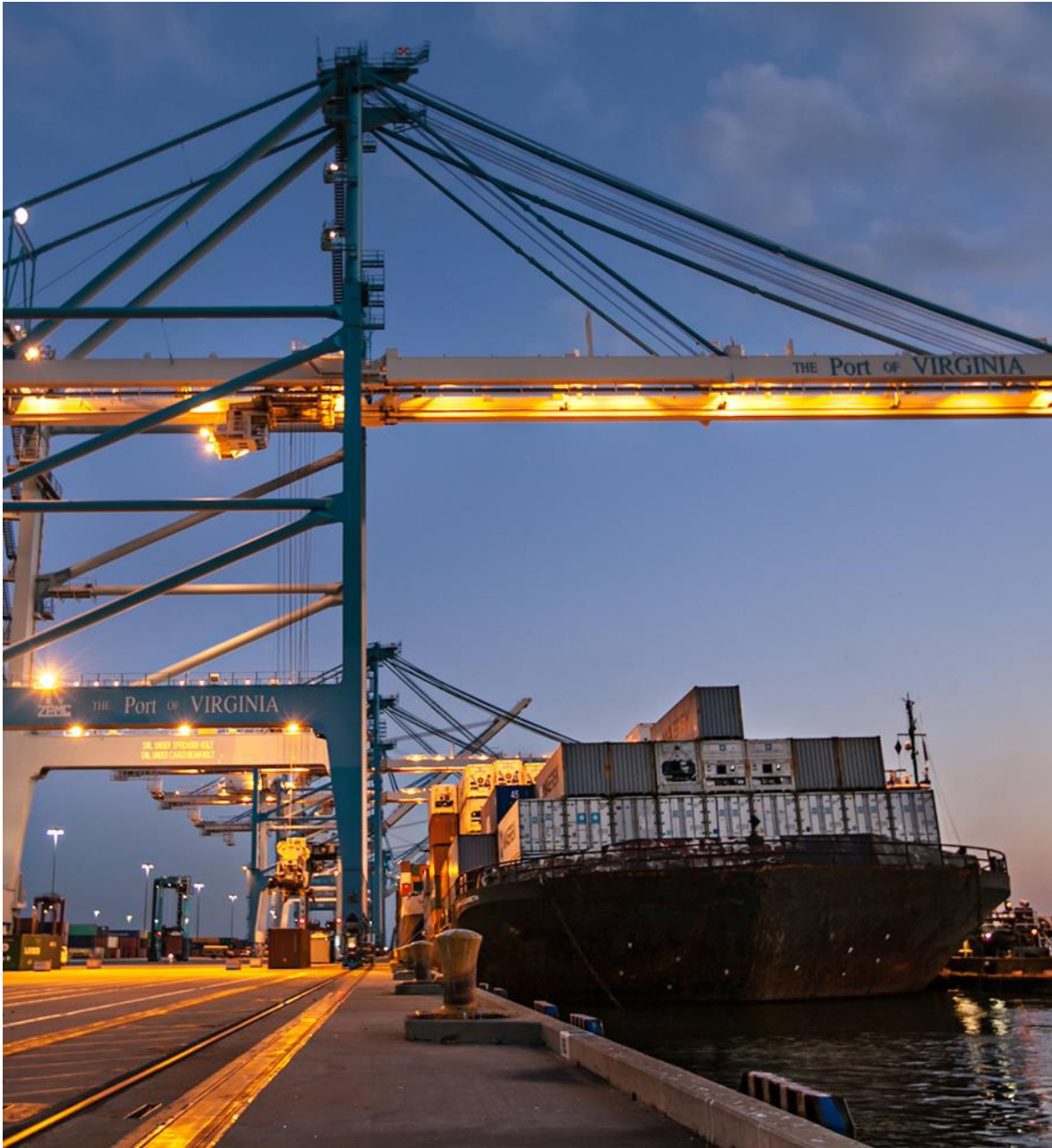
Secondary: industrial warehousing within 300 miles of a port that is considered discretionary as to competitive port choice



