

# 2014-16 Strategic Plan

## Virginia Port Authority [407]

### Mission

It shall be the duty of the Authority (The Port of Virginia), on behalf of the Commonwealth, to foster and stimulate the commerce of the ports of the Commonwealth and related facilities by serving as the United States Eastern Seaboard gateway for the global import and export of freight throughout the world, to promote the shipment of freight through the maritime and inland ports, to seek to secure necessary improvements of navigable tidal waters within the Commonwealth, and in general to perform any act or function that may be useful in developing, improving, or increasing the commerce, both foreign and domestic, of all maritime and inland ports of the Commonwealth and related facilities.

### Vision

Guided by our company values, The Port of Virginia will achieve our shared vision of operational excellence, fiscal responsibility, and sustainable growth. Above all, we will remain responsible members of the communities we serve, a valuable resource to our customers, an excellent place to work, and an economic engine for the region.

### Values

**Innovation:** We embrace change and the opportunity to create. We relentlessly pursue new ideas to improve business.

**Helpfulness:** From a hand with the little things to lending perspective, experience, and expertise, our actions large and small make a difference.

**Fortitude:** We will be decisive, follow through, and work as one.

**Accessibility:** We let our customers and colleagues know we are there for them by act and deed.

**Mindfulness:** We lead with purpose, strive for continuous improvement, and take care of our stakeholders.

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

### 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, though environmental grants are common too. The grant funding is used to fund capital equipment, construction and studies pursuant to the award criteria. 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.

#### Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	950,193	167,090,761	950,227	168,840,809
Changes to Initial Appropriation	0	0	0	16,302,000

*(Changes to Initial Appropriation will be 0 when the plan is created. They will change when the plan is updated mid-biennium.)*

## Customers

### Anticipated Changes to Customer Base

#### Current Customer List

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Transportation	Shiplines	35	35	Stable
Transportation	Importers/Exporters	10,000	90,000	Increase
Transportation	International Freight Forwarders/Custom House Brokers	60	400	Stable
Consumer	General Public/ U.S. Population	70,000,000	155,000,000	Increase
State Agency(s),	State and Federal Agencies (potential only includes agencies necessary)	20	20	Stable
Transportation	Members of Maritime Community	10	10	Stable
Consumer	Foreign Market Population (billions)	5	7	Increase

## Partners

Name	Description
Railroads	Provide service from port facilities to the hinterlands.
Trucking Companies	Provide service from port facilities to the ultimate end user.
Barge Operators	Provide service between port facilities and end user.
Beneficial Cargo Owners	Importer of record that takes control of their cargo at the point of entry.
Regional, State & Federal Agencies	Work as partners to provide and promote maritime-related trade and transportation services and information.
Commercial Real Estate Developers	Provide land and site development for distribution centers, manufacturing sites and other port-related operations outside the marine terminals.
Sustainability Partners	Promote and build port and maritime related services and practices with consideration for our environment.

## Agency Goals

### • Maintain a positive economic impact of The Port of Virginia on the Commonwealth

#### Summary and Alignment

Foster and stimulate commerce via The Port of Virginia in a fiscally responsible way and with excellence in terminal operations resulting in greater economic impact generated for the Commonwealth.

#### Objectives

#### » Grow The Port of Virginia cargo in a responsible way that optimizes Port facilities.

##### Description

[Nothing Entered]

##### Objective Strategies

- Facilitate the development and occupancy of distribution centers and trade-related manufacturing sites in Virginia which drive job creation and investment in the Commonwealth;
- Explore opportunities to increase trade in the refrigerated cargo segment and specifically with Virginia meat, poultry, and other temperature-controlled commodities;
- Manage facilities in a fiscally responsible way; maximize asset utilization and make strategic investments to increase cargo velocity;

##### Measures

- ◆ Container facilities use
- ◆ Container facilities use

- ◆ Container Throughput
- ◆ Operating Income (Loss) met or exceeded.
- ◆ Volume of cargo moved by barge
- ◆ Volume of cargo moved by rail
- ◆ Volume of cargo moved by truck

• **Develop and increase business through the Port of Virginia's Inland Ports**

**Summary and Alignment**

Develop the Port of Richmond and the Virginia Inland Port as valuable assets to The Port of Virginia and the Commonwealth.

