



THE PORT OF
VIRGINIA

Senate Finance Committee Transportation Subcommittee

THE Port OF VIRGINIA

Mr. Jeff Keever
Senior Deputy Executive Director
Virginia Port Authority

2012 Calendar Year to Date, January-December

| | CY 2011 | CY 2010 | Change% |
|-------------------------------------|------------------|------------------|----------------|
| <i>Total TEUs</i> | 1,918,029 | 1,895,018 | 1.2 |
| Export TEUs | 1,032,136 | 1,005,370 | 2.7 |
| Import TEUs | 885,893 | 889,648 | -0.4 |
| <i>Total Rail Containers</i> | 330,330 | 261,263 | 26.4 |
| <i>VIP Containers</i> | 34,105 | 30,414 | 12.1 |
| <i>Ship Calls</i> | 1,828 | 1,841 | -0.7 |
| <i>Breakbulk Tonnage</i> | 347,558 | 253,854 | 36.9 |

- The Route 460 Corridor Improvement Project will provide new four-lane, limited access highway extending from the existing U.S. Route 460 near its interchange with Interstate 295 in Prince George County to the U.S. Route 58 bypass in the City of Suffolk
- Project estimates range from \$1.5 billion to \$2.0 billion for design and construction
 - Initial toll revenues will be insufficient to cover project costs
 - VDOT has agreed to contribute \$500 million to the project
- The project is intended to spur economic development throughout the corridor
 - Close proximity to the Port of Virginia, Norfolk Southern and CSX lines, and I95/I85
 - Development of manufacturing mega-sites
 - Implementation of a “Distribution Center Strategy” that will increase Port cargo volumes
- The new Route 460 will also:
 - Improve travel safety along the corridor
 - Create a new westbound emergency evacuation route for Hampton Roads
 - Improve military strategic connectivity
 - Reduce congestion along the I-64 Corridor, particularly as it relates to truck traffic from the port

- The VPA has been agreed to contribute 0.5% of its annual 4.2% TTF contribution to the Commonwealth Port Fund over the life of the project
 - For FY12, the CPF will receive \$37 million
 - This amount is projected to grow to \$42 million in the out years
 - 0.5% equates to approximately \$5 million per year
 - The maximum contribution over the life of the project is capped at \$250 million
- VPA's contribution will be used to reduce projected toll rates
- VPA's 2040 Master Plan intends to increase container capacity from 1.95 million TEUs in 2011 to 9.5 million TEUs in 2040
 - The Panama Canal expansion presents opportunities to increase cargo volumes
 - Current transportation infrastructure in Hampton Roads cannot support this growth
 - A new Route 460 presents an alternative to I-64 and provides a direct link for port traffic to Interstates 85 and 95 connecting to points to the north, south, and west
 - The location also provides opportunities for the location of multimodal and warehousing/distribution centers in Suffolk and Isle of Wright that are needed to support this growth

Senate Bill No. 578

- All state agencies, boards, authorities and commissions or any branch of the state government shall prepare and submit an environmental impact report to the Department on each major state project.
 - *Nor shall it include the Virginia Port Authority created pursuant to the provisions of § [62.1-128](#), unless such project is a capital project that costs in excess of \$5 million.*

- Route 460 Corridor Interstate 85 Connector Economic Development Zone.
 - *designate the following localities to be part of the Route 460 Corridor Interstate 85 Connector Economic Development Zone: the Counties of Isle of Wight, Prince George, Sussex, and Southampton and the Cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach.*
 - *Any qualified company that locates within the Route 460 Corridor Interstate 85 Connector Economic Development Zone on or after January 1, 2015, shall be entitled to a partial or complete exemption from the taxes imposed pursuant to Articles 2 (§ [58.1-320](#) et seq.) and 10 (§ [58.1-400](#) et seq.) on income from sources within the Zone during the first two taxable years of operation within the Zone.*

