

VIRGINIA PORT AUTHORITY BOARD OF COMMISSIONERS SESSION 399

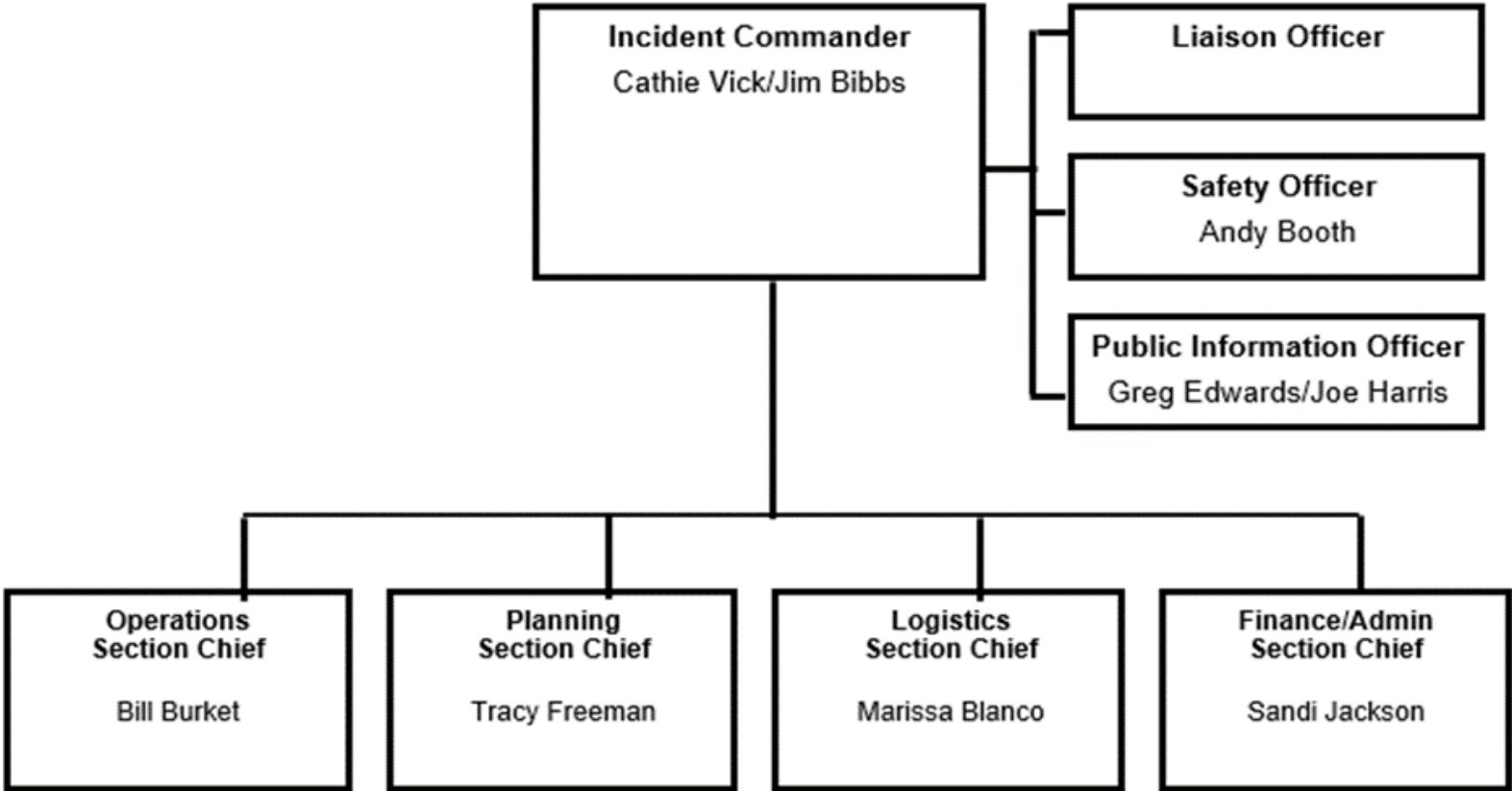
MAY 19, 2020



AGENDA

- Update on the Coronavirus (COVID-19) Pandemic
- Executive Committee Report
- Finance and Audit Committee Report
- Growth and Operations Committee Report
 - Operations Report
 - Sales Report
- Development and Government Affairs
- Report by CEO & Executive Director – John F. Reinhart
- Unfinished Business
- New Business
- Conclusion of Virginia Port Authority Board of Commissioners – Public Session 399

COVID-19 PLANNING & RESPONSE TASK FORCE

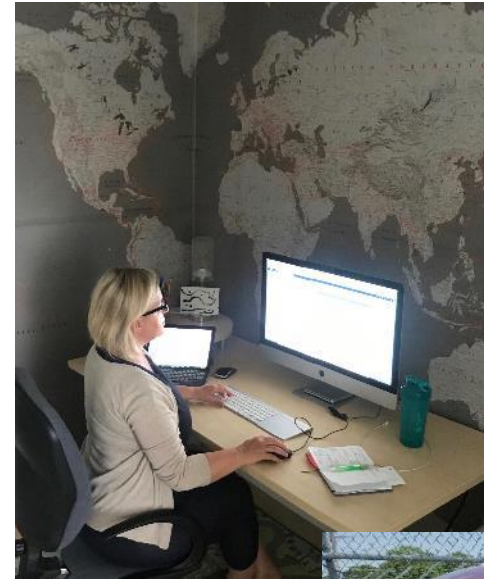


3. Basic Local Communications Information	
Assignment	Name
Incident Commander	Cathie Vick
Incident Commander	Jim Bibbs
Ops Section Chief	Bill Burket
Planning Section Chief	Tracy Freeman
Documentation Unit Leader	Maria Burroughs
VPA Human Resources	Wina Giddens
Information Technology	Joe McDonald
Information Technology	Mark Thorsen
VIT Operations	Rob Cannizzaro
VIT Operations	Kyle Bassham
VPA Police	Jason Snow
VPA Health & Safety	Andy Booth
VPA Innovation	Nina Malone
VPA Finance	Sandi Jackson
VPA Procurement	Marissa Blanco
VPA Risk Management / Contracts	Jason Barlow
VPA Economic Development	Russ Young
VPA MarComm	Greg Edwards
VPA MarComm	Joe Harris
VPA MarComm	Carla Welsh
VIT Sales	Joe O'Brien
VPA CEO & Executive Director	John Reinhart

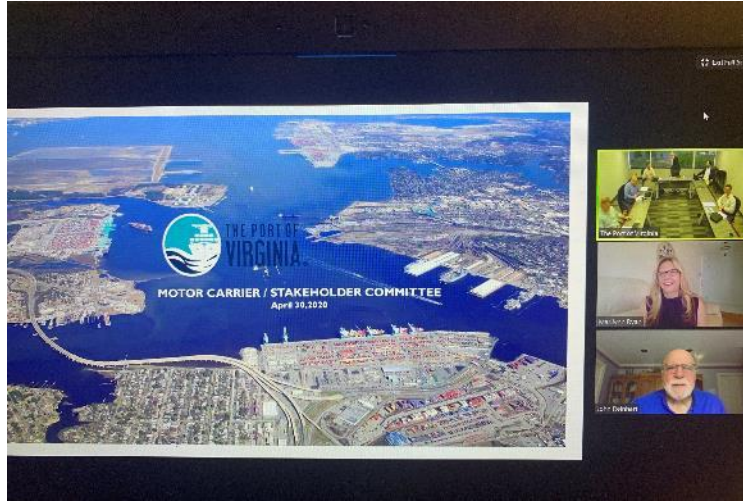
COVID-19 PLANNING & RESPONSE TASK FORCE

Health and Safety of our Colleagues

- Pandemic Policy, emergency leave, short term disability & other benefit services available
- Notification and Quarantine Protocols
- Suspended all work-related travel and visitors
- Implemented staggered remote work schedule
- Social distancing measures across all facilities
- Enhanced Cleaning at all terminals/offices
- Acquired PPE for all colleagues and labor partners
- Temperature Scanning
- Colleague Survey
- Telework Training & Resources
- Regular communication to colleagues regarding impacts, measures, expectations



COVID-19 PLANNING & RESPONSE TASK FORCE



Engaging & Taking Care of our Customer/Partners

- Regular engagement with the Coast Guard, VDEM, AAPA, Congressional delegation, MARAD, SDDC, Governor's team, other business groups
- Extended Customer Service Hours
- Suspending biometric scanning requirements
- Critical Cargo Initiative
- Regular outreach to Carriers
- Webinars/Listening Sessions
- Providing sites for alternate healthcare locations
- Regular updates to our website
- Forecasting
- Business Continuity Planning

FINANCE and AUDIT COMMITTEE

Rodney W. Oliver
Chief Financial Officer

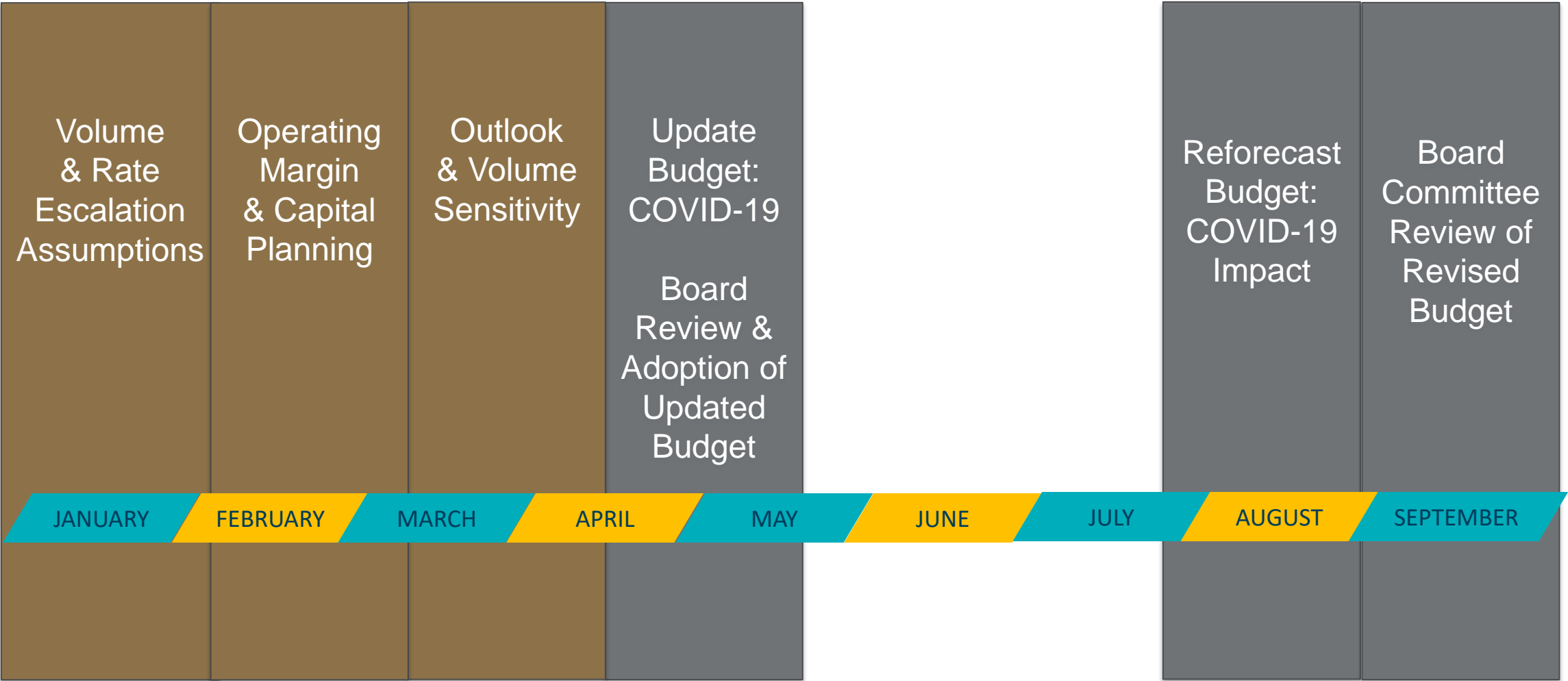


FY21 Budget

AGENDA

- Approach and Timeline
- Financial Highlights and Main Assumptions
- Our Budget and Plans

APPROACH AND TIMELINE



HIGHLIGHTS

	2019 ACTUAL	2020 FORECAST	2021 BUDGET
FOR THE YEAR <i>(numbers in millions except debt service coverage)</i>			
Container Volume	1.7 ▲3.0%	1.5 ▼8.4%	1.5 ▲0.1%
Operating Revenues	\$567.6 ▲5.7%	\$507.7 ▼10.6%	\$524.1 ▲3.2%
Operating Income	\$63.5* ▲35.8%	\$14.8 ▼76.7%	\$11.6 ▼21.5%
AT YEAR END			
Net Position Change	\$89.4	\$42.1	\$(19.0)
Residual Fund	\$140.1	\$124.7	\$105.7
FINANCIAL RATIOS			
EBITDA	26.5%	23.4%	25.9%
Aggregate Net Revenue Coverage (1.1x test)	1.49	1.26	1.33