**Objectives**

» **Grow business and expand customer base at the Port of Richmond and the Virginia Inland Port.**

*Description*

[Nothing Entered]

*Objective Strategies*

- Improve competitiveness of the Port of Richmond barge operation;
- Explore opportunities for value-added services on-site at the Port of Richmond;
- Pursue an economic development strategy to utilize available land and warehouse space;
- Balance import/export trade flows on inland corridors to improve profitability and expand customer base;

*Measures*

- ◆ Virginia Inland Port and Port of Richmond Volume

• **Diversify Port of Virginia's cargo profile.**

**Summary and Alignment**

Grow The Port of Virginia's non-containerized business to diversify the Port's portfolio of cargo and optimize available assets.

**Objectives**

» **Grow the Port's non-container business.**

*Description*

[Nothing Entered]

*Objective Strategies*

- Optimize available outside storage capacity at Newport News Marine Terminal;
- Develop Portsmouth Marine Terminal as a multi-use facility by pursuing ro/ro, breakbulk, project and bulk cargoes.

*Measures*

- ◆ Noncontainer Volume

• **To strengthen the culture of preparedness throughout the The Port of Virginia, our employees, and customers**

**Summary and Alignment**

To support 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, both man-made and natural.

**Objectives**

» **Develop, maintain and follow safety and security processes that ensure the Port remains open and safe for commerce.**

*Description*

[Nothing Entered]

*Objective Strategies*

- Foster and support relationships with federal, state and local port partners to develop safety and security processes;
- Provide response to emergencies and severe weather events and perform an “after-action” evaluation to ensure that the agency’s response procedures are effective and aligned with the Commonwealth’s Preparedness Policies and Procedures;
- Coordinate and participate with federal, state, and local port partners in annual training and exercise events;

#### Measures

- ◆ Agency Continuity of Operations Plan (COOP) Assessment Score
- ◆ Agency Preparedness Assessment Score
- ◆ Coordinate and participate with federal, state, and local port partners in annual training events and exercises

## Major Products and Services

The Virginia Port Authority, through its terminal operator Virginia International Terminals, Inc., provides container and non-container handling services for companies involved in international trade. The Authority's main services include the following:

- To promote the use of the state-owned and leased general cargo facilities by increasing container volume and general cargo tonnage from existing and new customers.
- To maintain and improve port and facility infrastructure to ensure future capacity and long-term viability of port assets.
- To promote sustainability and ensure that port development and terminal operations are in compliance with government regulations.
- To provide grant funding to local governments to support port capital and preservation needs for existing ocean, river, or tributary ports within the Commonwealth of Virginia through the Aid to Local Ports program.
- To facilitate the lawful flow of commerce through Port of Virginia facilities; to safeguard life and property, and to maintain law and order at those facilities.
- To issue debt and lease-purchase financing to support the Agency’s capital investment in port development projects and equipment acquisition.
- To inform and provide information to customers, partners and the general public on the services the VPA offers.

## Performance Highlights

The Port of Virginia finished fiscal 2014 with record-setting volume numbers, which came on the heels of another record-setting volume year in fiscal 2013. For FY 2014, the Port handled 2.3 million TEUs, an increase of 6.5% over fiscal 2013 volumes. Both truck and rail segments of the port’s cargo grew significantly in fiscal year 2014, with truck cargo up 5.6% and rail, up 8.8%, over the previous year.

In April 2014, the Port re-opened Portsmouth Marine Terminal, PMT, with a short-term opportunity to handle Chrysler automobiles for export to China. The Authority handled over 6,700 automobiles at PMT between April and June 2014; automobiles were railed from Ohio to Norfolk Southern’s rail yard in Chesapeake and delivered to PMT via convoys and auto carriers to be loaded on vessels for export.

The Authority, along with its operating arm, Virginia International Terminals, has undertaken several initiatives to improve operational efficiencies and increase cargo velocity at its terminals in recent months. The Agency is already seeing improvements in operational processes and continues to work on gaining greater efficiencies. Major initiatives in this area include:

- Formation of a Motor Carrier Task Force to focus on improving the throughput of truck freight through the Port of Virginia,
- Implementation of an appointment system at Norfolk International Terminals for motor carriers to help meter the flow of trucks in and out of the facility
- Launch of the Navis N4 terminal operating system at Norfolk International Terminals, NIT, to replace a 25-year-old legacy Terminal Operating System and improve efficiencies at that facility.

