

Biennium: 2010-12 ▾

**Mission and Vision****Mission Statement**

The Virginia Port Authority (VPA) shall foster and stimulate the commerce of the Ports of the Commonwealth, promote the shipment of goods and cargoes through the ports, secure necessary improvements of navigable tidal waters within the Commonwealth and, in general, perform any act or function which may be useful in developing, improving, or increasing the commerce, both foreign and domestic, of the Ports of the Commonwealth.

**Vision Statement**

The Port of Virginia will be the primary gateway for international cargo transported through the Mid-Atlantic and Mid-West regions of the United States.

The Virginia Port Authority will promote economic development and stimulate job growth within the Commonwealth through international trade.

**Executive Progress Report****Service Performance and Productivity****Summary of current service performance**

Pursuant to its mission statement, the primary responsibilities of VPA are to:

- Stimulate economic development through global trade
- Market the ports of the Commonwealth
- Provide security for the Port of Virginia
- Develop and maintain the port infrastructure and improve operating efficiency, and
- Monitor and support the activity of VPA's operating company, Virginia International Terminals, Inc.

The VPA is the Commonwealth's leading agency for international transportation and maritime commerce, and has a long history of generating business through the Port of Virginia. The Port of Virginia consists of four state-owned facilities: Newport News Marine Terminal, Norfolk International Terminals, Portsmouth Marine Terminal, and the Virginia Inland Port in Front Royal, Virginia.

Officially charged with operating, marketing, and securing the state-owned marine facilities and the inland port, the VPA has become one of the world's leading maritime organizations. The Port of Virginia consistently ranks as one of the leading ports in the United States, in the movement of total foreign waterborne commerce.

Pursuant to a port study commission recommendation, in the early 1970's the VPA unified the three general cargo terminals in Hampton Roads. The unification was important in eliminating cutthroat competition among existing terminal operators, and marketing the benefits of the port for the Commonwealth of Virginia as a whole. With unification of the general cargo terminals, it became evident that a single operating company would provide benefits beyond the private operation of each facility that was typical in the first half of the twentieth century. The Virginia General Assembly studied the operation of state-owned general cargo terminals and concluded that a private single operating entity would provide economies of scale and coordination not available through individual operation.

Thus, Virginia International Terminals, Inc. (VIT) was established in 1982 to operate the terminals owned by the VPA. VIT is a non-stock, nonprofit, private corporation and has been determined by federal courts not to be an alter ego (i.e. instrumentality) of the State. The Internal Revenue Service recognizes VIT as fulfilling an essential governmental function and therefore VIT enjoys tax-exempt status. VIT operates the state-owned ports through a Service Agreement with the Virginia Port Authority. VIT has never received state appropriation for its operations. The organization structure of VIT provides it the ability to enter into contracts with union labor (prohibited by state agencies under state law), negotiate and enter into contractual relationships with ship lines and others while not being subject to the Freedom of Information Act (FOIA), and more efficiently manage the flow of traffic at the marine terminals.

In 1986, the Port of Virginia was at a crossroads – to continue to grow or die. The port had the deepest navigation channels on the U.S. East Coast and was less than two hours from the open ocean, key requirements for world shipping lines. The Port had available land, excellent road and rail connections, and a competitive, cooperative workforce. The Port had established a reputation as the fastest growing port in the U.S., attracting more and more of the world's largest steamship lines. But, what VPA lacked at that time was a source of stable funding to provide for this growth and the resulting growth of international trade moving through the Port. It was at this juncture that the Commonwealth Port Fund (CPF), a trust fund with dedicated revenue sources, provided the opportunity for Virginia to continue to grow and become a major player in international commerce. As established, the CPF is funded from a portion of the state sales tax, and motor vehicle fuel and related taxes and fees. CPF revenues are limited to use for capital and maintenance related expenditures only.

The creation of VIT in 1982, and the Commonwealth Port Fund in 1986, was both visionary and strategic for Virginia, and has served to enable the Virginia Port Authority to increase container volume 610% and gross terminal revenues 594% since 1982. Today, Virginia has established itself as one of the premier ports on the U.S. East Coast.

As a result of the landmark decisions to unify the port, establish VIT, and establish the CPF, the VPA has become more financially independent. And, as a result, in 1997, VPA willingly gave up \$14 million a year in General Fund support and began funding all operating expenses from terminal revenue as well as many new capital projects. In addition, the Port's success has generated huge economic spin-off benefits to the Commonwealth. Annually, port-related business provides over 343,000 jobs, \$41.1 billion in payroll revenues, and \$1.2 billion in local tax revenues. Since 1996, port-related warehousing and distribution investment has increased by over \$416 million and employed over 12,000 people in the Hampton Roads area alone. The Virginia Inland Port, located in Front Royal Virginia, has stimulated the attraction of some 24 warehousing and distribution centers providing a total income of \$599 million with over 6 million square feet of space together with employee levels of over 7,000 workers. Household names like Wal-Mart, Target, Home Depot, Dollar Tree, Lillian Vernon, and Cost Plus have all set up distribution facilities in the Commonwealth in large measure due to the presence of a world class port facility and structure.

In September 2007, APM Terminals, a sister company of Maersk-Sealand shipping line – the largest shipping line in the world, opened a new 300 acre container terminal in Portsmouth. This announcement is the largest investment in a company owned container terminal in the U.S. and is a huge investment in the Commonwealth's future. This is the first time that a shipping line has invested its own money to construct a marine terminal from the ground up. The completed

terminal is expected to generate \$6.4 billion in economic impact to the Commonwealth over its first 15 years of operation.

Over the next twenty years, containerized cargo volume is expected to triple, far exceeding the current capacity of the port network in the U.S. The Port of Virginia has two unique opportunities to meet this demand with the opening of the APM terminal in 2007 and the proposed development of a new container terminal on the eastward side of Craney Island. The Hampton Roads region is beginning to mobilize around the opportunity to develop 20-60 million square feet of supporting distribution center space. Combined with port facilities, this will position Virginia to become the international gateway for the East Coast.

The VPA/VIT organization is unique in the industry and has a proven track record for success. For nearly 25 years, this structure has resulted in phenomenal growth, benefiting not only Virginians but also the entire U.S.

- **Summary of current productivity**

TEU volume and increase

FY 2005 1,900,026 = 10.9% Increase

FY 2006 2,045,065 = 7.6% Increase

FY 2007 2,055,866 = .5% Increase

FY 2008 2,144,361 = 4.3% Increase

Change in rail container throughput

FY 2005 226,108 Containers = 19.8% Increase

FY 2006 241,311 Containers = 6.7% Increase

FY 2007 253,590 Containers = 5.1% Increase

FY 2008 295,186 Containers = 16.4% Increase

### Initiatives, Rankings and Customer Trends

- **Summary of Major Initiatives and Related Progress**

In General

In 2000, the VPA adopted a 2040 Master Plan extending the VPA's planning horizon to the year 2040, including the opening of a fourth marine terminal at Craney Island. The 2040 Master Plan contains both a development plan and a financial plan which shows VPA can pay for all the projects listed in the master plan, including the eastward expansion of Craney Island. The Master Plan is updated annually.

Craney Island Eastward Expansion

In October 2006, the Virginia Port Authority completed a joint feasibility study with the Army Corps of Engineers in connection with a potential eastward expansion of the Craney Island Dredged Material Management Area (CIDMMA). This jointly funded study (approximately \$5.9M total, \$2.9M funded by VPA) determined the feasibility of an eastward expansion of the CIDMMA for the following three purposes: (1) to extend the useful life beyond 2025; (2) to provide a site, on the expanded portion, adjacent to the 50-foot channel for VPA's fourth general cargo marine terminal; and (3) to provide logistics load-out space for military equipment.

The Corps and the Virginia Port Authority had been working on the study since 1999. The study determined that the Craney Island Marine Terminal will save the nation \$6B in transportation costs and result in an economic impact to the state of more than \$5B annually. Without the Craney Island Marine Terminal, the Port of Virginia will not have adequate capacity to handle the tripling of import cargo that is expected in the next two decades. The eastward expansion of Craney Island is crucial to the long-term viability of the Port of Virginia.

With completion of the Feasibility Study the following is under way: (1) VPA and state officials are working with the Virginia Congressional Delegation to have the U. S. Congress appropriate funding for construction to begin; (2) The Preliminary Engineering and Design (PED) work is 65% complete and is estimated to be completed by December 2009.

Access to CIMT will be provided by a new road/rail connector to Route 164 that will be compatible with the future Third Crossing. The VPA has been working with VDOT, FHWA, HRTPO, and the City of Portsmouth on the Interchange Modification Report (IMR) to connect to Route 164.

Norfolk International Terminals North Expansion

The project includes developing the last major undeveloped piece of VPA land by expanding the NIT North container yard and adding a second ship berth and includes: (1) extending the north wharf 800 feet; (2) renovating and improving 30 acres of container yard; (3) purchasing container handling equipment (three additional 100-foot gage container cranes, Straddle Carriers, and Gantry Cranes); and (4) constructing a new truck interchange once the I-564 connector is built.

This project will increase the capacity of NIT North by 34 percent and the estimated cost is \$120M which is planned to be funded by Revenue bonds and pay-as-you-go funds.

Norfolk International Terminals Rail Yard Expansion

The project includes, demolition of asphalt and concrete pavements and also the demolition of two small buildings, excavation work, water lines, storm and sanitary sewer lines, electrical and communication utilities, roller-compacted concrete, cast-in-place concrete and asphalt pavement and the construction of new railroad track.

Phase I was completed in June 2009 and added approximately 12,000 feet of new track. Phase II design is complete and will be put in service by spring 2011.

Dredging Projects

The Commonwealth's share of the dredging of the federal channels comes from the General Fund. In the early 1980's, the federal government authorized, but did not appropriate the funds for the federal share of the 55-foot channel at The Port of Virginia. This measure was undertaken to accommodate the deep draft coal ships that were then handling millions of tons of export coal. In recent years, U.S. coal exports have declined while container ship calls at The Port of Virginia have consistently grown. Concurrently, container ships have gotten larger and require ever-deeper channels. Thus, the earlier 55-foot channel authorization has been an important ingredient in the success of the port. The project has been, and will continue to be, completed in stages as both federal and state general funds become available. To date, the 50-foot outbound and inbound channels have been completed.

Efforts to address design and construction of the 55-foot channel elements are underway. The estimated costs of deepening to 55 feet are as follows:

55-Foot Outbound Channel  
(Includes 60-foot Atlantic Ocean Channel)  
Total Project Cost \$140.5 million  
Local Sponsor Cost (VPA) \$ 87.9 million

55-Foot Inbound Channel  
Total Project Cost \$58.1 million  
Local Sponsor Cost (VPA) \$34.9 million

(Neither project has had money appropriated by the federal government or the Commonwealth.)

The Port of Virginia supports the import and export of coal in bulk vessels. However, not all of the ships calling the port were able to maximize their cargo capacity. Some vessels have a draft of more than 50', the current maximum depth of the operating channel. In order to accommodate this restriction, these vessels must sail with less cargo than the vessels' capacity.

