



Finance and Audit Committee
September 2014 Financial Report

November 18, 2014

Virginia Port Authority Board of Commissioners, Session 362

Rodney W. Oliver
CHIEF FINANCE OFFICER



Agenda

- Consolidated Income Statement Details for VPA/VIT

VPA/Virginia International Terminals, LLC

CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED SEPTEMBER 30,

2014

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 35,431,115	\$ 35,058,225	\$ 372,890	1.1%

- **Actual container volume was 115,827 vs. 110,297 budget, a 5.0% Increase**
- **Operating revenue was 1.1% over budget, primarily due to higher volume and favorable mix**

VPA/Virginia International Terminals, LLC

CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED SEPTEMBER 30,

	Actual ²⁰¹⁴	Budget	\$ Variance	% Variance
Operating Revenues	\$ 35,431,115	\$ 35,058,225	\$ 372,890	1.1%
Operating Expenses:				
Terminal operations	15,229,248	15,482,717	253,469	1.6%
Terminal maintenance	7,560,096	7,021,948	(538,148)	-7.7%
General and administrative	3,953,515	4,336,884	383,369	8.8%
Facility Rental	4,621,019	4,603,768	(17,251)	-0.4%
Depreciation and amortization	3,964,410	3,956,869	(7,540)	-0.2%
Total operating expenses	35,328,288	35,402,187	73,899	-0.2%

- **Terminal operating expense was \$253,000 under budget primarily due to reduced premium pay and increased efficiencies.**
- **Terminal maintenance was \$538,000 over budget due to additional utility costs, and additional repairs**
- **Remaining expense categories combined to be \$358,000 less than budget**

VPA/Virginia International Terminals, LLC

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Total operating expenses	35,328,288	35,402,187	73,899	-0.2%
Operating income (loss)	102,827	(343,962)	446,789	129.9%

- The higher than budgeted revenue combined with operating expenses in line with budget resulted in an operating income of \$103,000 or \$447,000 above budget for the month of September

VPA/Virginia International Terminals, LLC

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Operating income (loss)	102,827	(343,962)	446,789	129.9%
Non-operating revenues (expenses)	(2,167,644)	349,105	(2,516,750)	-720.9%
Capital contributions and transfers	3,415,278	3,230,611	184,667	5.7%

- **Non-operating expenses consist primarily of interest expense and revenues from primary government which is lower than budget due to zone grant funding not yet received**
- **Capital contributions consist primarily of Commonwealth Port Fund Revenue and was 5.7% above budget**

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Capital contributions and transfers	3,415,278	3,230,611	184,667	5.7%
Increase (decrease) in Net Assets	\$ 1,350,461	\$ 3,235,755	\$ (1,885,294)	-58.3%

- **The overall results show an increase in Net Assets of \$1.4 million, which was \$1.9 million below budget**

VPA/Virginia International Terminals, LLC

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED SEPTEMBER 30,

	Actual²⁰¹⁴	Budget	\$ Variance	% Variance
Operating Revenues	\$ 111,176,936	\$ 106,737,586	\$ 4,439,350	4.2%

- **Actual container volume was 360,324 vs. 343,964 budget, a 4.8% Increase**
- **Operating revenue was 4.2% over budget, primarily due to higher volume and favorable mix**

VPA/Virginia International Terminals, LLC

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED SEPTEMBER 30,

	Actual ²⁰¹⁴	Budget	\$ Variance	% Variance
Operating Revenues	\$ 111,176,936	\$ 106,737,586	\$ 4,439,350	4.2%
Operating Expenses:				
Terminal operations	47,543,685	47,027,377	(516,308)	-1.1%
Terminal maintenance	22,064,018	20,797,471	(1,266,548)	-6.1%
General and administrative	11,461,606	13,185,766	1,724,160	13.1%
Facility Rental	13,863,057	13,811,305	(51,752)	-0.4%
Depreciation and amortization	11,939,544	11,854,479	(85,065)	-0.7%
Total operating expenses	106,871,910	106,676,398	(195,512)	-0.2%

- **Terminal operating expense was \$516,000 over budget primarily due to increased volumes**
- **Terminal maintenance was \$1.3 million over budget due to the additional utility costs, and additional repairs to equipment**
- **Remaining expense categories combined to be \$1.6 million less than budget**

VPA/Virginia International Terminals, LLC

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Total operating expenses	106,871,910	106,676,398	(195,512)	-0.2%
Operating income (loss)	4,305,025	61,187	4,243,838	6935.8%

- **The higher than budgeted revenue combined with operating expenses in line with budget resulted in an operating income of \$4.3 million above budget for the first three months of FY 15**

VPA/Virginia International Terminals, LLC

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Total operating expenses	106,871,910	106,676,398	(195,512)	-0.2%
Operating income (loss)	4,305,025	61,187	4,243,838	6935.8%
Non-operating revenues (expenses)	(5,050,015)	1,047,316	(6,097,331)	-582.2%
Capital contributions and transfers	8,803,468	9,168,933	(365,465)	-4.0%

- **Non-operating expenses consist primarily of interest expense and revenues from primary government which is lower than budget due to zone grant funding not yet received**
- **Capital contributions consist primarily of Commonwealth Port Fund Revenue and was 4.0% below budget**

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Capital contributions and transfers	8,803,468	9,168,933	(365,465)	-4.0%
Increase (decrease) in Net Assets	\$ 8,058,479	\$ 10,277,437	\$ (2,218,958)	-21.6%

- **The overall results show an increase in Net Assets of \$8.1 million, which was \$2.2 million below budget**



Growth and Operations Committee Marketing Report

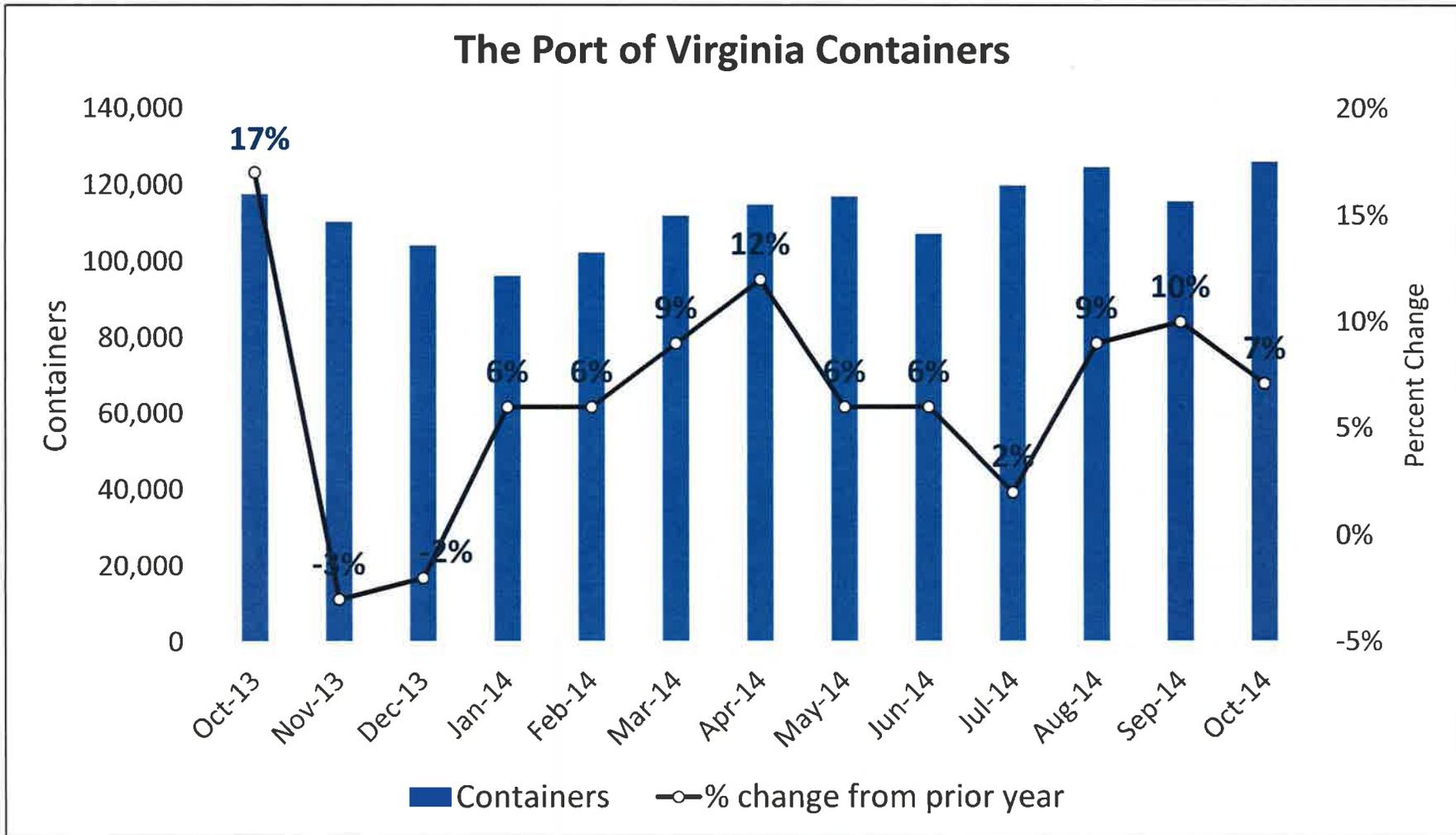
Virginia Port Authority Board of Commissioners, Session 362
November 18, 2014