**2019 Operating income reflects expense reclassification effective July 1, 2019 and may differ from published financials.*

MAIN ASSUMPTIONS

VOLUME

- Container volume growth flat compared with FY20 forecast (as of 4/21/20)

OPERATING INCOME

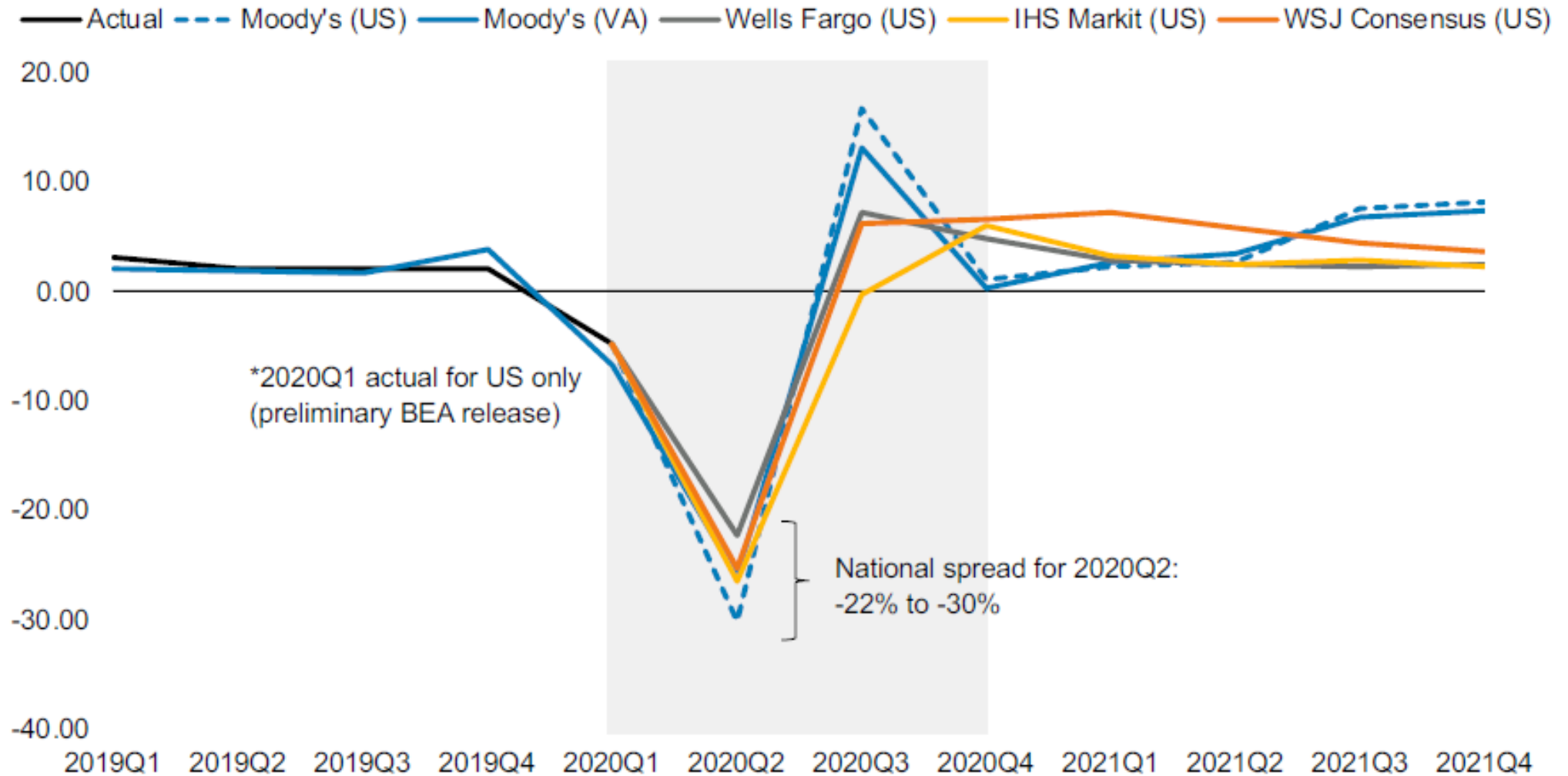
- Schedule of Rate increase for revenues of 1.75%
- CPI increase of 1.5%
- Labor rate increase of 2.0%
- PMT closure
- Salary and Benefits
 - Pay increase eliminated
 - Cost of benefits rise 3.0%

OTHER

- Accounting Standards
 - GASB 87 & 89 – deferred until July 1, 2021
- Stevedoring Operations
- COVID-19
 - Preliminary projections of impacts included
 - Virus-related expenses or reimbursements not included

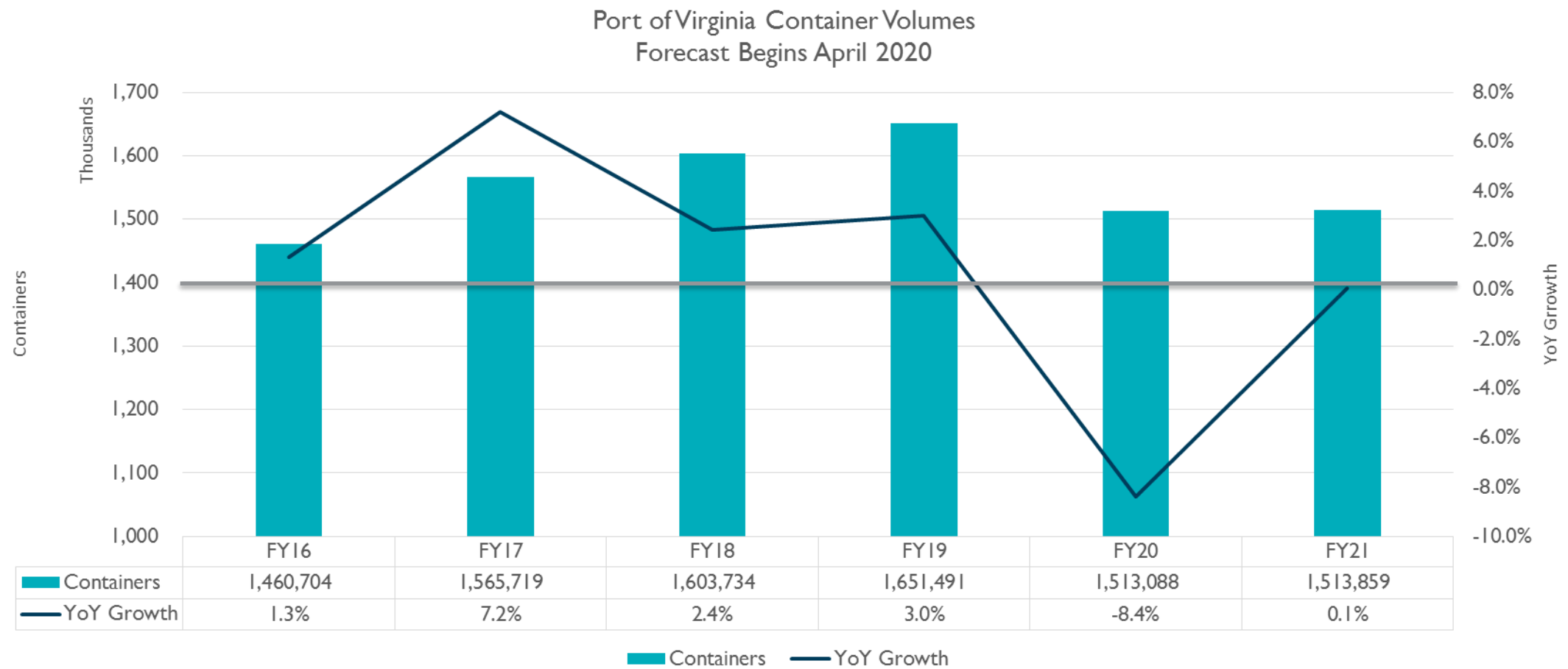
Quarterly real GDP growth

Annualized % change, billions of chained 2012 \$



Source: VEDP C19 Impact Briefing, Moody's Analytics (April/Revised March baselines); Wells Fargo (April Forecast), IHS Markit (April Update); Wall Street Journal (April survey); VEDP analysis

VOLUME TRENDS



VOLUME BY TERMINAL

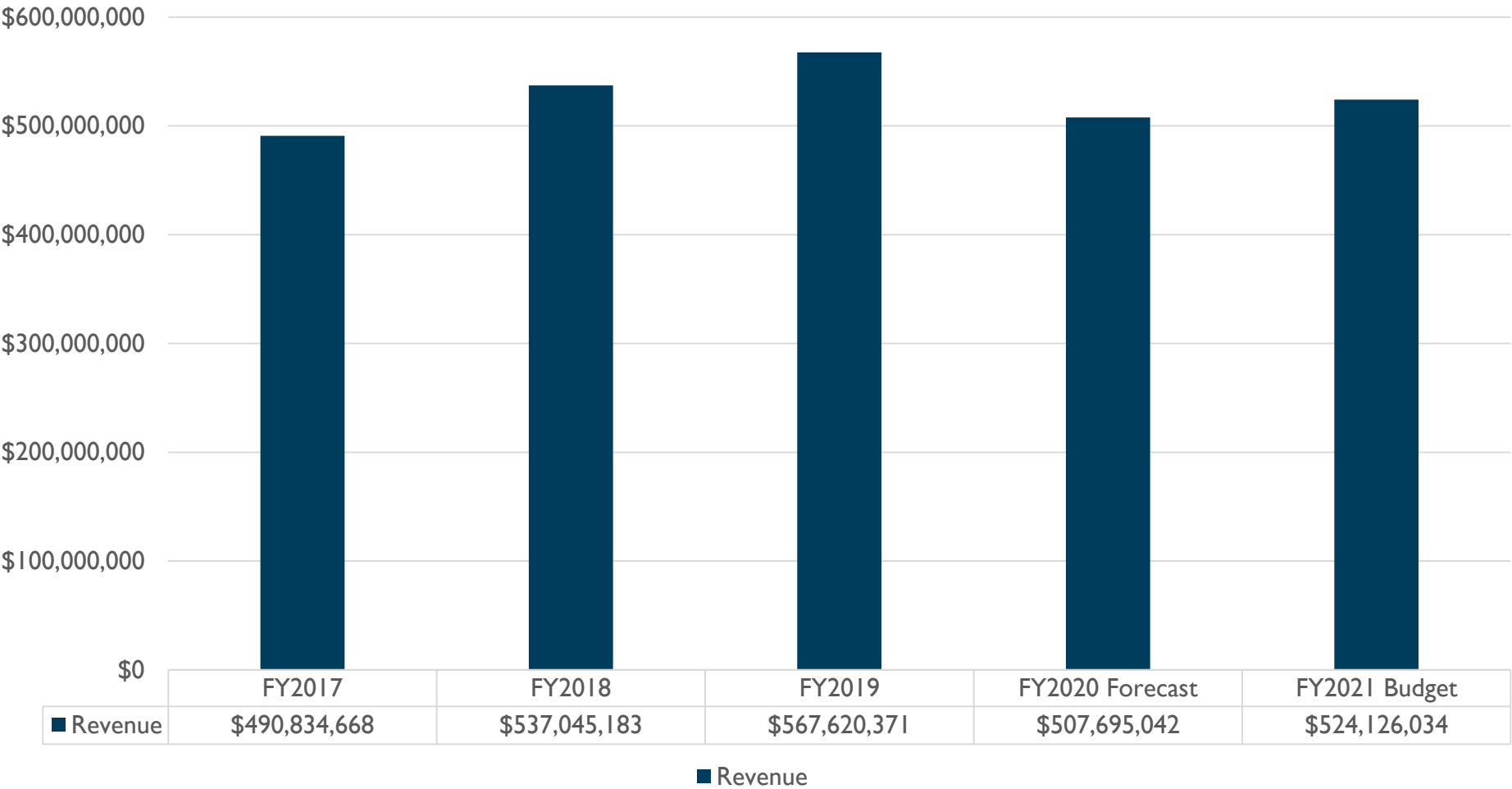
Terminal	FY 2020 <i>projected as of 04/21/20</i>	FY 2021	Percent Change
NIT	694,310 containers	728,130 containers	+4.9%
VIG	784,926 containers	785,729 containers	+0.1%
PMT	33,852 containers	-	-100.0%
Total container volume	1,513,088	1,513,859	+0.1%

NNMT	18,855 vehicles	23,582 vehicles	+25.0%
VIP	30,025 containers	30,025 containers	+0.0%
RMT	41,690 containers	45,656 containers	+9.5%

