



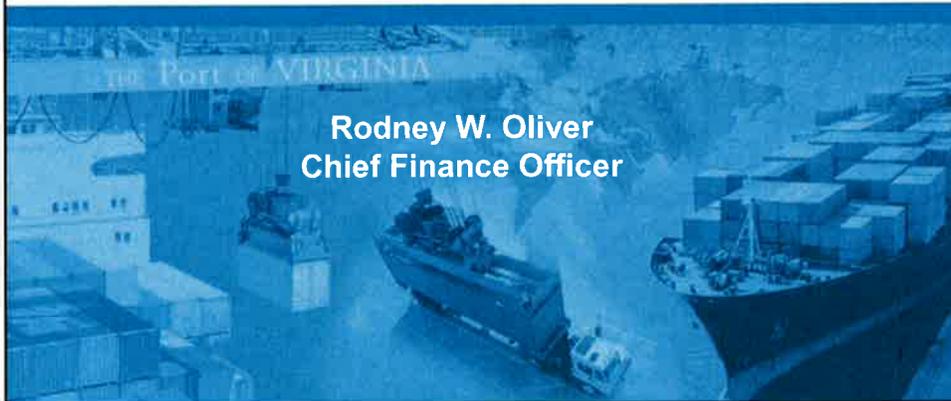
THE PORT OF  
**VIRGINIA**

Board of Commissioners

Session 358

May 27, 2014

## April 2014 Financial Report



Rodney W. Oliver  
Chief Finance Officer

### PORT OF VIRGINIA CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED APRIL 30, 2014

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 32,634,029	\$ 30,616,027	\$ 2,018,002	6.6%

- *Actual container volume was 114,875 vs. 113,841 budget, a 0.9% increase*
- *Operating revenue was 6.6% over budget, primarily due to an increase in miscellaneous revenues (demurrage, storage, refrigerated services, etc.)*

**PORT OF VIRGINIA  
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED  
APRIL 30, 2014**

	Actual	Budget	\$ Variance	% Variance
<b>Operating Revenues</b>	\$ 32,634,029	\$ 30,616,027	\$ 2,018,002	6.6%
<b>Operating Expenses:</b>				
Terminal operations	13,785,914	13,794,852	8,938	0.1%
Terminal maintenance	6,568,564	4,971,402	(1,597,162)	-32.1%
General and administrative	3,676,835	3,796,738	119,903	3.2%
Facility Rental	4,201,347	4,178,072	(23,275)	-0.6%
Depreciation and amortization	3,933,193	3,930,517	(2,676)	-0.1%
<b>Total operating expenses</b>	<b>32,165,853</b>	<b>30,671,581</b>	<b>(1,494,272)</b>	<b>-4.9%</b>

- **Total operating expense was \$1.5 million over budget**
- **Terminal operations expense was down for the month, partially due to a reclassification of certain expenses to terminal maintenance**
- **Terminal maintenance was up for the month due the reclassification of certain expenses from operations and the age of equipment**
- **Remaining expense categories were in-line with budget**

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CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED  
APRIL 30, 2014**

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<b>Operating income (loss)</b>	<b>468,176</b>	<b>(55,554)</b>	<b>523,730</b>	<b>942.7%</b>

- **The higher than budgeted revenue was partially offset by higher than budgeted operating expenses resulting in an operating income of \$468 thousand or \$524 thousand over budget for the month of April**

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CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED  
APRIL 30, 2014**

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<b>Non-operating revenues (expenses)</b>	<b>(1,479,044)</b>	<b>(1,743,660)</b>	<b>264,616</b>	<b>15.2%</b>
<b>Capital contributions and transfers</b>	<b>3,150,364</b>	<b>3,244,518</b>	<b>(94,154)</b>	<b>-2.9%</b>

- *Non-operating expenses consist primarily of interest expense which is lower than budget due to bond refundings and the negotiation of lower interest rates on MELPs and interest on investments*
- *Capital contributions consist primarily of Commonwealth Port Fund Revenue and was 2.9% lower than budget*

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**PORT OF VIRGINIA  
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED  
APRIL 30, 2014**

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<b>Increase (decrease) in Net Assets</b>	<b>\$ 2,139,496</b>	<b>\$ 1,445,304</b>	<b>\$ 694,192</b>	<b>48.0%</b>

- *The overall results show an increase in Net Assets of \$2.1 million, which was \$694 thousand ahead of budget*

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**PORT OF VIRGINIA  
CONSOLIDATED INCOME STATEMENT FOR THE TEN MONTHS ENDED  
APRIL 30, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 298,980,000	\$ 302,610,411	\$ (3,630,411)	-1.2%

- **Actual container volume was 1,095,141 vs. 1,101,841 budgeted, a 0.6% decrease**
- **Continued shift in volume mix towards rail, and additional incentives, contributed to lower than budgeted revenue**

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**PORT OF VIRGINIA  
CONSOLIDATED INCOME STATEMENT FOR THE TEN MONTHS ENDED  
APRIL 30, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 298,980,000	\$ 302,610,411	\$ (3,630,411)	-1.2%
<b>Operating Expenses:</b>				
Terminal operations	143,818,043	134,744,299	(9,073,744)	-6.7%
Terminal maintenance	51,514,186	49,511,755	(2,002,431)	-4.0%
General and administrative	36,841,449	37,238,199	396,749	1.1%
Facility Rental	43,334,909	41,780,720	(1,554,189)	-3.7%
Depreciation and amortization	39,460,629	39,426,837	(33,792)	-0.1%
<b>Total operating expenses</b>	<b>314,969,216</b>	<b>302,701,810</b>	<b>(12,267,406)</b>	<b>-4.1%</b>

- **Terminal operations expense was \$9.1 million over budget mostly due to rail mix and higher than budgeted premium pay**
- **Terminal maintenance was \$2.0 million over budget due to the reclassification of certain expenses from operations, and the age of equipment**
- **General and administrative expense was slightly lower than budget**
- **Facility rental was over budget due to a change in estimate**

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CONSOLIDATED INCOME STATEMENT FOR THE TEN MONTHS ENDED  
APRIL 30, 2014**

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<b>Operating income (loss)</b>	<u>(15,989,216)</u>	<u>(91,399)</u>	<u>(15,897,817)</u>	<u>-17393.9%</u>

- *The combination of lower than budgeted revenue and higher than budgeted expenses have resulted in an operating loss of \$16.0 million or \$15.9 million below budget year to date*