Tom Capozzi
CHIEF SALES OFFICER

Calendar Year-to-date: January - October

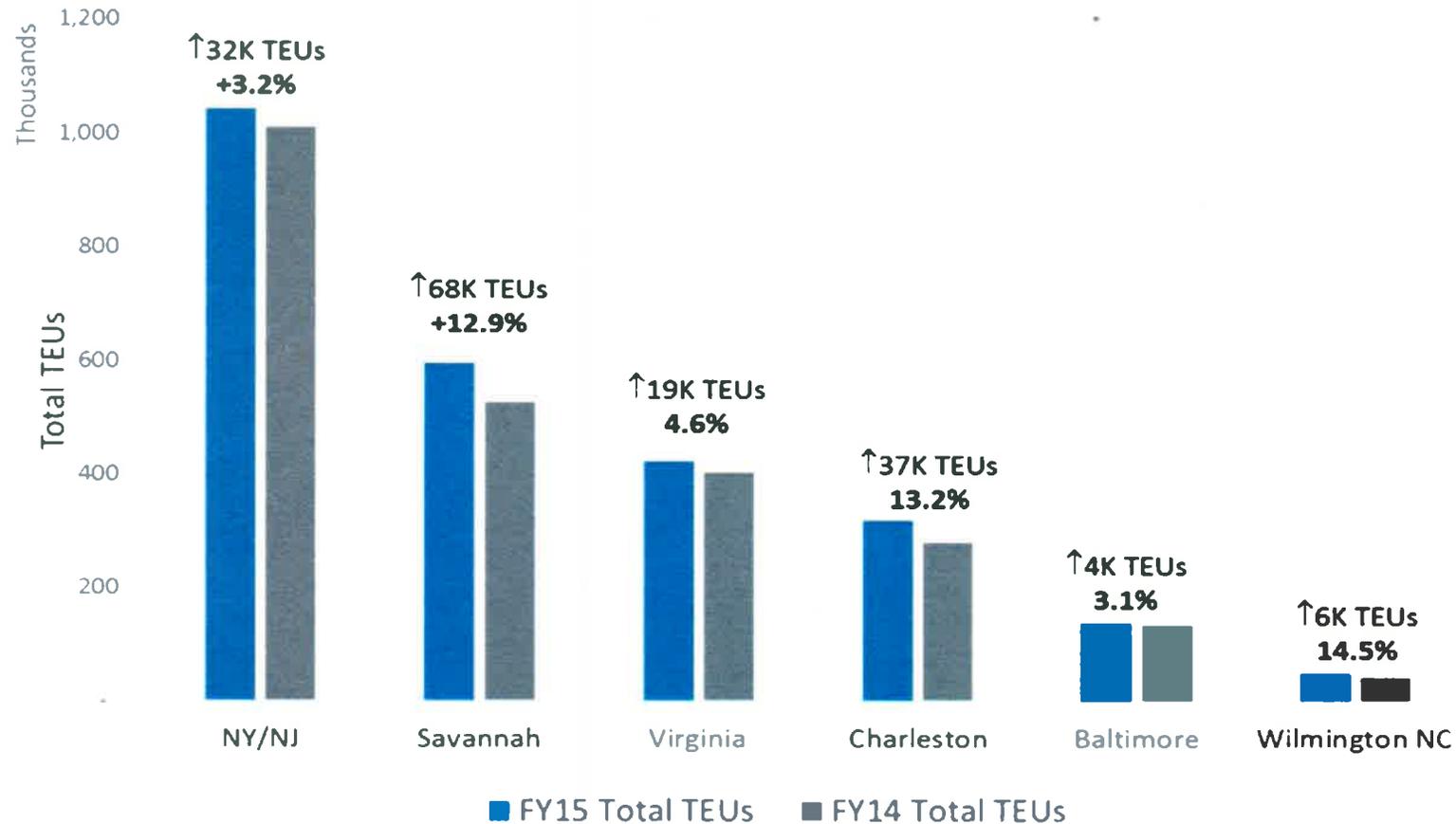
	CY13: Jan-Oct	CY14: Jan-Oct	Change	% Change
Total TEUs	1,849,524	1,980,999	131,475	7.1%
Export TEUs	980,630	1,072,454	91,824	9.4%
Import TEUs	868,894	908,545	39,651	4.6%
Total Containers	1,060,332	1,136,178	75,846	7.2%
General Cargo Tonnage	15,558,969	15,492,650	(66,319)	-0.4%
Container Tonnage	15,274,225	15,206,416	(67,809)	-0.4%
Breakbulk Tonnage	284,744	286,234	1,490	0.5%
Total Rail Containers	360,210	374,264	14,054	3.9%
VIP Containers	26,768	31,047	4,279	16.0%
Total Barge Containers	40,225	45,190	4,965	12.3%
Total Truck Containers	659,897	716,724	56,827	8.6%
Ship Calls	1,564	1,628	64	4.1%
Vehicle Units	23,352	24,519	1,167	5.0%

Container Volume



East Coast Market Share

Major US East Coast Port TEU Volumes & Growth
FYTD 2015 vs. 2014, July - August



Source: AAPA and Port Authorities

Ocean Carrier Developments

- MSC Indus Express started calling Portsmouth Marine Terminal
- Portsmouth Marine Terminal:
 - Assessing additional ocean carrier services to be moved
 - Working out agreements with railroads for drayage to/from PMT
- Zim:
 - ZCA maiden call on 10/19
 - New Med service with transship to Black Sea and Africa
- Turkon:
 - New 3-year contract signed
- MSC:
 - Signed VIT's first stevedoring agreement
 - Extra-loader vessel to PMT – discharged 1600 containers

Ocean Carrier Developments

- Industry Trends
 - Larger vessels on existing services
 - AAE; MINA, Tango
 - Further consolidation/new consortiums
 - Ocean 3
 - China Shipping, CMA-CGM and UASC
 - 2M
 - Maersk and MSC