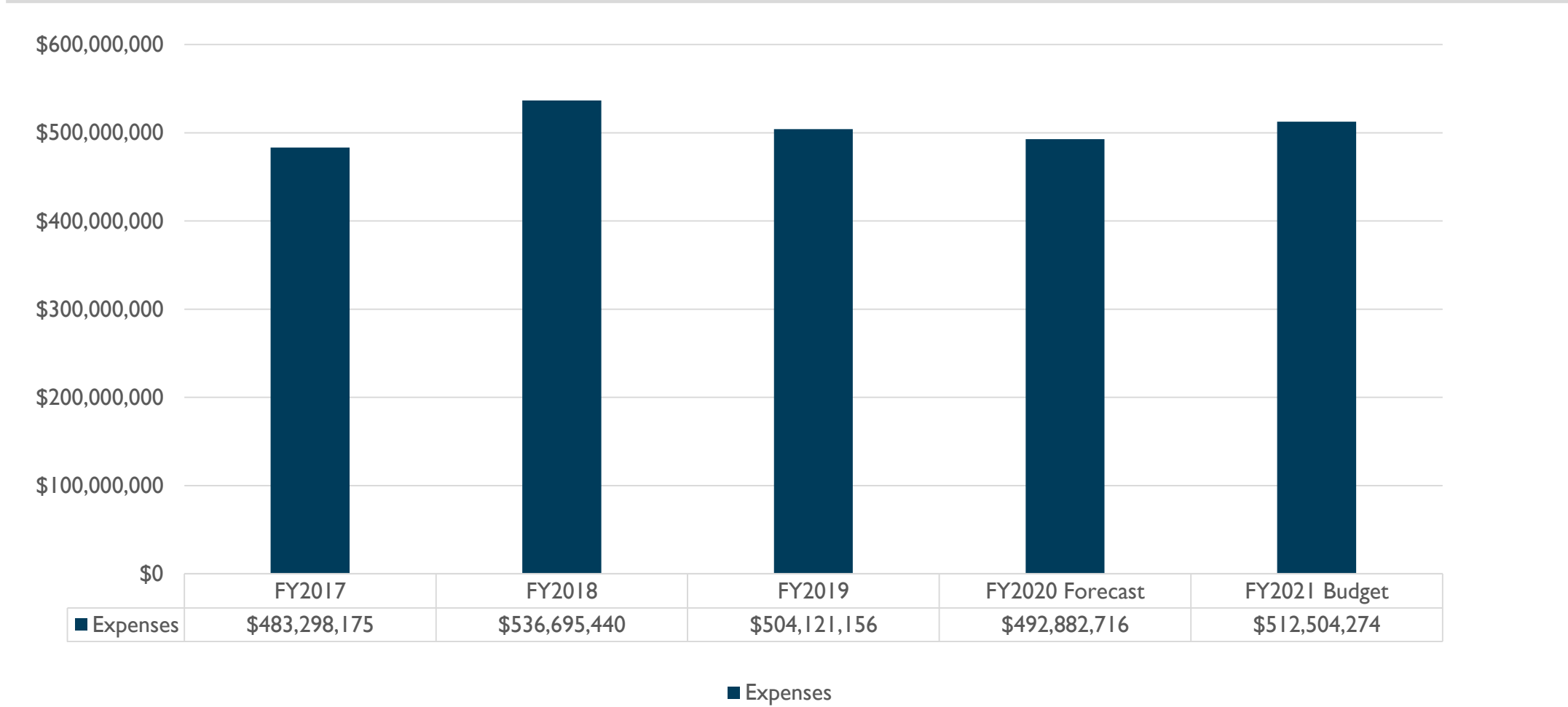
FY21 BUDGET

	FY 20 FORECAST	FY21 BUDGET	CHANGE	% CHANGE
Operating Revenues (Expenses)				
Total Operating Revenues:	507,695,042	524,126,034	16,430,992	3.2%
Terminal Operations Expense	216,321,698	221,387,537	5,065,839	2.3%
Terminal Maintenance Expense	114,349,697	110,437,323	(3,912,374)	-3.4%
General and Administrative Expense	56,623,149	56,336,687	(286,462)	-0.5%
Facility Rental Expense	1,744,255	190,000	(1,554,255)	-89.1%
Depreciation and Amortization Expense	103,843,917	124,152,727	20,308,810	19.6%
Total Operating Expenses:	492,882,716	512,504,274	19,621,558	4.0%
Operating Income (Loss)	14,812,326	11,621,760	(3,190,566)	-21.5%
Non-operating Revenues (Expenses)				
Interest Income	5,144,089	3,256,813	(1,887,276)	-36.7%
Interest Expense	(124,812,931)	(124,524,612)	288,319	-0.2%
Total Non-operating Expenses	(117,836,499)	(95,267,291)	22,569,208	-19.2%
Income (loss) before capital contributions	(103,024,173)	(83,645,531)	19,378,642	-18.8%
Increase (decrease) in Net Position	42,137,357	(19,031,183)	(61,168,540)	-145.2%