In 2006, world coal consumption rose 4.47 percent, compared with 0.1 percent for oil. United States coal production is forecasted to grow to a record of more than 1.2 billion tons, an increase of more than 3.7 percent from 2003.

#### ISO 9001 and 14001 Certifications

The VPA developed and implemented a Quality Management System (QMS) and an Environmental Management System (EMS) to ensure product and service quality and that future environmental improvement initiatives are in accord with established operational improvement strategies. ISO 9001 QMS certification is expected to:

- Improve product and service quality
- Increase customer satisfaction
- Provide additional access to the ISO oriented marine world
- Improve processes, directly improving return on investment
- Enhance market exposure
- Improve control over processes, and
- Improve safety and security

ISO 14001 EMS certification is expected to:

- Ensure VPA meets or exceeds all applicable Federal, State, and Local environmental laws and regulations
- Help prevent activities and conditions that pose a threat to human health, safety, and the environment through proactive environmental leadership and compliance
- Ensure adherence to an established framework for setting objectives and targets that demonstrate a commitment to continual improvement
- Integrate environmental costs, risks, and impacts into port project development
- Promote pollution prevention and environmental awareness

The VPA will continue to expand on the use of its Quality Management System during the upcoming biennium to improve efficiency and ensure all employees are involved in process improvement. The VPA will also work with its operating entity, Virginia International Terminals, Inc. (VIT) to incorporate quality management system techniques and processes into their daily practices. The Environmental Management System has been implemented at Newport News Marine Terminal and Portsmouth Marine Terminal. The VPA will work with VIT to also implement EMS at Norfolk International Terminal.

#### Small, Woman, and Minority Business (SWAM) Plan

In support of the Governor's Executive Order 33, the VPA's goal is to maximize the participation of small, women-owned and minority-owned businesses (SWAM's) in the procurement process. Over the last two years, the VPA has successfully increased SWAM business expenditures as a percentage of discretionary expenditures from 11.7% to 35%. The VPA plans to continue to meet the 35% discretionary spending limit achieved in FY2009 during the upcoming biennium. Meeting this goal and maintaining the level of participation requires significant planning and participation in SWAM outreach events and activities as a tool for small business enhancement.

#### Human Resource Management

VPA plans on initiating an ambitious plan to 1) expand on the development of its existing performance based employee valuation system, 2) develop hiring policies and procedures appropriate for the level of employee being hired and ensuring new hires have the appropriate education, training, skills, and experience, and 3) review all employee benefits to ensure they reflect the needs of the current workforce to help attract and retain personnel.

#### Information Technology

Information Technology supports the other departments of the VPA by promoting employee efficiency and effectiveness through the use of technology. Through an exemption provided in the Appropriations Act, VPA is not subject to VITA. Major IT developments involving IT over the next several years include:

- Working with Port Security to incorporate the use of the Commonwealth's Statewide Agencies Radio System (STARS) to provide immediate police communication needs such as, video and robust data transmission to the vehicle and interoperability with federal and local response organizations
- Development and deployment of a new intranet site, including a site for "blog" traffic to encourage openness and communication with the public
- Enhance the current use of VPA's intranet, improving document management techniques and increasing employee efficiency organization-wide.
- Implementation of voice-over-internet-protocol (VOIP), to improve communications and reduce operating expenses

#### Finance

The Department of Finance plays a crucial role in providing financial resources and maintaining stewardship over the Authority's assets. Project focuses for Finance over the biennium include 1) completion of an internal rate of return

policy to govern all major capital and operating expense decisions, 2) completion of debt issuances to finance necessary infrastructure and equipment, 3) evaluation and review of public private partnership proposals for major infrastructure development, 4) continued improvements to the timeliness, methodology, and delivery of financial performance data to management and the Board of Commissioners.

#### Port Security

VPA Police Department is comprised of 88 state sworn police officers and are certified through the Department of Criminal Justice Services. The VPA Police is both the first and last line of security. Officers are assigned at all gates for access control and patrol the terminals 24/7. The primary threat that VPA terminals address is the potential for terrorists to use our standard cargo handling procedures to smuggle people or contraband into or out of the port, as well as protection against attack or disruption to port operations. Of primary concern is the potential to smuggle in weapons of mass destruction. VPA is in full compliance with the Maritime Transportation Security Act (MTSA) and the International Ship and Port Facility Security Code (ISPS). VPA is Customs-Trade Partnership Against Terrorism (C-TPAT) certified. Federal port security grants may only be used for capital investment – buying systems and equipment and upgrading facilities – not for personnel, operations, maintenance and training expenses. Therefore, VPA must bear the out-year costs of any security upgrade/enhancement funded through the federal grant program. VPA implemented the Transportation Workers Identification Card (TWIC) in January 2009 and is compliance with the current federal regulations. In 2010, the TWIC regulations will be updated to include biometric requirements.

#### Security Command Center

Early threat detection has become an absolute requirement for effective security. Under this project an intelligent video system will be built to detect and track intruders, determining security violations and notifying local first responders. Upon completion of this project, VPA will have the ability to view a "common operating picture" of all three facilities from one location (Port Security Command & Control Center at NIT). This will include the visual display of all perimeter monitoring systems, radiation portals, access controls and VPA police communications. The system will also be able to be used as a local "command post" for other Federal, state and local agencies involved in any incidents at a VPA facility. The system will be designed with an open architecture that will allow for seamless transmission to CG Sector Hampton Roads (or future Maritime Security Center in Hampton Roads) and will significantly increase their vigilant monitoring of the harbor and surrounding waterways.

This project will enhance the security in this critical port area by meeting the National Preparedness Goals, and the Virginia Office of Commonwealth Preparedness Strategic Goals and Objectives as outlined below:

#### National Preparedness Goals

- 3.1.2 Expanded Regional Collaboration Expand regional collaboration through mutual aid agreements and assistance compacts in order to meet the target levels of capability in the most effective and expedient manner.
- 3.1.3 Implement the National Infrastructure Protection Plan: Implement the National Infrastructure Protection Plan in order to enhance coordinated development of critical infrastructure protection capabilities.
- 3.2.1 Strengthen Information Sharing and Collaboration Capabilities: Strengthen information sharing and collaboration capabilities to enable effective prevention, protection, response, and recovery activities.
- 3.2.2 Strengthen Interoperable Communications: Strengthen interoperable communications capabilities to enable personnel from different disciplines and jurisdictions to communicate effectively during major events.
- 3.2.3 Strengthen CBRNE Detection, Response, and Decontamination Capabilities: Strengthen chemical, biological, radiological, nuclear, and explosive (CBRNE) detection, response, and decontamination capabilities.

#### Virginia's Office of Commonwealth Preparedness Strategic Goals and Objectives.

- Goal 13. Transportation. The Commonwealth will have in place in collaborative plans, equipment, training, and protection standards for security of transportation system to include surface, aviation, and seaports.
- Goal 3. First Responders. First responders, both government and private, will be trained and equipped to respond to natural disasters and terrorist attacks using nationally accepted emergency management and response standards.
- Goal 5. First Responders. The Commonwealth will have the capability to rapidly identify, mobilize, and credential volunteers responding to an emergency situation.

Federal Request: \$1.696M VPA Cost Share: \$565K Total Cost: \$2.261M

#### Communications & Information Security

This project provides the VPA Port Police with an enhanced communications suite, which uses digital trunking technology and dedicated frequencies. This will ensure that the Port Authority Police can effectively coordinate with Federal, state and local law enforcement and emergency response agencies in the event of an emergency. In conjunction with this project, VPA is now part of the Virginia Statewide Agencies Radio System (STARS). Through STARS, VPA's communication dispatcher will be linked to a statewide system with voice and data communications (this data communication is limited to short data streams such as license and vehicle checks). Although STARS provides increased capabilities, there are enhancements that are needed now to "fill the gaps" for VPA's unique and immediate police communication needs such as, video and robust data transmission to the vehicle and interoperability with federal and local response organizations.

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#### National Preparedness Goals

- 3.2.2 Strengthen Interoperable Communications Capabilities: Strengthen interoperable communications capabilities to enable personnel from different disciplines and jurisdictions to communicate effectively during major events.
- 3.2.1 Strengthen Information Sharing and Collaboration Capabilities: Strengthen information sharing and collaboration capabilities to enable effective prevention, protection, response, and recovery activities.
- 3.1.2 Expanded Regional Collaboration: Expand regional collaboration through mutual aid agreements and assistance compacts in order to meet the target levels of capability in the most effective and expedient manner.
- 3.1.3 Implement the Interim National Infrastructure Protection Plan: Implement the Interim National Infrastructure Protection Plan in order to enhance coordinated development of critical infrastructure protection capabilities.
- 3.2.3 Strengthen CBRNE Detection, Response, and Decontamination Capabilities: Strengthen chemical, biological, radiological, nuclear, and explosive (CBRNE) detection, response, and decontamination capabilities.

#### Virginia's Office of Commonwealth Preparedness Strategic Goals and Objectives.

- Goal 9. Government Operations and Funding. The Commonwealth will have infrastructure in place and operating to ensure interoperability of communications and other technologies.
- Goal 4. First Responders. Responders to terrorism or other events will be able to access shared critical intelligence information that is necessary for responder safety, efficiency and effectiveness.

Goal 3. First Responders. First responders, both government and private, will be trained and equipped to respond to natural disasters and terrorist attacks using nationally-accepted emergency management and response standards.

Commonwealth of Virginia Strategic Plan for Statewide Communications Interoperability (undergoing final review).

Goal 3. Integrate existing and future communications systems.

Federal Request: \$570K VPA Cost Share: \$1.023M (includes state funding of STARS) Total Cost: \$1,593,000

#### Surveillance and MDA Improvements

This project will compliment improvements funded by and underway from Round 6 of the PSG program. Key areas of improvement:

- A robust and resilient data and video network at all three terminals.
- A "smart" perimeter system for the port's most vulnerable security areas and provide an immediate alert if the perimeter security is breached.
- Enhance redundancy and resiliency of terminal surveillance capabilities.

Federal Request: \$2.0M VPA Cost Share: \$0.6M Total Cost \$2.6M

#### Preparedness and Recovery

This project will significantly enhance/update the continuity of business operations and resiliency of VPA's marine terminals. Specifically, it will:

- Build resiliency through anticipation of natural and man-made disasters through a comprehensive Continuity of Operations Plan (COOP) and Response Plan. The COOP & Response Plan will include all hazards e.g., terrorism, inclement weather, pandemic.
- Develop and conduct COOP training, exercise and drill scenarios.
- Build the appropriate inherent core capability to respond and recover from an incident.

Federal Request: \$1.4M VPA Cost Share: \$0.5M Total Cost \$1.9M

Note: This project was unsuccessful in the obtaining a Port Security Grant and is will be resubmitted during the next grant funding opportunity.

#### TWIC Implementation

This project will update the access control equipment and communication links at all terminal gates at NIT, NNMT and PMT to meet the forthcoming TWIC equipment (reader and biometric) standards when they are published (anticipated in 1/09). In preparation, PMT has been operating an electronic access control system based on port identification cards since March 2007.