The Port of Virginia has secured several new vessel services with weekly calls and expanded vessel capacity at the Port Authority-controlled terminals in 2013 and 2014, including the following:

- ZIM Integrated Shipping Services revised the port rotation of its ZCP service in June of 2013 to include a stop at The Port of Virginia. This new service offers Port of Virginia customers with another weekly service option to/from China and Korea.
- The members of the CKYHE alliance launched a new Asia/USEC service with a weekly call at the Port of Virginia in June 2014. The new service named All Water Express 8, AWE-8, deploys vessels with 8,000/8,500 TEU capacity.

- Mediterranean Shipping Company will bring a new direct link between India and the U.S. East Coast to The Port of Virginia starting in July 2014.
- The realignment of the G6 transatlantic vessel-sharing alliance, which accounts for more than one-third of the container business at The Port of Virginia, brought significant opportunities to develop new business for the port in 2014: Four-out-of-the-five realigned services now call the port with vessel capacity increasing from 5900 TEUs to 8500+ TEUs.

Activity at the Port of Richmond has increased with the start-up of a bulk grain transload operation in the fall of 2013.

## Staffing

Authorized Maximum Employment Level (MEL)	215
Salaried Employees	95
Wage Employees	81
Contracted Employees	1

## Key Risk Factors

The following factors will have an impact on the Agency over the next several years:

### Increasing size of vessels and vessel capacity consolidation:

2013 marked the beginning of vessel capacity consolidation in the shipping industry, as ocean carriers began entering into larger alliances and longer-term vessel sharing agreements. These larger alliances are looking to minimize operating costs by deploying larger vessels, achieving higher vessel utilization on the larger ships, making fewer port calls and servicing a wider geographic area per port call. Implications for ports, including The Port of Virginia, are the need to have the necessary infrastructure and operating processes to allow an efficient handling of the surge of cargo per vessel call. The Port of Virginia is already handling some of these larger vessels and continues to make improvements to our infrastructure and processes to increase terminal operating efficiencies.

### Financial Risk

The Virginia Port Authority receives the majority of its revenues from operating transfers from its operating entity, Virginia International Terminals, LLC (VIT). Those revenues are used to pay debt service, leases, and operating expenses for the Authority. Future revenues and expenses of VIT and the Authority are subject to a variety of economic and other factors and conditions, including without limitation a) the inability of facilities to meet future cargo demand, b) competition and/or unforeseen decreases in demand, c) impediments to the accessibility of VPA facilities, and d) unanticipated increases in operating and administrative expenses.

### Infrastructure

The Port of Virginia has aging infrastructure assets with state-owned facilities ranging from 25 to 40 years old which can present a risk if infrastructure is not maintained or updated to support current demand. With one of the state-owned terminals having been updated in the last decade, others are in need of major renovations. In addition, a large percent of terminal operating equipment at the state-owned terminals is approaching the end of its service life. The Port of Virginia needs to continue with capital maintenance and replacement of cargo handling equipment to ensure that the state-owned facilities remain safe and operational.

### Cyber Security

Cybersecurity threats continue to increase posing a challenge for government and private-sector companies alike. The Port of Virginia and its operating arm, Virginia International Terminals, are spending an increasing amount of time and resources to ensure that computer networks and telecommunication infrastructure are safeguarded against cyber-attacks and that the organization can effectively respond to cyber incidents.

### Regulatory Changes

Recent developments with regard to Federal air quality designations may result in future regulation of mobile source emissions. The Port of Virginia is working closely with the USEPA and ports around the nation to ensure any future standards or metrics related to emissions from port operations do not create competitive disadvantages among ports, stifle innovation or negatively impact operational efficiency.

## Management Discussion

### General Information About Ongoing Status of Agency

#### Agency reorganization

The port is undergoing a reorganization to bring together the Virginia Port Authority and its operating arm, Virginia International Terminals, to harmonize many functions of the two organizations, modernize the business and structural model and align them under the direction of a single brand: The Port of Virginia.

#### Facility optimization

The agency remains focused on optimizing available assets and making strategic investments to increase operating capacity and efficiencies across its facilities. The authority will do so in a fiscally responsible way to ensure the greatest return on investment on the Commonwealth's assets. The Agency will take a strategic approach to best utilize all available assets including the re-opening of Portsmouth Marine Terminals as a mixed-use facility, the development of the Port of Richmond and taking steps to secure the future development of additional capacity and deepening of our channels. The Agency remains focused on improving operational efficiencies at its terminal and implementing technology processes with the goal of increasing cargo velocity at the gate, rail and berth.

#### Industry and trade developments

Several developments in recent months will have a positive impact on future business at the Port of Virginia. The Authority looks to develop and capitalize on these opportunities in the future.