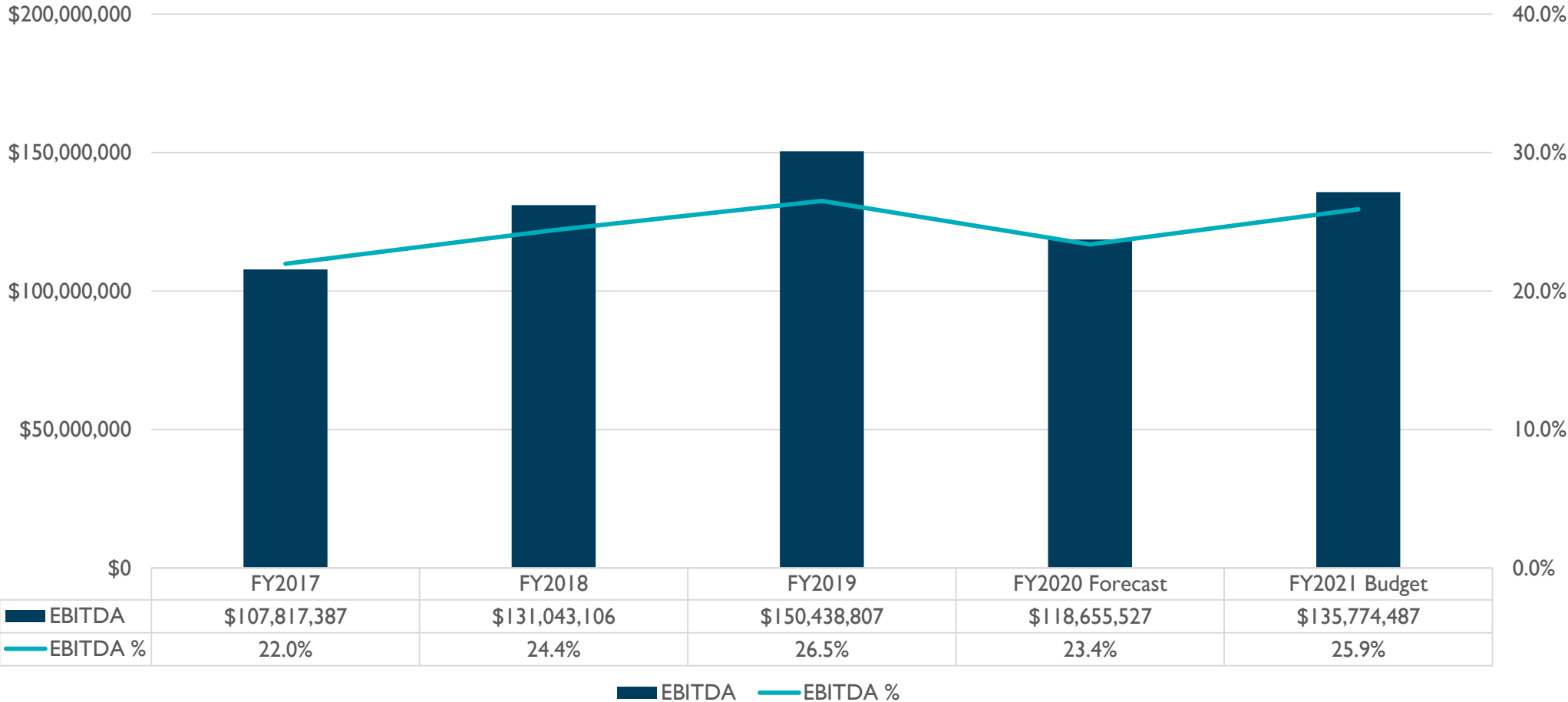
OPERATING REVENUES TREND HIGHER



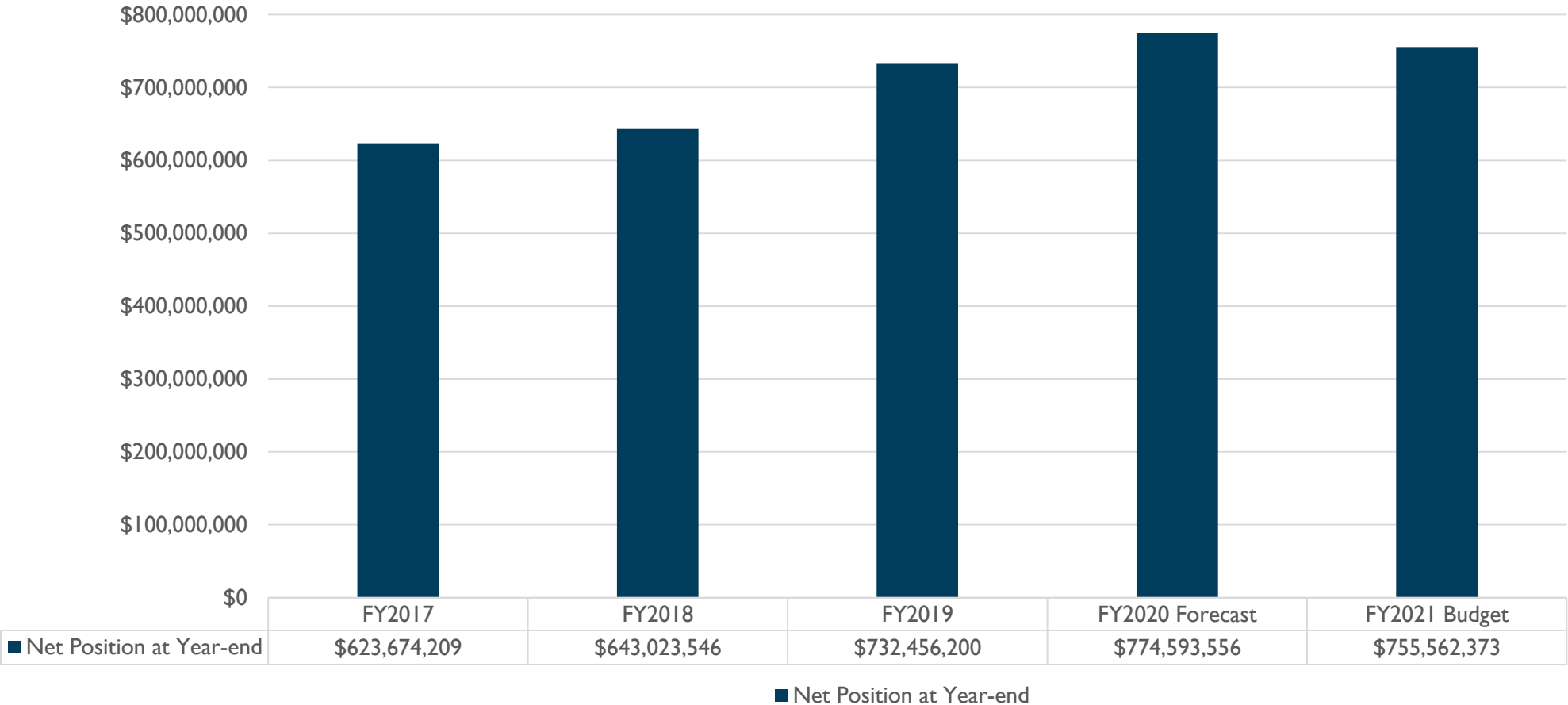
EXPENSE TRENDS



EBITDA MARGIN INCREASES



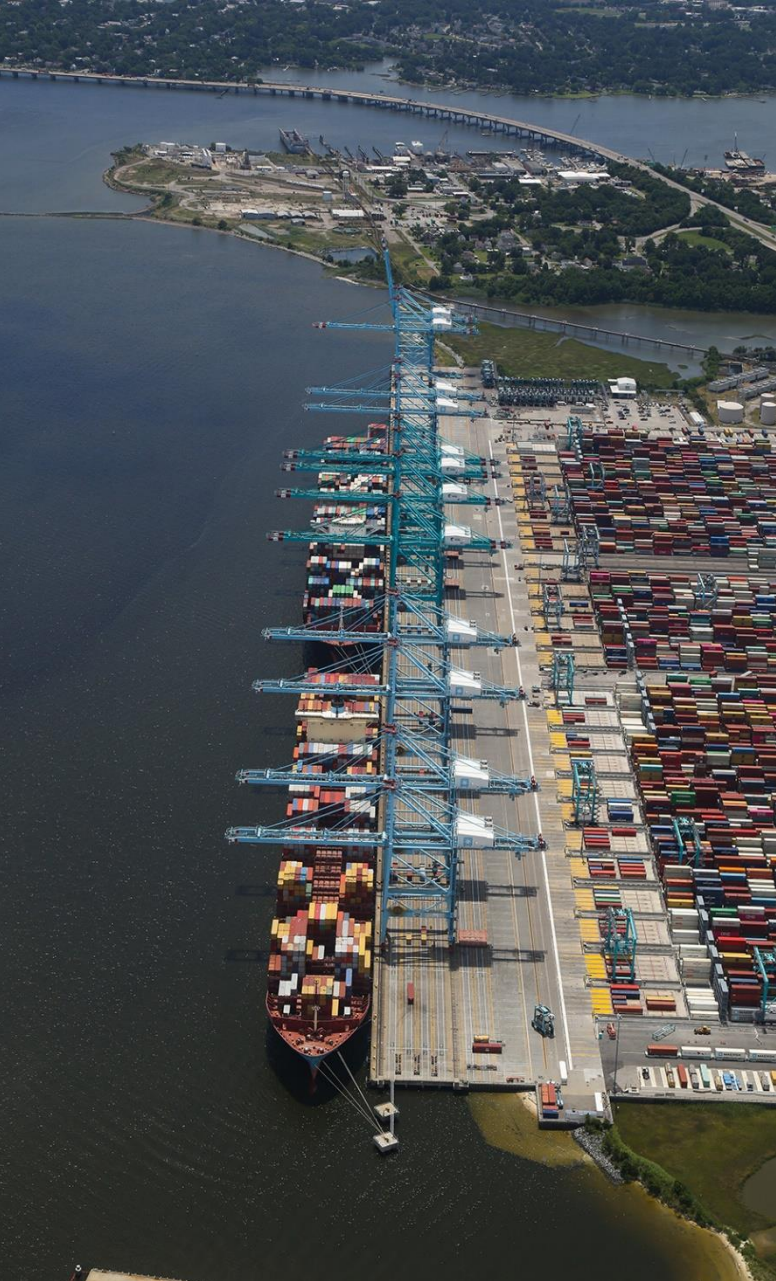
NET POSITION TREND



POV CAPITAL OUTLAY BUDGET

CAPITAL PROJECTS	
Container Handling Equipment	\$ 51,450,000
Commonwealth Railway Marshalling Yard	28,663,694
Improvements to Container Handling Facilities	12,880,000
NIT South Dredging, Phase II	11,500,000
IT	6,721,500
Miscellaneous other	4,175,000
RMT Drop Lot	2,205,190
PMT Dredging	2,000,000
NIT Entrance Track Optimization	1,985,000
RMT Gate Enhancements	1,500,000
VIP Rail Expansion	500,000
Vehicle Replacement	2,685,000
Total	\$ 126,265,384

SUMMARY OF SOURCES	
State Grants	\$ 31,568,884
Federal Grants	28,089,250
Terminal Revenue Paygo	35,233,500
MELP	23,560,000
CPF Paygo	7,813,750
Total	\$ 126,265,384



FY21 Budget

EXCEEDING OUR BOND REQUIREMENTS

Measure	Minimum Requirement	FY2020		FY2021	
		Budget FY2020	FY2020 Current Forecast	2019 Masterplan Projection for FY2021	Budget FY2021
Aggregate Net Revenue Coverage	1.10	1.45	1.26	1.76	1.33
Aggregate Adjusted Net Revenue Coverage	1.25	1.60	1.42	1.92	1.50
Net Revenue Coverage	1.00	1.35	1.17	1.67	1.23
Fixed Obligation Coverage	1.00	1.30	1.16	1.58	1.22



FY21 Budget

SUMMARY

- Continue to manage the business with an eye on evolving COVID-19 impacts
- Maximize use of new capacity
- Positive cash flow and improving debt service coverage ratios



THE PORT OF
VIRGINIA®

MARCH 2020 FINANCIAL REPORT

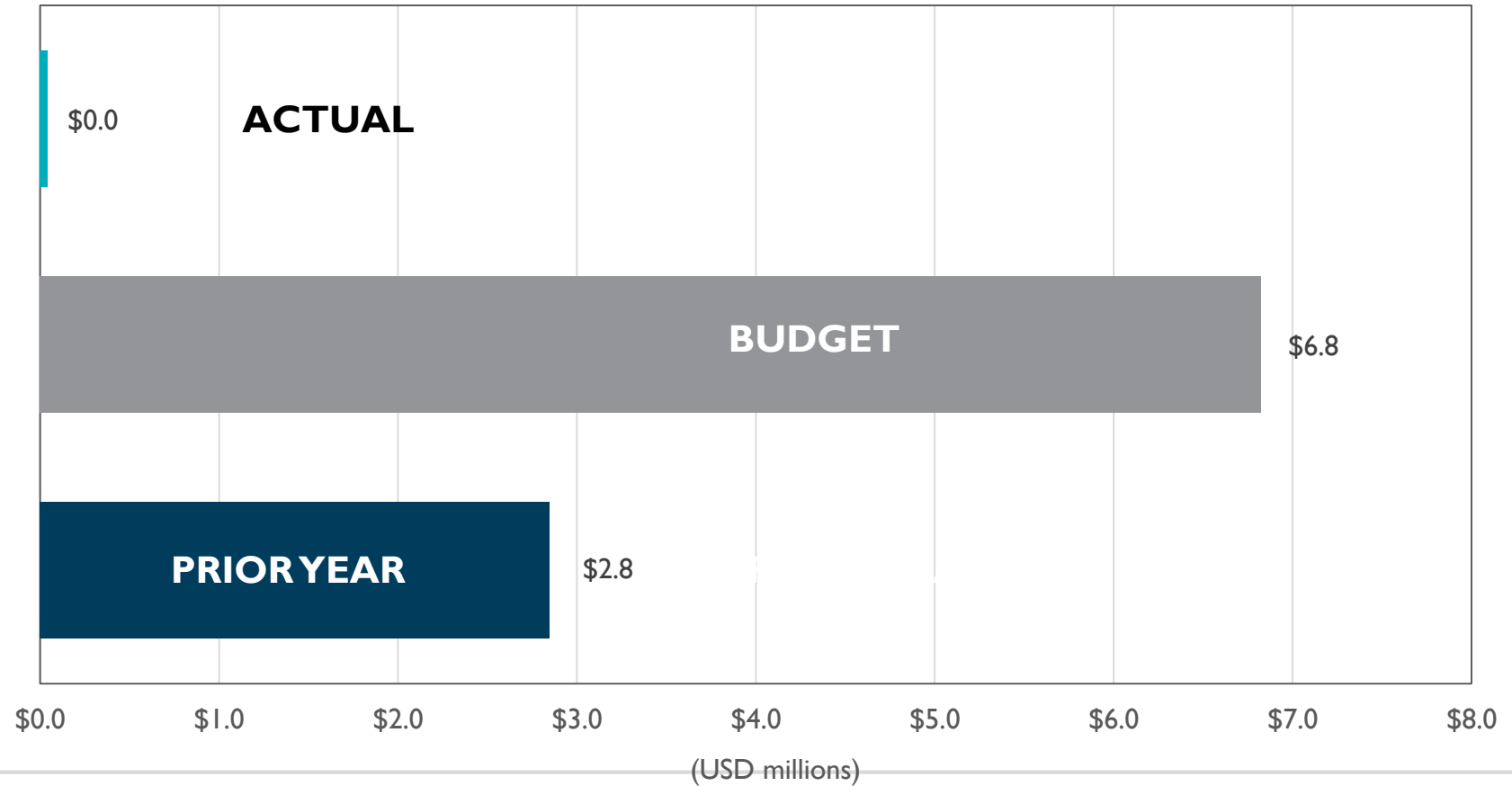
OPERATING REVENUES AND EXPENSES:

For the Month Ended March 31, 2020



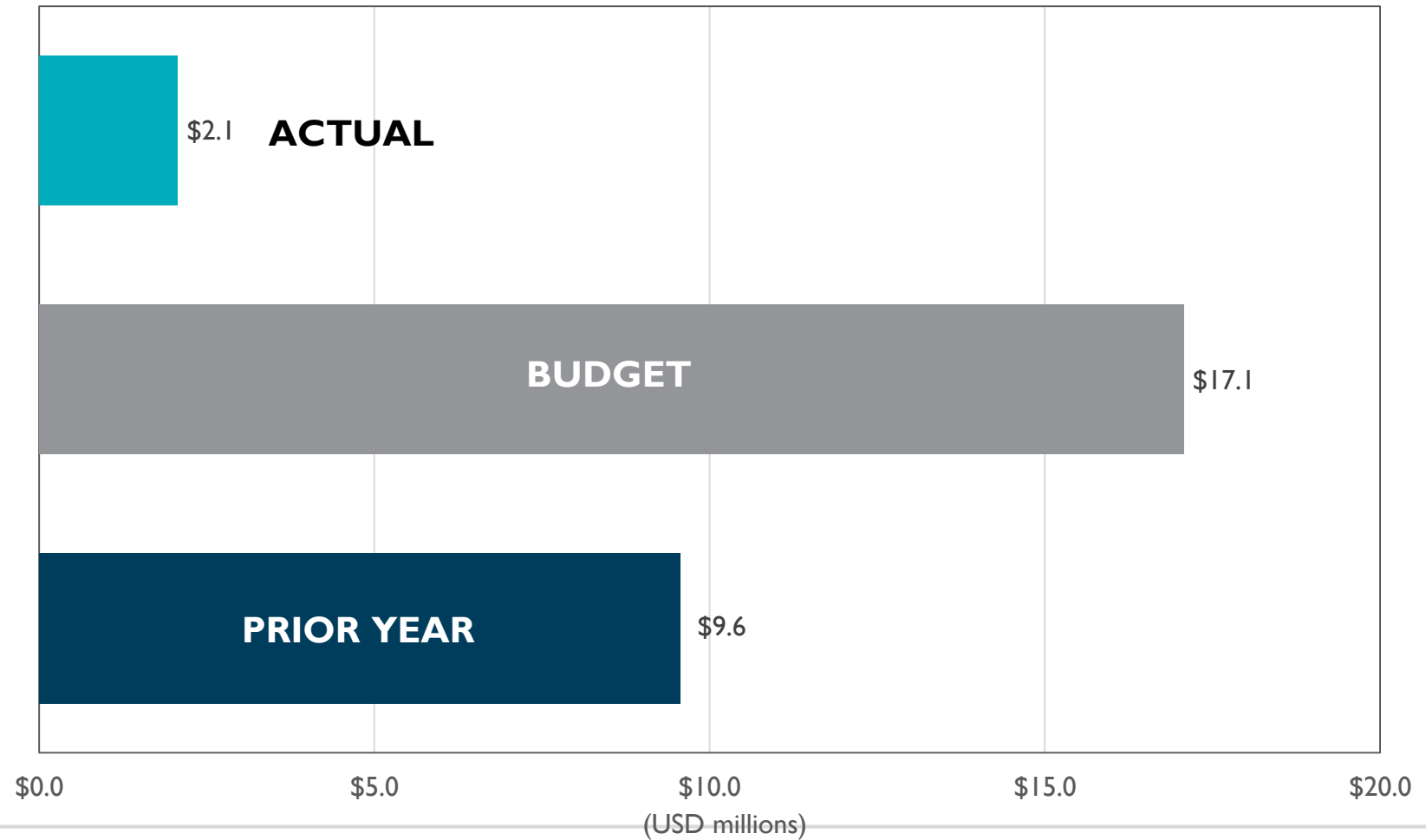
OPERATING INCOME (LOSS):