Federal Request: \$1.0M VPA Cost Share: \$0.4M Total Cost \$1.4M

#### • Summary of Virginia's Ranking

Virginia's strategic mid-Atlantic location and unparalleled transportation infrastructure offer steamship lines and shippers unbeatable access to two-thirds of the U.S. population with more than 40 international shipping lines and one of the most frequent direct sailing schedules of any port. Virginia has the best natural deepwater harbor on the U.S. East Coast. Fifty-foot-deep, unobstructed channels provide easy access and maneuvering room for the largest of today's container ships. Virginia ports are located just 18 miles from the open sea on a year-round, ice-free harbor. Virginia ports have long maintained a reputation for efficient and uncongested intermodal service. The bottom line is in the numbers: The Port of Virginia transports a higher percentage of intermodal containers to more cities faster, and more efficiently, than any other port on the U.S. East Coast. As the one of the largest intermodal complexes on the U.S. East Coast, Virginia offers six direct-service trains to 28 major cities each day. More than 50 motor-carrier companies offer full freight handling and load-consolidation services. A modern network of interstate and local highways permits fast, direct inland motor-freight transportation to any point in the United States.

For FY2008 the Ports handled a record breaking 2.144 million TEUs.

Activity Highlights – Port performance for the first two months of FY2008 reflected an 8.8% increase in TEU's and a 3.9% increase in ships calls. Rail movements reflected a 28.7% increase in Midwest train traffic, and a 44% increase in rail traffic at the Inland Port. October was a record month at the Port, producing 188,539 TEU movements and successful negotiations that resulted in 10-year contracts with China Shipping and the COSCO/Yang Ming/K Line consortium.

Harrisburg Rail Service – The Marketing Department has been working in coordination with Norfolk Southern to market and establish a daily intermodal service linking the Port of Virginia to Harrisburg, PA. This service is close to becoming operational as pricing is now being put in the Norfolk Southern contracts with the various shipping lines. Once established, this service will allow the Port of Virginia to expand its geographic market reach into central Pennsylvania, which today is primarily served by truck to/from the ports of NY/NJ and Baltimore.

Off Terminal Fumigation Services: Many of the products imported and exported through the Port of Virginia require fumigation services. For decades, the port has conducted these services on the terminal facilities either directly, or through a 3rd party vendor. As the Port is looking to develop every available acre of terminal space to container handling space, we have been moving non-essential functions off terminal. In 2006 and 2007, Marketing worked with the existing 3rd party provider, Western Fumigation, to find and set up an off-terminal facility in the City of Suffolk. VPA was also successful in bringing a new fumigation company, Western Fumigation, into the market who also set up a state-of-the-art fumigation center in Suffolk, investing in excess of \$17 million.

Restructuring of VPA Marketing Offices: In an effort to provide more value to the marketing expenses, VPA Management reviewed our current international network of offices and is in the process of redeploying assets to better reflect current and future market growth. VPA closed its Singapore office in early 2008 and establishing an agency agreement with a company called P.L. Shipping to represent VPA throughout India. In response to VITAL's recommendation, VPA is also in discussions with VEDP to explore representation options in mainland China to assist our existing Hong Kong representative's efforts in the Mainland. We believe that we will be able to establish coverage of India and China for close to the amount of expenditure we previously were paying in Singapore. This follows recent efforts of cooperation with VEDP where we are now sharing offices in Brussels, Japan and actually sharing the same individual, who is representing both organizations in Korea. These two items resulted in a savings in excess of

\$150,000 to VPA's marketing budget.

- *Summary of Customer Trends and Coverage*  
New shipline services

2007

Maersk Line/Hapag Lloyd – Oceania Americas Pendulum Service; Tradelane: Australia/New Zealand, Caribbean/Central America; Route: Panama Canal  
New World Alliance, Evergreen, CMA CGM – Asia–US East Coast, ESX/SAX; Tradelane: Asia, Central America; Route: Panama Canal  
New World Alliance, CMA CGM, Evergreen – Suez Express Service-SZX; Tradelane: Indian Subcontinent, Asia; Route: Suez Canal  
Grand Alliance - North & Central China East Coast Express (NCE) and South China East Coast Express (SCE) (reconfigured); Tradelane: Asia; Route: Panama Canal

2008

Caribbean/South America – USEC

2009

Distribution Center Development - A major component of the Port's future and current growth has been the development of many port-related distribution facilities throughout the Commonwealth. There are more than 80 port-related distribution facilities within the borders of Virginia that make the Port more attractive to shiplines. The VPA staff has made the recruitment and development of these facilities a very high priority and this will continue into the foreseeable future.

New or expanded distribution centers:

- ? NYK Logistics – Chesapeake
- ? Ozburn-Hessey Logistics – Winchester
- ? Massimo Zanetti Beverage – Portsmouth
- ? Flexa Furniture – Suffolk
- ? Evans Distribution – Suffolk
- ? Preferred Freezer – Chesapeake
- ? ProLogis – Chesapeake
- ? Johnson Development – Windsor
- ? Liberty Property Trust – Suffolk
- ? McDonald Development – Suffolk
- ? Regional Properties – Suffolk
- ? West Park Lane – Hampton
- ? Devon Properties / American Port Services – Hampton
- ? American Port Services - Suffolk

#### **Future Direction, Expectations, and Priorities**

- *Summary of Future Direction and Expectations*  
The Heartland Corridor

The Heartland Corridor will provide a more direct rail intermodal route from the Port of Virginia, opening up a significant portion of Appalachia currently excluded from international intermodal markets, and connecting to a center of existing domestic and international distribution in the Midwest, thereby strengthening the economic vitality of the region and enhancing the efficiency and capacity of the nation's transportation network.

The Heartland Corridor will increase the vertical clearances of 28 tunnels and bridges above the high-speed, high capacity Norfolk Southern main line between Columbus, Ohio and Roanoke, Virginia saving 230 miles and 1 1/2 days transit time. Upon completion, the rail network will have a fully cleared direct route between Chicago, Illinois and The Port of Virginia and all markets in between. This cleared network will provide for the intermodal movement of goods between Virginia, North Carolina, West Virginia and Ohio and the rest of the Midwest in a highly efficient double-stack configuration. Norfolk Southern predicts it will be one of the few East Coast to Mid West rail routes with sufficient capacity over the next 10 years.

This project also provides for a new intermodal facility in the Roanoke Valley region of western Virginia, Pritchard, West Virginia and Columbus, Ohio providing intermodal access to global markets through The Port of Virginia.

In Portsmouth and Chesapeake, Virginia, the Heartland Corridor project will relocate an existing Commonwealth Railroad rail line from its current route through densely populated areas to a new route contained in the median of the Western Freeway and I-664. The project will also include a grade separation of Route 17 and will be completed in December 2009.

Full grade separations of the Commonwealth Railway between the proposed ports of Craney Island and Maersk's property and the national intermodal network will eliminate 14 grade crossings in largely urban areas of Portsmouth and Chesapeake, Virginia that are likely to see large increases in rail activity (12 trains per week currently to over 36 trains per week by 2016). This project will also reduce truck traffic, particularly on the eastern portion of I-64 and US 460 and will further enhance The Port of Virginia's position as a major player in expanding global trade.

The project introduces intermodal shipping options to western Virginia for the first time and provides significant employment, tax and other economic benefits. Over 20 years, the project will provide up to \$368 million in economic benefits to shippers moving freight in the Heartland Corridor. The project was one of 13 transportation projects noted in the recently approved SAFETEA-LU transportation bill as a project of national significance.

- *Summary of Potential Impediments to Achievement*

Maersk Sealand Development - Maersk Sealand (Maersk) acquired 600 acres of waterfront property in the City of Portsmouth. Maersk has spent approximately \$500 million to construct a highly automated marine terminal with a 3,000-foot wharf and six Suez-class container cranes to be operated by a subsidiary, APM Terminals. This phase I development opened in July 2007. Phase II of the development includes plans to expand the wharf another 1,000 feet with four additional container cranes and will be developed as market demands. Maersk intends to maximize the use of technology and automation and projects that Phase I of the terminal will handle 1 million TEUs with 2.16 million TEUs at final build-out.

Despite the immediate threat to volume at the Commonwealth-owned facilities, the addition of the new APM terminal is a strategic asset to the Commonwealth. Long term capacity for the port is the fourth marine terminal at Craney Island. However, that facility will not be open until 2020. The VPA can renovate existing terminals to handle only an additional 1

million TEUs. The new APM terminal will help bridge the shortfall in capacity until the Craney Island facility is operational. In addition, while APM and VPA will compete for cargo, they will work together to bring cargo into Virginia.

**Service Area List**

Service Number	Title
407 534 13	National and International Trade Services
407 534 23	Port Traffic Rate Management
407 534 24	Commerce Advertising
407 626 01	Maintenance and Operations of Ports and Facilities
407 626 06	Port Facilities Planning
407 626 07	Debt Service for Port Facilities
407 628 01	Aid to Localities
407 628 02	Payment in Lieu of Taxes
407 699 00	Administrative and Support Services
407 699 23	Security Services

**Agency Background Information**

**Statutory Authority**

§ 62.1-132.3 of the code of Virginia specifies that:

It shall be the duty of the Authority, on behalf of the Commonwealth, to foster and stimulate the commerce of the Ports of the Commonwealth, to promote the shipment of goods and cargoes through the ports, to seek to secure necessary improvements of navigable tidal waters within the Commonwealth and, in general, to perform any act or function which may be useful in developing, improving, or increasing the commerce, both foreign and domestic, of the Ports of the commonwealth (1981, c. 589).

**Customers**

Customer Group	Customers served annually	Potential customers annually
General Public (VA population based on US 2000 consensus data)	7,078,515	7,078,515
Governmental Agencies and Organizations	10	100
Importers/Exporters	500	1,000
Intermodal Customers	50	100
International Freight Forwarders/Custom House Brokers	35	100
Localities	4	4
Other Members of Maritime Community	1,000	2,000
Shiplines	75	75
Terminal Operators	1	1
Virginia Port Authority Departments	10	10

**Anticipated Changes To Agency Customer Base**

[Nothing entered]

**Partners**

Partner	Description
[None entered]	

**Products and Services**

• **Description of the Agency's Products and/or Services:**

The Commonwealth's leading agency for international transportation and maritime commerce, the VPA has a long history of generating business through the Port of Virginia. The Port of Virginia consists of four state-owned facilities: Newport News Marine Terminal, Norfolk International Terminals, Portsmouth Marine Terminal, and the Virginia Inland Port in Front Royal, Virginia. Officially charged with operating, marketing, and securing the state-owned marine facilities and the inland port, the VPA has become one of the world's leading maritime organizations.

• **Factors Impacting Agency Products and/or Services:**

Continued and future expansion of the port will be necessary in order to meet capacity.

A major component of the Port's future and current growth has been the development of many port-related distribution facilities throughout the Commonwealth.