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**PORT OF VIRGINIA  
CONSOLIDATED INCOME STATEMENT FOR THE TEN MONTHS ENDED  
APRIL 30, 2014**

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<b>Operating income (loss)</b>	<u>(15,989,216)</u>	<u>(91,399)</u>	<u>(15,897,817)</u>	<u>-17393.9%</u>
<b>Non-operating revenues (expenses)</b>	(13,776,977)	(14,812,784)	1,035,807	7.0%
<b>Capital contributions and transfers</b>	30,415,279	32,445,180	(2,029,901)	-6.3%

- *Non-operating expenses consist primarily of interest expense which is lower than budget due to bond refundings and negotiation of lower interest rates on MELPs*
- *Capital contributions consist primarily of Commonwealth Port Fund Revenue which was approximately \$2.0 million below budget*

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**PORT OF VIRGINIA**  
**CONSOLIDATED INCOME STATEMENT FOR THE TEN MONTHS ENDED**  
**APRIL 30, 2014**

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<b>Capital contributions and transfers</b>	<b>30,415,279</b>	<b>32,445,180</b>	<b>(2,029,901)</b>	<b>-6.3%</b>
<b>Increase (decrease) in Net Assets</b>	<b>\$ 649,086</b>	<b>\$ 17,540,997</b>	<b>\$ (16,891,911)</b>	<b>-96.3%</b>

- *The overall result is an increase in Net Assets of \$649 thousand which is \$16.9 million below budget*

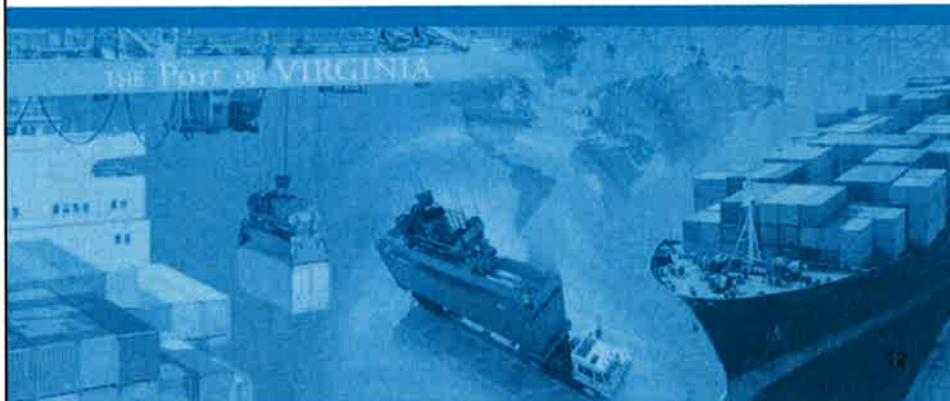
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**Board of Commissioners**

**Session 358**

**May 27, 2014**





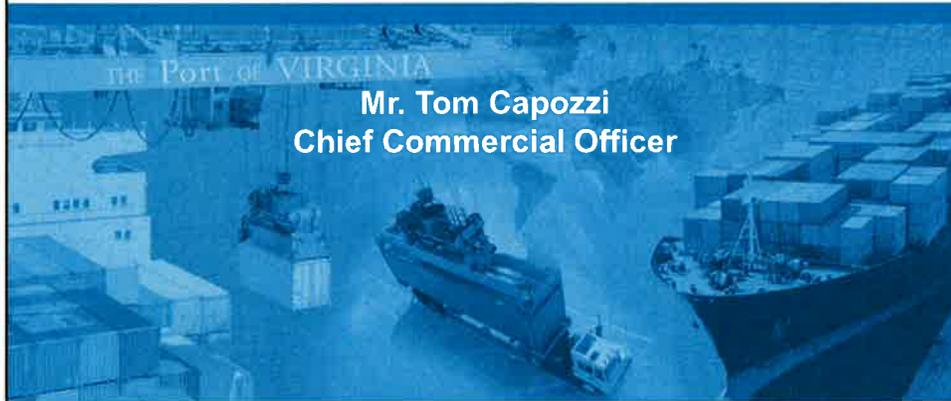
THE PORT OF  
**VIRGINIA**

Board of Commissioners

Session 358

May 27, 2014

## Commercial Update



Mr. Tom Capozzi  
Chief Commercial Officer

2014 Fiscal Year, July-April

	FY2014	FY2013	%Change
<b>Total Containers</b>	<b>1,095,141</b>	<b>1,030,466</b>	<b>+6.3</b>
<b>B/B Tonnage</b>	<b>293,132</b>	<b>290,262</b>	<b>+1.0</b>
<b>Vehicles</b>	<b>27,788</b>	<b>30,594</b>	<b>-9.2</b>
<b>Total Rail Containers</b>	<b>369,019</b>	<b>338,493</b>	<b>+9.0</b>
<b>VIP Containers</b>	<b>29,402</b>	<b>27,696</b>	<b>+6.2</b>
<b>Total Barge Containers</b>	<b>41,014</b>	<b>45,788</b>	<b>-10.4</b>
<b>Truck Containers</b>	<b>685,108</b>	<b>646,185</b>	<b>+6.0</b>

Source: Terminal Statistics

2

2014 Calendar Year, January-April			
	CY 2014	CY 2013	%Change
<b>Total Containers</b>	<b>425,395</b>	<b>392,854</b>	<b>+8.3</b>
<b>B/B Tonnage</b>	<b>120,845</b>	<b>105,880</b>	<b>+14.1</b>
<b>Vehicles</b>	<b>12,590</b>	<b>9,040</b>	<b>+39.3</b>
<b>Total Rail Containers</b>	<b>143,016</b>	<b>132,437</b>	<b>+8.0</b>
<b>VIP Containers</b>	<b>11,894</b>	<b>10,830</b>	<b>+9.8</b>
<b>Total Barge Containers</b>	<b>16,439</b>	<b>15,803</b>	<b>+4.0</b>
<b>Truck Containers</b>	<b>265,940</b>	<b>244,614</b>	<b>+8.7</b>