For the Month Ended March 31, 2020



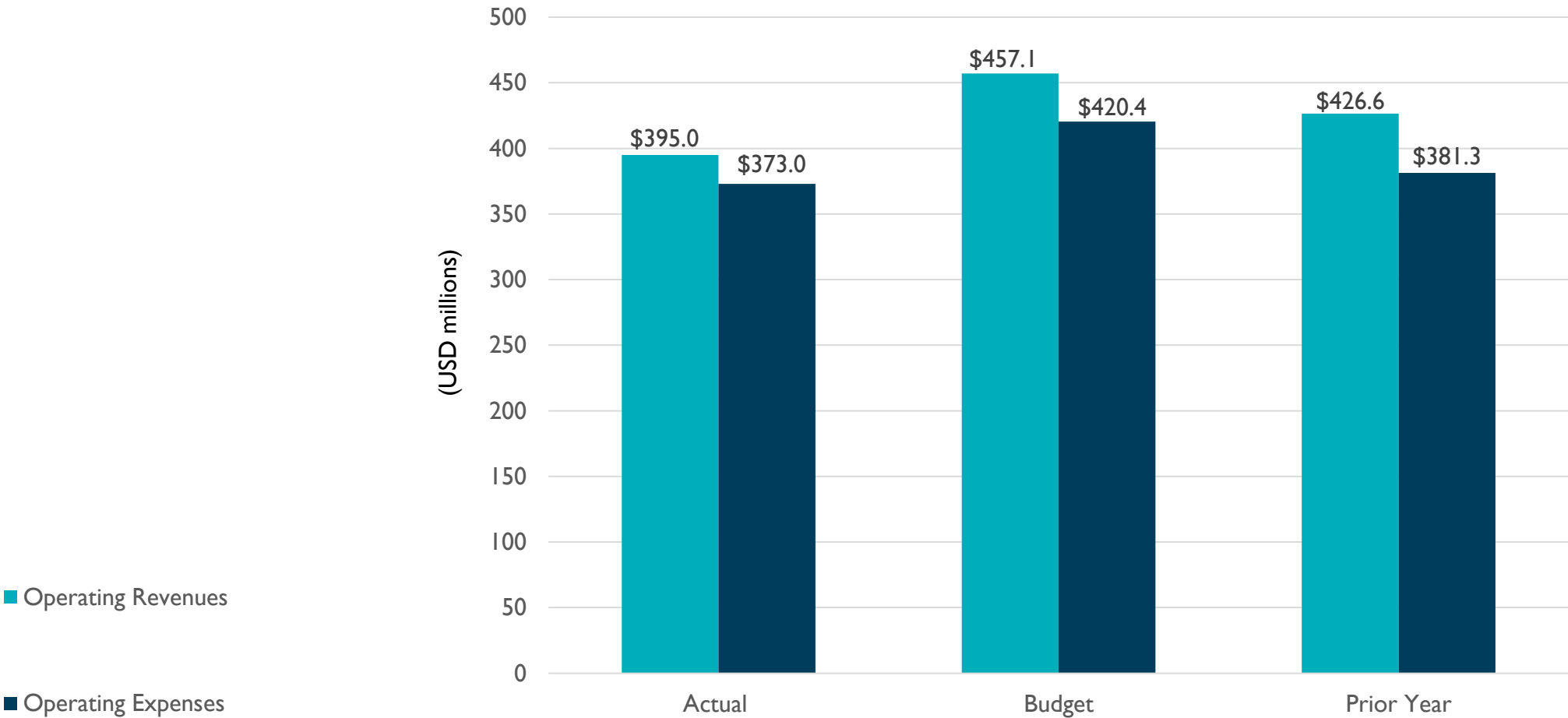
CHANGE IN NET POSITION:

For the Month Ended March 31, 2020



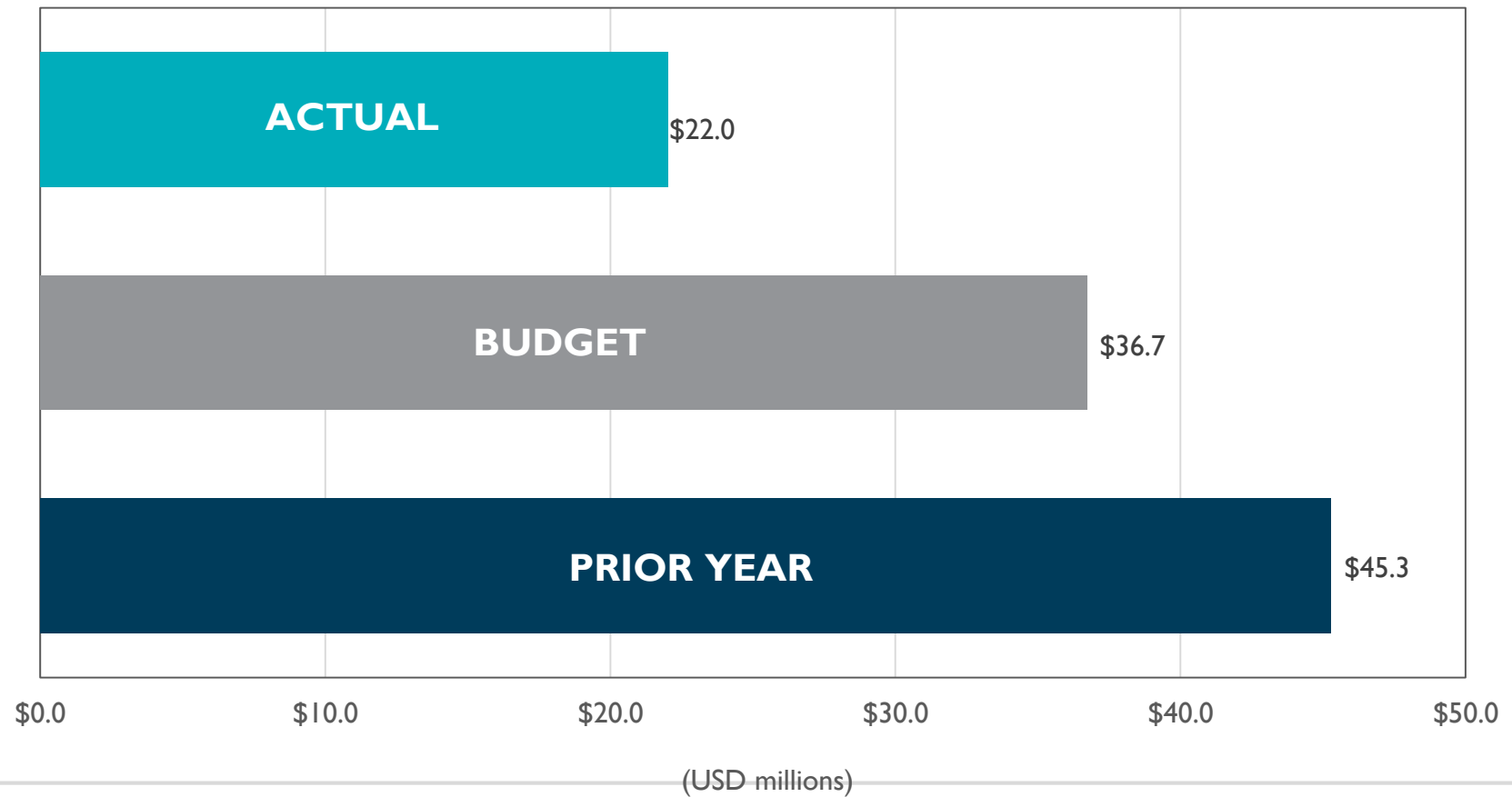
OPERATING REVENUES AND EXPENSES:

For the Nine Months Ended March 31, 2020



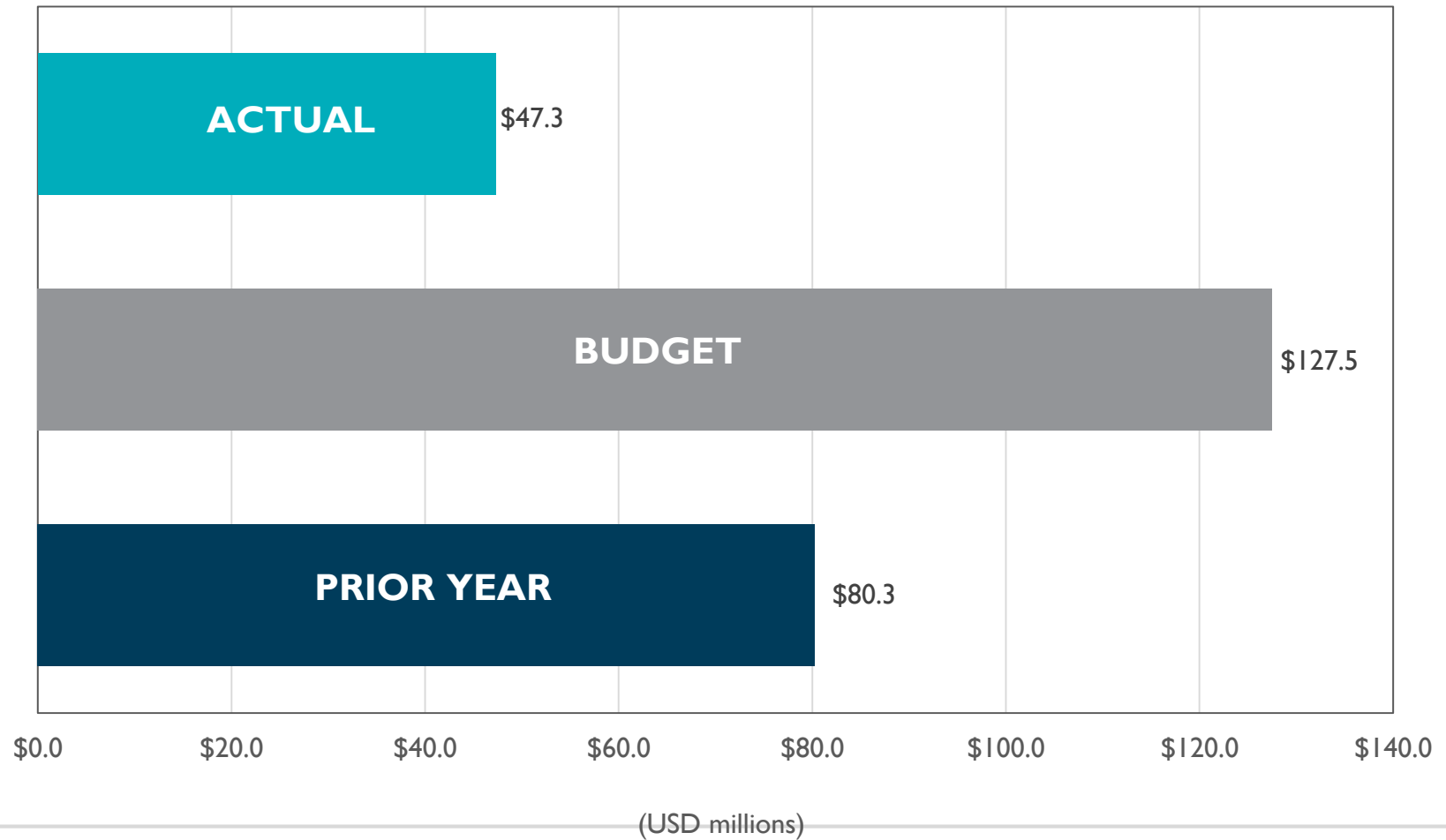
OPERATING INCOME (LOSS):

For the Nine Months Ended March 31, 2020



CHANGE IN NET POSITION:

For the Nine Months Ended March 31, 2020

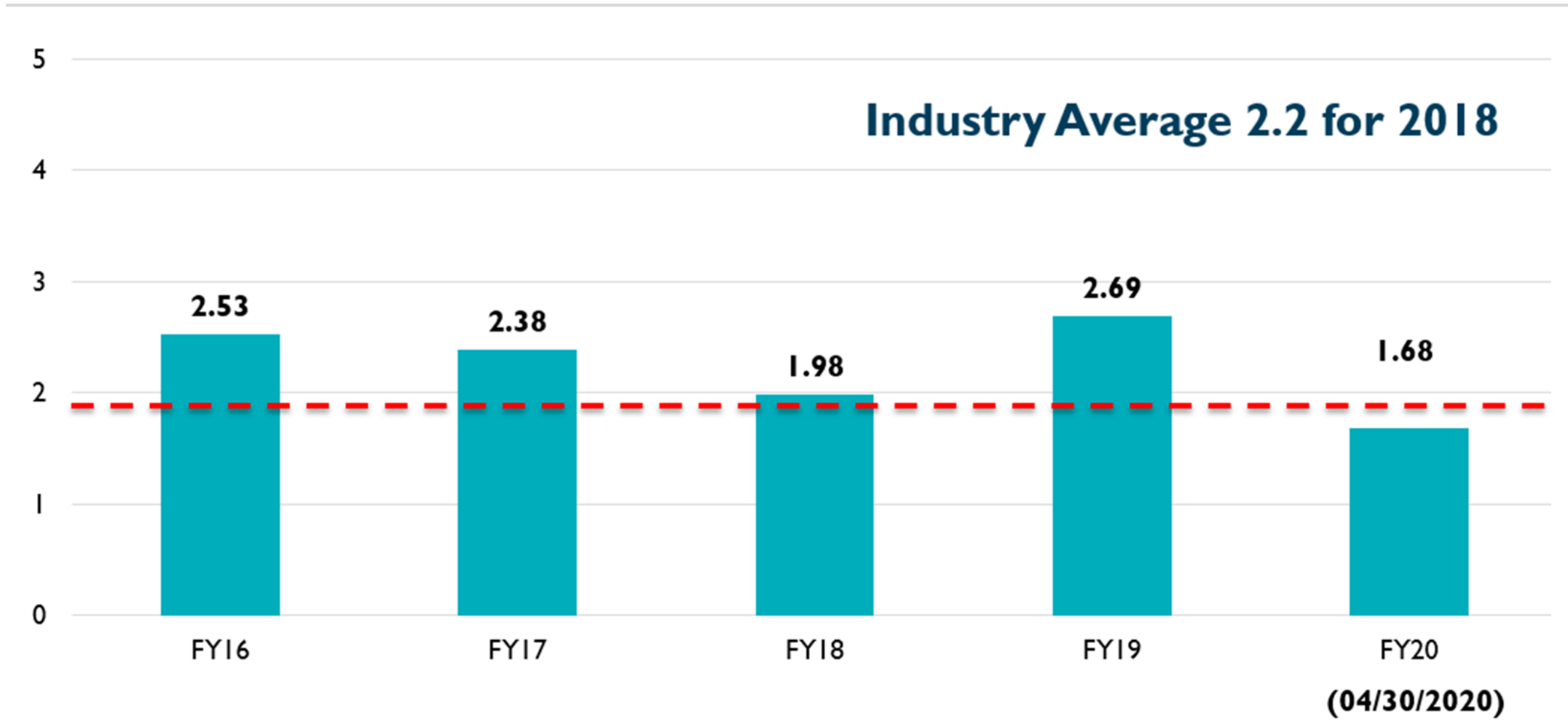


Questions?

