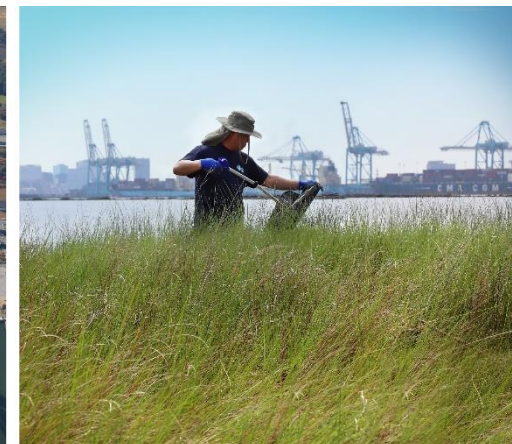
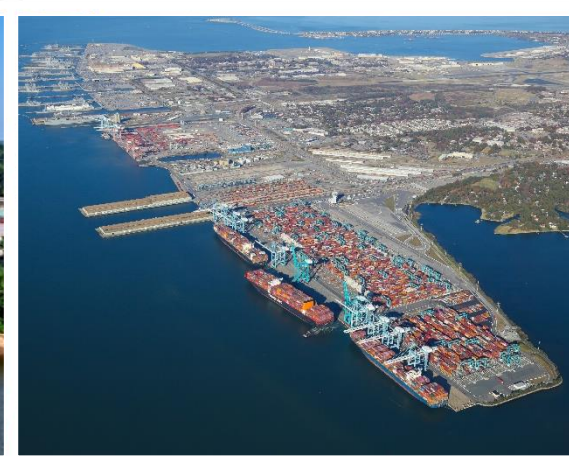




Virginia Port Authority Board of Commissioners Regular Meeting

Session 413

May 9, 2023



Agenda



Approval of Minutes



Opportunity for Public Comment



Committee Reports



CEO / Executive Director Report



Other Business and Adjournment



Executive Committee Report

Chair Layne



Investment Committee Report

Chair Layne



Acquisition of Civil Works at NIT North (Stack Yard)