The Port's natural deep water, central east coast location, and superb transportation system to hinterland markets are critical factors for continued success. Efficient road and rail transportation systems, linked to the port facilities, are crucial to the success of the Port.

Federal legislation has been enacted that has and will continue to require security enhancements at all waterfront facilities.

• **Anticipated Changes in Products or Services:**

Future expansion and additional operational efficiency of the Port of Virginia will be necessary to insure that it does not run out of capacity.

**Finance**

• **Financial Overview:**

The Virginia Port Authority has the following funding sources:

**Terminal Revenues:**

The VPA receives (net) terminal revenues from VIT on a monthly basis. In addition, VPA generates a small amount of revenue from other sources (security surcharge per container or breakbulk ton, license agreements, advertising, special security detail, etc.) Terminal revenues fund all operating expenses for the VPA as well as certain capital expenditures.

**Commonwealth Port Fund:**

The VPA receives 4.2% of Transportation Trust Fund taxes collected on a monthly basis. The allocation is called the "Commonwealth Port Fund". Tax collections allocated to the Transportation Trust Fund are derived from a half percent of the Commonwealth's retail sales and use tax, motor vehicle sales and use taxes, motor fuel taxes, and motor vehicle registration fees. As required by statute, CPF revenues are used by the VPA to pay for capital projects, terminal maintenances expenses, and aid to local ports. The VPA often utilizes CPF revenues to support the issuance of bonds to finance capital projects.

**Other Sources:**

The VPA periodically receives funds from the federal government, primarily in the form of port security grants. The grant funding is used to fund capital equipment and construction to enhance security on the Ports of Virginia.

The VPA also periodically receives pass-through appropriation from the Commonwealth for specific capital projects. These projects are normally maritime or transportation related, and benefits other entities outside of the VPA, as well as the VPA.

• **Financial Breakdown:**

	FY 2011		FY 2012	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$950,000	\$86,523,897	\$950,000	\$86,523,897
Change To Base	\$0	\$3,912,225	\$0	\$3,912,225
<b>Agency Total</b>	<b>\$950,000</b>	<b>\$90,436,122</b>	<b>\$950,000</b>	<b>\$90,436,122</b>

*This financial summary is computed from information entered in the service area plans.*

**Human Resources**

• **Overview**

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

• **Human Resource Levels**

Effective Date	7/1/2009	
Total Authorized Position level	146	
Vacant Positions	-11	
<b>Current Employment Level</b>	<b>135.0</b>	
Non-Classified (Filled)	135	<i>breakout of Current Employment Level</i>
Full-Time Classified (Filled)	0	
Part-Time Classified (Filled)	0	
Faculty (Filled)	0	
Wage	2	
Contract Employees	0	
<b>Total Human Resource Level</b>	<b>137.0</b>	<i>= Current Employment Level + Wage and Contract Employees</i>

• **Factors Impacting HR**

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

• **Anticipated HR Changes**

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

**Information Technology**

• **Current Operational IT Investments:**

The VPA is exempt from VITA pursuant to Item 434 B of Chapter 781 in the 2009 Acts of Assembly. In addition, the VPA is authorized to maintain independent payroll and nonpayroll disbursement systems pursuant to Item 464 C of the same Act. VPA utilizes the services of VIT's extensive IT staff on a contract basis for IT support.

• **Factors Impacting the Current IT:**

Proper disaster recovery planning requires adequate offsite backup systems and data to be maintained. VPA is updating disaster recovery procedures and plans to implement a number of new measures to ensure data is secure and available in case of a failure of the primary systems.

Electronic access, distribution, storage, and disposal of documentation greatly enhancing employee efficiency and reduces document handling costs. VPA is working on enhancing current document management practices to significantly limit the amount of hard copy paperwork, improve employee access to documentation outside of the standard office, and improve record retention policies and procedures to adhere to the Commonwealth's record retention policy.

Several projects are planned concentrating on physical access to terminal facilities, monitoring activities on the facilities, and increasing the use of technology to comply with federal and state mandates.



- Proposed IT Solutions:  
[Nothing entered]

- Current IT Services:

Estimated Ongoing Operations and Maintenance Costs for Existing IT Investments

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Projected Service Fees	\$0	\$44,127	\$0	\$44,789
Changes (+/-) to VITA Infrastructure	\$0	\$0	\$0	\$0
<b>Estimated VITA Infrastructure</b>	\$0	\$44,127	\$0	\$44,789
Specialized Infrastructure	\$0	\$0	\$0	\$0
Agency IT Staff	\$0	\$0	\$0	\$0
Non-agency IT Staff	\$0	\$0	\$0	\$0
Other Application Costs	\$0	\$0	\$0	\$0
<b>Agency IT Current Services</b>	\$0	\$44,127	\$0	\$44,789

Comments:

[Nothing entered]

- Proposed IT Investments

Estimated Costs for Projects and New IT Investments

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Major IT Projects	\$0	\$510,000	\$0	\$0
Non-major IT Projects	\$0	\$0	\$0	\$0
Agency-level IT Projects	\$0	\$60,000	\$0	\$0
Major Stand Alone IT Procurements	\$0	\$0	\$0	\$0
Non-major Stand Alone IT Procurements	\$0	\$0	\$0	\$0
<b>Total Proposed IT Investments</b>	\$0	\$570,000	\$0	\$0

- Projected Total IT Budget

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Current IT Services	\$0	\$44,127	\$0	\$44,789
Proposed IT Investments	\$0	\$570,000	\$0	\$0
<b>Total</b>	\$0	\$614,127	\$0	\$44,789

[Appendix A](#) - Agency's information technology investment detail maintained in VITA's ProSight system.

**Capital**

- Current State of Capital Investments:

The aggressive renovation and expansion of existing facilities to handle the significant growth experienced in the recent past has been an ongoing mission for the Authority.

- Few projects remain on the existing terminals to expand terminal capacity and/or increase throughput.
- A major shift in development activities has begun with the development of the Authority's planned 4th marine terminal on Craney Island.

- Factors Impacting Capital Investments:

Projected growth in international trade, in particular projected growth in container traffic through East Coast ports.

- Constraints on the availability of land for use in terminal operations.
- Federal regulations regarding the security of port facilities.
- Funding availability and debt capacity limitations.
- The rapidly changing nature in technology.
- Taxes, fees, or physical restrictions from localities impacting goods movement

- Capital Investments Alignment:

All development activities are closely coordinated with projected demand and financial resources through a continuous assessment of project priorities and customer needs. The Authority's 2040 Master Plan is updated at least annually through the combined efforts of marketing, operations, finance, and outside consultants.

**Agency Goals**

**Goal 1**

To foster and stimulate commerce of the Commonwealth's ports.

### Goal Summary and Alignment

The mission statement of the Virginia Port Authority (VPA) mandates that the primary goal is to stimulate cargo movement through the state-owned terminals. This is accomplished through direct customer contact and a well-developed strategic plan that results in a distribution network valued by port users.

#### Goal 2

To promote the shipment of goods.

### Goal Summary and Alignment

To inform and educate customers on the various services the VPA has to offer, to meet the needs of clients, and to encourage use of VPA ports by shippers.

#### Goal 3

To secure necessary navigable tidal waters.

### Goal Summary and Alignment

To protect the volumes of cargo that move through the ports, and to safeguard against possible terrorist acts against the Commonwealth, the United States, or the ports.

#### Goal 4

To develop, improve, or increase commerce of the Commonwealth's ports.

### Goal Summary and Alignment

As an operating port, the primary responsibility of the VPA is to promote use of the state-owned general cargo terminals by increasing general cargo tonnage from existing customers and identifying and securing new potential business. The VPA concentrates its efforts on identifying and satisfactorily meeting all customer requirements. To accomplish this, sales representatives are strategically located in the marketplace, both domestically and internationally, where they develop and implement a customer-focused marketing plan.

#### Goal 5

To strengthen the culture of preparedness throughout the Agency, our employees, and customers

### Goal Summary and Alignment

This goal ensures alliance with federal and state regulations, policies and procedures for Commonwealth preparedness, as well as guidelines promulgated by the Assistant to the Governor for Commonwealth Preparedness, in collaboration with the Governor's Cabinet, the Commonwealth Preparedness Working Group, the Department of Planning and Budget and the Council on Virginia's Future. The goal supports achievement of the Commonwealth's statewide goal of protecting the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.

### Goal Objectives

- We will be prepared to act in the interest of the citizens of the Commonwealth and its infrastructure during emergency situations by actively planning and training both as an agency and as individuals.

#### Objective Strategies

- The Agency Emergency Coordination Officer will stay in continuous communication with the Office of Commonwealth Preparedness and the Virginia Department of Emergency Management.

#### Link to State Strategy

- nothing linked

#### Objective Measures

- Gate turn times (PMT)

Measure Class:  Measure Frequency:  Preferred Trend:

Measure Baseline Value:  Date:

Measure Baseline Description: Gate move at PMT

Measure Target Value:  Date:

Measure Target Description: Gate move at PMT

Data Source and Calculation: Number of minutes a trucker is on the terminal picking up/discharging cargo

- Gate turn times (NIT)

Measure Class:  Measure Frequency:  Preferred Trend:

Measure Baseline Value:  Date:

Measure Baseline Description: Gate move at NIT

Measure Target Value:  Date:

Measure Target Description: Gate move at NIT

Data Source and Calculation: Number of minutes a trucker is on the terminal picking up/discharging cargo

o Agency Continuity of Operations Plan (COOP) Assessment Score

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Every six months

Measure Baseline Value:  Date:

Measure Baseline Description: 2007 COOP Assessment results (% out of 100)

Measure Target Value:  Date:

Measure Target Description: Minimum 75%, or if at 75% increase the average by 5% each year

Data Source and Calculation: The COOP Assessment Review is a 24-component assessment tool that helps measure the viability of the COOP plan.

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Service Area Strategic Plan

Virginia Port Authority (407)

3/14/2014 2:32 pm

Biennium: 2010-12

Service Area 1 of 10

National and International Trade Services (407 534 13)

Description

To promote the use of the state-owned general cargo terminals by increasing general cargo tonnage from existing customers and identifying and securing new potential business.

Background Information

Mission Alignment and Authority

- Describe how this service supports the agency mission

The mission statement of the Virginia Port Authority (VPA) mandates that the primary goal is to stimulate cargo movement through the state-owned terminals. This is accomplished through direct customer contact and a well-developed strategic plan.

- Describe the Statutory Authority of this Service

§ 62.1-132.3 of the code of Virginia specifies that:

"It shall be the duty of the Authority, on behalf of the Commonwealth, to foster and stimulate the commerce of the ports of the Commonwealth and to promote the shipment of goods and cargoes through the ports...to perform any act or function which may be useful in developing, improving, or increasing the commerce, both foreign and domestic, of the ports of the Commonwealth."