Source: Terminal Statistics

3



 THE PORT OF VIRGINIA **G6**

 **APL**

 **MOL**

 **Hapag-Lloyd**

 **NYK LINE**  
NIPPON YUSEN KAISHA

 **HMM**  
HYUNDAI MERCHANT MARINE CO., LTD.

 **OOCL**

 THE PORT OF VIRGINIA **CKYH-E (or A-7?)**

 **COSCO**

 **YANG MING LINE**

 **HANJIN**

 **K LINE**  
KAWASAKI KISEN KAISHA, LTD. ®

 **EVERGREEN**

 **BCO**

- Family Dollar
- Abercrombie and Fitch
- Kuehne & Nagle
- Wal-Mart
- West Coast import diversions

 **Breakbulk Update**



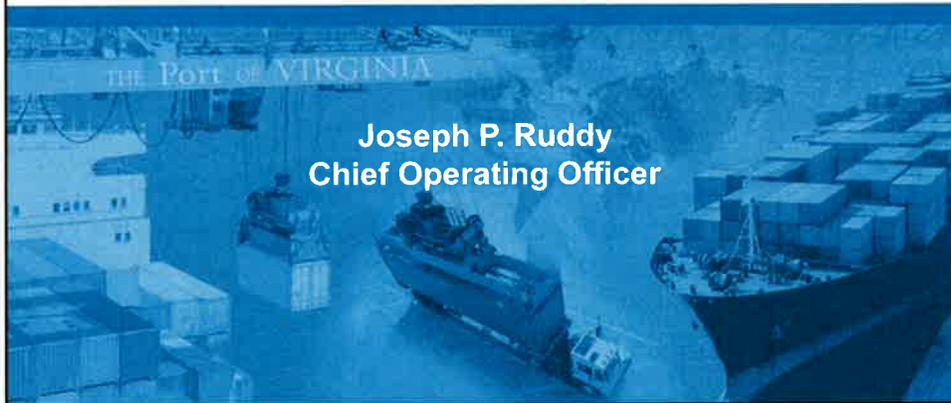


**Board of Commissioners**

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**May 27, 2014**

## **Operational Summary**



**Joseph P. Ruddy**  
**Chief Operating Officer**



## **Agenda**

- Volume
- Production
- Rail Operations
- Gate
- Future Changes


**THE PORT OF VIRGINIA**

## Overview

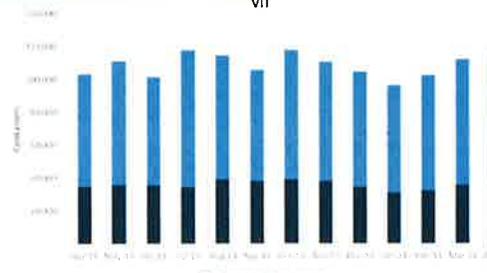
- April demonstrated a 11.5% increase in total volume from the same month last year (114,875 : 102,986)
- The NIT rail optimization study is materially complete and implementation began in early May
- Hustlers bid awarded
  - 23 of 32 hustlers have been delivered
  - Delivery expected on balance by the end of this week

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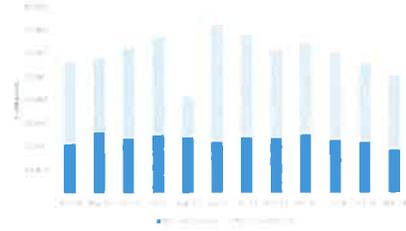