- International trade facility tax credit eliminates sunset provision
- Barge and rail use tax credit eliminates sunset provision
- Virginia port volume increase tax credits eliminates sunset provision
- Board of Commissioners; members and officers, Executive Director; agents and employees up to 5 from Hampton Roads area
 - *Of the members appointed by the Governor, all members shall have executive level experience and represent the following industries: agriculture, distribution and warehousing, manufacturing, logistics and transportation, mining, marketing, legal, financial, and transportation infrastructure.*

Port Opportunity Fund

- There is hereby created in the state treasury a special nonreverting fund that is a subfund of the Commonwealth Port Fund, known as the Port Opportunity Fund, hereinafter referred to as the Fund. The Fund shall be established on the books of the Comptroller. Disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Executive Director of the Virginia Port Authority or his designee. Interest earned on moneys in the Fund shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes enumerated in subsection C.
- Revenues in the Fund shall be used to fund the development and implementation of a national and international marketing program and to provide incentives, as prescribed by the Board of Commissioners, for expanding the use of Virginia Port Authority facilities for the import and export of containerized and noncontainerized cargoes.

- Powers not restrictive; exemptions from Public Procurement Act and the Virginia Personnel Act
 - *Additionally, the provisions of [2.2-1156](#) shall not apply to the Authority provided that (i) the Authority adopts and the Board approves regulations governing the acquisition, lease, or sale of surplus and real property consistent with the provisions of the above-referenced sections and (ii) any acquisition, lease, or sale of real property valued in excess of \$20 million shall be approved by the Governor.*

- Employment of personnel and legal counsel
 - Notwithstanding any other provision of law, the authority may retain legal counsel-to represent the Authority in rate cases and all other hearings, controversies, or matters involving the interests of the Authority.
- Forms of accounts and records; annual report
 - *the Authority may retain an outside auditor to perform the annual audit of the Authority's finances, provided, however, that the General Assembly may request the Auditor of Public Accounts to conduct such an audit at any time.*

Overview of Port Revenues

| Fiscal Year | FY2009 | FY2010 | FY2011 |
|------------------------|--------------------|-------------------|--------------------|
| Special Fund | \$ 53,792,050 | \$ 51,674,067 | \$ 85,108,434 |
| Commonwealth Port Fund | 44,877,434 | 33,143,978 | 38,037,653 |
| General Fund & Other | 4,075,859 | 3,595,647 | 12,528,168 |
| Total Revenues | 102,745,343 | 88,413,692 | 135,674,255 |