- The lifting of the Virginia poultry export ban and the ban on export of hardwood logs from Virginia to China will reopen an important export market for these commodities via the Port of Virginia.
- The re-organization of Port of Virginia's Foreign Trade Zone 20, FTZ, under the Alternative Site Framework (ASF) in early 2014 will streamline the process for companies applying for FTZ status and provides the Port of Virginia with another tool to attract new businesses to the Commonwealth.

The designation of the Port of Virginia as a certified delivery point on the ICE Futures U.S. Coffee "C" futures contract in July 2014 will have a positive impact on the Port of Virginia and the growth of the region's industry surrounding this commodity.

### Information Technology

Proper disaster recovery planning requires adequate data replication and online resilient systems that are tested on a consistent and predictable schedule. Disaster recovery processes are continually updated as new technological solutions provide consistently superior opportunities to provide high availability and almost zero downtime under proper conditions.

Projects are planned that will review important data retention policies and create new IT configurations that support the policies. Other initiatives are focused on centralizing data that controls physical access to the Ports facilities.

The Port has many opportunities ahead and all attainable in the next two fiscal years. Recently, the Port upgraded a 25-year old legacy Terminal Operating System at its Norfolk International Terminals facility. This foundational upgrade now allows for significant bolt-on systems that will improve the efficiency of the terminal. Those systems, slated for completion within fiscal 2015 include, but are not limited to, an automated truck gate, a differential global positioning system, and an integrated appointment system.

At the enterprise level, the Port may elect to standardize its document management systems, consolidate its accounting systems, move appropriate applications to Cloud-based solutions such as email and CRM, and continue to produce accurate and self-service reporting systems and putting the right tools in the hands of the Port's talented staff. One of the more interesting projects ahead is the development of a business intelligence tool that imports data from multiple disparate databases and presents data in a both numeric and graphical format with drill-down capability.

### Estimate of Technology Funding Needs

#### Workforce Development

The VPA is faced with the challenges of creating a comprehensive workforce and a process for succession planning. Various job functions and processes are owned by a single employee. The first step in addressing these issues is to select new hires with strong skill sets to appropriately carry out their responsibilities. VPA will then provide continual training, resources, mentoring and the opportunity to cross-train and broaden their skill sets. VPA will use a systematic approach by creating and implementing an employee self-assessment that is aligned with the performance goals which will assist in the overall performance improvement strategy. Top performers will receive specific training and guidance to prepare them as our future leaders of the organization.

#### Physical Plant

In order to expand capacity to meet current and future demand in a cost effective way, VPA will look to make modest investments in infrastructure and in container handling equipment.

In the near term, we will look to reopen Portsmouth Marine Terminal as a container/breakbulk mix-use facility. Improvements at Norfolk International Terminals in the near term to improve efficiencies include the deployment of an automated truck gate, a differential global positioning system and an integrated appointment system. Regarding the APM Terminal in Portsmouth, currently managed by Virginia Port Authority via a lease, the Authority will look to explore build-out options for that facility with the pending new owners.

The Virginia Port Authority will take necessary steps to plan for the development of Craney Island and the deepening of our channels so that once our facilities are fully expanded and utilized, the Port is prepared to meet future demand and volume growth.

## Supporting Documents

**Title**

**File Type**

## National and International Trade Services [53413]

### Description of this Program / Service Area

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

### Mission Alignment

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

### Products and Services

#### Description of Major Products and 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 deep-water harbor on the U.S. East Coast. Fifty-foot-deep, unobstructed channels provide easy access and maneuvering room for the larger post-Panamax ships. Virginia ports are located just 18 miles from the open sea on a year-round, ice-free harbor. 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.

Importer/Exporters - Provide shipline service to all trade lanes, efficient intermodal connections, security/safety, price competitiveness, customer service and ample inside and outside storage.

Intermodal Customers (railroad, truckers, barge services, etc.) - Provide sufficient cargo volume, import and export balance, efficient access to state-of-the-art facilities, and trade information.

General Public - Job generation, community support and responsiveness, and trade information.

International Freight Forwarders/Custom House Brokers - Provide effective communications between the terminal and state and federal agencies (i.e., U.S. Customs, USDA), and other customer service.

Other Members of Maritime Community - Provide customer service, reliable transportation modes, port management, and strategic planning.