# Alternative Site Framework







# Competitiveness

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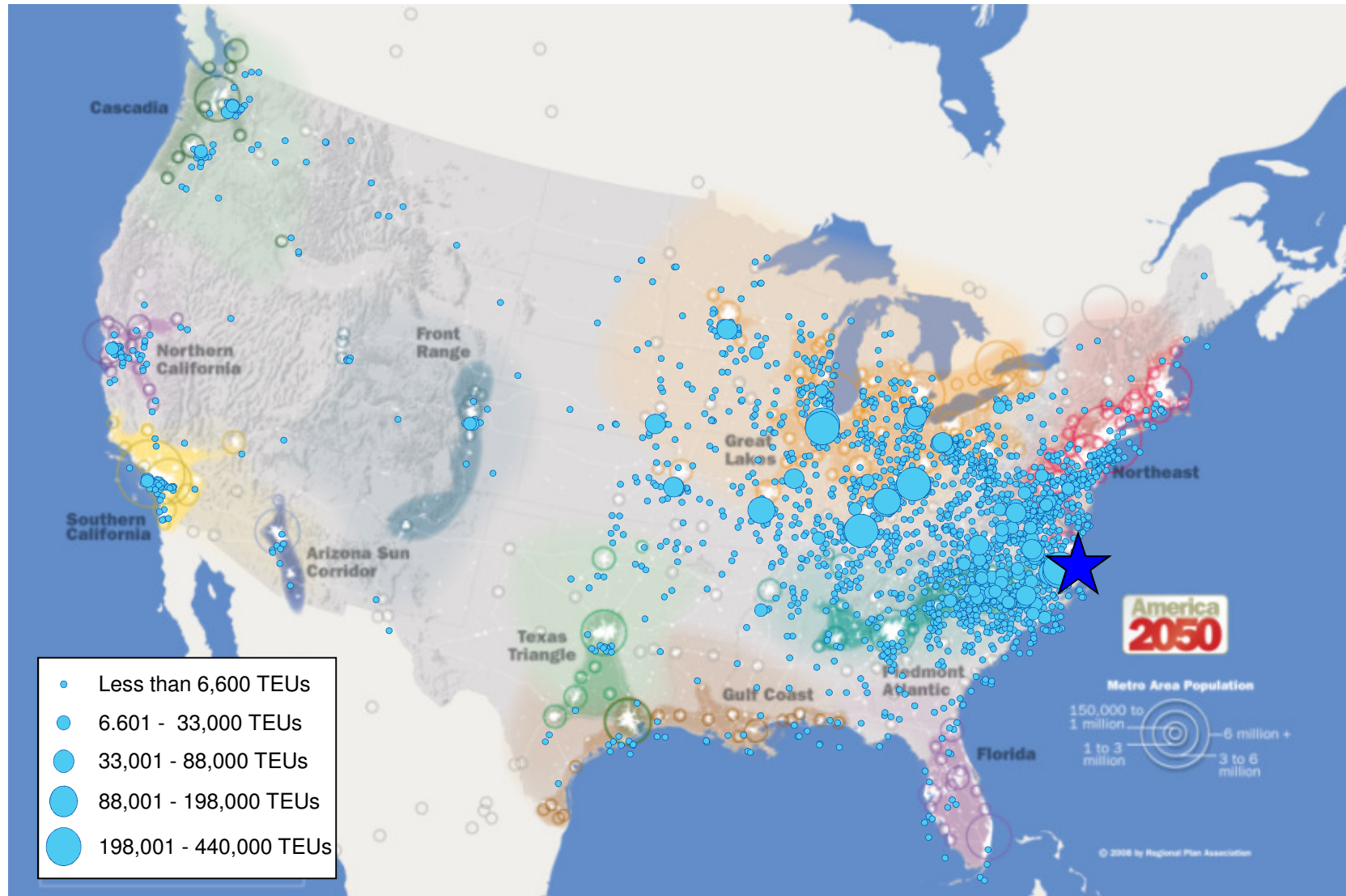
# Competitive Port Appraisal