**THE PORT OF VIRGINIA**

## Volume

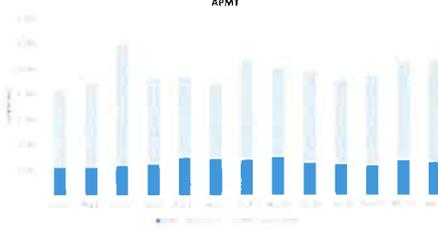
**VIT**



**NIT**



**AFMT**

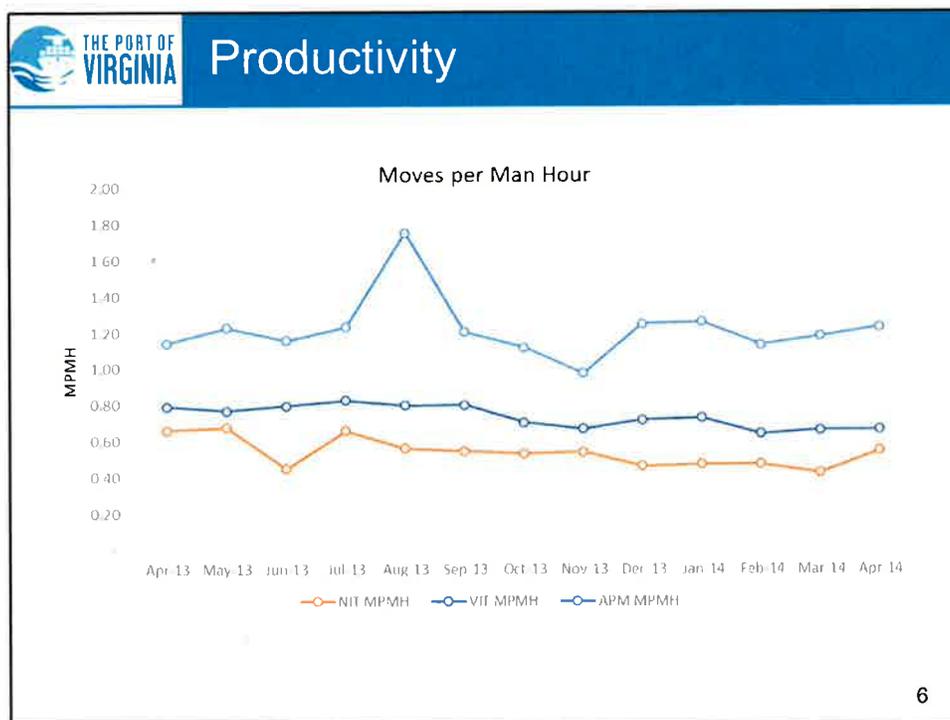


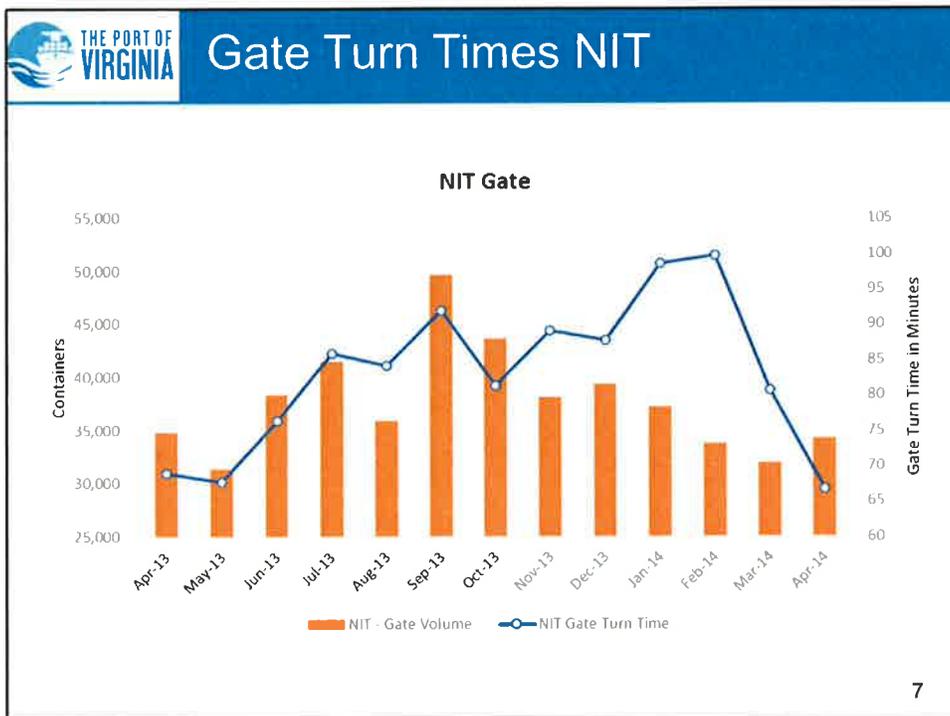
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## Rail Operations

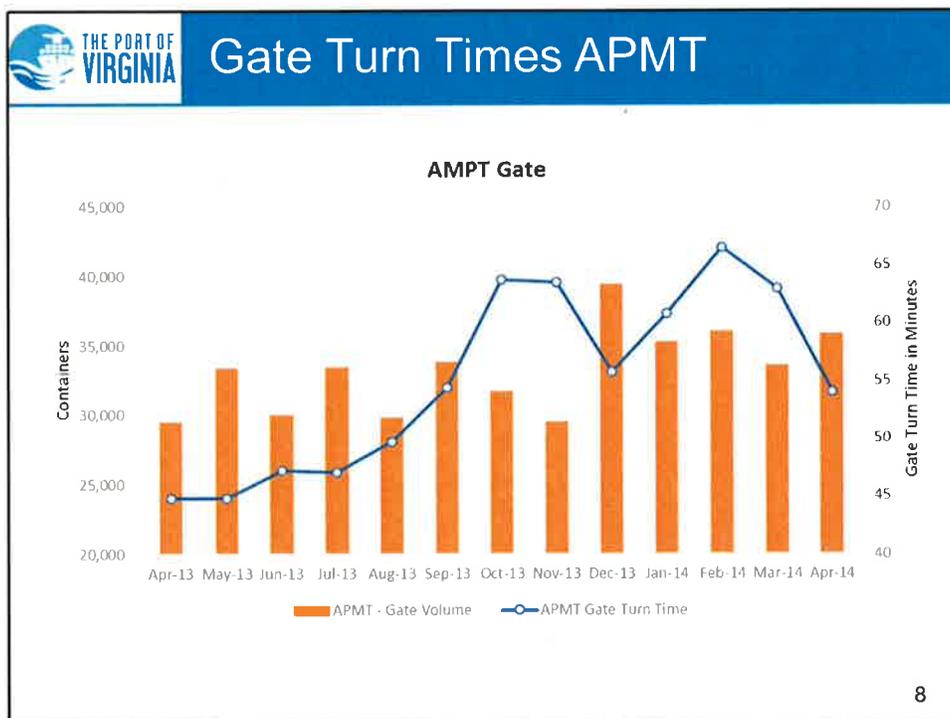
- Volumes and arrival rates are being combated by the new rail operation at nit.
- terminal labor costs were stable with increasing rail volumes, demonstrating improved productivity.
- The change in conveyance will be fully operational by May 31st leading to additional capacity, lower labor costs and more straddle carrier resources at the gates
- Operations received 19 hustlers in early April to begin the ramp up period. An additional 4 hustlers delivered last week and the balance due this week
- Continued improvements will be realized as the process is refined

5

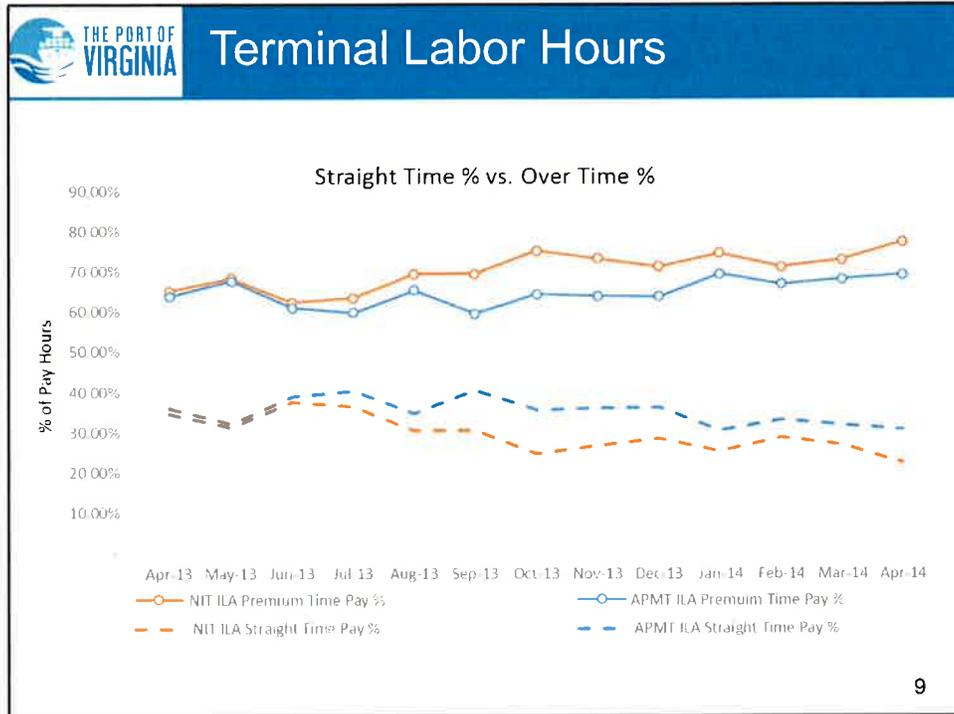




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- Future Changes**
- Forecast indicates volumes will increase in the remaining months of FY2014.
  - NIT rail modification will provide stability and capacity
  - N4 Implementation on July 4, 2014 will create a platform for continued efficiency gains
- 10