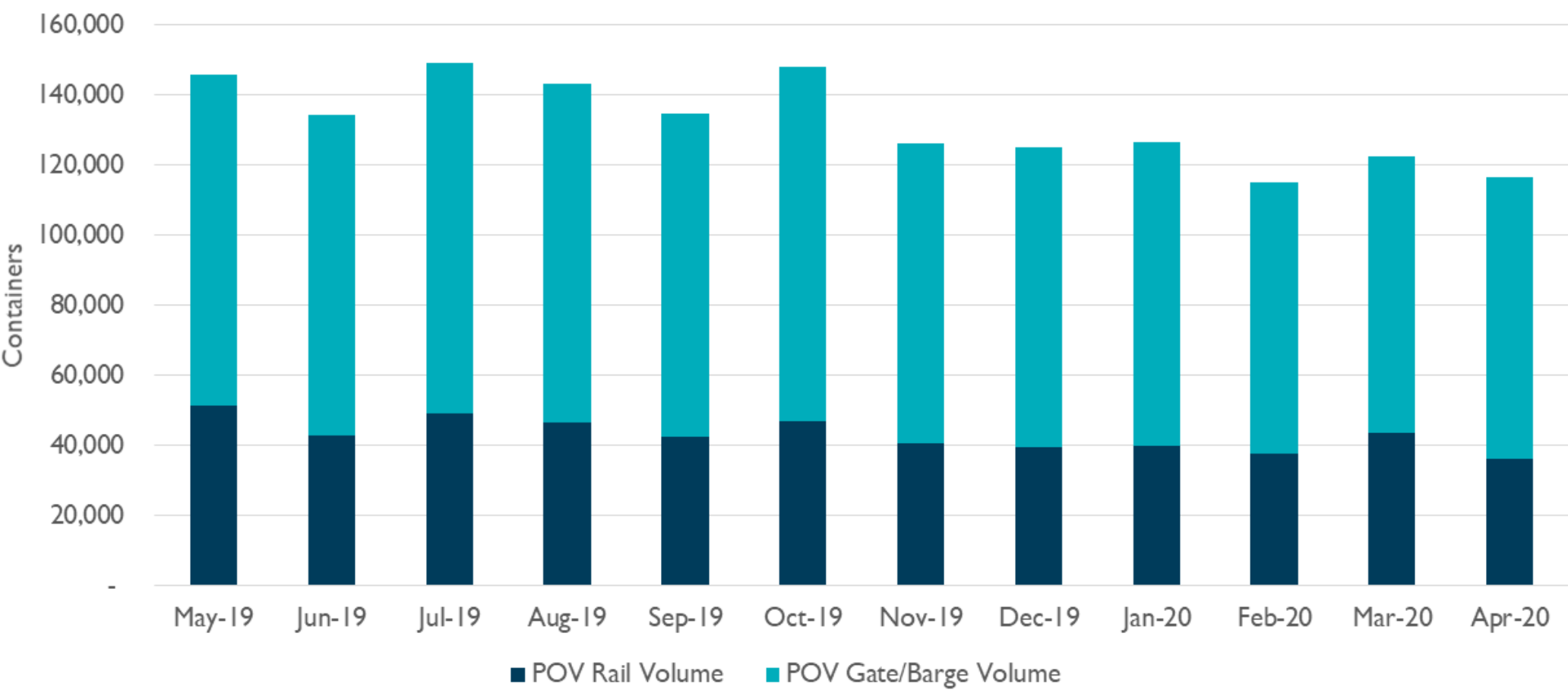
OPERATIONS REPORT

Kevin Price
Chief Operations Officer

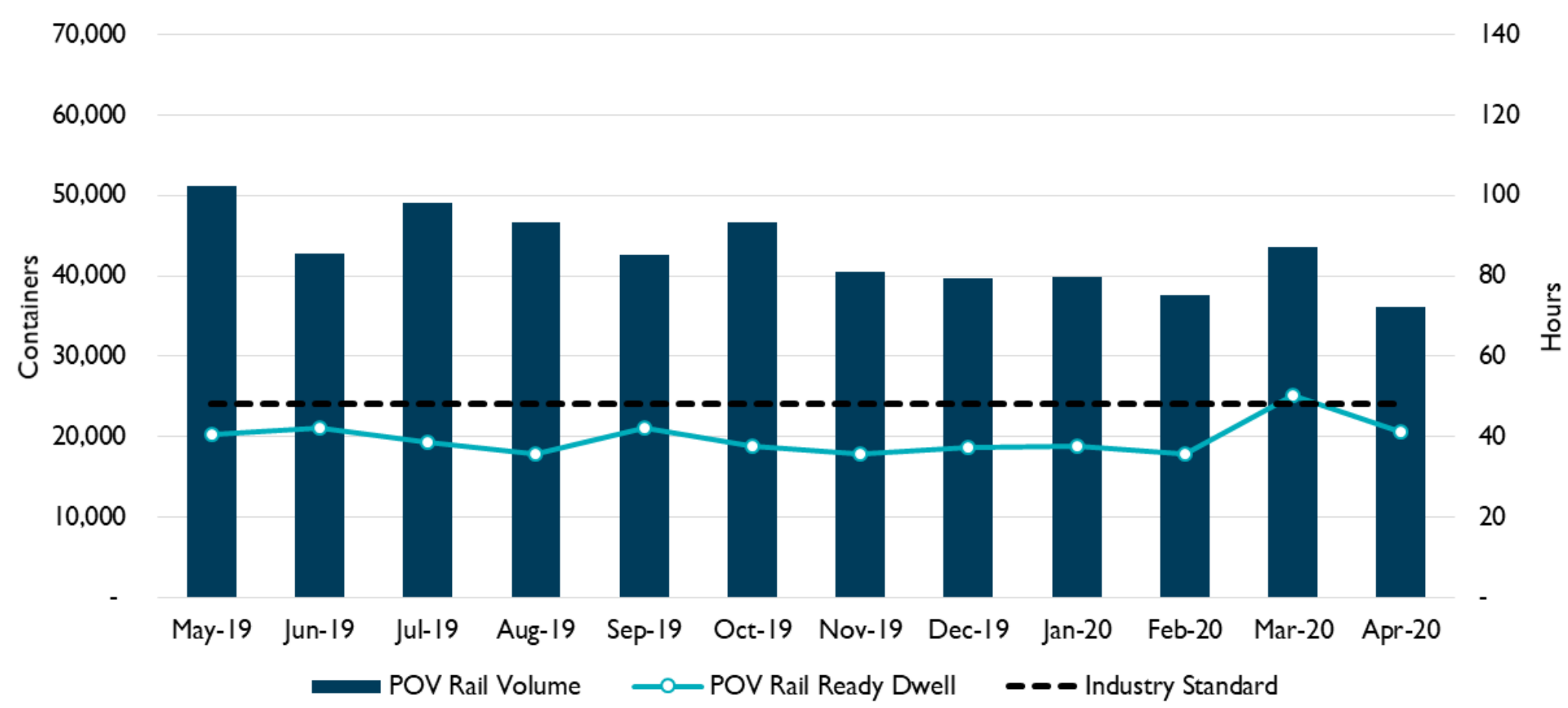
POV OSHA LOST WORK DAY RATE



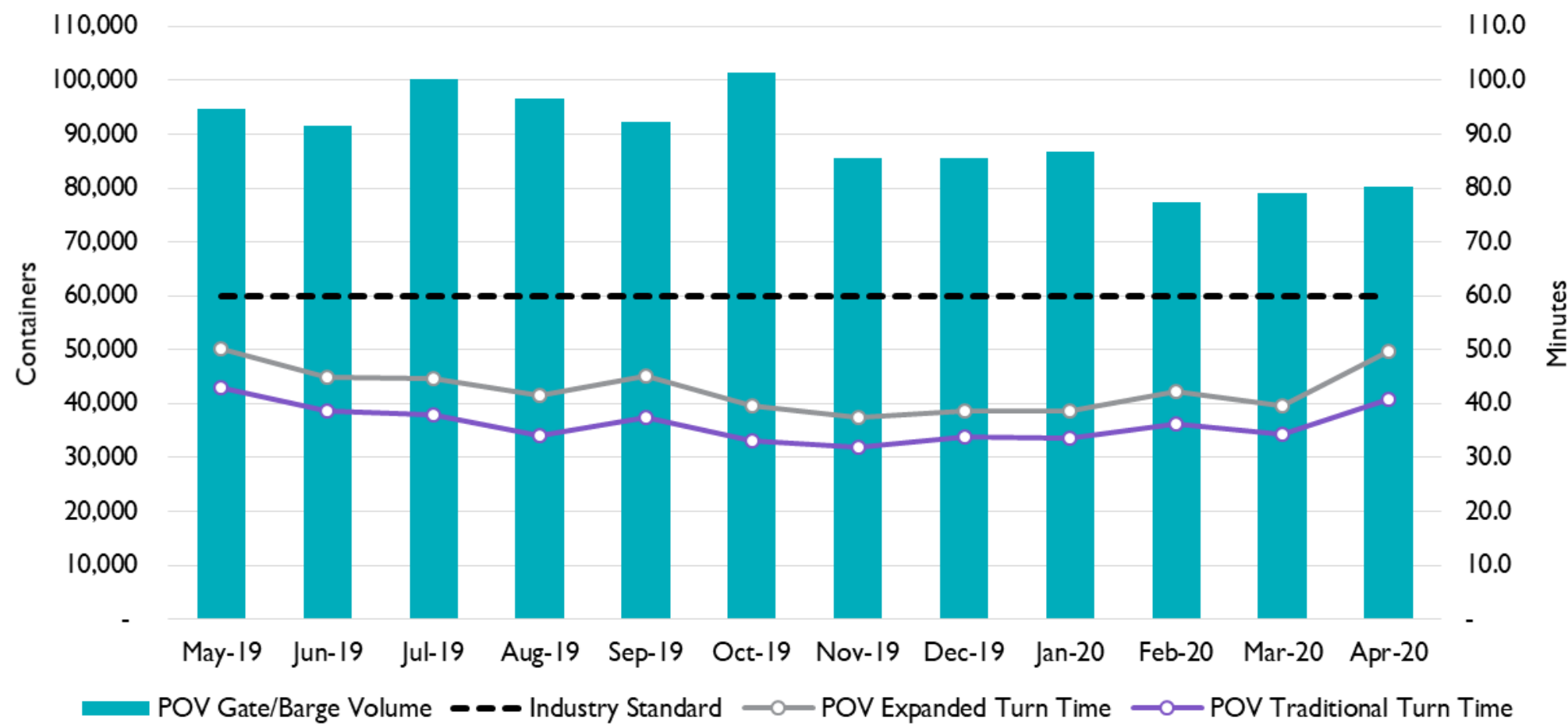
POV RAIL VS GATE/BARGE VOLUME



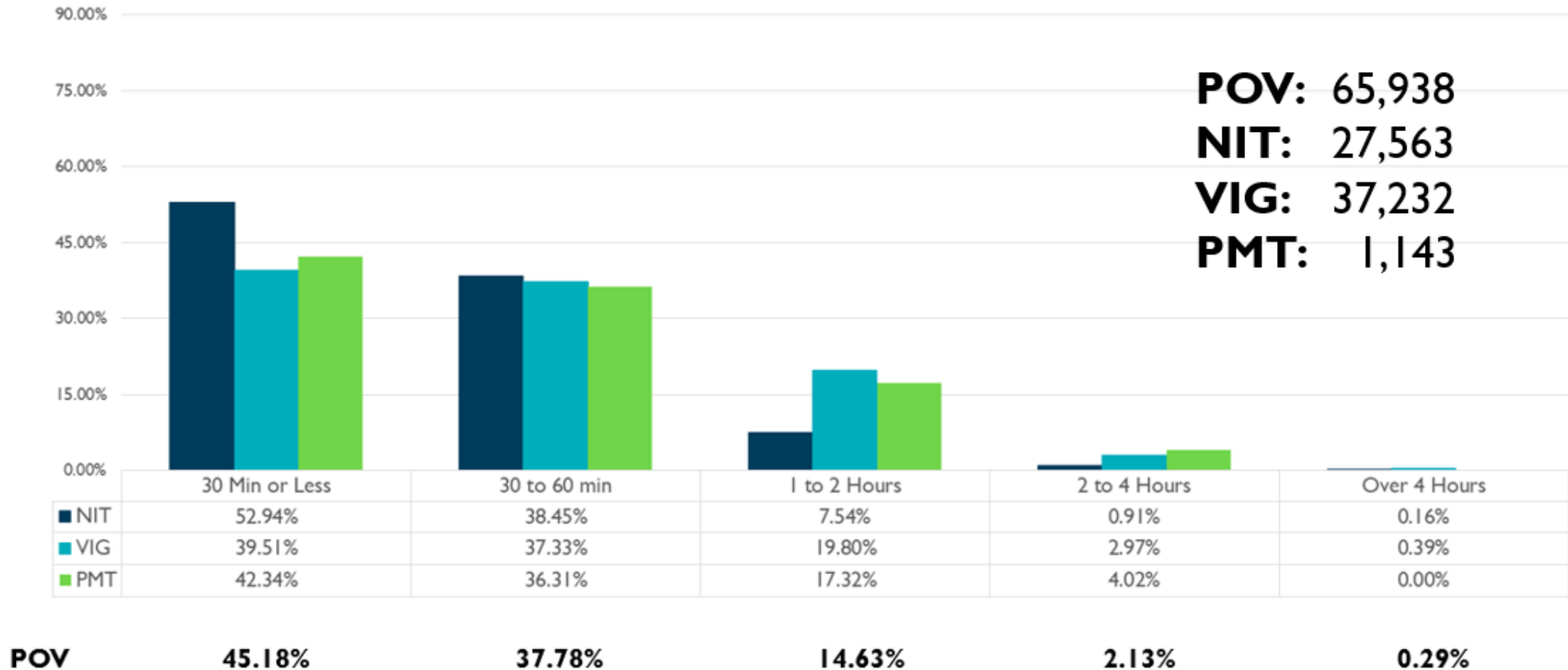
POV RAIL VOLUME



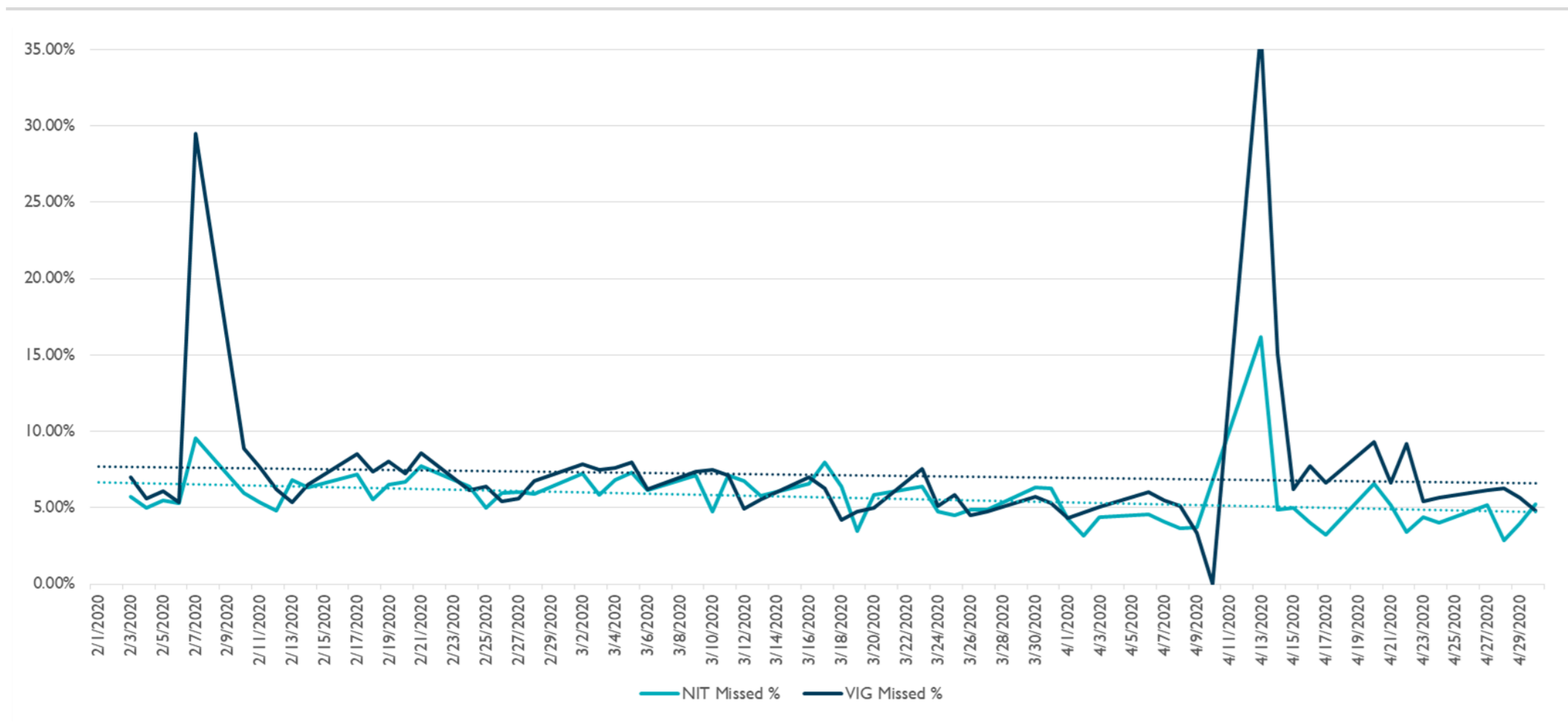
POV GATE TURN TIMES



TRADITIONAL TURN TIME – APR 2020



MISSED RESERVATIONS



SALES REPORT

Tom Capozzi
Chief Sales Officer

POV VOLUMES FYTD 2020

	FY 2019	FY 2020	Change	% Change
Total TEUs	2,438,633	2,345,118	(93,515)	-3.8%
Export Loaded TEUs	797,987	794,334	(3,653)	-0.5%
Export Empty TEUs	483,248	431,665	(51,584)	-10.7%
Import Loaded TEUs	1,139,033	1,098,589	(40,444)	-3.6%
Import Empty TEUs	18,365	20,531	2,166	11.8%
Total Containers	1,371,102	1,307,731	(63,371)	-4.6%
General Cargo Tonnage	18,308,319	17,736,050	(572,268)	-3.1%
Container Tonnage	18,163,470	17,617,902	(545,568)	-3.0%