Acquisition of Low Profile Ship to Shore Cranes



Acquisition of Automated Stacking Cranes

July 11, 2023

VPA Board of Commissioners
Annual Meeting and Regular Public Meeting



Finance and Audit Committee Report

Committee Chair Burnett

FY24 Budget

Rodney W. Oliver, Chief Financial Officer

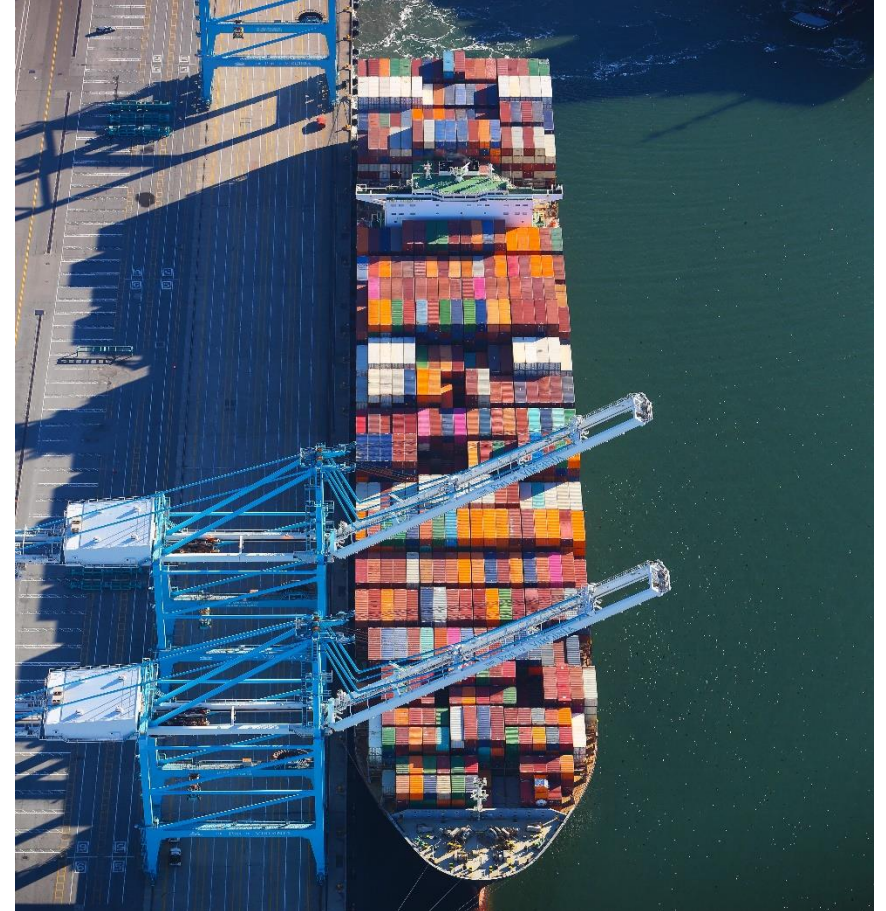


**FY24 Budget
May 9, 2023**

Agenda



- Key Assumptions
- Economic Outlook and Volume
- Capital Budget
- Financial and Operating Highlights
- Debt Service Coverage
- Summary



Budget Assumptions



Global

- CPI:
 - VIG – 5.0%
 - Other – 4.0%
- Labor Rate – 3.6%
- Revenue SOR – 3.8%
- Personnel Costs:
 - Merit + Promotion – 5.0% + 1.0%
 - Incentive Compensation – 100%
 - Vacancy – 5.0%

Terminal Operations

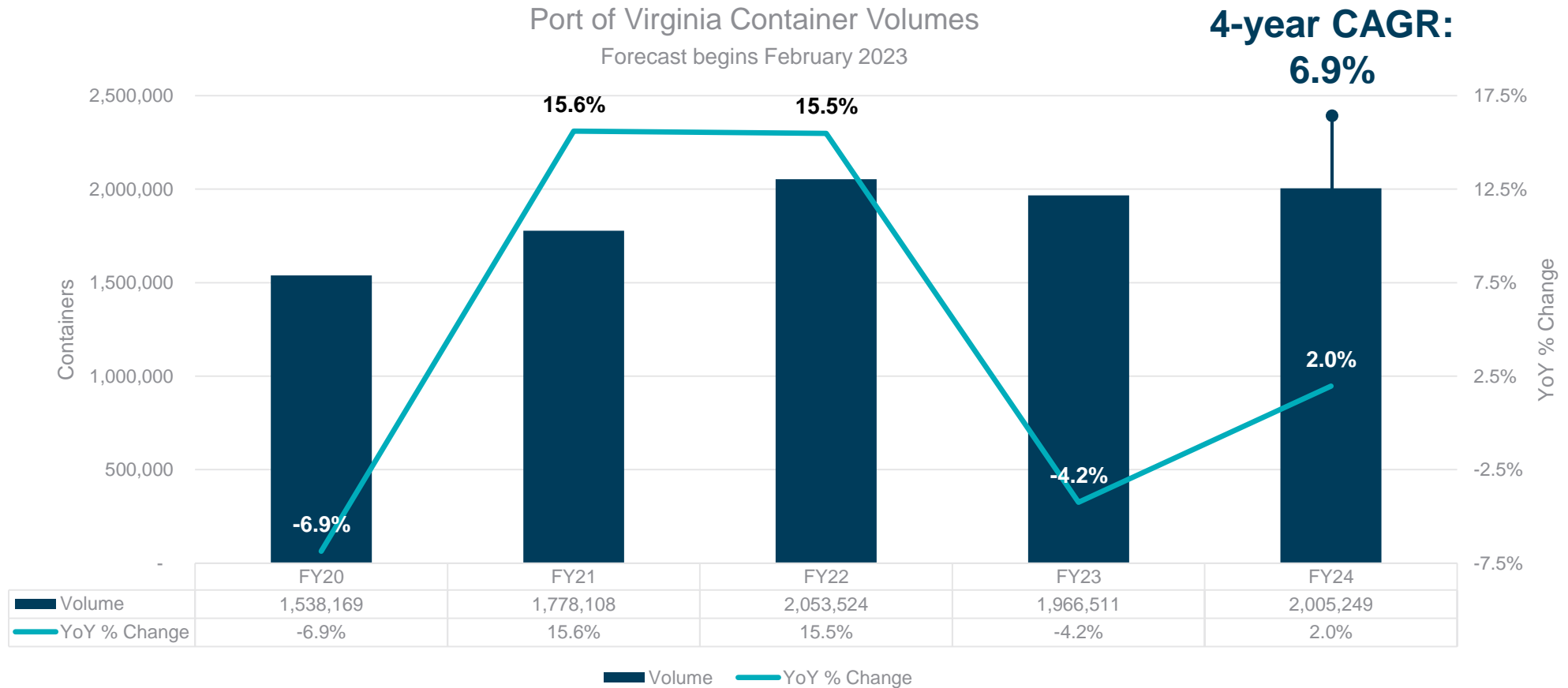
- Volume Growth = 2.0%
- Shipline Contracts renewed at Avg. CUR + SOR
- LCS based on dwells returning to pre-pandemic levels
- CRY Expansion fully operational beginning in April '24
- CVOW Operations based on delivery schedule
- Avg. Chassis Fleet Size of 18,757 and 70% utilization