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
General Public (VA population based on US 2000 consensus data)	General Public (VA population based on US 2000 consensus data)	7,078,515	7,078,515
Importers/Exporters	Importers/Exporters	500	1,000
Intermodal Customers	Intermodal Customers	50	100
International Freight Forwarders/Custom House Brokers	International Freight Forwarders/Custom House Brokers	35	100
Other Members of Maritime Community	Other Members of Maritime Community	35	100
Shiplines	Shiplines	75	75

Anticipated Changes To Agency Customer Base

[Nothing entered]

Partners

Partner Description

[None entered]

Products and Services

- Factors Impacting the Products and/or Services:

APM Terminal - APM purchased a nearly 600-acre waterfront tract in Portsmouth and built a 291-acre terminal facility. Phase I opened in 2007 and can handle approximately 1 million TEUs. Phase II will be built when needed and double capacity to 2.1 million TEUs. Historically, APM has handled MaerskSealand vessels only. However, APM recently secured contacts with Evergreen to attract them away from VPA. VPA secured the majority of its customers with long term contracts, but expects rate competition with APM as those contacts approach the end of their life. VPA and APM have signed an FMC approved talking agreement to jointly discuss items of mutual interest to benefit the port.

Union Contract Agreement – VIT, through the Hampton Roads Shipping Association, enters into collective bargaining agreements with various International Longshoremen’s Association (“ILA”) locals, which are involved in the handling, transfer and storage of cargo passing through the port facilities. It is critical that relations remain positive between VIT and the ILA to continue to retain the port’s customer base and to allow the successful ongoing operations of the port. Over the last 20 years, there have been no labor disputes between the VPA or VIT and the ILA that resulted in work stoppages, and VPA believes its relationship and VIT’s relationship with the ILA to be good. The current labor agreement runs through September 30, 2010.

Distribution Center Development - A major component of the Port’s future and current growth has been the development of many port-related distribution facilities throughout the Commonwealth. There are more than 80 port-related distribution facilities within the borders of Virginia that make the Port more attractive to shiplines. The VPA staff has made the recruitment and development of these facilities a very high priority and this will continue into the foreseeable future.

- Anticipated Changes to the Products and/or Services

[Nothing entered]

- Listing of Products and/or Services

- Summary - Virginia’s strategic mid-Atlantic location and unparalleled transportation infrastructure offer unbeatable access to two-thirds of the U.S. population and one of the most frequent direct sailing schedules of any port. Virginia has the best natural deepwater harbor on the U.S. East Coast. Fifty-foot-deep, unobstructed channels provide easy access and maneuvering room for the largest of today’s container ships. Virginia ports are located just 18 miles from the open sea on a year-round, ice-free harbor. Virginia ports have long maintained a reputation for efficient and uncongested intermodal service. A modern network of rail, interstate, and local highways permits fast, direct inland motor-freight transportation to any point in the United States.
- Shiplines - As coordinated through VIT: provide berth space, reliable and available cranes, inside and outside storage, intermodal connections, price competitiveness, well-trained labor and ample importer/exporter base.



Area Total	\$0	\$4,317,631	\$0	\$4,317,631
Base Budget	\$0	\$4,152,231	\$0	\$4,152,231
Change To Base	\$0	\$165,400	\$0	\$165,400

Service Area Total	\$0	\$4,317,631	\$0	\$4,317,631
Base Budget	\$0	\$4,152,231	\$0	\$4,152,231
Change To Base	\$0	\$165,400	\$0	\$165,400

Service Area Total	\$0	\$4,317,631	\$0	\$4,317,631
Base Budget	\$0	\$4,152,231	\$0	\$4,152,231
Change To Base	\$0	\$165,400	\$0	\$165,400

Service Area Total	\$0	\$4,317,631	\$0	\$4,317,631
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**Human Resources**

• *Human Resources Overview*

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

• *Human Resource Levels*

Effective Date	7/1/2008
Total Authorized Position level	146
Vacant Positions	11
<b>Current Employment Level</b>	<b>135.0</b>
Non-Classified (Filled)	135
Full-Time Classified (Filled)	0
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	2
Contract Employees	0
<b>Total Human Resource Level</b>	<b>137.0</b>

*breakout of Current Employment Level*

*= Current Employment Level + Wage and Contract Employees*

• *Factors Impacting HR*

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

• *Anticipated HR Changes*

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

**Service Area Objectives**

- We will increase number of jobs

**Objective Description**

Increase the number of jobs provided by port-related businesses.

**Alignment to Agency Goals**

- Agency Goal: To foster and stimulate commerce of the Commonwealth's ports.
- Agency Goal: To promote the shipment of goods.
- Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

- Marketing and Promotion management of the Virginia Port Authority is responsible for developing and implementing an on going strategic plan to preserve and increase general cargo tonnage. Within the marketing function of the Virginia Port Authority reside the responsibility to direct domestic and international offices, and the

Business Analysis and Strategy Department. Within the promotion function resides the responsibility to direct commerce advertising, trade show promotions, and customer events.

- The Virginia Port Authority maintains seven (7) domestic marketing offices in addition to the headquarters in Norfolk, Virginia: New Jersey; Michigan; Indiana; Tennessee; North Carolina; Pennsylvania; and Front Royal, Virginia. Collectively, these offices maintain contact with more than 7,000 customers who either use, or are potential users of, the state-owned general cargo terminals. The primary activity of these domestic offices is to develop and implement a sales plan for an assigned multi-state territory. This involves prioritizing the customer base; conducting personal sales calls to maximize market share; and increase the total number of port users.
- The Virginia Port Authority currently maintains six (6) international marketing offices: Sao Paulo, Brazil; Belgium; Tokyo, Japan; Hong Kong; and Seoul, Korea. Collectively, these offices maintain contact with 5,000 customers who either utilize or are potential users of Virginia's state-owned general cargo terminals. The primary responsibility of these international offices is to develop and implement a sales plan for an assigned regional territory. This involves prioritizing the customer base, conducting personal sales calls to maximize market share, and increase the total number of port users.
- The Business Analysis and Strategy Department compiles and analyzes (by cargo type and industry sector) the cargoes that flow through the Port of Virginia, all other ports in the United States, and all worldwide ports. This department forecasts economic data and identifies market trends to assist the agency in identifying customers and industry sectors from which additional business can be obtained.

#### Link to State Strategy

- nothing linked

#### Objective Measures

- The number of jobs provided by port-related businesses.

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Every 2 years

Measure Baseline Value:  Date:

Measure Baseline Description: 165000 12/31/1999 1999 = 165,000 jobs provided

Measure Target Value:  Date:

Measure Target Description: 250000 6/30/1999 2008 = 250,000

Data Source and Calculation: Economic Impact Study from outside consultants

- We will increase container throughput

#### Objective Description

Increase container throughput (TEUs = twenty-foot equivalent container units) passing through marine terminals located in the Port of Hampton Roads.

#### Alignment to Agency Goals

- Agency Goal: To foster and stimulate commerce of the Commonwealth's ports.
- Agency Goal: To promote the shipment of goods.
- Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

#### Objective Strategies

- Marketing and Promotion management of the Virginia Port Authority is responsible for developing and implementing an on going strategic plan to preserve and increase general cargo tonnage. Within the marketing function of the Virginia Port Authority reside the responsibility to direct domestic and international offices, and the Business Analysis and Strategy Department. Within the promotion function resides the responsibility to direct commerce advertising, trade show promotions, and customer events.
- The Virginia Port Authority maintains seven (7) domestic marketing offices in addition to the headquarters in Norfolk, Virginia: New Jersey; Michigan; Indiana; Tennessee; North Carolina; Pennsylvania; and Front Royal, Virginia. Collectively, these offices maintain contact with more than 7,000 customers who either use, or are potential users of, the state-owned general cargo terminals. The primary activity of these domestic offices is to develop and implement a sales plan for an assigned multi-state territory. This involves prioritizing the customer base; conducting personal sales calls to maximize market share; and increase the total number of port users.
- The Virginia Port Authority currently maintains six (6) international marketing offices: Sao Paulo, Brazil; Brussels, Belgium; Tokyo, Japan; Hong Kong; Singapore; and Seoul, Korea. Collectively, these offices maintain contact with 5,000 customers who either utilize or are potential users of Virginia's state-owned general cargo terminals. The primary responsibility of these international offices is to develop and implement a sales plan for an assigned regional territory. This involves prioritizing the customer base, conducting personal sales calls to maximize market share, and increase the total number of port users.
- The Business Analysis and Strategy Department compiles and analyzes (by cargo type and industry sector) the cargoes that flow through the Port of Virginia, all other ports in the United States, and all worldwide ports. This department forecasts economic data and identifies market trends to assist the agency in identifying customers and industry sectors from which additional business can be obtained.

#### Link to State Strategy

- nothing linked

#### Objective Measures

- The container throughput for the Port of Virginia.

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Every six months

□ □

Measure Baseline Value: 1879355 Date: 6/30/2009 Measure Baseline Description: 2009 = 1,879,355

Measure Target Value: 1882000 Date: 6/30/2010

Measure Target Description: 2010 = 1,882,000 2011 = 1,961,044

Long-range Measure Target Value: 199800 Date: 6/30/2012

Long-range Measure Target Description: 2012 = 1,998,000

Data Source and Calculation: Virginia International Terminals (VIT) Calculated by TEU (twenty-foot equivalent unit)

- Increase the volume of rail business

#### Objective Description

Increase the volume of rail business (containers moving over marine terminals located in the Port of Hampton Roads.

#### Alignment to Agency Goals

- Agency Goal: To foster and stimulate commerce of the Commonwealth's ports.
- Agency Goal: To promote the shipment of goods.

#### Objective Strategies

- Marketing and Promotion management of the Virginia Port Authority is responsible for developing and implementing an on going strategic plan to preserve and increase general cargo tonnage. Within the marketing function of the Virginia Port Authority resides the responsibility to direct domestic and international offices, and the Business Analysis and Strategy Department. Within the promotion function resides the responsibility to direct commerce advertising, trade show promotions, and customer events.
- The Virginia Port Authority maintains seven (7) domestic marketing offices in addition to the headquarters in Norfolk, Virginia: New Jersey; Michigan; Indiana; Tennessee; North Carolina; Pennsylvania; and Front Royal, Virginia. Collectively, these offices maintain contact with more than 7,000 customers who either use, or are potential users of, the state-owned general cargo terminals. The primary activity of these domestic offices is to develop and implement a sales plan for an assigned multi-state territory. This involves prioritizing the customer base; conducting personal sales calls to maximize market share; and increase the total number of port users.
- The Virginia Port Authority currently maintains six (6) international marketing offices: Sao Paulo, Brazil; Belgium; Tokyo, Japan; Hong Kong; and Seoul, Korea. Collectively, these offices maintain contact with 5,000 customers who either utilize or are potential users of Virginia's state-owned general cargo terminals. The primary responsibility of these international offices is to develop and implement a sales plan for an assigned regional territory. This involves prioritizing the customer base, conducting personal sales calls to maximize market share, and increase the total number of port users.
- The Business Analysis and Strategy Department compiles and analyzes (by cargo type and industry sector) the cargoes that flow through the Port of Virginia, all other ports in the United States, and all worldwide ports. This department forecasts economic data and identifies market trends to assist the agency in identifying customers and industry sectors from which additional business can be obtained.