Port	FY 2014 Imports	% change vs. FY 2009	FY 2014 Exports	% change vs. FY 2009	FY 2014 Total Loads	% change vs. FY 2009
<b>The Port of Virginia</b>	949	29%	958	39%	1,907	34%
<b>NY/NJ</b>	2,828	18%	1,357	7%	4,185	15%
<b>Baltimore</b>	332	10%	195	13%	527	11%
<b>Wilmington, NC</b>	101	(18)%	112	10%	213	(6)%
<b>Charleston</b>	702	21%	651	26%	1,353	24%
<b>Savannah</b>	1,217	25%	1,236	31%	2,453	27%

- Strongest overall volume growth among competitors since the recession
- Better trade balance than Port of NY/NJ



# Ideally Situated – Population Centers and 2040 Cargo Forecasts



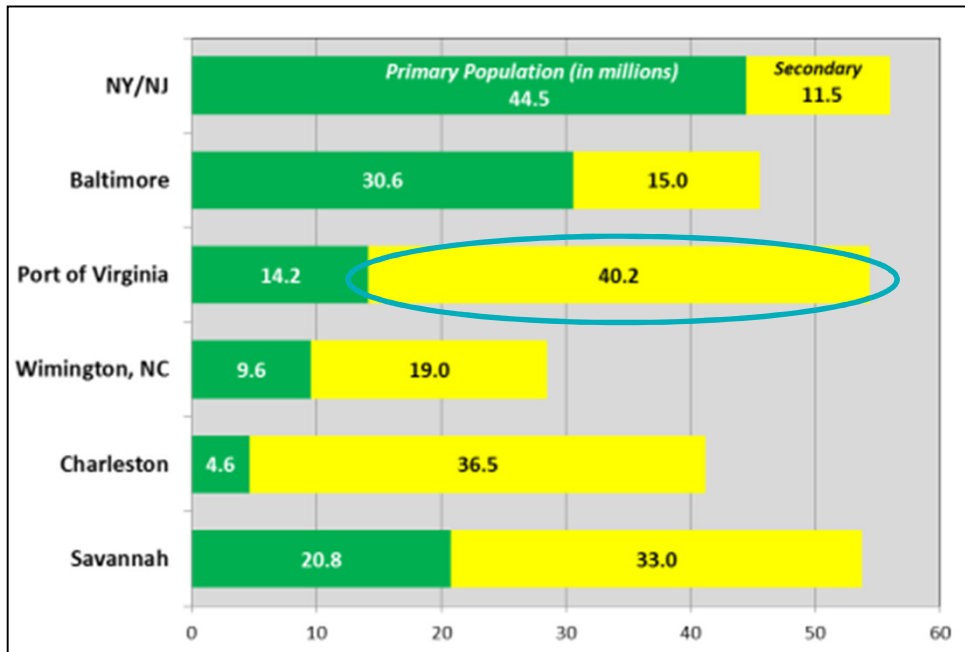
# Norfolk Southern



# CSX



# Market Sizing and Port Positioning



Source: Colliers, population categories defined by R K Johns

Primary: population proximate enough where the port is the preferred or exclusive gateway (based on inland distances)