Macroeconomic and Industry Conditions



	POV Impact	Expected Trend
US Economic Slowdown		
Inflation		
Consumer Spending on Goods		
Geopolitical Tensions		
Normalization of Supply Chains – East Coast		
Normalization of Supply Chains – West Coast		
Sourcing Diversification & Supply Chain Resiliency		

Container Volumes Normalizing



Confidential proprietary information and data pursuant to §2.2-3705.6(1) and §62.1-132.4 of The Virginia Freedom of Information Act

Highlights



	2023 FORECAST*	2024 BUDGET	
FOR THE YEAR (USD in millions)			YoY %
Container Volume	1,966,447	2,005,248	▲ 2.0%
Operating Revenues	\$ 827.2	\$ 795.1	▼ 3.9%
Operating Income	\$ 168.9	\$ 104.8	▼ 37.9%
AT YEAR END			
Net Position	\$1,396.8	\$1,659.6	
Residual Fund & Operating Cash	\$ 708.5	\$ 698.4	
Days Cash on Hand	397 days	343 days	
FINANCIAL RATIOS			
EBITDA	\$ 368.9	\$ 310.0	
EBITDA Margin	44.6%	39.0%	
Agg Net Revenue Coverage (1.1x test)	3.21	2.41	

* Forecasted data beginning with February 2023

Confidential proprietary information and data pursuant to §2.2-3705.6(1) and §62.1-132.4 of The Virginia Freedom of Information Act

Capital Budget

Summary by Asset Type

NNIT Optimization	\$144,680
Container Handling Equipment	66,462
Improvements to Facilities	27,665
SW Virginia Inland Port Design	10,000
CRY Expansion – Equipment	9,200
Vehicle Replacement	9,155
CVOW Operating Equipment	5,395
IT and Other	5,568

TOTAL **\$278,125**

Summary by Funding Source

PAYGO Funds	\$248,700
Special Appropriation	10,000
VIT	15,000
Federal/ State Grants	4,425

TOTAL **\$278,125**

Exceeding our bond requirements



Ratio	Minimum Requirement	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Forecast	FY2024 Budget
Aggregate Net Revenue Coverage	1.10	1.29	2.23	3.93	3.21	2.41
Aggregate Adjusted Net Revenue Coverage	1.25	1.48	2.38	4.08	3.37	2.57
Net Revenue Coverage	1.00	1.20	2.14	3.84	3.13	2.33
Fixed Obligation Coverage	1.00	1.22	2.02	3.57	2.80	2.19

Summary



- Continued volume growth despite continuing economic pressure
- Strong operating and cash flow results
- Continuing capital investments targeted at capacity and efficiency improvements
- Continued strong debt service coverage ratios