#### Link to State Strategy

- nothing linked

#### Objective Measures

- The volume of rail business through the Port of Virginia.

Measure Class: Other Measure Type: Outcome Measure Frequency: Semi-Annual Preferred Trend: Up

Frequency Comment: Every six months

Measure Baseline Value: 237172 Date: 6/30/2009

Measure Baseline Description: 2007 = 237,172 Containers

Measure Target Value: 275000 Date: 6/30/2010

Measure Target Description: 2010 = 275,000

Data Source and Calculation: Virginia International Terminals (VIT) Number of rail containers







Base				
Service Area Total	\$0	\$234,182	\$0	\$234,182
Base Budget	\$0	\$232,782	\$0	\$232,782
Change To Base	\$0	\$1,400	\$0	\$1,400
Service Area Total	\$0	\$234,182	\$0	\$234,182
Base Budget	\$0	\$232,782	\$0	\$232,782
Change To Base	\$0	\$1,400	\$0	\$1,400
Service Area Total	\$0	\$234,182	\$0	\$234,182
Base Budget	\$0	\$232,782	\$0	\$232,782
Change To Base	\$0	\$1,400	\$0	\$1,400
Service Area Total	\$0	\$234,182	\$0	\$234,182
Base Budget	\$0	\$232,782	\$0	\$232,782
Change To Base	\$0	\$1,400	\$0	\$1,400
Service Area Total	\$0	\$234,182	\$0	\$234,182
Base Budget	\$0	\$232,782	\$0	\$232,782
Change To Base	\$0	\$1,400	\$0	\$1,400
Service Area Total	\$0	\$234,182	\$0	\$234,182

**Human Resources**

- *Human Resources Overview*

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

- *Human Resource Levels*

Effective Date	7/1/2009
Total Authorized Position level	146
Vacant Positions	11
<b>Current Employment Level</b>	<b>135.0</b>
Non-Classified (Filled)	135
Full-Time Classified (Filled)	
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	2

*breakout of Current Employment Level*

Contract Employees	0
<b>Total Human Resource Level</b>	<b>137.0</b> = <i>Current Employment Level + Wage and Contract Employees</i>

● **Factors Impacting HR**

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

● **Anticipated HR Changes**

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

**Service Area Objectives**

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- Provide timely and accurate data for marketing and management staff

**Objective Description**

To provide timely and accurate data on rates and traffic flow to management.

**Alignment to Agency Goals**

- Agency Goal: To foster and stimulate commerce of the Commonwealth's ports.

**Objective Strategies**

- The primary goal is to provide the most accurate and timely information. Using multiple sources for information and continuing to look for new sources can accomplish this. By working with the TRM department on an intranet and a data warehouse, new efficiencies will be created.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- The container throughput for the Port of Virginia.

Measure Class: Other Measure Type: Outcome Measure Frequency: Quarterly Preferred Trend: Up

Frequency Comment: Monthly

Measure Baseline Value: 1879355 Date: 6/30/2009

Measure Baseline Description: 2009 = 1,879,355 TEU's

Measure Target Value: 1882000 Date: 6/30/2010

Measure Target Description: 2010 = 1,882,000 2011 = 1,961,044

Long-range Measure Target Value: 1998000 Date: 6/30/2012

Long-range Measure Target Description: 2012 = 1,998,000

Data Source and Calculation: PIERs Terminal Statistics Shipline/Rail/Truck Reports Virginia International Terminals (VIT)

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Total				
Base Budget	\$0	\$914,253	\$0	\$914,253
Change To Base	\$0	\$50,000	\$0	\$50,000

Service Area Total	\$0	\$964,253	\$0	\$964,253
Base Budget	\$0	\$914,253	\$0	\$914,253
Change To Base	\$0	\$50,000	\$0	\$50,000

Service Area Total	\$0	\$964,253	\$0	\$964,253
Base Budget	\$0	\$914,253	\$0	\$914,253
Change To Base	\$0	\$50,000	\$0	\$50,000

Service Area Total	\$0	\$964,253	\$0	\$964,253
Base Budget	\$0	\$914,253	\$0	\$914,253
Change To Base	\$0	\$50,000	\$0	\$50,000

Service Area Total	\$0	\$964,253	\$0	\$964,253
Base Budget	\$0	\$914,253	\$0	\$914,253
Change To Base	\$0	\$50,000	\$0	\$50,000

Service Area Total	\$0	\$964,253	\$0	\$964,253
Base Budget	\$0	\$914,253	\$0	\$914,253
Change To Base	\$0	\$50,000	\$0	\$50,000

Service Area Total	\$0	\$964,253	\$0	\$964,253
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**Human Resources**

• *Human Resources Overview*

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

• *Human Resource Levels*

Effective Date	7/1/2009
Total Authorized Position level	146
Vacant Positions	11
<b>Current Employment Level</b>	<b>135.0</b>
Non-Classified (Filled)	135
Full-Time Classified (Filled)	
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	2
Contract Employees	0
<b>Total Human Resource Level</b>	<b>137.0</b>

*breakout of Current Employment Level*

*= Current Employment Level + Wage and Contract Employees*

- *Factors Impacting HR*

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

- *Anticipated HR Changes*

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

#### Service Area Objectives

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- Inform and educate customers and interested parties on the various services the VPA has to offer

**Objective Description**

Inform and educate customers and interested parties on the various services the VPA has to offer

**Alignment to Agency Goals**

- Agency Goal: To foster and stimulate commerce of the Commonwealth's ports.

**Objective Strategies**

- The primary responsibilities of the Port Promotion department are to direct, manage, and implement the international and domestic port advertising, publication and distribution of the Virginia Maritimer magazine, management and production of VPA media relations, and media outreach programs, management and production of VPA printed and audio-visual promotional and marketing materials, management of trade show programs, and direct mail distribution of promotional collateral materials to existing and prospective customers, and management of promotional multimedia technologies.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Distribution of promotional and educational materials.

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Measure Baseline Value:  Date:

Measure Baseline Description: 2009 = 73,000 distributions printed

Measure Target Value:  Date:

Measure Target Description: 2010 = 77,000

Data Source and Calculation: VPA/market studies by advertising agency

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Area Total	\$0	\$4,000,000	\$0	\$4,000,000
Base Budget	\$0	\$4,000,000	\$0	\$4,000,000
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$0	\$4,000,000	\$0	\$4,000,000
Base Budget	\$0	\$4,000,000	\$0	\$4,000,000
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$0	\$4,000,000	\$0	\$4,000,000
Base Budget	\$0	\$4,000,000	\$0	\$4,000,000
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$0	\$4,000,000	\$0	\$4,000,000
Base Budget	\$0	\$4,000,000	\$0	\$4,000,000
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$0	\$4,000,000	\$0	\$4,000,000
Base Budget	\$0	\$4,000,000	\$0	\$4,000,000
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$0	\$4,000,000	\$0	\$4,000,000
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**Human Resources**

• *Human Resources Overview*

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

• *Human Resource Levels*

Effective Date	7/1/2009
Total Authorized Position level	146
Vacant Positions	11
<b>Current Employment Level</b>	<b>135.0</b>
Non-Classified (Filled)	135
Full-Time Classified (Filled)	breakout of Current Employment Level
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	2
Contract Employees	0
<b>Total Human Resource Level</b>	<b>137.0</b> = Current Employment Level + Wage and Contract Employees

• *Factors Impacting HR*

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

• *Anticipated HR Changes*

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies.

Mentoring, open organizational communication and succession planning are all necessary.

#### Service Area Objectives

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- We will improve and maintain facilities

##### Objective Description

To enhance the cargo handling capability of the Port of Virginia.

##### Alignment to Agency Goals

- Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

##### Objective Strategies

- Continue with improvements to NIT South backlands, railyard at NIT, and transfer zone at PMT. Expand terminal operating area for the storage of containers by developing property at NIT North, and recently acquired land at PMT. Continue maintaining wharfs, roads, warehouses and rail infrastructure to ensure efficient operation of the terminals.

##### Link to State Strategy

- nothing linked

##### Objective Measures

- The number of containers moved per hour at Norfolk International Terminals (NIT).

Measure Class: Productivity Measure Frequency: Quarterly Preferred Trend: Up

Measure Baseline Value: 35 Date: 6/30/2010

Measure Baseline Description: 2010 = 35 containers per hour

Measure Target Value: 35 Date: 6/30/2010

Measure Target Description: 2010 = 35 containers per hour

Data Source and Calculation: Number of containers moved off of vessels at Norfolk International Terminals (NIT) per hour.

- The number of containers moved per hour at Portsmouth Marine Terminals (PMT).

Measure Class: Productivity Measure Frequency: Quarterly Preferred Trend: Up

Measure Baseline Value: 30 Date: 6/30/2010

Measure Baseline Description: 2010 = 30 containers per hour

Measure Target Value: 30 Date: 6/30/2010

Measure Target Description: 2010 = 30 containers per hour

Data Source and Calculation: Number of containers moved off of vessels at Portsmouth Marine Terminals (PMT) per hour.

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To Base	\$0	\$306,225	\$0	\$306,225
Service Area Total	\$0	\$1,116,093	\$0	\$1,116,093
Base Budget	\$0	\$809,868	\$0	\$809,868
Change To Base	\$0	\$306,225	\$0	\$306,225
Service Area Total	\$0	\$1,116,093	\$0	\$1,116,093
Base Budget	\$0	\$809,868	\$0	\$809,868
Change To Base	\$0	\$306,225	\$0	\$306,225
Service Area Total	\$0	\$1,116,093	\$0	\$1,116,093
Base Budget	\$0	\$809,868	\$0	\$809,868
Change To Base	\$0	\$306,225	\$0	\$306,225
Service Area Total	\$0	\$1,116,093	\$0	\$1,116,093
Base Budget	\$0	\$809,868	\$0	\$809,868
Change To Base	\$0	\$306,225	\$0	\$306,225
Service Area Total	\$0	\$1,116,093	\$0	\$1,116,093

**Human Resources**

• *Human Resources Overview*

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

• *Human Resource Levels*

Effective Date	7/1/2009	
Total Authorized Position level	146	
Vacant Positions	11	
<b>Current Employment Level</b>	<b>135.0</b>	
Non-Classified (Filled)	135	<i>breakout of Current Employment Level</i>
Full-Time Classified (Filled)		
Part-Time Classified (Filled)		
Faculty (Filled)		
Wage	2	
Contract Employees	0	
<b>Total Human Resource Level</b>	<b>137.0</b>	<i>= Current Employment Level + Wage and Contract Employees</i>

• *Factors Impacting HR*

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

• *Anticipated HR Changes*

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

**Service Area Objectives**

- Manage Port Facilities Planning

**Objective Description**

Providing the terminal operators with the tools they need to operate more efficiently, resulting in lower operating costs, while at the same time increasing revenues and capacity for additional cargo volume and protecting the Commonwealth's investment.