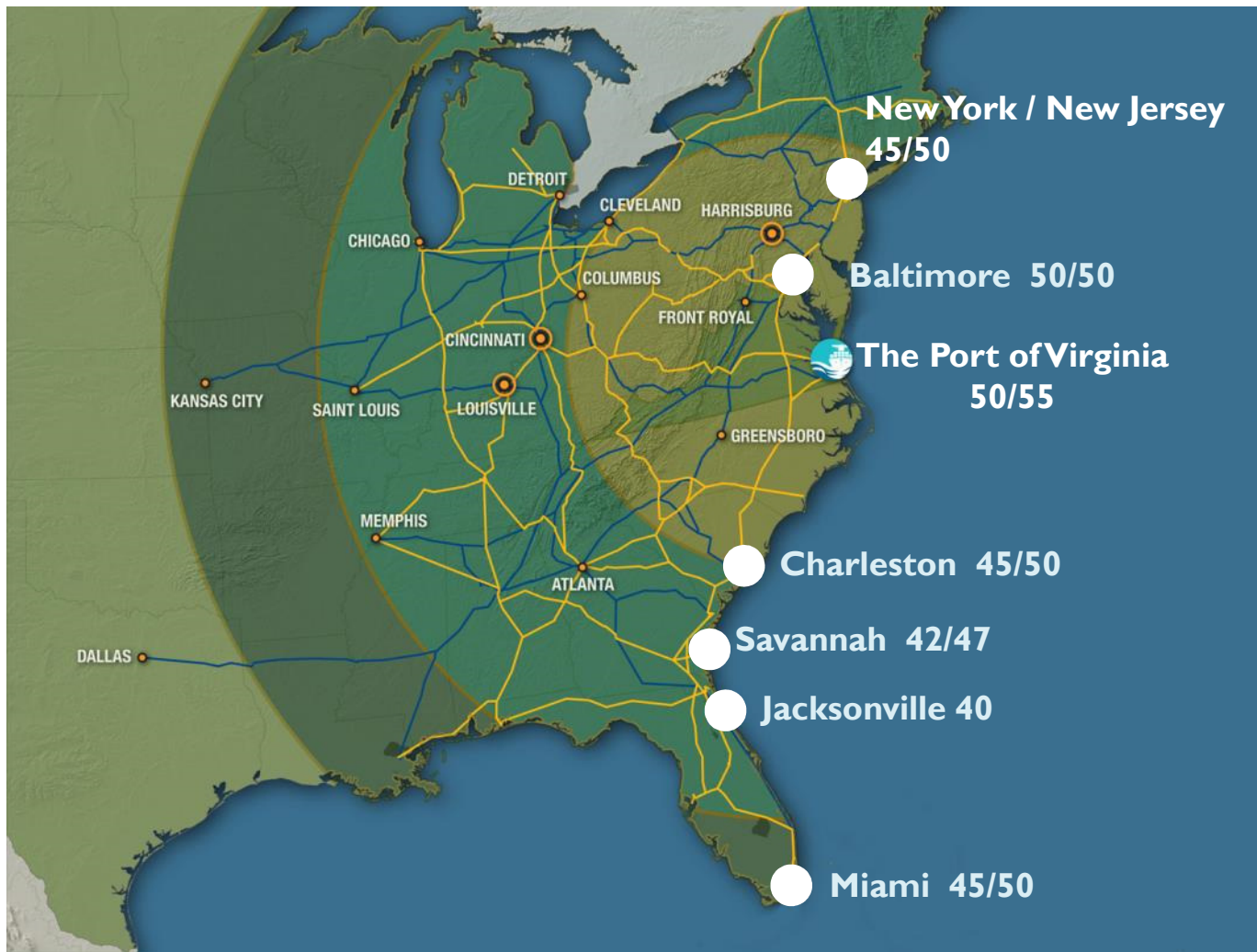
Secondary: the discretionary population in areas that overlap in regards to the opportunity to be served by competing ports

Population figures include 16 states (AL, CT, DC, FL, GA, KY, MD, NC, NJ, NY, OH, PA, SC, TN, VA, WV)