Questions / Comments

Financial Results for FY23 YTD Ending March 31, 2023

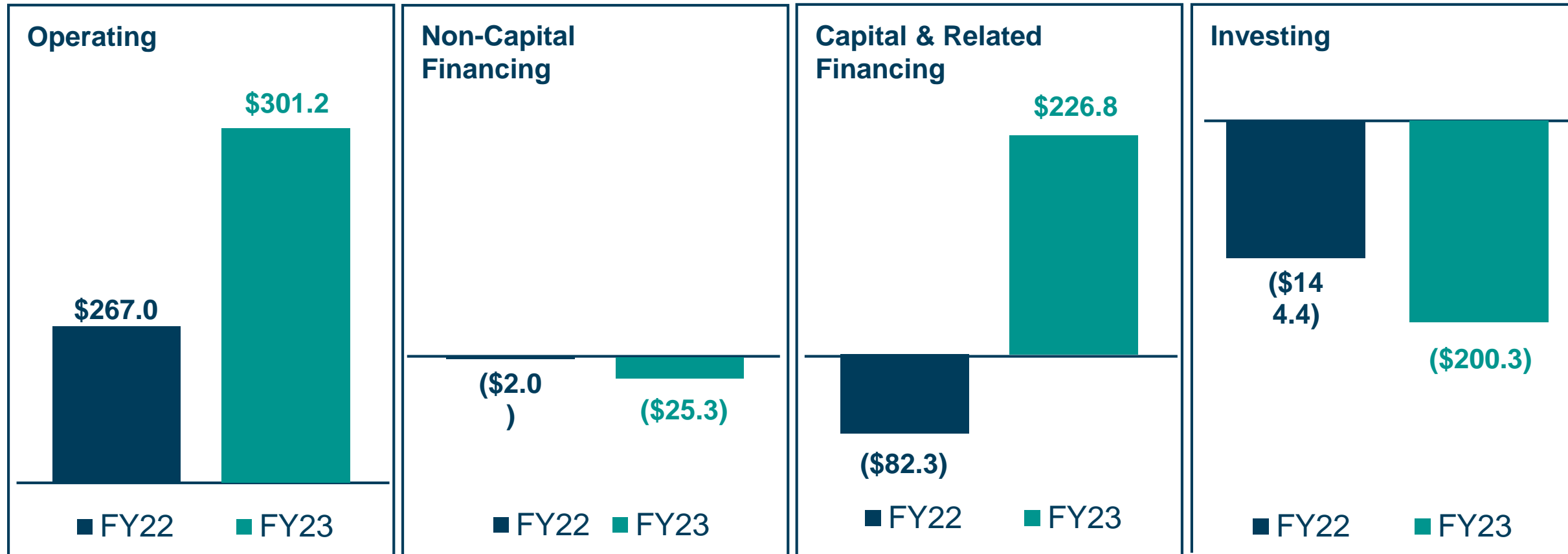
Rodney W. Oliver, Chief Financial Officer

Fiscal Year 2023 YTD Highlights



July - March	Budget	Actual	Fav. (Unfav.) Change	Fav. (Unfav.) % Change
Volume	1,531,407	1,468,395	(63,012)	(4.1%)
Operating Revenues	\$597.4m	\$637.2m	\$39.8m	6.7%
Operating Expenses	\$488.6m	\$485.6m	\$3.0m	0.6%
Operating Income	\$108.8m	\$151.6m	\$42.8m	39.4%
EBITDA	\$256.7m	\$299.9m	\$43.2m	16.8%

Cash Flow FY22 YTD vs. FY23 YTD – USD millions



Capital & Related Financing – USD millions



	FY22 YTD	FY23 YTD
CPF contribution	\$ 44.7	\$ 38.9
Acquisition of capital assets	(25.3)	(109.6)
Transfer from primary government	28.1	335.4
VIG lease payments	(71.4)	(78.0)
Other lease payments	(16.5)	(22.3)
Principal paid on long-term debt	(25.5)	(25.0)
Interest paid on long-term debt	(21.1)	(19.1)
Net transfers from agencies	3.9	36.4
Net transfers – offshore wind	-	70.0
Other	0.8	0.1
Total	(\$82.3)	\$226.8

Approval Requests

Rodney W. Oliver, Chief Financial Officer

Resolution 23-05 Approving the Fiscal Year 2024 Annual Consolidated Budget

Resolution 23-06 Authorizing Aid to Local Ports Funding (FY24)

Resolution 23-07 Authorizing Waterway Maintenance Grant Funding (FY24)