**Alignment to Agency Goals**

- Agency Goal: To secure necessary navigable tidal waters.
- Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

- Continue with improvements to NIT South backlands, railyard at NIT, and transfer zone at PMT. Expand terminal operating area for the storage of containers by developing property at NIT North, and recently acquired land at PMT. Continue maintaining wharfs, roads, warehouse, and rail infrastructure to ensure efficient operation of the terminals.
- REDUCE EMISSIONS PER TEU While the increase in cargo volume that moves through the port increases the economic benefits, the emissions generated by moving those additional volumes increase. The VPA has several strategies to reduce emissions on a per TEU basis. Moving cargo by rail instead of truck reduces the emissions per TEU significantly. Upgrading equipment with more efficient power sources and the use of ultra-low sulfur fuel are also strategies for the VPA. A study completed in 2005 showed a per TEU reduction from the previous year for four common emission types that ranged from 8% to 36%. Future strategies to reduce emissions include evaluating the use of hybrid vehicles and alternative fuels such as ethanol or bio-diesel blends.
- REDUCE WATER QUALITY IMPACTS Increased cargo handling can also lead to increased discharges of total suspended solids and metal particulates. Through the development and use of innovative structural controls and water quality master planning, the VPA has exceeded the Commonwealth's pollutant removal requirements by 23%. Additional training and environmental education programs are under development and are expected to improve pollution prevention awareness among employees and tenants.
- ACHIEVE ISO 14001 CERTIFICATION OF ENVIRONMENTAL MANAGEMENT SYSTEM The VPA has initiated development and implementation of an Environmental Management System to ensure that future environmental improvement initiatives are in accord with established operational improvement strategies. It is the VPA's intent to integrate environmental costs, risks, and impacts into port project development and facility improvements and to continually evaluate and improve operational efficiencies and practices to achieve established environmental and business objectives.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Projects finished on time and within budget.

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Every six months

Measure Baseline Value:  Date:

Measure Baseline Description: 95%

Measure Target Value:  Date:

Measure Target Description: 97%

Data Source and Calculation: Terminal operating results

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To Base	\$0	\$3,185,175	\$0	\$3,185,175
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Service Area Total	\$0	\$63,087,660	\$0	\$63,087,660
Base Budget	\$0	\$59,902,485	\$0	\$59,902,485
Change To Base	\$0	\$3,185,175	\$0	\$3,185,175

Service Area Total	\$0	\$63,087,660	\$0	\$63,087,660
Base Budget	\$0	\$59,902,485	\$0	\$59,902,485
Change To Base	\$0	\$3,185,175	\$0	\$3,185,175

Service Area Total	\$0	\$63,087,660	\$0	\$63,087,660
Base Budget	\$0	\$59,902,485	\$0	\$59,902,485
Change To Base	\$0	\$3,185,175	\$0	\$3,185,175

Service Area Total	\$0	\$63,087,660	\$0	\$63,087,660
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**Human Resources**

• *Human Resources Overview*

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

• *Human Resource Levels*

Effective Date	7/1/2008
Total Authorized Position level	146
Vacant Positions	11
<b>Current Employment Level</b>	<b>135.0</b>
Non-Classified (Filled)	135
Full-Time Classified (Filled)	
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	2
Contract Employees	0
<b>Total Human Resource Level</b>	<b>137.0</b>

*breakout of Current Employment Level*

*= Current Employment Level + Wage and Contract Employees*

• *Factors Impacting HR*

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

• *Anticipated HR Changes*

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

**Service Area Objectives**

- Pay scheduled principal and interest amounts in a timely manner

**Objective Description**

The payment of the scheduled principal and interest amounts when due on all VPA obligations.

**Alignment to Agency Goals**

- Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

- To issuance debt in amounts necessary to fund the needed projects of the Port at the most desirable interest rates available. Once issued, ensure the payment of all principal and interest requirements are funded and paid.
- CPF and Special Fund revenues are subject to fluctuation due to national and world economic conditions and competition. With this in mind, the VPA has a number of contingencies/mitigating factors that ensure funds are not over committed or expended: • Conservative forecasts are prepared prior to any debt issuance to ensure that

appropriate debt service coverage ratios are met. • Requested appropriations do not exceed current, debt service coverage requirements. • Maintenance of operating account reserves, required by bond covenants, to ensure all commitments can be met.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Payments made on time.

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Monthly

Measure Baseline Value:  Date:

Measure Baseline Description: 100%

Measure Target Value:  Date:

Measure Target Description: 100%

Data Source and Calculation: VPA Finance accounting records

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Service Area Strategic Plan

Virginia Port Authority (407)

3/14/2014 2:32 pm

Biennium: 2010-12

Service Area 7 of 10

Aid to Localities (407 628 01)

Description

The Virginia General Assembly, in September, 1986, established the Commonwealth Port Fund (CPF) in order to "support port capital needs and the preservation of existing capital needs of all ocean, river, or tributary ports within the Commonwealth," as presented by the Governor's Commission on Virginia's enactment of this legislation. In conjunction with establishing the CPF, the VPA also established the Aid to Local Ports (ALP) program. The ALP program is a grant program through which the Commonwealth Port Fund is used to support port capital and preservation needs for existing ocean, river, or tributary ports within the Commonwealth of Virginia. Local governments within the Commonwealth may apply for capital improvement support for their local port facilities. The grants will foster and stimulate the flow of commerce through the ports of Virginia.

Background Information

Mission Alignment and Authority

- Describe how this service supports the agency mission  
Aid to Local Port grants foster and stimulate the flow of commerce through the ports of Virginia, which is VPA's primary mission.
- Describe the Statutory Authority of this Service  
§ 62.1-132.3 of the code of Virginia specifies that "it shall be the duty of the Authority, on behalf of the Commonwealth, to foster and stimulate the commerce of the Ports of the Commonwealth and to promote the shipment of goods and cargoes through the ports...to perform any act or function which may be useful in developing, improving, or increasing the commerce, both foreign and domestic, of the ports of the Commonwealth."

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Localities	Localities w/ ocean, river, and tributary ports	9	25

Anticipated Changes To Agency Customer Base  
[Nothing entered]

Partners

Partner	Description
[None entered]	

Products and Services

- Factors Impacting the Products and/or Services:  
[Nothing entered]
- Anticipated Changes to the Products and/or Services  
[Nothing entered]
- Listing of Products and/or Services
  - Grant funding to local governments, which apply and qualify for ALP.

Finance

- Financial Overview  
Aid to Localities is funding 100% from Commonwealth Port Fund Revenues
- Financial Breakdown

	FY 2011		FY 2012		FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund						
Base Budget	\$0	\$1,000,000	\$0	\$1,000,000						
Change To Base	\$0	\$0	\$0	\$0						
Service Area Total	\$0	\$1,000,000	\$0	\$1,000,000						
Base Budget	\$0	\$1,000,000	\$0	\$1,000,000						
Change To Base	\$0	\$0	\$0	\$0						
Service Area Total	\$0	\$1,000,000	\$0	\$1,000,000						
Base Budget	\$0	\$1,000,000	\$0	\$1,000,000						
Change To Base	\$0	\$0	\$0	\$0						

Service Area Total	\$0	\$1,000,000	\$0	\$1,000,000
Base Budget	\$0	\$1,000,000	\$0	\$1,000,000
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$0	\$1,000,000	\$0	\$1,000,000

**Human Resources**

• *Human Resources Overview*

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

• *Human Resource Levels*

Effective Date	7/1/2009
Total Authorized Position level	146
Vacant Positions	11
<b>Current Employment Level</b>	<b>135.0</b>
Non-Classified (Filled)	135
Full-Time Classified (Filled)	breakout of Current Employment Level
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	2
Contract Employees	0
<b>Total Human Resource Level</b>	<b>137.0</b> = Current Employment Level + Wage and Contract Employees

• *Factors Impacting HR*

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

• *Anticipated HR Changes*

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

**Service Area Objectives**

- Distribute and manage grant funds.

**Objective Description**

To support local port capital and preservation needs to existing ocean river, or tributary ports within the Commonwealth of Virginia.

**Alignment to Agency Goals**

- Agency Goal: To secure necessary navigable tidal waters.
- Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

- VPA staff meets with state delegates whose districts encompasses many of the localities that normally make ALP fund grant requests, along with most of the potential grant applicants in February, during the General Assembly's session. These preliminary meetings are held to determine the amount and nature of the likely grant requests. If it appears, as is often the case, that requests will exceed available funds, the potential applicants try to sequence their requests over several fiscal years or simply forebear for a year or two in deference to others with more pressing needs. (Those needs are often driven by the necessity to provide local "match" funds to the Corps of Engineers simultaneously with the availability of the federal money.) This informal system has worked well and has spared the Board from having to pick and choose among a number of worthy projects, all of which are important to the economic well-being of the communities involved.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Timely distribution of grant awards.

Measure Class: Other Measure Type: Output Measure Frequency: Annual Preferred Trend: Maintain

Measure Baseline Value: 100 Date: 6/30/2009

Measure Baseline Description: Distribute 100% of grant awards by July 1

Measure Target Value: 100 Date: 6/30/2010 Measure Target Description: 100% Localities with no carryover into the next fiscal year

Data Source and Calculation: VPA Board minutes and locality invoices

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Total	\$950,000	\$1,157,625	\$950,000	\$1,157,625
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**Human Resources**

• **Human Resources Overview**

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

• **Human Resource Levels**

Effective Date	7/1/2009
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Vacant Positions	11
<b>Current Employment Level</b>	<b>135.0</b>
Non-Classified (Filled)	135
Full-Time Classified (Filled)	
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	2
Contract Employees	0
<b>Total Human Resource Level</b>	<b>137.0</b>

*breakout of Current Employment Level*

*= Current Employment Level + Wage and Contract Employees*

• **Factors Impacting HR**

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

• **Anticipated HR Changes**

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

**Service Area Objectives**

• **Manage Statutory Requirement**

**Objective Description**

Maintain reasonable payments in lieu of real property taxation in accordance with the Code of Virginia.

**Alignment to Agency Goals**

- o Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

- o The VPA is pro-active in its efforts to support the locality's need for increased revenue while at the same time saving the Port money to increase commerce coming into Virginia.

**Link to State Strategy**

- o nothing linked

**Objective Measures**

- o Timely payments made to the localities.

Measure Class: Other Measure Type: Output Measure Frequency: Annual Preferred Trend: Maintain

Measure Baseline Value: 100 Date: 6/30/2009

Measure Baseline Description: 100%

Measure Target Value: 100 Date: 6/30/2010

Measure Target Description: 100%

Data Source and Calculation: VPA Financial Records



Service Area Strategic Plan

Virginia Port Authority (407)

3/14/2014 2:32 pm

Biennium: 2010-12

Service Area 9 of 10

Administrative and Support Services (407 699 00)

Description

The Administrative and Support Services area provides the funding, staffing, technology, managerial, and administrative services to help the other service areas achieve their goals and objectives. Included in this service area are the following departments: Executive Director, Deputy Executive Director & CFO, Finance, Human Resources, Contracts & Real Estate, Quality Affairs, and Technology Resource Management.