Cargo Sales Highlights



PHILIP MORRIS INTERNATIONAL



Taghleef Industries



Breakbulk Highlights



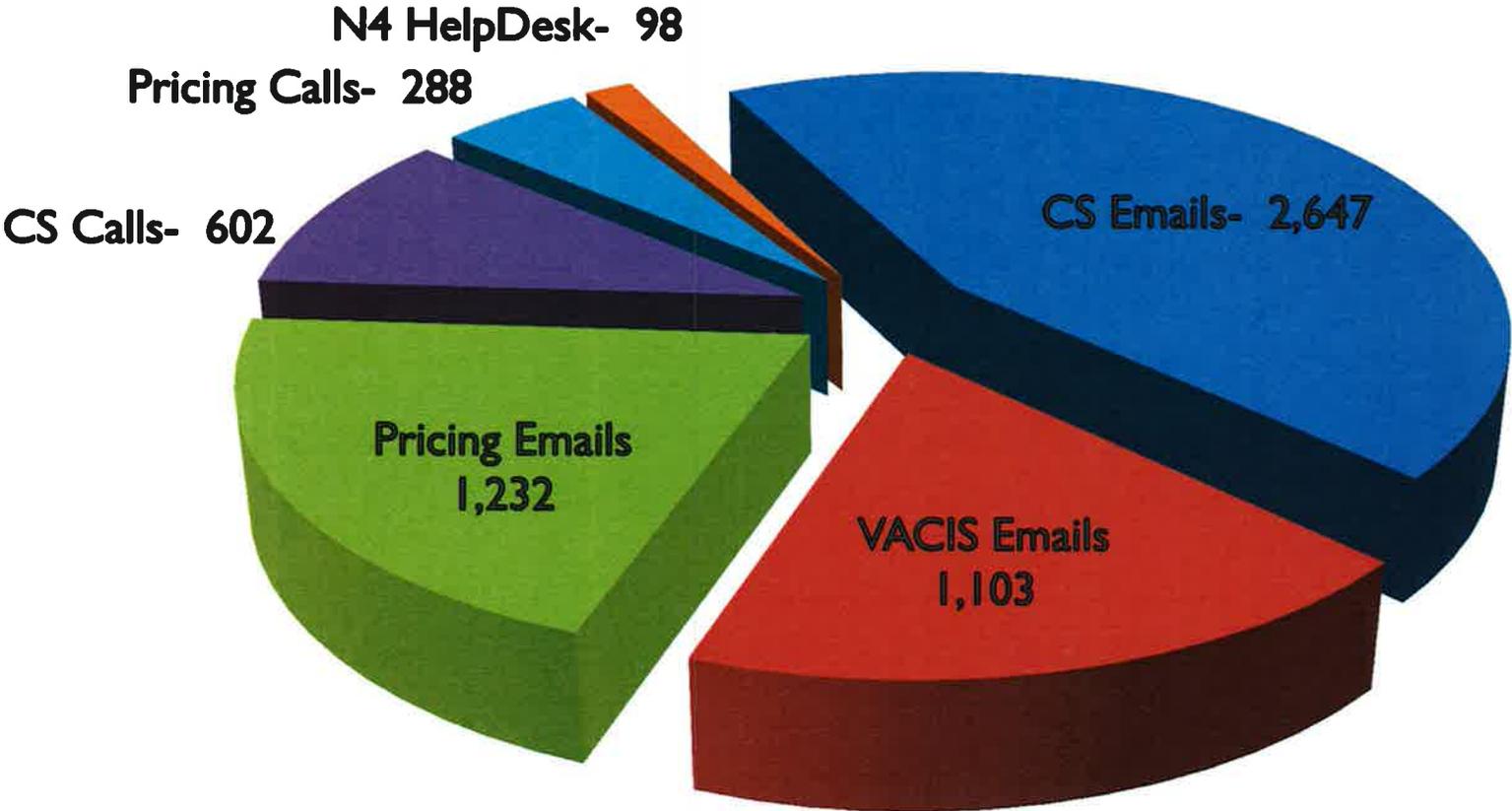
Customer Service Highlights



Customer Service – Inquiry Trends

October 2014

Total Interactions: 5,970





Growth and Operations Committee Safety/Operations Report

Virginia Port Authority Board of Commissioners, Session 362

November 18, 2014

Shawn Tibbetts

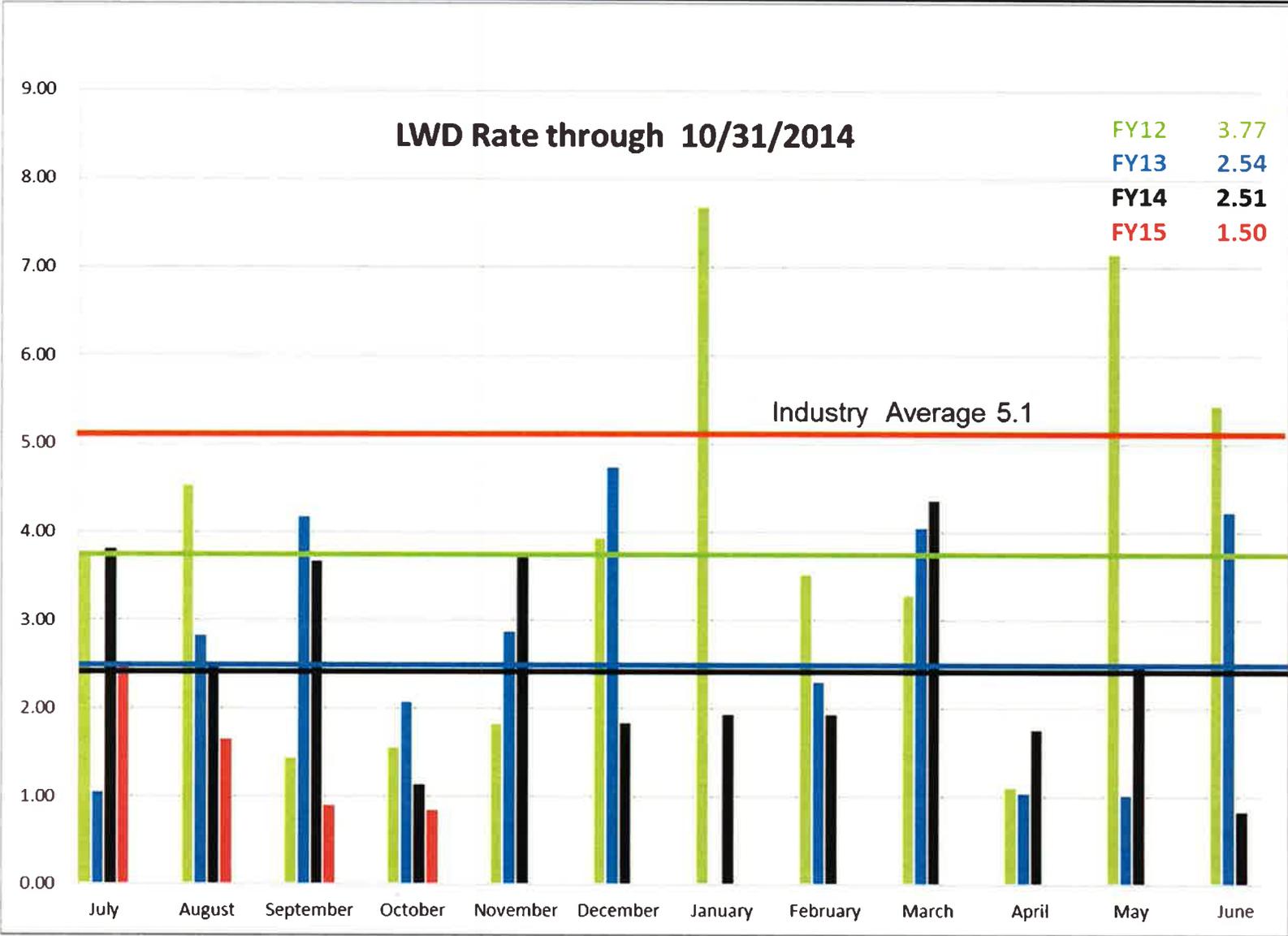
CHIEF OPERATING OFFICER

Agenda

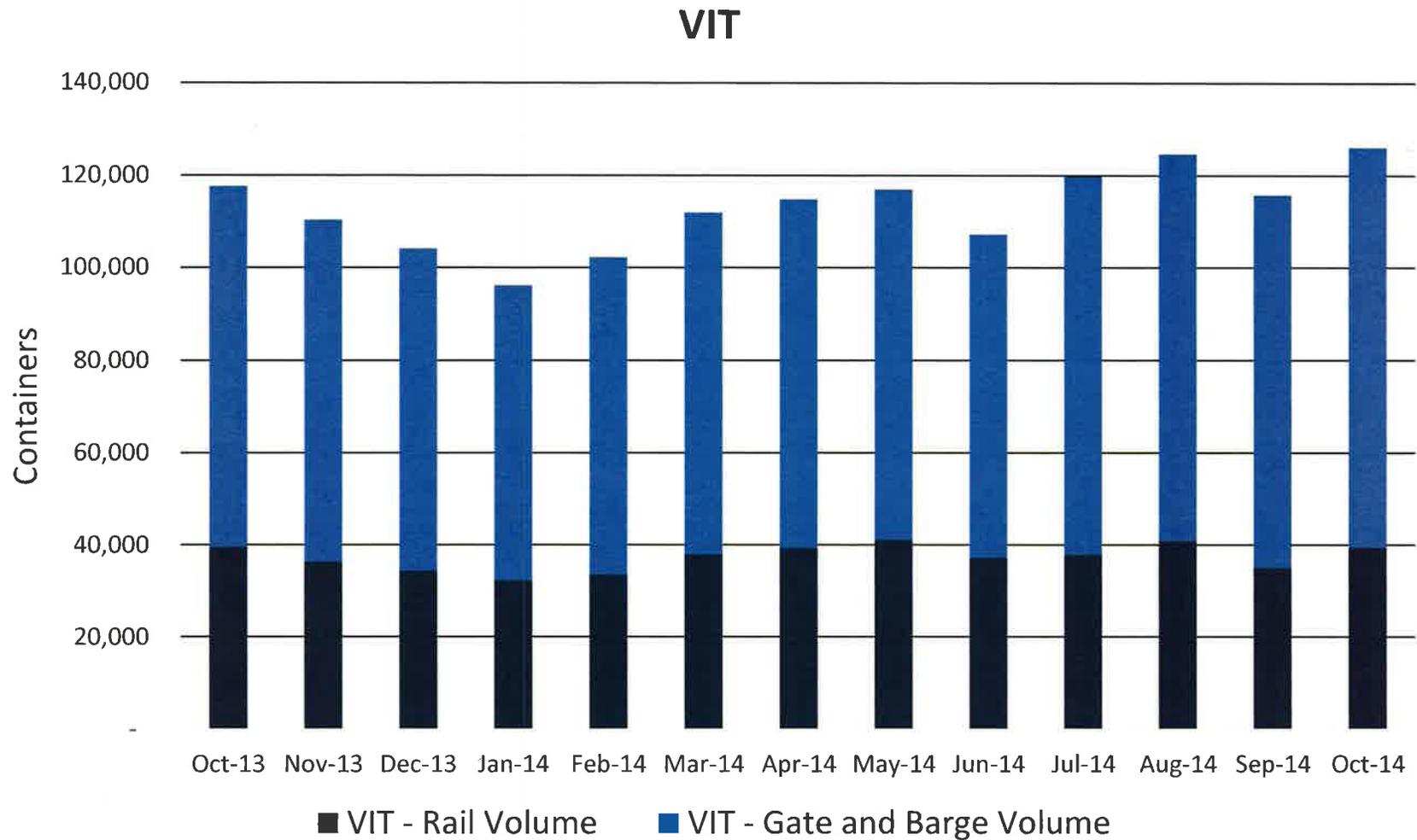
- Safety Report
- Container Volumes
- Turn Times
- Crane Moves
- Operations Updates