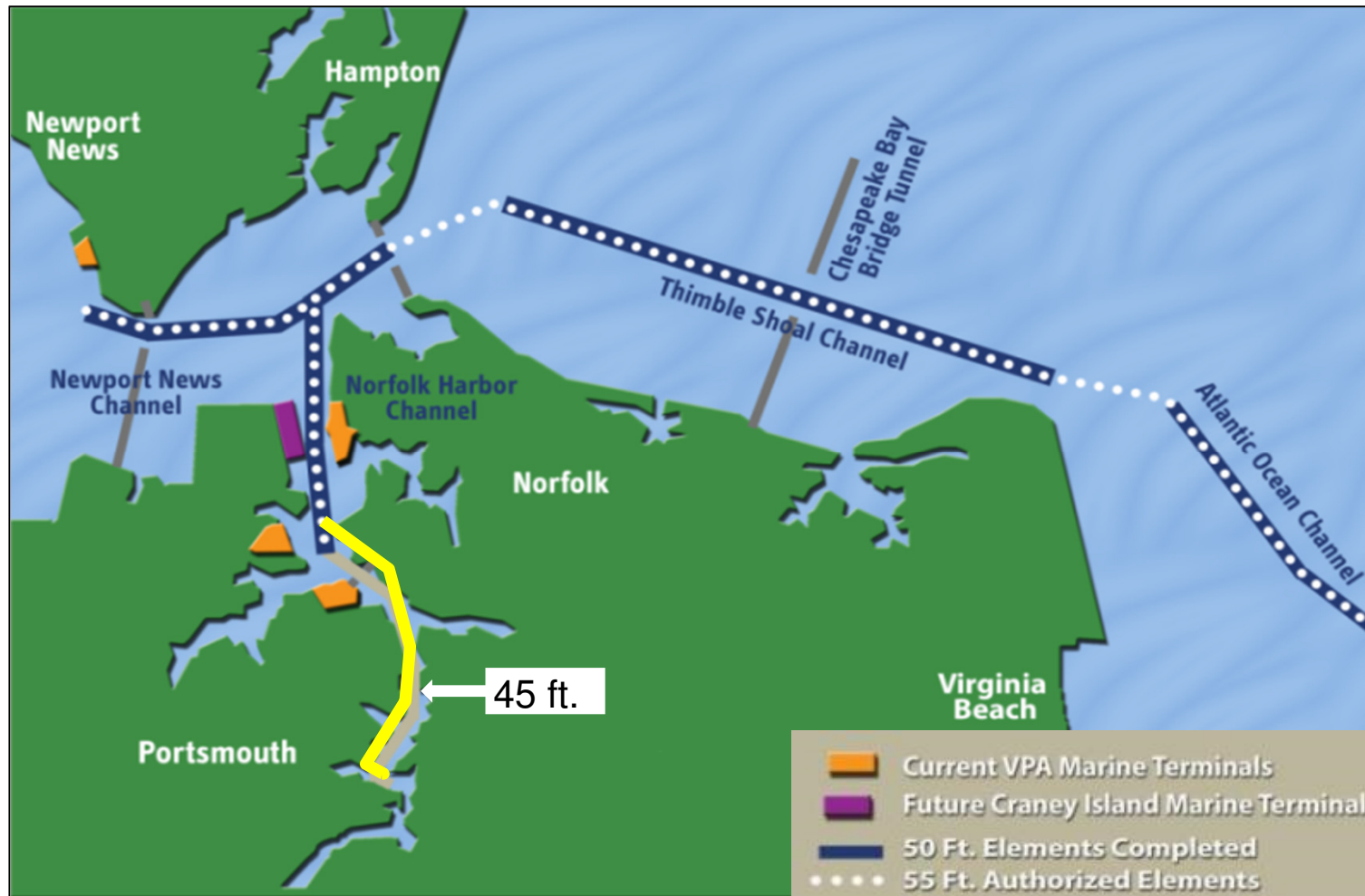
- Market reach is competitive in size to NY/NJ & Savannah
- All three ports able to serve a market potential of +50M
- Without a large, local population base, our trade prospects are substantial, but very competitive
- We must be savvy in economic development efforts, capitalizing on assets and potential