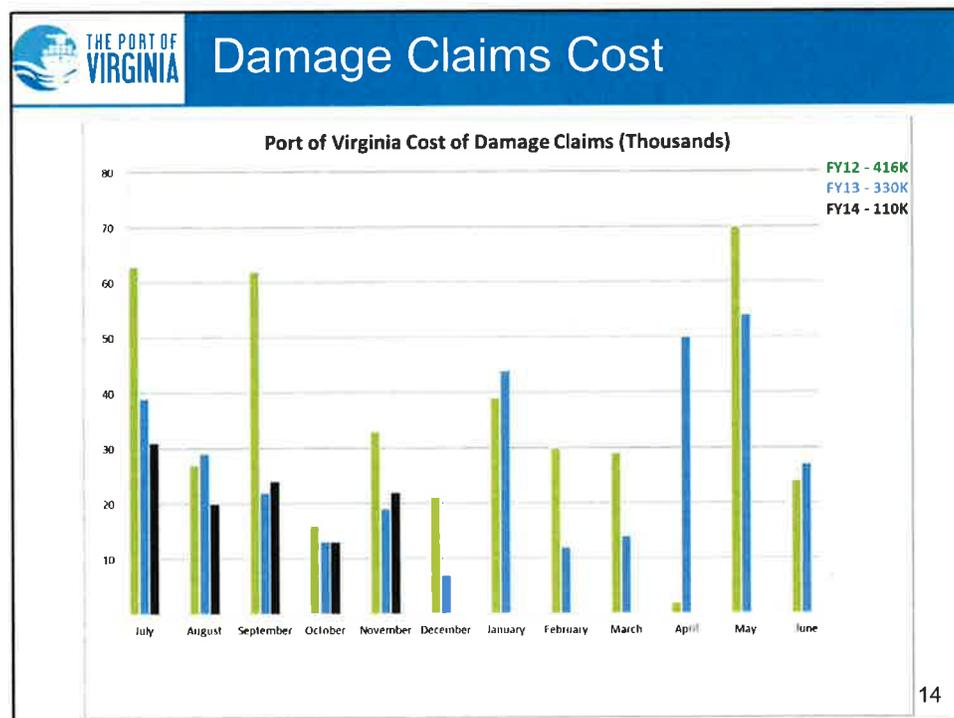
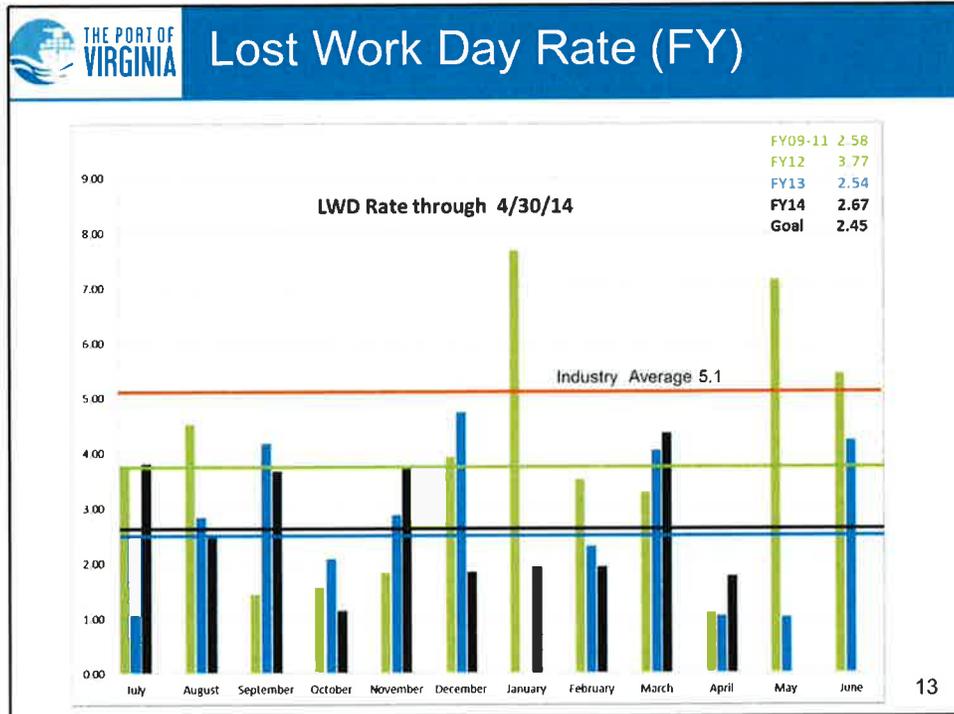