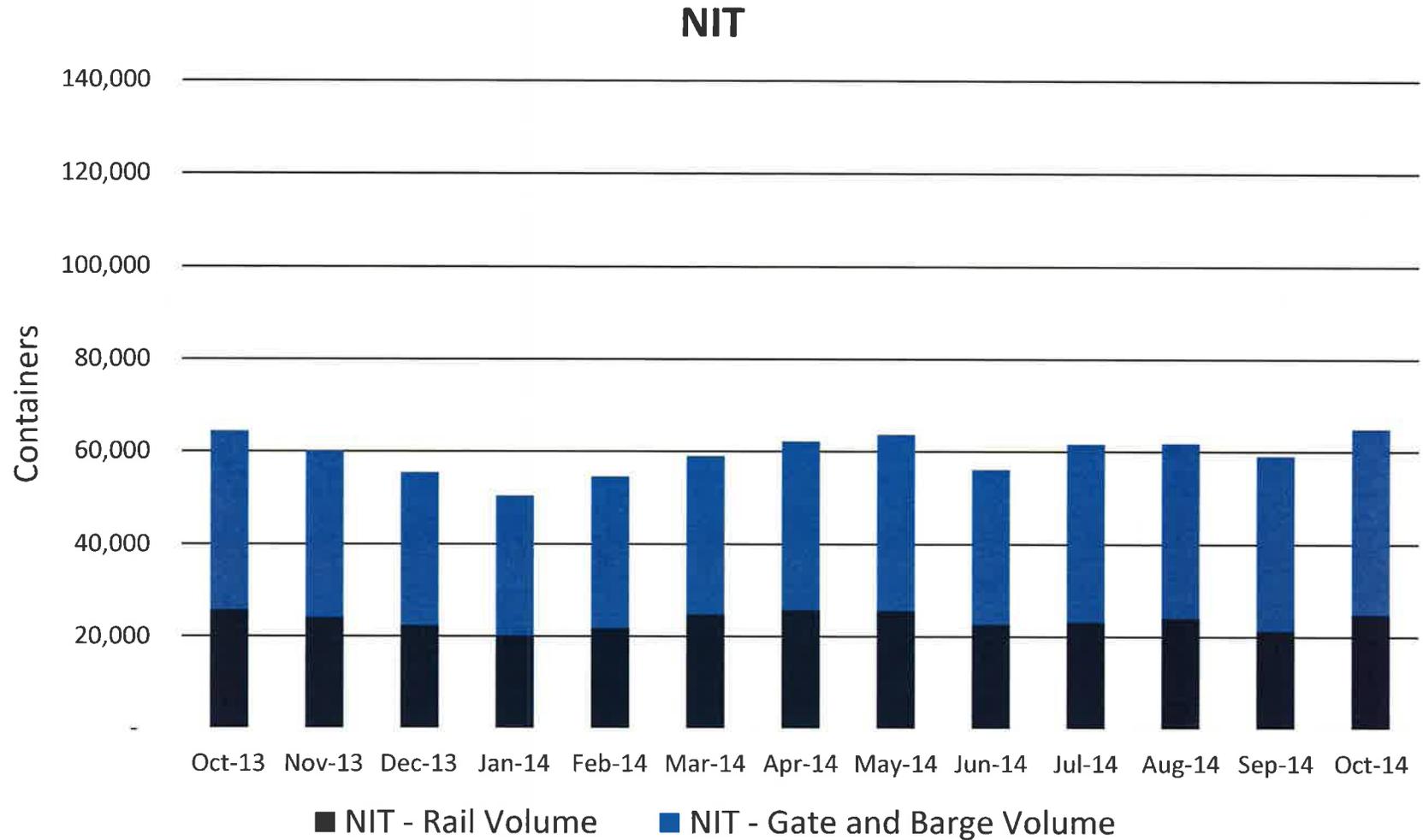
Safety Report



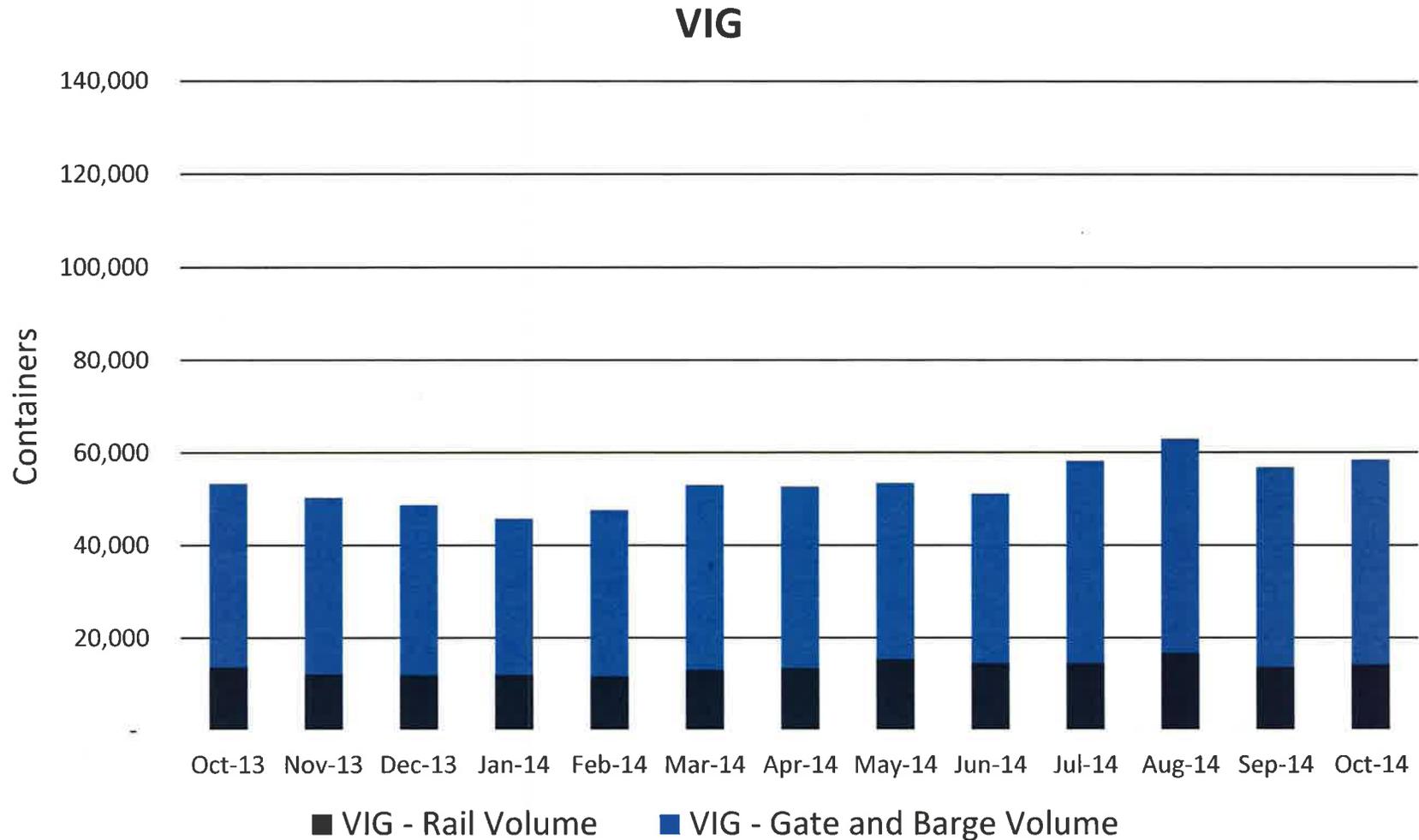
VIT Rail vs. Gate/Barge Volume



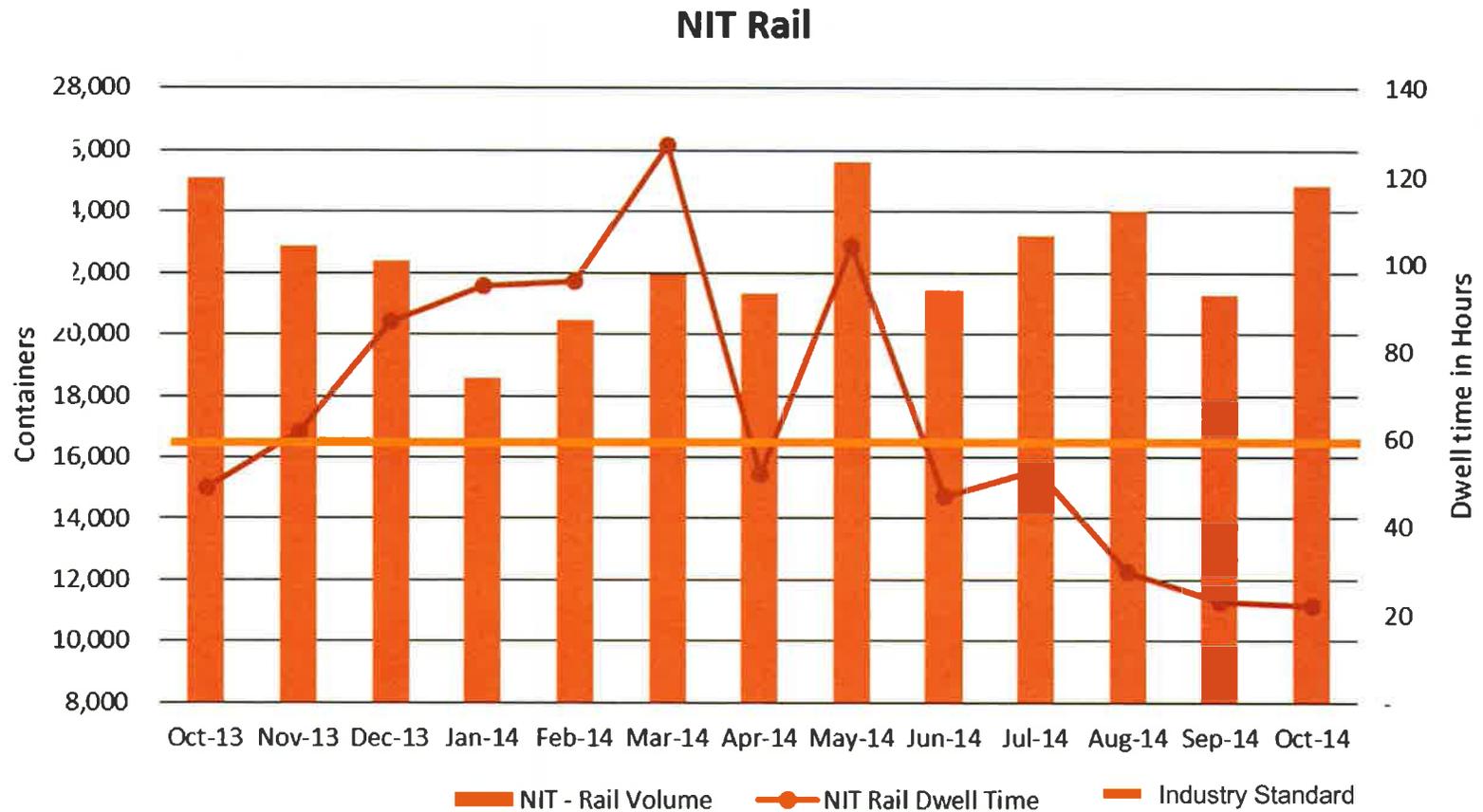
NIT Rail vs. Gate/Barge Volume



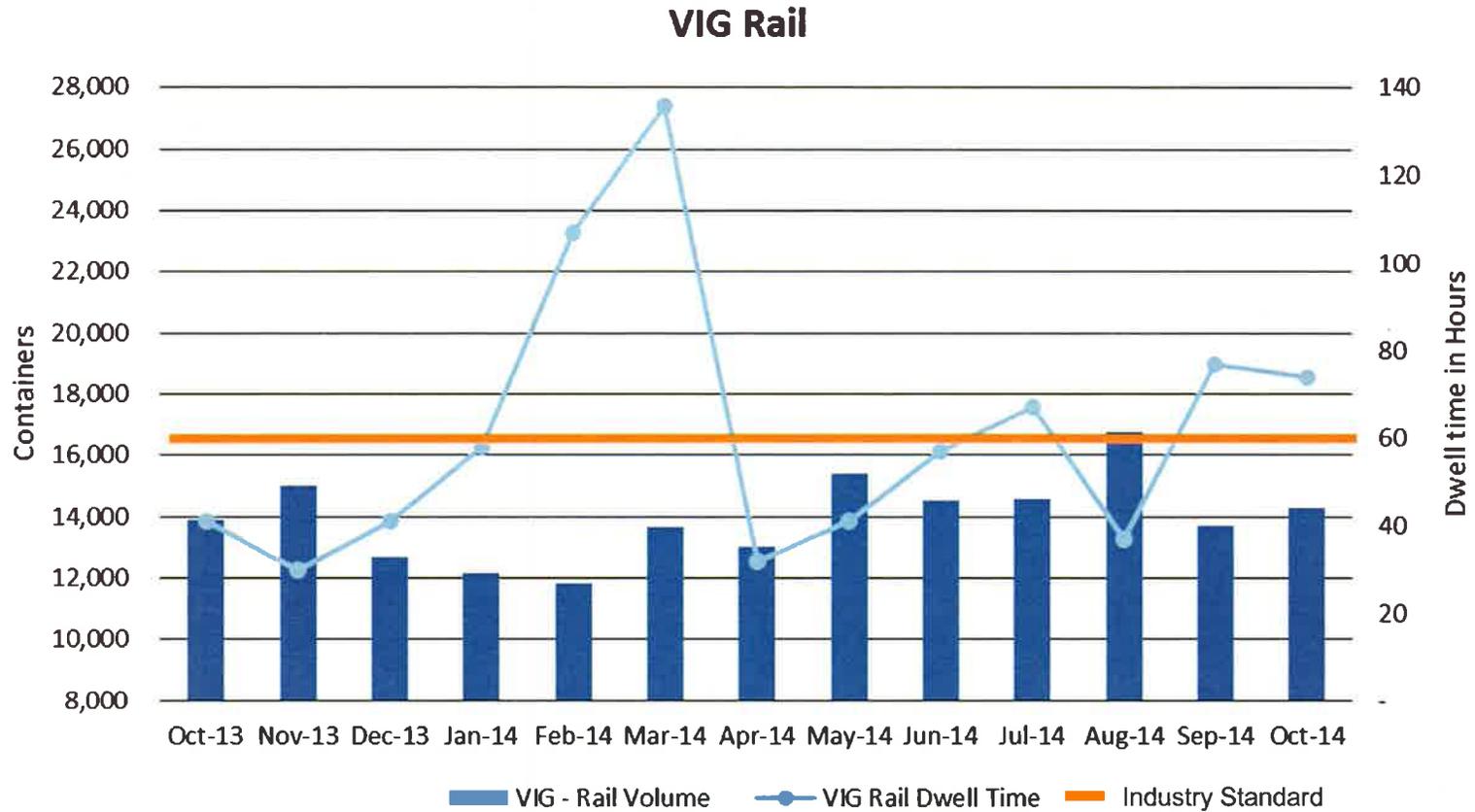
VIG Rail vs. Gate/Barge Volume



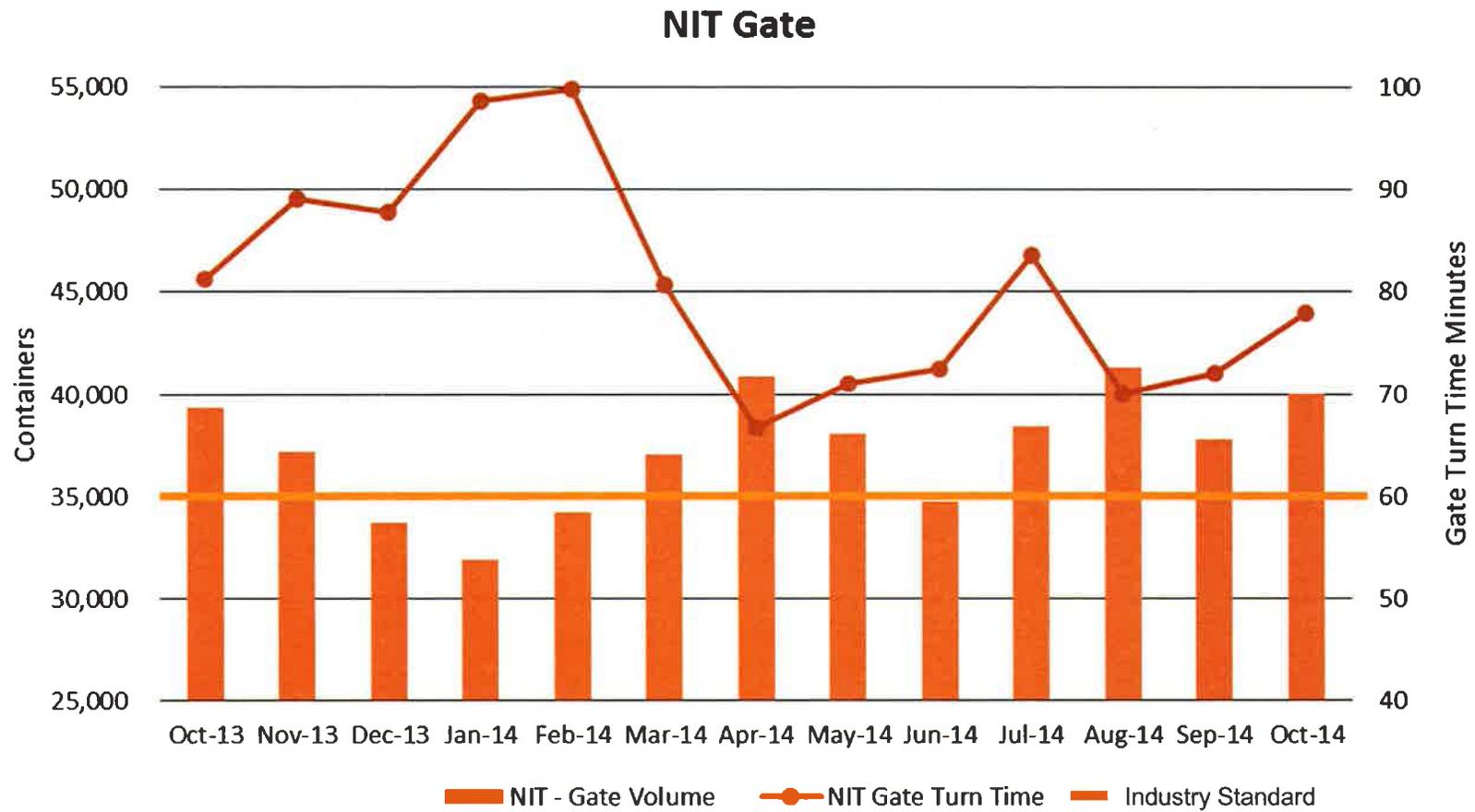
NIT Rail Volume



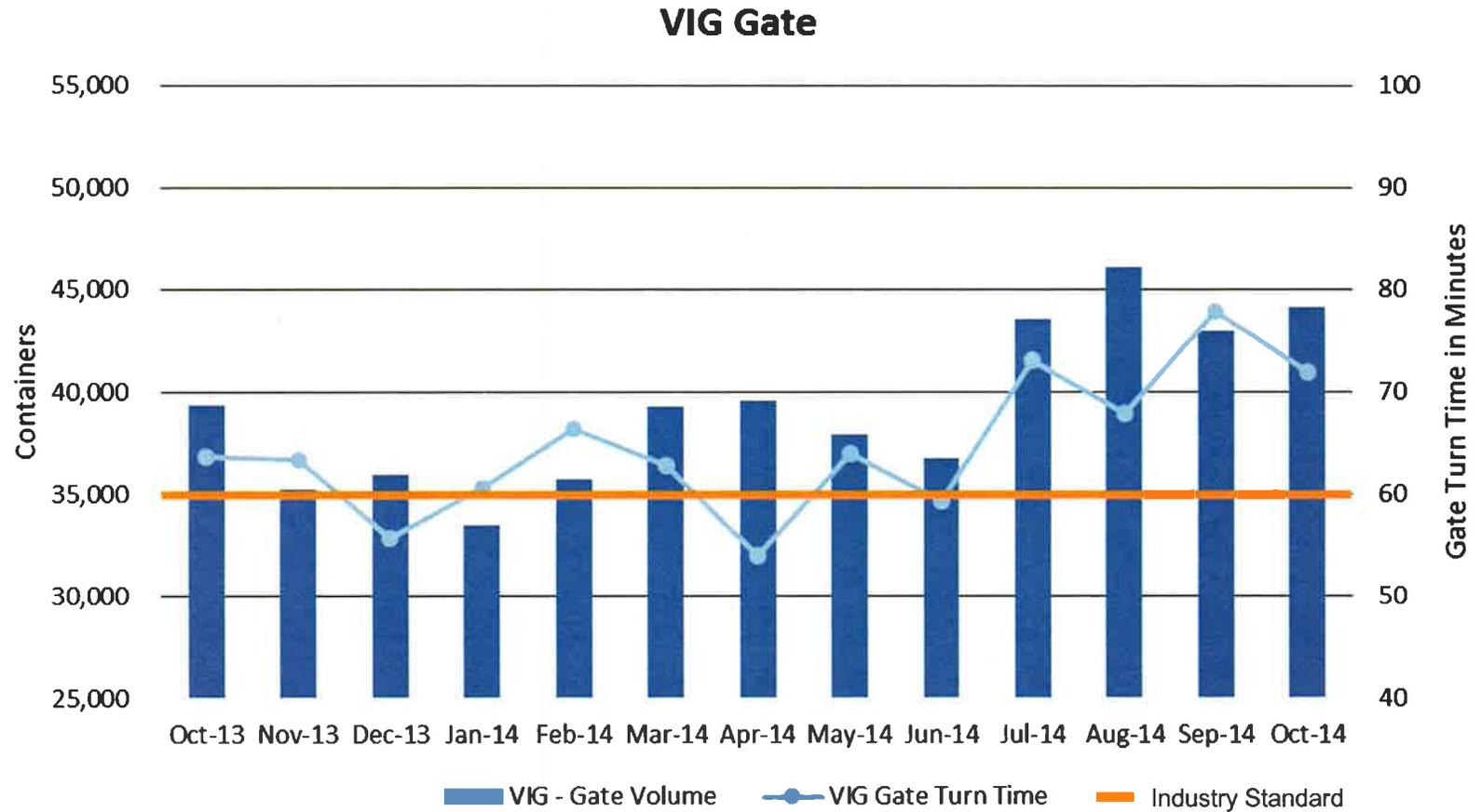
VIG Rail Volume



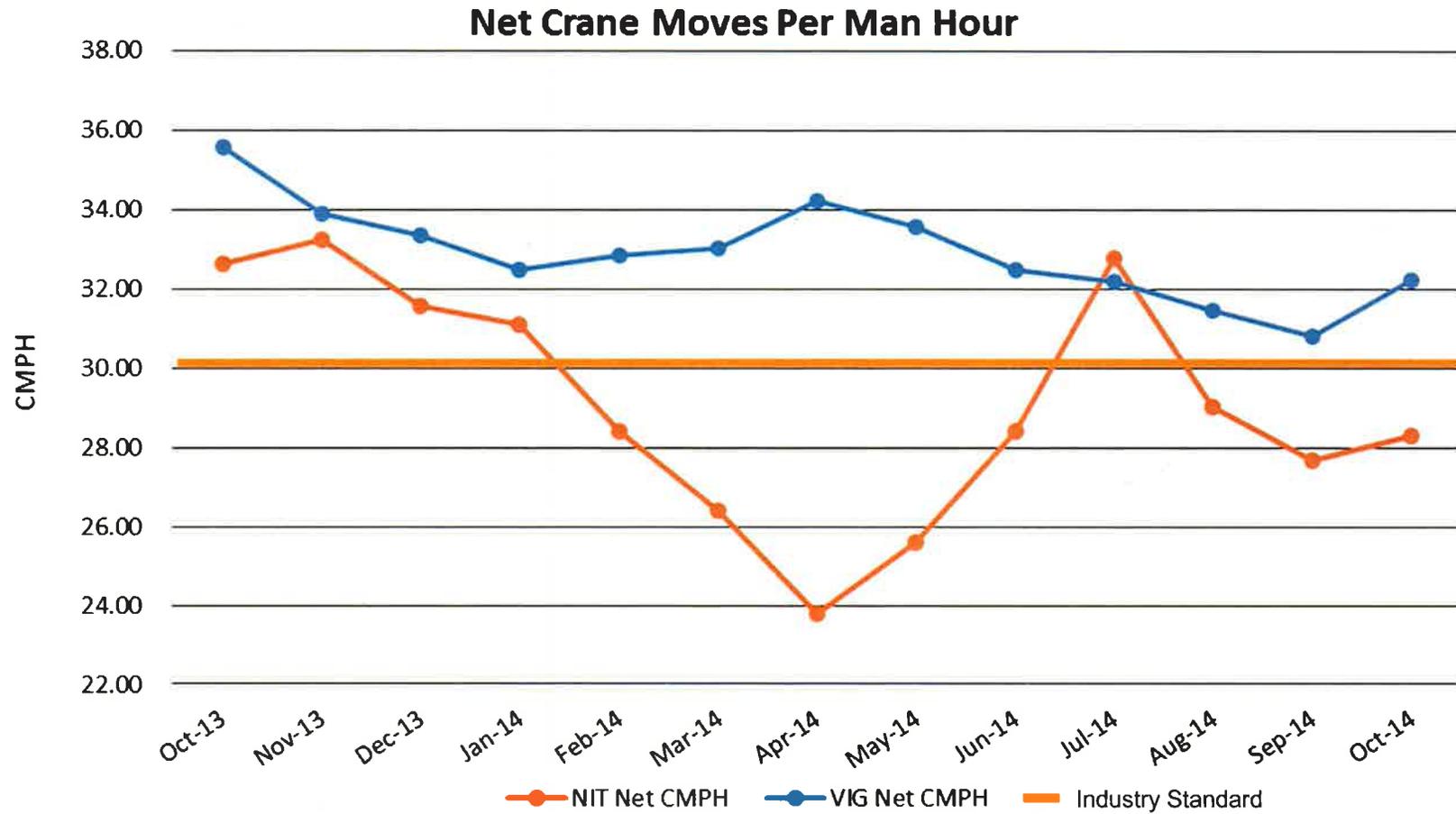