# East Coast Port Depth



# 55-Foot Channel

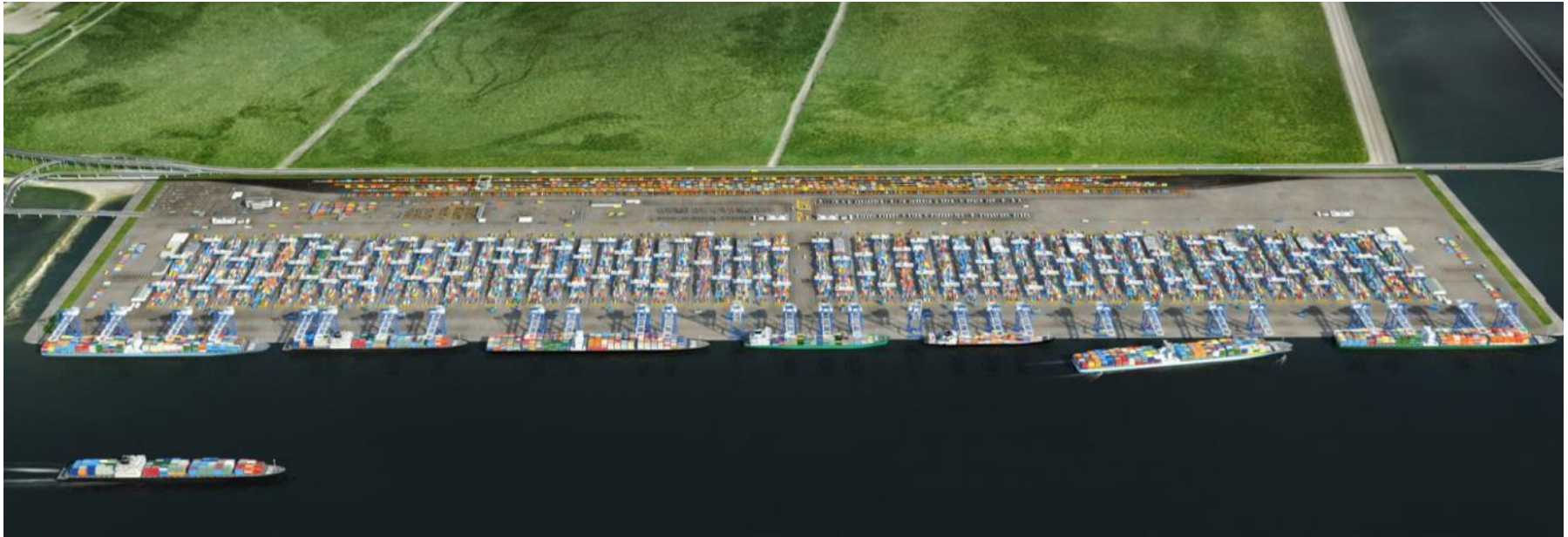




# The Future



# Craney Island Marine Terminal



Phase I – June 2025

Size: 220 acres

Cranes: 6

Capacity: 1.5M TEUs

# Accomplishments

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- Value-based principles and leadership
- Completion of corporate reorganization
- New NIT rail conveyance improving cargo velocity
- Successful upgrade of NIT's terminal operating system to Navis N4
- Re-opened PMT for short-term roll-on/roll-off cargo in April 2014 and for container operations in September 2014
- NIT automated gate became operational in December 2014
- Received TIGER Grant funding and 55ft channel funding
- Improved performance management and key performance indicators
- Completed Facilities Use and Optimization Plan and Strategic Growth Plan
- Profitable operating results and fiscal responsibility



# Challenges

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- Ability to handle volume growth
- Capacity
- Infrastructure
- Aging Equipment
- Workforce Development



# Opportunities

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- 55-foot deepening
- VIG expansion
- Investment in infrastructure and equipment
- NIT North Gate expansion
- Port of Richmond
- Economic Development

INVEST AND REINVENT



ACCESSIBILITY • HELPFULNESS • INNOVATION  
**STEWARDS OF TOMORROW**  
SUSTAINABILITY • FORTITUDE • MINDFULNESS



THE PORT OF  
**VIRGINIA**