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## Safety Metrics

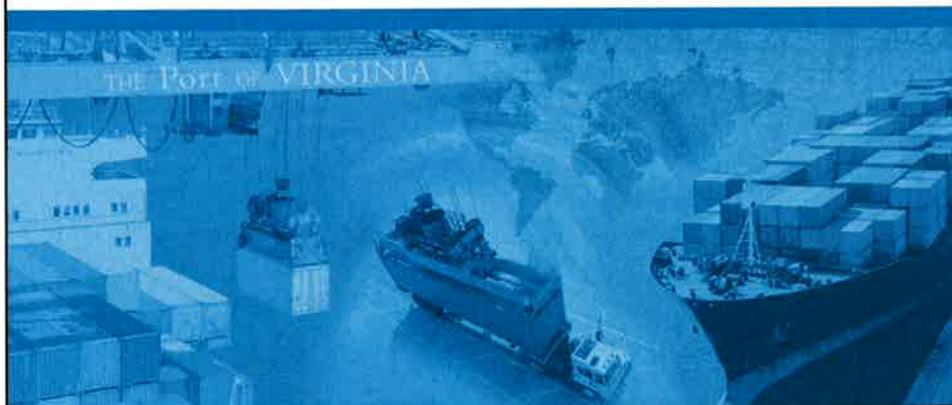


 <b>Safety Leading Indicators – FY14</b>				
<b>Operational Procedures and Regulatory Compliance</b>		<b>Number of Areas Evaluated</b>	<b>Composite Rate</b>	
<b>NIT</b>		<b>Q3 = 339</b> Q4 In Progress	<b>Q3 = 55%</b> Q4 In Progress	
<b>APM</b>		<b>Q3 = 351</b> Q4 In Progress	<b>Q3 = 64%</b> Q4 In Progress	
<b>&lt;70% = Red</b>		<b>70-90% = Yellow</b>		<b>&gt;90% = Green</b>
<b>Safety Citations</b>	<b>Terminal Management Visibility Hours</b>	<b>Resolution of Key Risks</b>	<b>Manager &amp; Supervisor Training</b>	<b>Housekeeping Compliance Rate</b>
<b>Q3 = 168</b> Q4 In Progress	<b>Q3 = 72/72</b> Q4 In Progress	<b>Q3 14/14/8 = 36</b> Q4 In Progress	<b>Q3 = 107/158</b> Q4 In Progress	<b>Q3 = 73%</b> Q4 In Progress





## Port Security Overview



## Security

### Police

#### Recovered Weapons (Firearms)

- Four firearms have been recovered at our gates.
- All legally owned.

### Grants

- Justification packages were submitted for grant funds to address our records management system through adding CADS capability to our Port Command Center and contracted maintenance for our Command and Control system.

### Breach Reports

- No major security breaches. Minor breaches have been addressed by Port Police in appropriate fashion



## Security

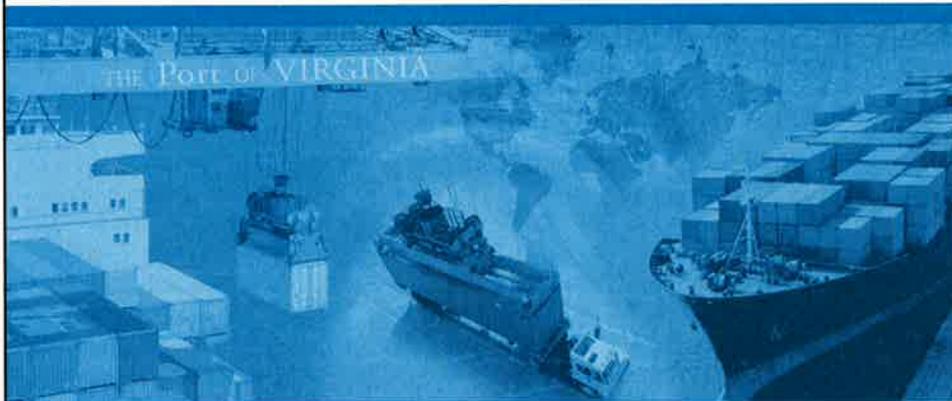
### Escort Program

- Seven training sessions conducted in four weeks.
- All of PASHA's escorts have been certified by attending our training classes.
- We have conducted training for a large number of registered escort companies that perform escort duties at our facilities. This training supports a list of trained escort companies who are registered in our system, allowing drivers a choice and insuring a qualified escort will be available
- Training material for the in-house escort program has been completed. This program is designed to expedite and streamline the escorting process for VPA/VIT management.

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Thank you





**Board of Commissioners**

**Session 358**

**May 27, 2014**

## **Public Affairs Update**



**Cathie J. France**  
**Chief Public Affairs Officer**



## **Government /Community Affairs**

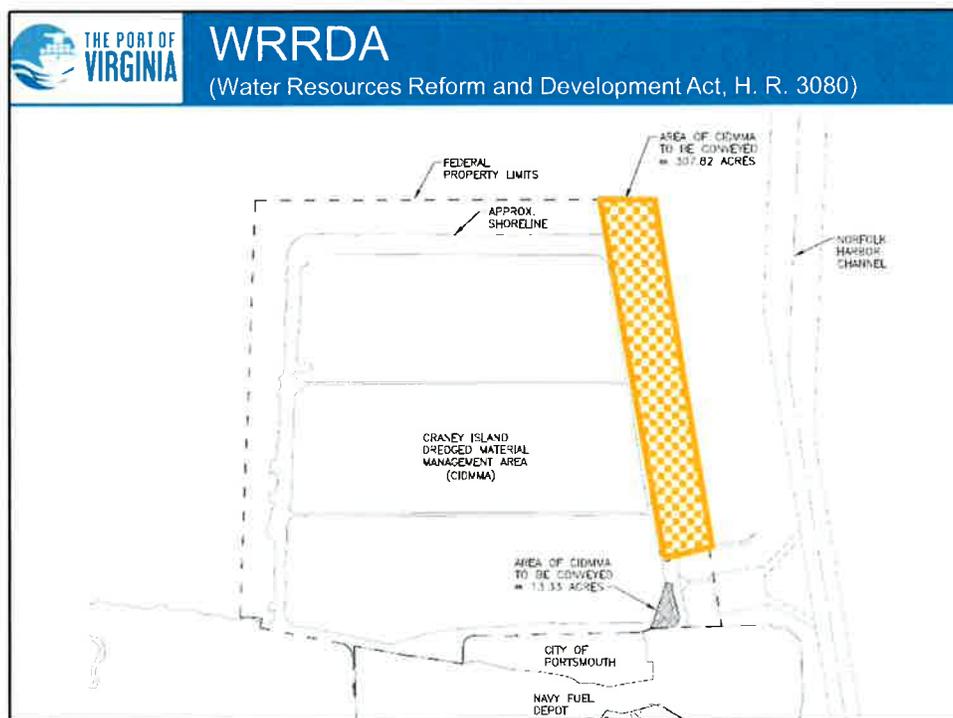
### **Outreach Plan**

#### **Federal, State, Local, and External partner Focus**

- Identifies and prioritizes outreach efforts by "port partner" group
- Engage new and old "port partners" with fresh message
  - Who we are.
  - Where we are today
  - Our Vision Forward

#### **Upcoming schedule of events:**

- Webinar – May 28
- Save the Bay Day – June 7
- Motor Carrier Task Force Meeting – June 11
- House Appropriations – Sept.
- Meetings with OMB, White House - June
- Day on Capitol Hill – Sept.
- Senate Finance – TBD fall
- Hampton Roads Caucus - July