Gate Turn Times NIT



Gate Turn Times VIG



Net Crane Moves Per Man Hour



Operations – Current Events

- Gate Volume and Initiatives
 - Gate Hours
 - VMA Port Productivity Summit
- Shipper Support Initiatives
- Rail Volume
- PMT Opening and Transition





Growth and Operations Committee
Innovation Report

Virginia Port Authority Board of Commissioners, Session 362
November 18, 2014

Joseph P. Ruddy
Chief Innovation Officer

Agenda

- Strategic Planning and Analytics
- Port Development
- Sustainability
- Information Technology



Strategic Planning and Analytics

The following analysis were performed in support of the organization:

- Commercial Rate negotiations
- Walmart peak season and Shipping Line Movement
- Project Stewardship Financial Model
- NHCP at the VIP
- Economic Impact Study of the port

Port Development



PROJECT: NIT North Gate Complex

COST: \$30 Million (\$15M TIGER)

PROJECT ELEMENTS:

NIT-N Yard Expansion Design	9/14
Tiger Grant Award	9/14
NIT-N Yard Expansion Earthwork	10/14 - 3/15
NEPA CATEX - MARAD/FHWA	10/14 - 12/14
TIGER Grant Agreement Review/Execution	1/15 - 3/15
NIT-N Yard Design Review – MARAD	1/15 - 3/15
IFB for NIT N Yard Expansion	3/15 - 4/15
NIT-N Yard Expansion Construction	5/15 - 2/16
Final Gate Complex Design / MARAD Approval	7/15 - 9/15
IFB for Gate	9/15 - 10/15
Gate Complex Construction	11/15 - 8/16