Breakbulk Tonnage	144,849	118,149	(26,700)	-18.4%
Total Rail Containers	471,105	422,335	(48,770)	-10.4%
VIP Containers	33,124	24,800	(8,324)	-25.1%
Total Barge Containers	45,381	50,044	4,663	10.3%
RMT Containers	27,787	34,675	6,888	24.8%
Total Truck Containers	854,616	835,352	(19,264)	-2.3%
Ship Calls	1,320	1,226	(94)	-7.1%
Vehicle Units	20,011	16,647	(3,364)	-16.8%

WEBINARS AND VIDEO CONFERENCES

PARTICIPATED IN

30+

AS A CONTRIBUTOR



JOINED

130+

AS AN ATTENDEE

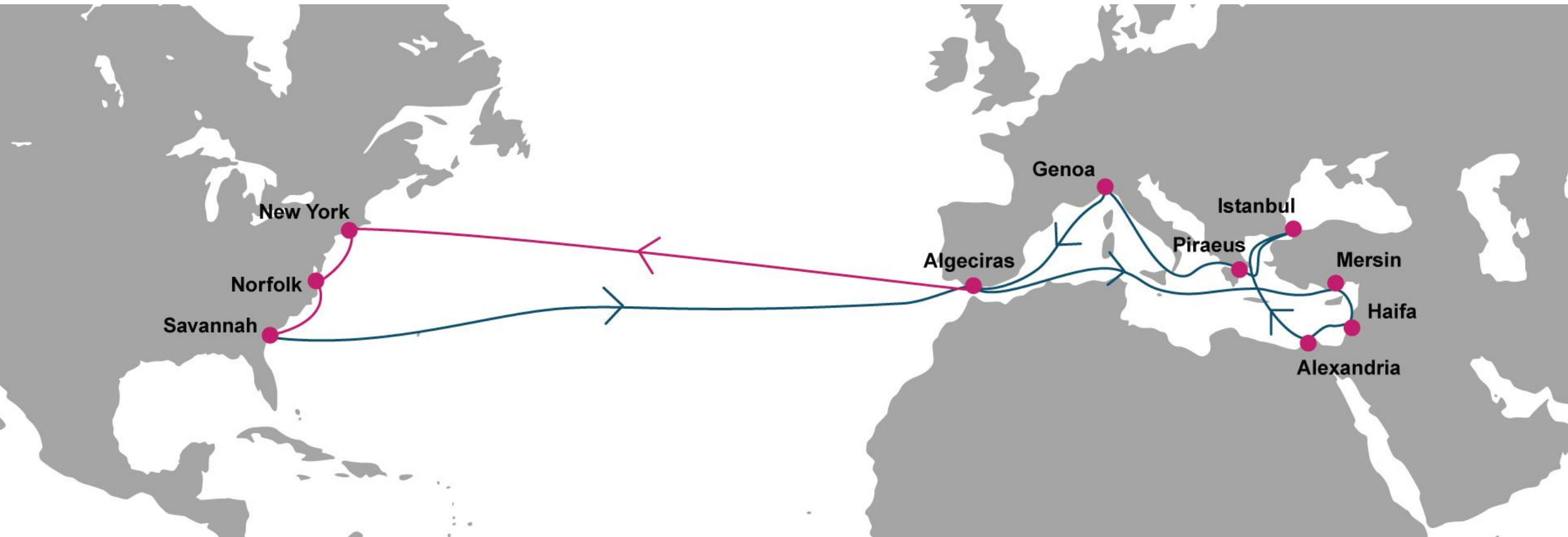
VOID SAILING EFFECTS



POV		
Month	# Blanks	Avg Container Volume
April	8	11,596
May	23	31,984
June	14	19,076
July	12	21,372
Total	57	84,028

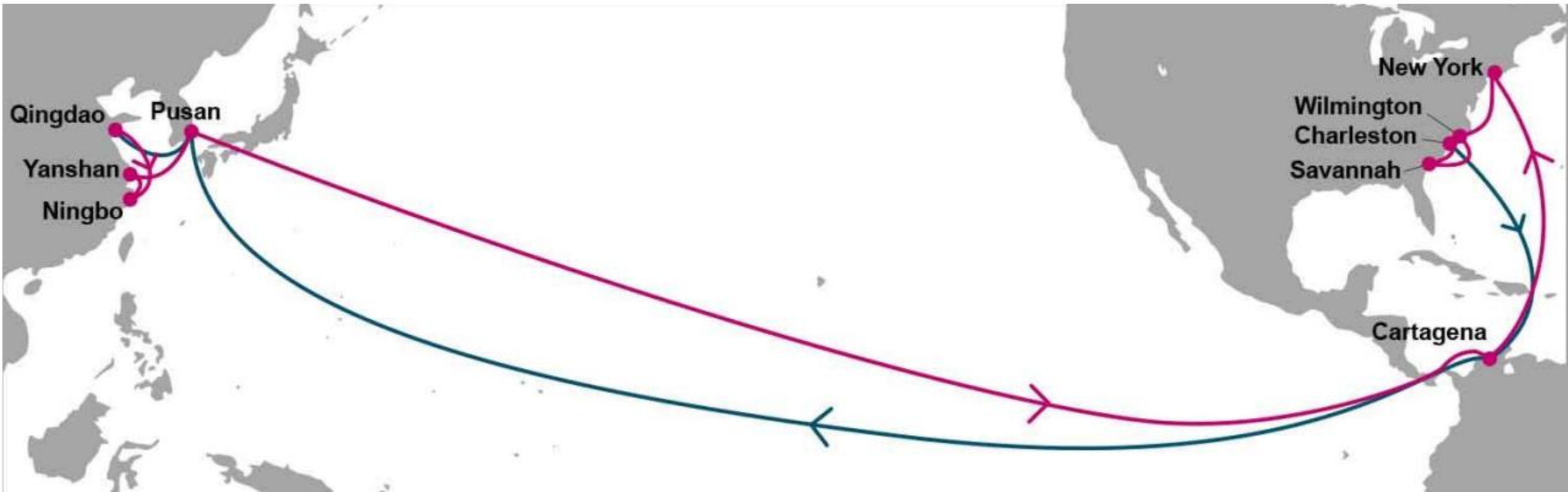
NEW WEEKLY SERVICE – EMA

Connecting Mediterranean with US East Coast



NEW WEEKLY SERVICE – EC2

THE Alliance will add Norfolk call on their Asia/USEC EC2 service during EC3 service suspension period.



*Map of current port rotation

Questions?