**THE PORT OF VIRGINIA**

## Communications

**May News Releases:**

- International Paper is first recipient of port's economic/infrastructure grant
- April cargo volumes
- Lumber Liquidators named Port's Shipper of the Year
- China lifts its ban on Virginia poultry imports

**May Public Messages:**

- Mark your calendar for National Maritime Day
- Mark your calendar for Clean the Bay Day
- Appointment system registration and training (for motor carriers)
- Revised hours of operation for Memorial Day weekend
- Weekend gate hours for terminals (2X)
- Traffic pattern change alert

**Report**

- Release of comprehensive report of the Motor Carrier Task Force



## Culture and Brand

Conducted cross-divisional confidential interviews with internal and external stakeholders. Topics of discussion included:

1. How we can better serve our customers
2. What we can do to improve internal communication
3. How leadership—at all levels--can improve
4. Ideas for working together across disciplines
5. Coming together as "A Port United"
6. What we want our values to be

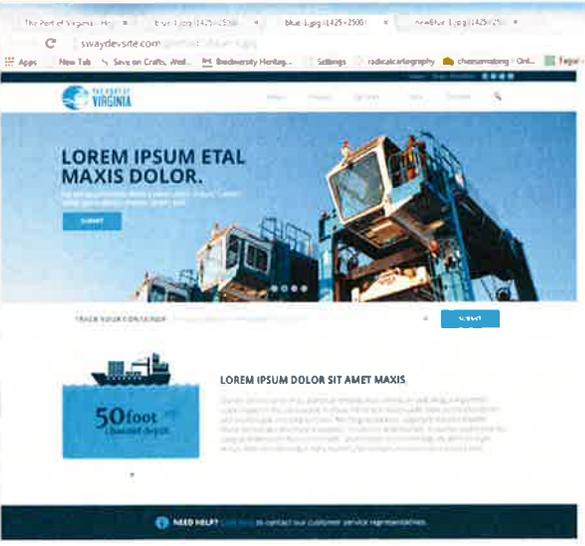
Used that information to conduct cross-divisional small group workshops. Topics of discussion:

1. The lay of our land--the current culture at the Port of Virginia, both good and bad
2. Strong brands that we can learn from
3. What we'd like our company values to be
4. What behaviors we will codify into our performance metrics, ways of working across disciplines, and with our customers

In the weeks and months following this board meeting, we'll develop our brand strategy and devise an implementation strategy.



## Website Project







## Economic Development Announcements



 THE PORT OF VIRGINIA Economic Development Announcements





## Aid to Local Ports / Commonwealth Port Fund



## Aid to Local Ports

- **What is it?**

The Aid to Local Ports program is a result of the VA General Assembly's 1986 legislation establishing a Commonwealth Port Fund.

- **What is the purpose?**

The fund is to support port capital needs of publicly-owned ocean, river, and tributary ports and their marine facilities within the Commonwealth to foster and stimulate the flow of commerce through the ports of Virginia.

- **What is the process?**

Applications are due by March 1. Funds are allocated by VPA Board at the May Board of Commissioners meeting. Funds are available to successful applicants on July 1.

 THE PORT OF VIRGINIA **Town of Cape Charles**

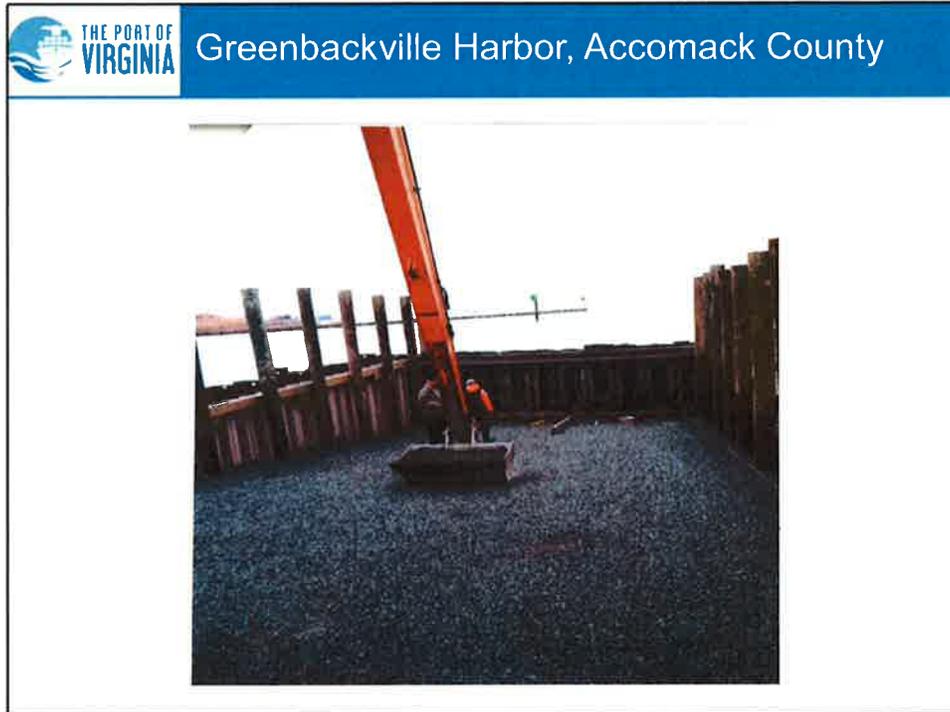


The top-left photograph shows a red crane mounted on a wooden pier structure over the water. The top-right photograph shows a long, narrow breakwater constructed from large, light-colored rocks extending into the blue water under a clear sky.

 THE PORT OF VIRGINIA **Town of Saxis**



The photograph shows a long wooden pier structure extending into the water. In the foreground, there is a breakwater made of large, rounded rocks. A small white structure is visible on the pier in the distance.