Expansion of the Panama Canal

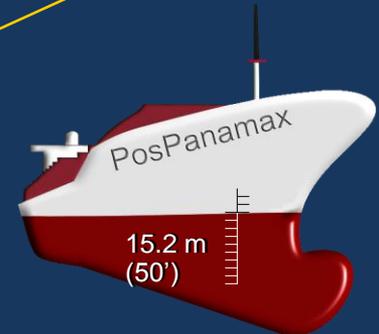
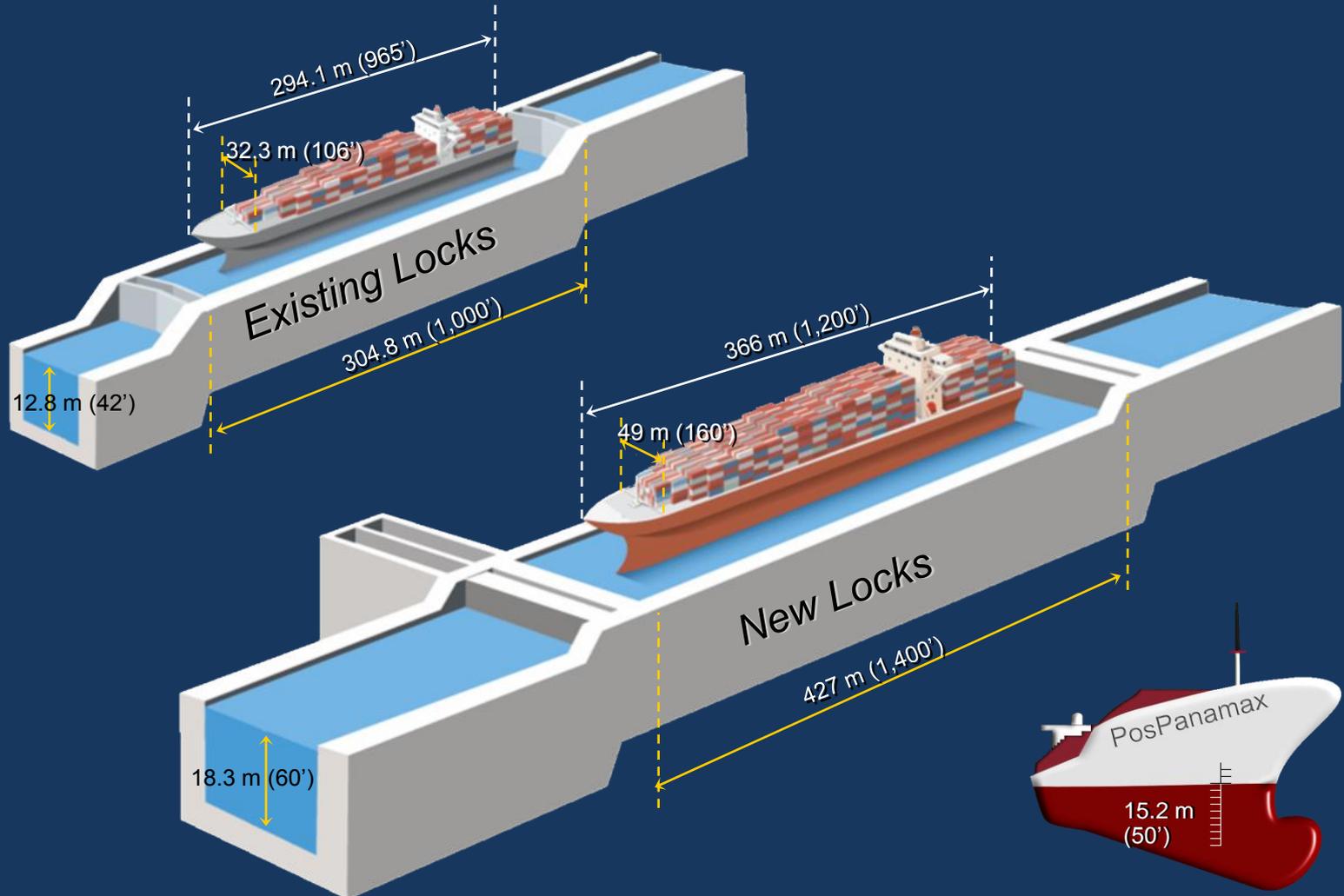


- \$5.25 billion capital investment program to modernize and improve the Panama Canal
- \$190 million channel deepening project began in 2002
- \$1.6 million project to redesign a third set of locks

Panama Canal Expansion - New Locks Will Accommodate Post-Panamax Vessels

Existing Locks Max Vessel size:

4,400 TEU's



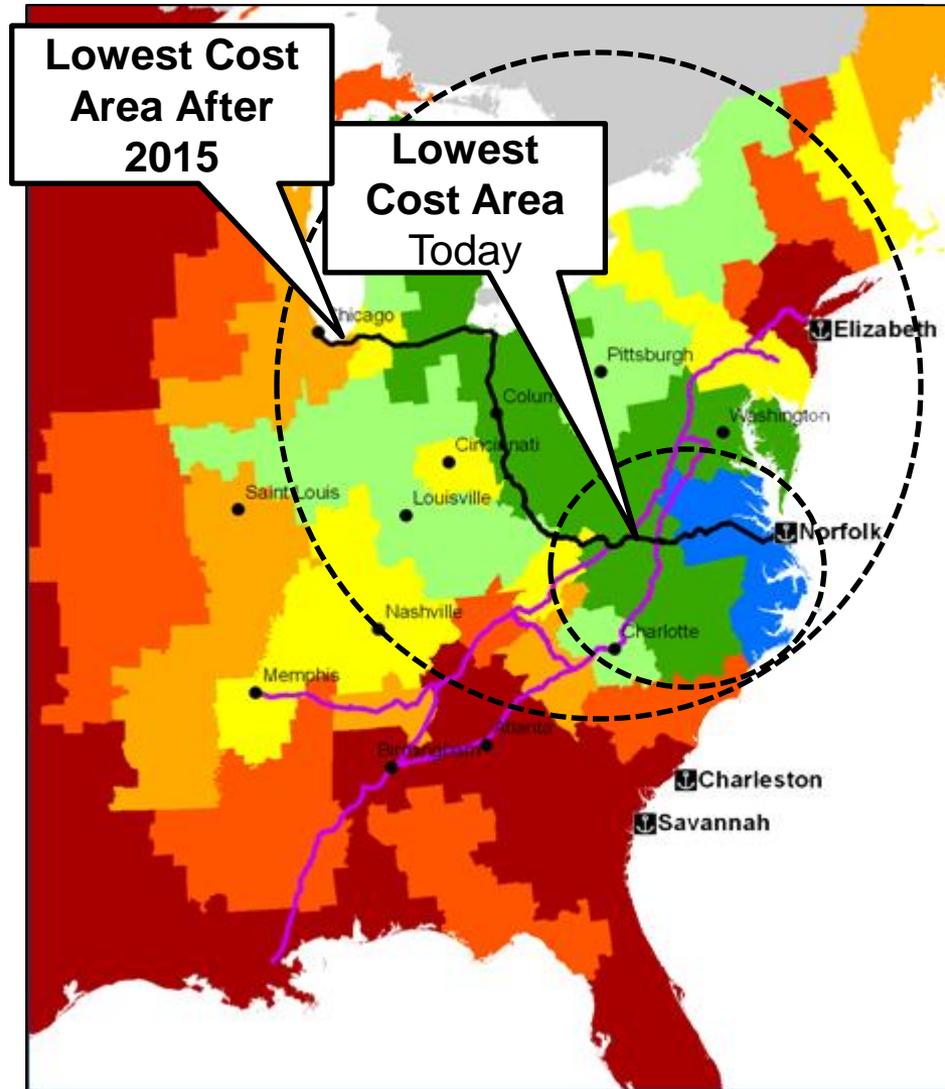
New Locks Max Vessel size:

12,600 TEU's

Panama Canal Expansion

Will Increase Business at The Port of Virginia

- Expansion complete in 2014
- Will increase demand at The Port of Virginia
- Largest cargo ships will go through canal to Virginia
- Only East Coast port with channels deep enough to accommodate these vessels fully loaded
- Only East Coast port with all improvements in place to handle these vessels now.



**Governor
Secretary of
Transportation**

**Board
of
Commissioners**

**Executive
Director**

STATUTORY

CORPORATE

Senior Deputy Executive
Director, External Affairs
Jeff Keever

Deputy Executive
Director, Operations
COO*
Jeff Florin

Deputy Exec. Director
&
CFO
Rodney Oliver

Deputy Executive
Director, Development
Russ Held

* ISO 9001 Management Representative

Total Full Time Employees
(FTE): 146
8/31/11

Board of Commissioners

- **Commissioner Michael J. Quillen, Chairman** He is the chairman and CEO of Alpha Natural Resources, LLC, in Abingdon;
- **Jennifer D. Aument**, Falls Church, vice president of Transurban;
- **Scott R. Bergeron**, Leesburg, Chief Operating Officer of Liberian Registry;
- **James M. Boyd**, Chesapeake, attorney and president of Boyd & Boyd, PC;
- **Juliann J. Clemente**, McLean, president of Clemente Development Co.
- **Honorable William H. Fralin Jr.**, Roanoke, vice president and general counsel, Medical Facilities of America, Inc.;
- **Frank E. Laughon, Jr.**, Richmond, chairman emeritus, Richmond Cold Storage;
- **John N. Pullen**, Richmond, president and chief growth officer of Luck Stone Corp.;
- **Robert M. Stanton**, Virginia Beach, chairman of Stanton Partners, Inc.;
- **Jeffrey D. Wassmer**, Newport News, president and CEO of Spectrum Comm, Inc.;
- **Ting Xu**, Goochland, president and CEO of Plow & Hearth, LLC.