Port Development



PROJECT: I-564 Intermodal Connector

COST: \$169 Million

PROJECT ELEMENTS:

Contract Award 2/2014

Notice to Proceed Issued 3/2014

Final Design Approval 3/14-3/15

Construction 6/15-6/17

Sustainability

- Energy Management/Lighting Strategic Plan
- ISO 14000/ISO 9000 – Sustainability Program Planning



Information Technology



- PMT Go-Live
- NIT automated Gate
- Cyber Monitoring
- VIT staff transition



Public Affairs Update

Virginia Port Authority Board of Commissioners, Session 362

November 18, 2014

Cathie J. France

CHIEF PUBLIC AFFAIRS OFFICER

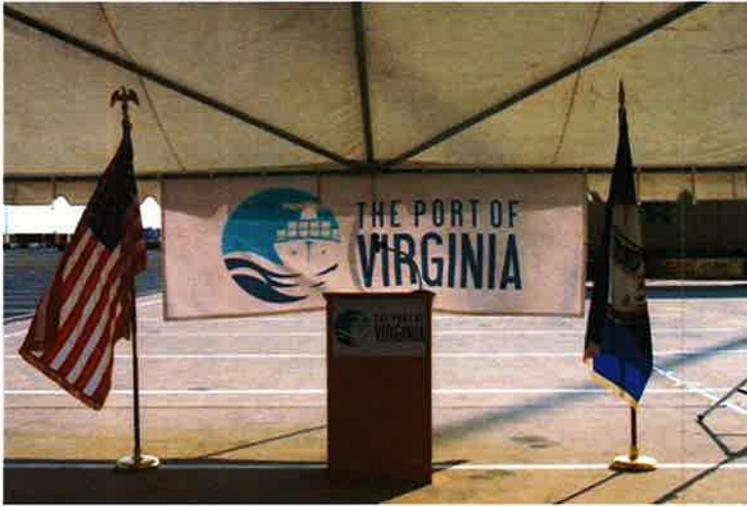
Agenda

- Community Affairs
- Government Affairs
- Communications
- Economic Development
- Maritime Incident Response Team



Community Affairs

Reopening of PMT



Community Affairs

Stakeholder Summits



Government Affairs

Vice President's Visit



Communications

Sustainability
We are responsible stewards of all resources entrusted to our care.

The Port of Virginia
Cargo & Freight

Timeline About Photos Events More

PEOPLE 1,748 likes

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ABOUT
Norfolk, Virginia
(757) 683-8000

The port helps the S.S. John W. Brown
The Port of Virginia was contacted Sunday and asked if it was possible for a piece of US maritime history, the Liberty Ship S.S. John W. Brown, to layberth at Portsmouth Marine Terminal through night; the weekend's windsloam kept the vess. See More

THE PORT OF VIRGINIA

About Facilities Tools Stewardship Contact

Peak Season Weekend Gate Hours at VIG and NIT. Learn more

LATEST NEWS

Update on Terminal Operations for 11/3

November 2, 2014

November Holiday Hours Announced

October 30, 2014

Peak Season Weekend Gate Hours at VIG and NIT

October 29, 2014

Ebola Response Plan

October 29, 2014

Extended Weekend Gate Hours

October 25 & 26, 2014

October 22, 2014

See all latest news

November Announcement: September TEU Volumes Exceed 200,000 Units; Congestion Mitigation Remains Focus

September TEU Volumes Exceed 200,000 Units; Congestion Mitigation Remains Focus

October 16, 2014

News Release

Oct. 16, 2014

Contact: Joe Harris,

Spokesman

(757) 683-2137 / Office

(757) 675-8087 / Cell

jbharris@portofvirginia.com

Norfolk – Exports moving across The Port of Virginia in September helped drive the port's third consecutive month of total TEU volume exceeding 200,000 units.

In September, the port handled 201,113 TEUs, an increase of 8.6 percent or 15,928 TEUs when compared with September 2013. Exports grew by 12 percent, or 12,080 TEUs. In a year-to-date comparison (Jan. – Sept. 2014 vs. Jan. – Sept. 2013) the port is tracking 7.1 percent ahead of the same period last year: 1,759,894 TEUs vs. 1,642,927 TEUs.



Stewards of Tomorrow

Economic Development Site Selectors Visit



Bob Leak:

Russ, the VA Port FAM Tour was great. You have an incredible ocean shipping facility. I had no idea it was so extensive. We learned a lot about the Port and the area. Thanks for all you and your colleagues did to make our visit so informative and entertaining. We will certainly be alert to any opportunity to recommend the VA Ports to any project we have that requires ocean shipping capability. VA is the best!!!. Thanks again for a great event.

Bob Goforth:

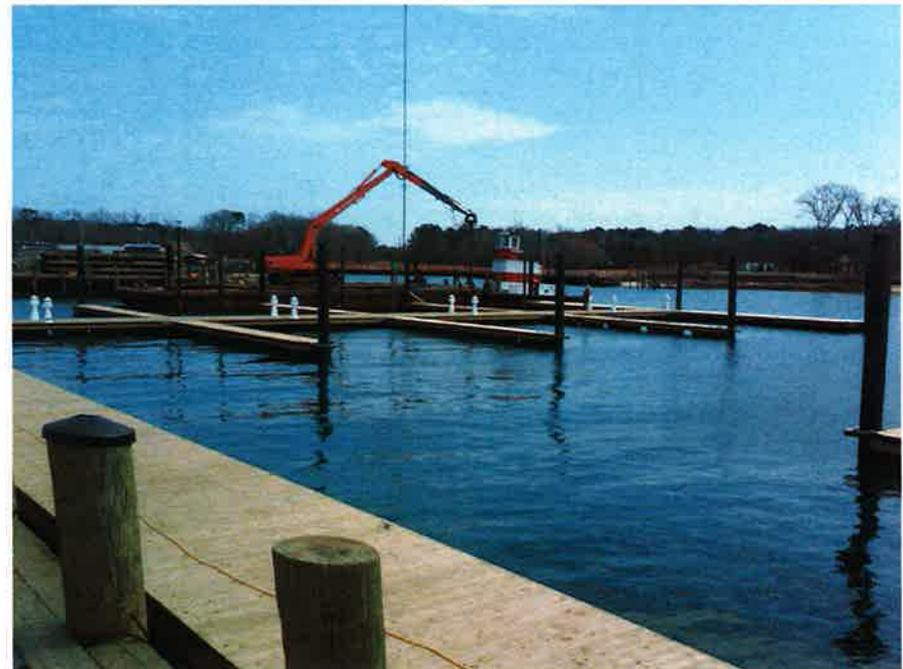
Your event was one of the best we ever attended. Congratulations for a great job and thanks for your hard work and alertness in keeping all of it straight.



Economic Development Announcements



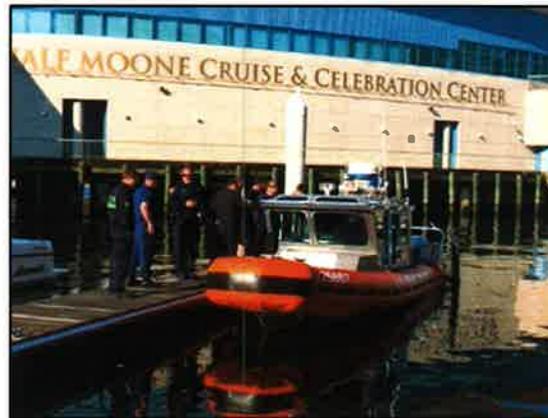
Economic Development Aid to Local Ports Policy



MIRT and Emergency Operations



MIRT and Emergency Operations



US Army Corps of Engineers



Stewards of Tomorrow



Human Resources Update

Virginia Port Authority Board of Commissioners, Session 362
November 18, 2014

Jim Bibbs
CHIEF HUMAN RESOURCES OFFICER



1

Mr. Bibbs will give an oral update.

Stewards of Tomorrow



Stewards of Tomorrow