### Anticipated Changes

#### Factors Impacting

New Ocean Carrier Alliances - In 2013, ocean carriers began entering into larger alliances and/or longer-term vessel sharing agreements to achieve high vessel utilization through operating consolidation and increase efficiencies by deploying larger ships. These new alliances will look to make fewer port calls and service a wider geographic area per port call. Implications for ports on the East Coast, which are part of these service rotations, include the need to have the infrastructure and operating processes to handle the increase in cargo efficiently. The Port of Virginia is already handling these larger vessels and continues to make improvements to our infrastructure and processes to increase efficiencies.

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, 2018.

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 100 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.

### Financial Overview

National and International Trade Services is funded 100% from Port Facilities Revenues.

Biennial Budget



	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	0	4,374,365	0	4,374,365
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**Service Area Plan**

**Commerce Advertising [53426]**

**Description of this Program / Service Area**

The Communications Team is responsible for Commerce Advertising. This advertising activity is a vital area within which design, development and printing of promotional literature, brochures, audiovisual materials, and institutional advertising are executed.

**Mission 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.

**Products and Services**

**Description of Major Products and Services**

**Anticipated Changes**

**Factors Impacting**

**Financial Overview**

Commerce Advertising is funded 100% from Port Facility Revenue

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	0	914,253	0	914,253
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**Maintenance and Operations of Ports and Facilities [62601]**

**Description of this Program / Service Area**

Maintenance and Operations of Ports and Facilities, under the supervision of the VP of Port Development, is responsible for maintenance and improvements to the infrastructure on the state-owned port facilities. Major work areas of this function are the planning, design, and construction activities to accommodate cargo-handling requirements, which ensure compliance with project plans and specifications. In order to adequately maintain the more than 1,500 acres of fully developed, state-of-the-art marine terminals, the VPA must also manage a maintenance program sufficient to protect the Commonwealth’s extensive marine terminal investment. Maintenance policies and standards are developed to process work required, to promote efficient operation and to ensure an extended life of state owned facilities.

**Mission Alignment**

As a result of the Maintenance and Operations of Ports and Facilities, the VPA’s terminal operators, have the tools needed 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.

**Products and Services**

**Description of Major Products and Services**

Developing, expanding, improving, and maintaining state-owned port facilities.

**Anticipated Changes**

**Factors Impacting**

**Financial Overview**

Maintenance and Operations of Ports and Facilities is funded 62% from Commonwealth Port Fund revenues and 38% from a Federal grant.

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	0	11,100,000	0	11,100,000
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**Port Facilities Planning [62606]**

**Description of this Program / Service Area**

Port Facilities Planning, under supervision of the Chief Innovation Officer, is responsible for developing, expanding, improving, and maintaining state-owned port facilities. In addition, Port Facilities Planning is responsible for all environmental management programs, including environmental compliance related to port development and terminal operations. They also perform pre-planning work necessary to assist in capital budget and grant requests. Major work areas of this function include the selection of engineering design consultants; the management of the design process; the project public bid process; and the oversight of construction activities to accommodate cargo handling requirements which ensure compliance with project plans and specifications.

**Mission Alignment**

As a result of the Port Facilities Planning work performed/supervised by the Chief Innovation Officer, the VPA’s terminal operators, have 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.

The Director of Sustainability works with the Chief Engineer and the VPA’s terminal operators to promote sustainability and ensure that port development and terminal operations are in compliance with government regulations. The goals of this support are to prevent construction delays and losses in operating efficiency, and achieve lower operating costs.

**Products and Services**

**Description of Major Products and Services**

Developing, expanding, improving, and maintaining state-owned port facilities.

**Anticipated Changes**

**Factors Impacting**

**Financial Overview**

Port Facilities Planning is funded 100% from Port Facility Revenues

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	0	1,191,574	0	1,191,574
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**Debt Service for Port Facilities [62607]**

**Description of this Program / Service Area**

The VPA utilizes the issuance of tax-exempt debt and lease-purchase financing to support its capital investment in port development projects and equipment acquisition. The VPA issues both terminal revenue (Special Fund) and Commonwealth Port Fund (CPF) revenue supported debt instruments, which require regularly scheduled debt service payments.

**Mission Alignment**

Debt financing funds the majority of the port's major capital projects and improvements. These enhancements allow the Port to provide modern and efficient cargo-handling facilities, and expand those facilities, to be competitive.

**Products and Services**

**Description of Major Products and Services**

Debt service instruments for the acquisition of capital assets and improvements.

**Anticipated Changes**

**Factors Impacting**

**Financial Overview**

Debt Service for Port Facilities is currently funded 62% from Port Facility revenues and 38% from Commonwealth Port Fund revenues.