Background Information

Mission Alignment and Authority

- Describe how this service supports the agency mission  
This service area provides support to the other service areas to help them achieve agency goals and objectives.
- Describe the Statutory Authority of this Service  
§ 62.1-129.1 of the code of Virginia governs Employees; employment; personnel rules; health insurance; and retirement plans. § 62.1-130 of the code of Virginia governs the powers and duties of Executive Director. § 62.1-138 of the code of Virginia governs the forms of accounts and records utilized by the Division. § 62.1-140 thru 144 of the code of Virginia governs bonding activities. § 62.1-163 of the code of Virginia governs Port Management.

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
General Public (VA population based on US 2000 consensus data)	Bondholders (number unknown)	0	0
Governmental Agencies and Organizations	Other State Agencies	4	4
Virginia Port Authority Departments	Virginia Port Authority Departments/Employees	145	145

Anticipated Changes To Agency Customer Base  
[Nothing entered]

Partners

Partner	Description
[None entered]	

Products and Services

- Factors Impacting the Products and/or Services:  
[Nothing entered]
- Anticipated Changes to the Products and/or Services  
[Nothing entered]
- Listing of Products and/or Services
  - Funding, staffing, technology, managerial, and administrative services

Finance

- Financial Overview  
Administrative and Support Services are funded 100% from Port Facility Revenues.
- Financial Breakdown

	FY 2011		FY 2012		FY 2011	FY 2012
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund		
Base Budget	\$0	\$5,429,855	\$0	\$5,429,855		
Change To Base	\$0	\$163,025	\$0	\$163,025		
Service Area Total	\$0	\$5,592,880	\$0	\$5,592,880		
Base Budget	\$0	\$5,429,855	\$0	\$5,429,855		
Change To Base	\$0	\$163,025	\$0	\$163,025		
Service Area Total	\$0	\$5,592,880	\$0	\$5,592,880		

Human Resources

- Human Resources Overview  
The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.
- Human Resource Levels

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Effective Date	7/1/2009
Total Authorized Position level	146
Vacant Positions	11
<b>Current Employment Level</b>	<b>135.0</b>
Non-Classified (Filled)	135
Full-Time Classified (Filled)	breakout of Current Employment Level
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	2
Contract Employees	0
<b>Total Human Resource Level</b>	<b>137.0</b> = Current Employment Level + Wage and Contract Employees

- Factors Impacting HR**  
 Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.
- Anticipated HR Changes**  
 A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

**Service Area Objectives**

- Meet Administrative Measures Goals

**Objective Description**  
 To ensure that resources are used efficiently and programs are managed effectively, and in a manner consistent with applicable state and federal requirements.

**Alignment to Agency Goals**

    - Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

    - Continue to maintain and enhance current practices in order to "Meet Expectations" in all areas under the VA Management Scorecard.

**Link to State Strategy**

    - nothing linked

**Objective Measures**

    - The percent of Administrative Measures (fka Governor's Management Scorecard) categories marked as meets expectations for the agency.

Measure Class: Other Measure Type: Outcome Measure Frequency: Quarterly Preferred Trend: Up

Measure Baseline Value: 100 Date: 6/30/2009

Measure Baseline Description: 2009 percentage of "Meets Expectation" 100%

Measure Target Value: 100 Date: 6/30/2011

Measure Target Description: 100%

Long-range Measure Target Value: 100 Date: 6/30/2012

Long-range Measure Target Description: 100%

Data Source and Calculation: Appropriations Act and VPA
- Document Management Phase I implementation

**Objective Description**  
 Solicit consulting services and select a service provider to implement an electronic document management system to electronically manage Authority documentation. Complete all hardware and software configuration components and move at least three departments on to the new system.

**Alignment to Agency Goals**

    - Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

    - The new document management system is expected to: • Improve efficiency and flexibility of staff • Improve compliance with record retention policies and procedures • Improve disaster recovery capabilities • Reduce environmental footprint and decrease operating costs

**Link to State Strategy**

    - nothing linked

**Objective Measures**

    - Document Management Phase I implementation

Measure Target Description: Three departments using the new system

Long-range Measure Target Value: 6 Date: 6/30/2012

Long-range Measure Target Description: Six departments using the new system

Data Source and Calculation: Number of Complete department configurations

- Manage Financial Performance/Net Income

**Objective Description**

Must meet or exceed the budgeted Operating Income (Loss)

**Alignment to Agency Goals**

- Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

- Approach will include employing effective business strategies and initiatives to achieve financial rewards. Utilize the additional net revenues to further promote and develop new business opportunities in support of the Agency's mission.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Budgeted Operating Income (Loss) met or exceeded.

Measure Class: Other Measure Type: Outcome Measure Frequency: Annual Preferred Trend: Up

Measure Baseline Value: -17891779 Date: 6/30/2010

Measure Baseline Description: Budget approved by the Board of Commissioners

Measure Target Value: -17891779 Date: 6/30/2010

Measure Target Description: Budgeted Operating Income (Loss)

Data Source and Calculation: Dollars by which Actual differs from Budgeted Operating Income - Audited Financial Statements (Actual minus Budget)

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Service Area Strategic Plan

Virginia Port Authority (407)

3/14/2014 2:32 pm

Biennium: 2010-12

Service Area 10 of 10

Security Services (407 699 23)

Description

The Virginia Port Authority Police Department is responsible for providing a full range of law enforcement services at, and near, the Authority's facilities. Traditionally, this function has focused on theft prevention. In the past several years, emphasis has expanded to encompass terrorist threat protection and close access control to the facilities and to the vessels that utilized them. Virginia is the first port in the nation to have a radiation detection system in place and fully operational. The police department functions on a 24-hour, seven-day per week basis and comprises more than 50 percent of the agency's personnel. Virginia consistently maintains the lowest pilferage rate of any port in the United States.

Background Information

Mission Alignment and Authority

- Describe how this service supports the agency mission  
VPA's security mission is to serve as both the first and last line of security and law enforcement in place to ensure that the Ports of Virginia can operate at the highest level of security, on a continuous basis, without disruption to the flow of commerce.
- Describe the Statutory Authority of this Service  
§ 62.1-129.1 of the code of Virginia governs police powers empowering them to adopt and enforce rules and regulations. § 62.1-132.12 of the code of Virginia governs employment, jurisdiction, and power of special police officers of the Port.

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Other Members of Maritime Community	Anyone working on or using the port (served-unknown, potential-unlimited)	0	0
Governmental Agencies and Organizations	Commonwealth of Virginia	1	1
Governmental Agencies and Organizations	Department of Homeland Security	1	1
General Public (VA population based on US 2000 consensus data)	General Public (served-unknown, potential-unlimited)	0	0
Shiplines	Shiplines	75	75
Terminal Operators	Terminal Operators	3	3
Governmental Agencies and Organizations	U.S. Government	1	1
International Freight Forwarders/Custom House Brokers	US Customs	1	1

Anticipated Changes To Agency Customer Base  
[Nothing entered]

Partners

Partner	Description
[None entered]	

Products and Services

- Factors Impacting the Products and/or Services:  
Federal mandates have been enacted that require security enhancements at all waterfront facilities. The required enhancements include changes in perimeter security, surveillance, access control, and training of security personnel, background checks on persons with waterside access, and the detection of weapons hidden in shipping containers. In several core areas, VPA is already in compliance and is far ahead of any other port in the United States.  
  
Necessary capital-related security improvements have been estimated to be in the range of \$40 to \$45 million. To date, federal grants allocated to VPA in this area amount to \$11.4 million. It is anticipated that there will be a seven-figure shortfall in security funding that the Authority intends to address through the utilization of scarce terminal revenues, including a security surcharge on all port activity. The Authority also intends to slightly increase the number of security staff to enhance the current security level and account for the increased activity at the port, at a minimal cost to the Authority.
- Anticipated Changes to the Products and/or Services  
[Nothing entered]
- Listing of Products and/or Services
  - The protection of cargo that moves through the ports, and to safeguard against possible terrorist acts against the ports, the Commonwealth, or the United States.

Finance

- Financial Overview  
Security Services is funded 85% from Port Facility Revenues and 15% from Commonwealth Port Fund Revenues.
- Financial Breakdown

	FY 2011		FY 2012	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$0	\$8,924,798	\$0	\$8,924,798

Change To Base	\$0	\$41,000	\$0	\$41,000
Service Area Total	\$0	\$8,965,798	\$0	\$8,965,798

**Human Resources**

• *Human Resources Overview*

The VPA relies on a balance of salaried employees, wage employees, and contract employees to deliver its products and services to its customers. The Agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is not anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees.

• *Human Resource Levels*

Effective Date	7/1/2009	
Total Authorized Position level	146	
Vacant Positions	11	
<b>Current Employment Level</b>	<b>135.0</b>	
Non-Classified (Filled)	135	<i>breakout of Current Employment Level</i>
Full-Time Classified (Filled)		
Part-Time Classified (Filled)		
Faculty (Filled)		
Wage	2	
Contract Employees	0	
<b>Total Human Resource Level</b>	<b>137.0</b>	<i>= Current Employment Level + Wage and Contract Employees</i>

• *Factors Impacting HR*

Budget - A critical and challenging task for Human Resources is ensuring that agency talent is optimized in a time when the budget is tight.

The escalating expense of retiree and employee health care costs. What began as a relatively affordable incentive has escalated in many cases faster than inflation.

• *Anticipated HR Changes*

A critical and challenging task for Human Resources is to ensure that employees receive necessary training even in this budget crisis. Human Resources is increasing its efforts to develop staff in-house to improve efficiencies. Mentoring, open organizational communication and succession planning are all necessary.

**Service Area Objectives**

- Meet or exceed all local, state, and federal security and law enforcement requirements

**Objective Description**

Security services will implement strategies to meet or exceed all local, state, and federal security and law enforcement requirements.

**Alignment to Agency Goals**

- Agency Goal: To secure necessary navigable tidal waters.
- Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

- The VPA security force will ensure a safe, secure, and competitive environment by aggressively implementing a holistic approach to security and law enforcement.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Local, state, and federal mandates met or exceeded.

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Measure Baseline Value:  Date:

Measure Baseline Description: 100%

Measure Target Value:  Date:

Measure Target Description: 100%

Data Source and Calculation: Local, state, and federal performance reviews

- Maintain low theft rate

**Objective Description**

Maintain VPA's position as the port with the lowest theft rate of any port of its size in the world.

**Alignment to Agency Goals**

- Agency Goal: To secure necessary navigable tidal waters.
- Agency Goal: To develop, improve, or increase commerce of the Commonwealth's ports.

**Objective Strategies**

- Approach will include preparation of plans and assessments, further development of access controls, surveillance and monitoring, asset tracking and accountability, cargo screening efforts, staffing, training and exercises, communications and IT improvements, and command and control initiatives.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Maintain a low theft rate.

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Measure Baseline Value:  Date:

Measure Baseline Description: 0

Measure Target Value:  Date:

Measure Target Description: 0

Data Source and Calculation: VPA financial and non-financial records