DEVELOPMENT AND GOVERNMENT AFFAIRS REPORT

Cathie Vick

Chief Development and Government Affairs Officer

NORFOLK HARBOR & CHANNELS DEEPENING

Updated Schedule

	CY2019		CY2020	CY2021		CY2022	CY2023		CY2024	CY2025	
	Fed FY2019	Fed FY2020	Fed FY2021	Fed FY2022	Fed FY2023	Fed FY2024	Fed FY2025	Fed FY2026			
Project Segment	VPA FY2019	VPA FY2020	VPA FY2021	VPA FY2022	VPA FY2023	VPA FY2024	VPA FY2025	VPA FY2026			
PED/DDC											
TSC-W											
Meeting Area #1											
CBBT											
TSC-E											
Meeting Area #2											
AOC											
Norfolk Harbor											
Anchorage F											
Newport News Channel											
Non-Fed. Berthing (NIT)											

- Engineering
- Hopper Dredging Projects
- Hydraulic Dredging Projects
- Other Construction (VPA)

Construction Metrics:

- **Monthly Earned Value: 8.0%**
Contract value: \$ 78.6M
Invoiced amount to date: \$ 6.3M (thru Mar 31)
Cost Growth: \$ 0
- **Project Timeline: 17.6% (Day 182 /1,035)**
Time Growth: 0 Days

- **Est. Volume Dredged: 8.9%**
Total Est. Pay Volume: 5,233,000 CY
Est. Pay Vol Dredged to Date: 463,174 CY
Total Est. Vol Dredged to Date: 541,387 CY

Contract
Weeks Marine, Inc.
NTP: October 31, 2019
Dredge Start: Dec 15, 2019
Substantial Completion: Aug 30, 2022

TSC-W Dredging Production and Estimates

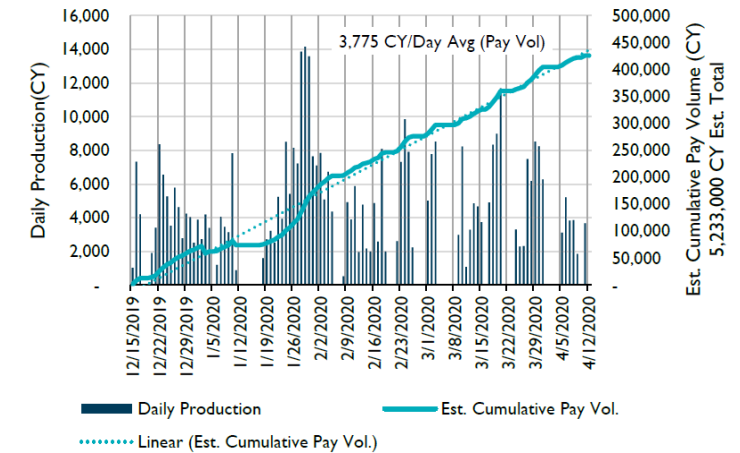
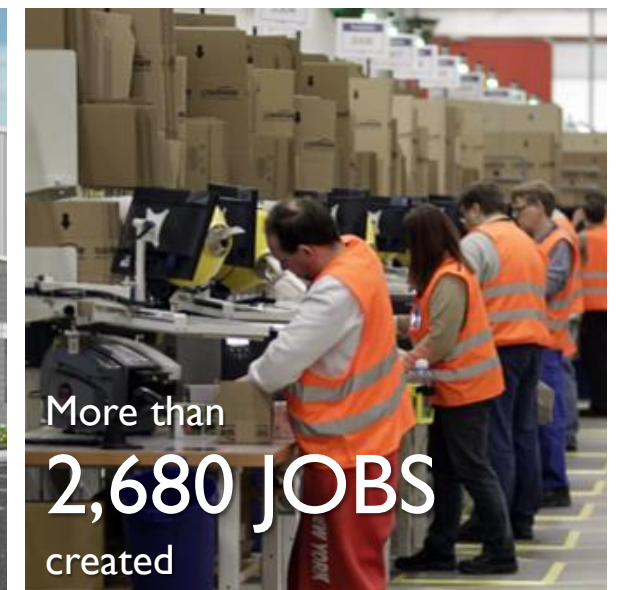


Photo: Weeks 506 dredging

CATALYSTS FOR COMMERCE: CYTD 2020



AID TO LOCAL PORTS FY21

City/County	Total Project Cost	Amount Requested	Proposed Allocation	Carryover Request
Accomack: Quinby Harbor - partial bulkhead & dock replacement	\$340,000.00	\$ 172,500.00	\$ 172,500.00	\$ 82,500.00
Accomack: Greenbackville - pier and wave curtain replacement				\$ 239,958.00
Cape Charles: Inner harbor rehabilitation	\$118,500.00	\$ 88,850.00	\$ 88,850.00	\$ -
Chincoteague: Curtis Merritt Harbor of Refuge Improvement Project	\$146,756.00	\$ 110,067.00	\$ 110,067.00	\$ -
City of Hampton: Seafood Initiative				\$ 50,000.00
City of Newport News: SIP South Barge Fender Modification	\$ 675,344.00	\$ 506,508.00	\$ 506,508.00	\$ 150,000.00
Northampton: Kayak launches @ Morley's Wharf and Wise Point; restroom upgrades @ Oyster Harbor	65,000.00	\$ 48,750.00	\$ 48,750.00	\$ -
Onancock: Boat Ramp Replacement	\$ 224,900.00	\$ 54,862.00	\$ 54,862.00	\$ 111,564.97
City of Richmond: Capital Region Land Conservancy	\$ 6,550,000.00	\$ 500,000.00	\$ -	\$ 81,848.00
Saxis: Replacement of bulkhead/finger piers				\$ 35,445.00
City of Suffolk: Constance Wharf North Park	\$ 692,815.00	\$ 198,000.00	\$ -	\$ -
Tangier: Repairs to county dock/bulkhead				\$ 57,925.00
Wachapreague: repairs to town marina	\$ 12,000.00	\$ 9,000.00	\$ 9,000.00	\$ -
TOTALS	\$ 8,825,315.00	\$ 1,688,537.00	\$ 990,537.00	\$ 809,240.97

NEW ALP PROJECTS FY21



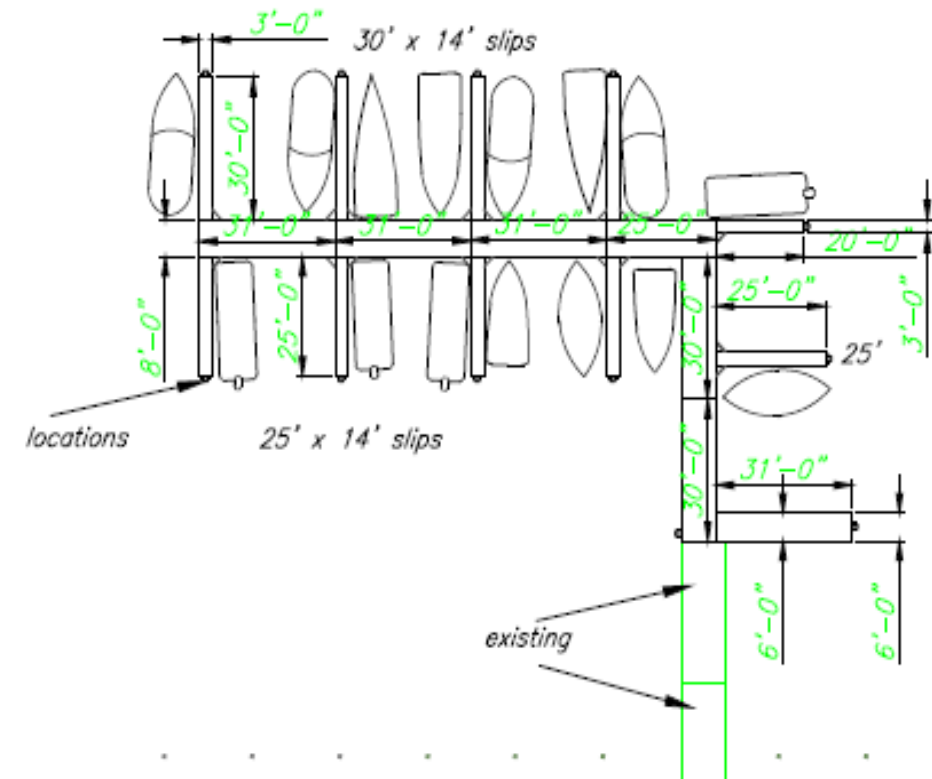
FY21 NEW ALP PROJECTS

Cape Charles – Inner Harbor Rehabilitation: Phase IV



FY21 NEW ALP PROJECTS

Town of Chincoteague – Curtis Merritt Harbor of Refuge Improvement Project



COMPLETED ALP PROJECT: Cape Charles In-shore Breakwater



COMPLETED ALP PROJECT: Town of Chincoteague



WATERWAY MAINTENANCE FUND FY21

City/County	Amount Requested	Proposed Allocation
Accomack: Wachapreague Channel Dredging	\$ 307,000.00	\$ 307,000.00
Folly Creek Assessment Project		
Gloucester: Pre-planning for Future Dredging of Cedarbush Creek	\$ 175,000.00	\$ 175,000.00
Mathews: Pre-planning for Future Dredging of Winter Harbor	\$ 150,000.00	\$ 150,000.00
Middlesex: Pre-planning for Future Dredging of Parrots Creek	\$ 150,000.00	\$ 150,000.00
Northampton: Red Bank Creek	\$ 326,000.00	\$ 326,000.00
Nassawadox Creek		
Hungars Creek		
Middle Peninsula Chesapeake Bay Public Access Authority: Local Government Business Dredging Implementation Plan	\$ 297,000.00	\$ 297,000.00
TOTALS	\$ 1,405,000.00	\$ 1,405,000.00

NEW WMF PROJECTS FY21



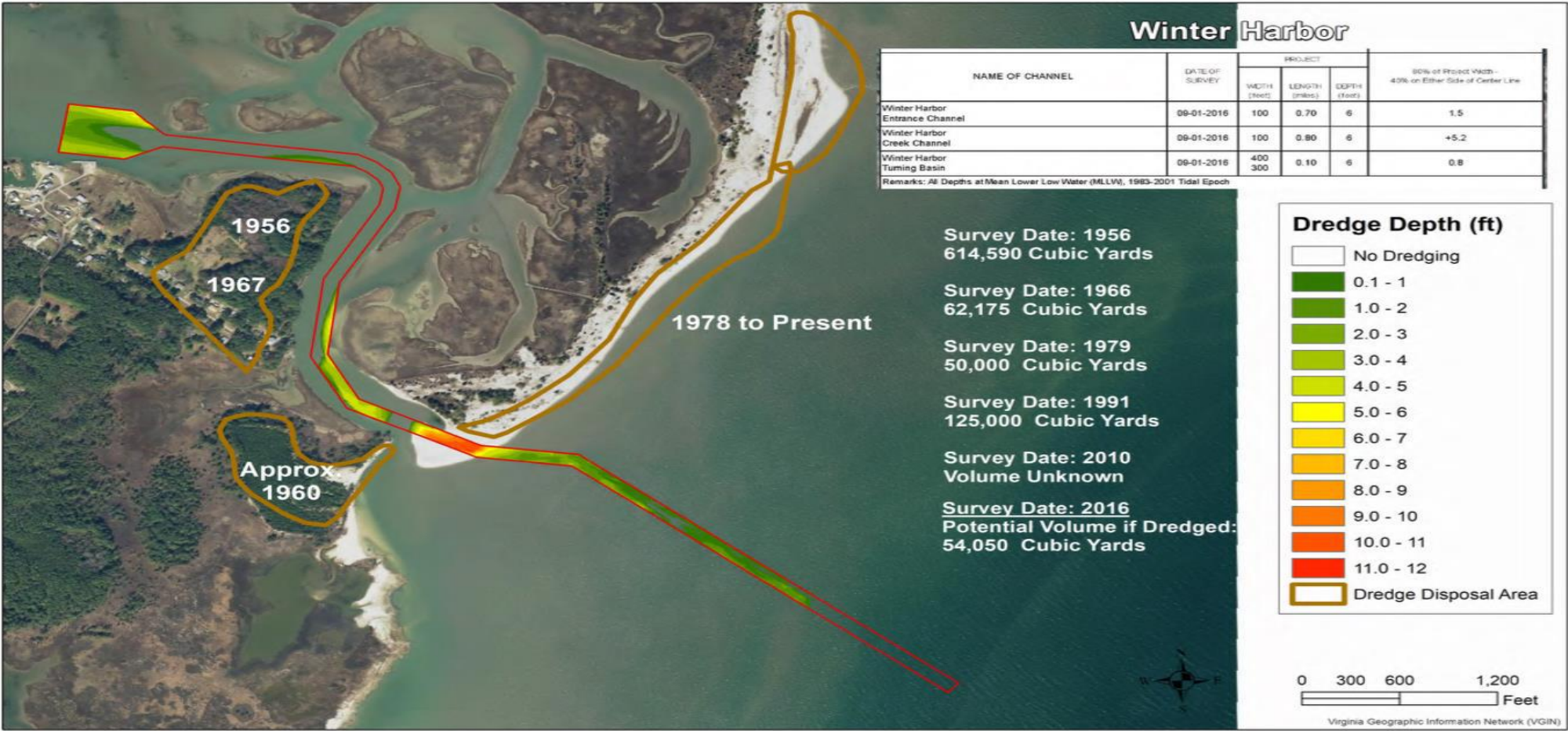
FY21 NEW WMF PROJECTS

Accomack County: Wachapreague Channel Dredging



FY21 NEW WMF PROJECTS

Mathews: Winter Harbor



Questions?

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- Report by CEO & Executive Director – John F. Reinhart
 - Unfinished Business
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