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	0	71,636,064	0	69,933,585
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**Aid to Localities [62801]**

**Description of this Program / Service Area**

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.

**Mission Alignment**

Aid to Local Port grants foster and stimulate the flow of commerce through the ports of Virginia, which is VPA’s primary mission.

**Products and Services**

**Description of Major Products and Services**

Grant funding to local governments, which apply and qualify for ALP.

**Anticipated Changes**

**Factors Impacting**

**Financial Overview**

Aid to Localities is funded 40% from Commonwealth Port Fund Revenues and 60% from the General Fund.

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	0	1,000,000	0	1,000,000
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**Payment in Lieu of Taxes [62802]**

**Description of this Program / Service Area**

In lieu of paying real property taxes, in accordance with §58.1-3043 of the Code of Virginia, the VPA pays a service charge to the localities where VPA property is located based on the assessed value of state-owned tax exempt real estate and the amount that the locality spent on fire, police and refuse collection/disposal.

**Mission Alignment**

The Payments in Lieu of Taxes (PILOT) fees are less than the actual real property tax that the Port would have to otherwise pay. This reduction in expenses allows the Port to utilize its money towards furthering the commerce through the Ports of Virginia, resulting in job creation, increased state and local tax revenues, and economic development.

**Products and Services**

**Description of Major Products and Services**

Provides revenues to the localities to offset fire, police, and refuse collection/disposal costs.

**Anticipated Changes**

**Factors Impacting**

The localities are regularly requesting a change to the PILOT fee language to increase the service charge. However, the properties at NIT and PMT have never been subject to real estate and property taxes (NIT was a federal military installation, and PMT was created primarily from dredged material), and the NNMT property was purchased by the city in 1965 and taken off of the property tax registers prior to the acquisition by VPA. Any increase in payments in lieu of real property taxation required to be paid from VPA revenues sources would severely limit the Authority's ability to complete robust plans for expansion required to meet industry demands.

**Financial Overview**

Payment in Lieu of Taxes is paid 56% by Port Facility revenues and 44% by General Fund revenues

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	950,000	1,232,625	950,000	1,357,625
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**

**General Management and Direction [69901]**

**Description of this Program / Service Area**

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: CEO/Executive Director, Chief Financial Officer, Finance, Human Resources, Contracts & Real Estate, Sustainability, and IT.

**Mission Alignment**

This service area provides support to the other service areas to help them achieve agency goals and objectives.

**Products and Services**

**Description of Major Products and Services**

Funding, staffing, technology, managerial, and administrative services, including payment of rent on the APM terminal in Portsmouth Virginia.

**Anticipated Changes**

**Factors Impacting**

**Financial Overview**

Administrative and Support Services are funded 100% from Port Facility Revenues.

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	193	65,170,768	227	68,498,295
Changes to Initial Appropriation	0	0	0	16,302,000

**Supporting Documents**

**Title** **File Type**

**Security Services [69923]**

**Description of this Program / Service Area**

The Virginia Port Authority Police Department is responsible for providing a full range of law enforcement and security services for the state owned and operated maritime facilities. Authorized under state code, police and security officers are certified under the Department of Criminal Justice Services with full arrest powers. In addition to routine law enforcement and security responsibilities, the Port of Virginia Police/Security division is under regulatory direction of the 2002 Maritime Transportation Security Act. Police Department functions ensure a safe, secure, and environmentally responsible workplace, consistently maintaining the lowest pilferage rate of any port in the United States.

**Mission Alignment**

The mission of the Virginia Port Authority Police Department is to facilitate the lawful flow of commerce through the marine terminals of Hampton Roads; to safeguard life and property, and to maintain law and order at those facilities; and to meet goals and objectives of the department.

**Products and Services**

**Description of Major Products and Services**

The protection of cargo and personnel that move through the ports, and to safeguard against possible terrorist acts against the ports, the Commonwealth, or the United States.

**Anticipated Changes**

**Factors Impacting**

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. VPA is in compliance and is a leader in the port industry.

Necessary capital-related security improvements have been estimated to be in the range of \$30 to \$35 million. To date, federal grants allocated to VPA in this area amount to \$26 million.

**Financial Overview**

Security Services is funded 88% from Port Facility Revenues and 12% from Commonwealth Port Fund Revenues.

Biennial Budget

	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	0	10,471,112	0	10,471,112
Changes to Initial Appropriation	0	0	0	0

**Supporting Documents**

**Title** **File Type**