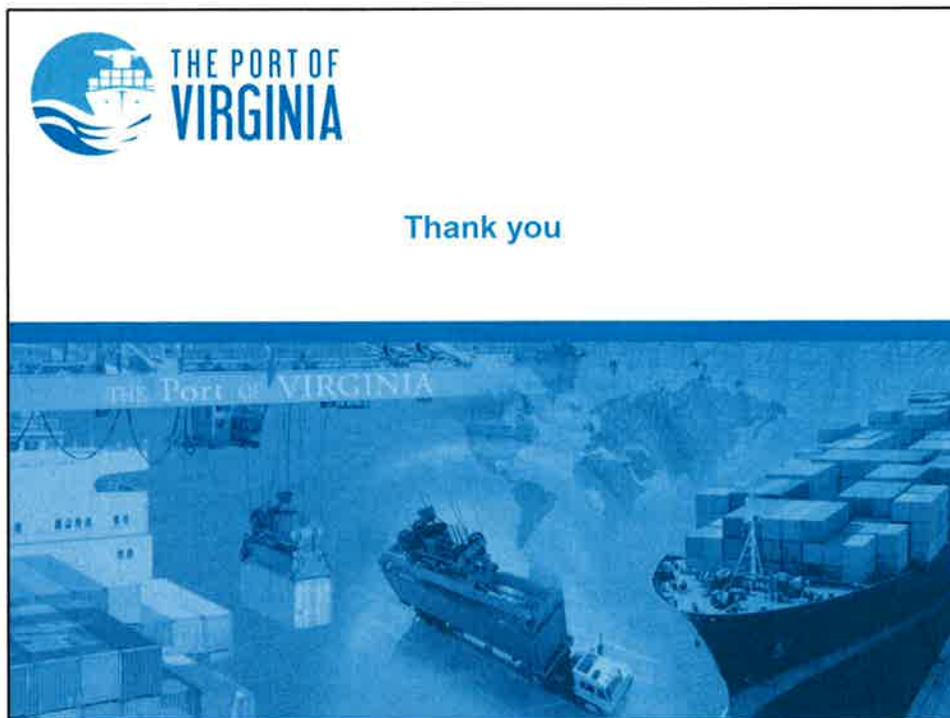


 <b>New Requests</b>		
Locality	FY 2015 (Request)	FY 2015 (Recommended)
City of Chesapeake (GBB)	\$120,000	\$90,000
City of Norfolk	\$200,000	\$200,000
County of Accomack	\$250,000	\$243,750
Northampton County	\$120,000	\$90,000
Town of Cape Charles	\$320,250	\$211,250 + \$44,000 = \$255,250
Town of Saxis	\$220,000	\$165,000
<b>Total New Requests</b>	<b>\$1,823,550</b>	<b>\$1,000,000</b>
		*\$44,000 reallocated from carryover



## Carryover Requests

Locality	FY 2015 (Request)	FY 2015 (Recommended)
City of Norfolk	\$450,000	\$450,000
County of Accomack	\$502,325	\$502,325
Northampton County	\$40,000	\$40,000
Town of Cape Charles	\$575,000	\$575,000
Town of Saxis	\$33,017.62	\$33,017.62
ANTDC	\$200,715.33	\$200,715.33
Isle of Wight	\$44,000	Reallocate
Onancock	\$63,879.06	\$63,879.06
Tangier	\$57,925	\$57,925
Wachapreague	\$80,000	\$80,000
<b>Total Carryover Requests</b>	<b>\$2,046,862</b>	<b>\$2,046,862</b>





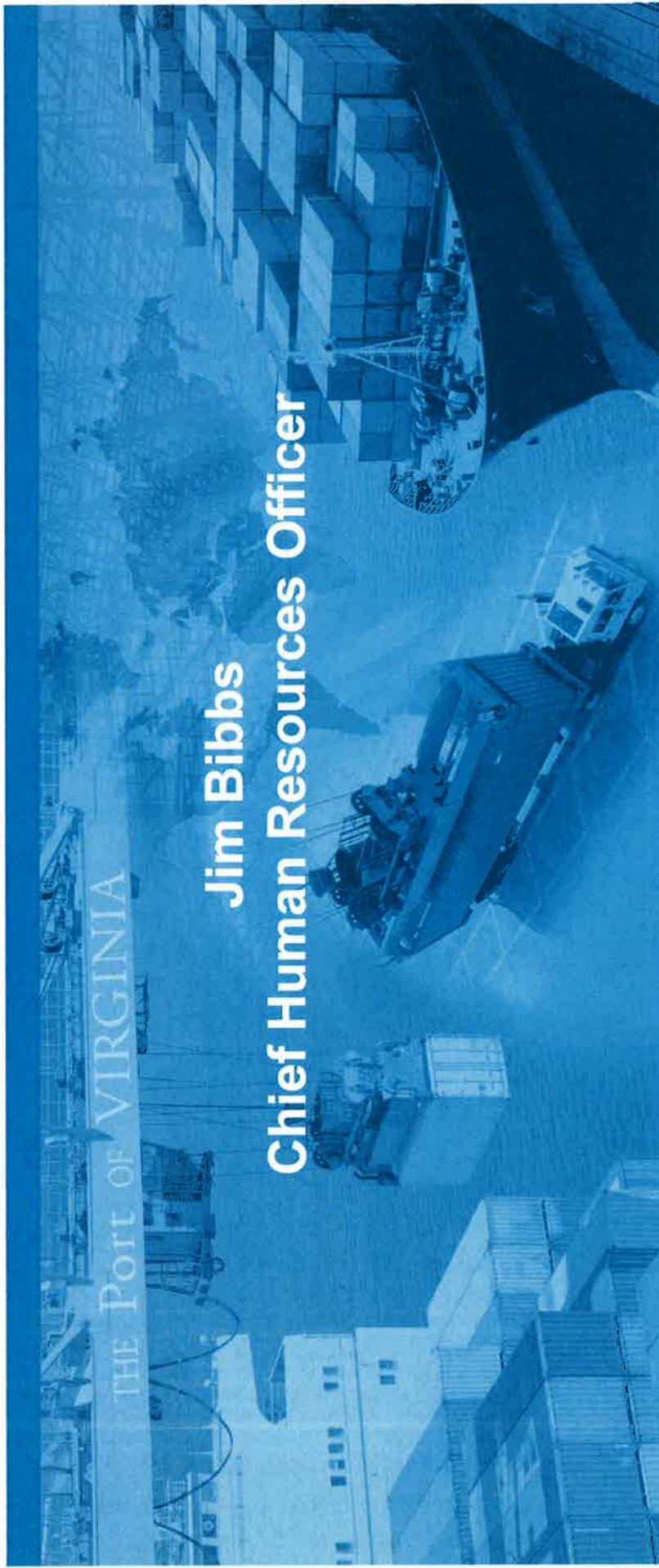
**Board of Commissioners**

**Session 358**

**May 27, 2014**

## **Human Resources**

**Jim Bibbs**  
**Chief Human Resources Officer**





THE PORT OF  
VIRGINIA

# Human Resources