Resolution 23-08 Authorizing South NIT STS Replacement Power Project

Resolution 23-09 Authorizing Option for Acquisition of STS Cranes



Operations and Infrastructure Committee Report

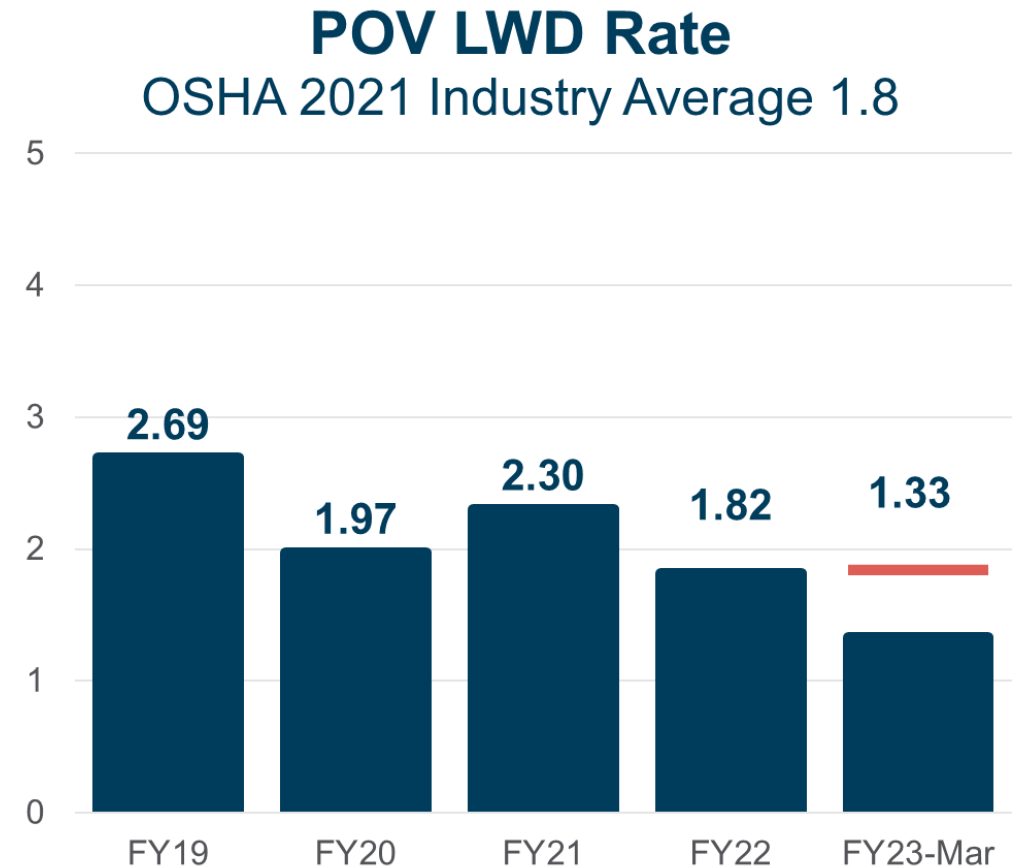
Committee Chair Waters

Safety Dashboard

Joe Ruddy, Chief Operations Officer, VIT

As of March 31st the POV FY23 Lost Work Day (LWD) rate of **1.33** is:

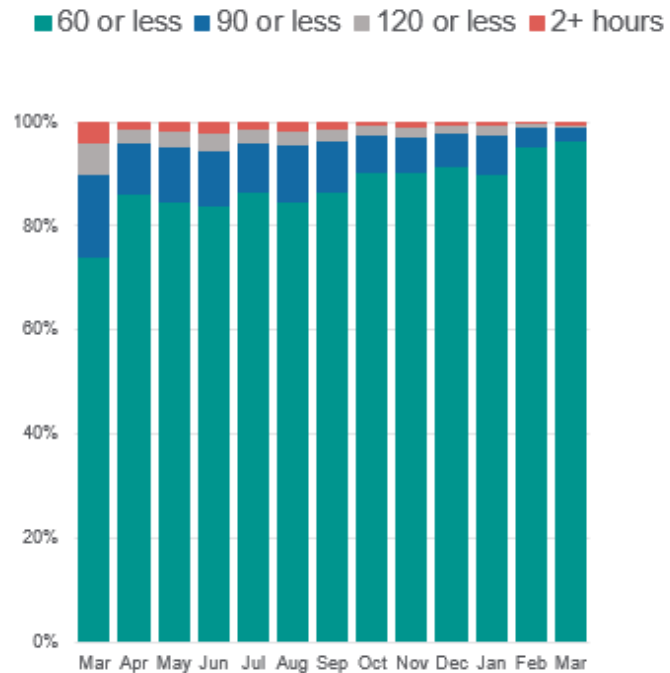
- 26.9% decrease from FY22
- 42.2% decrease from FY21
- FY23 year end goal is 1.8



Operations Dashboard

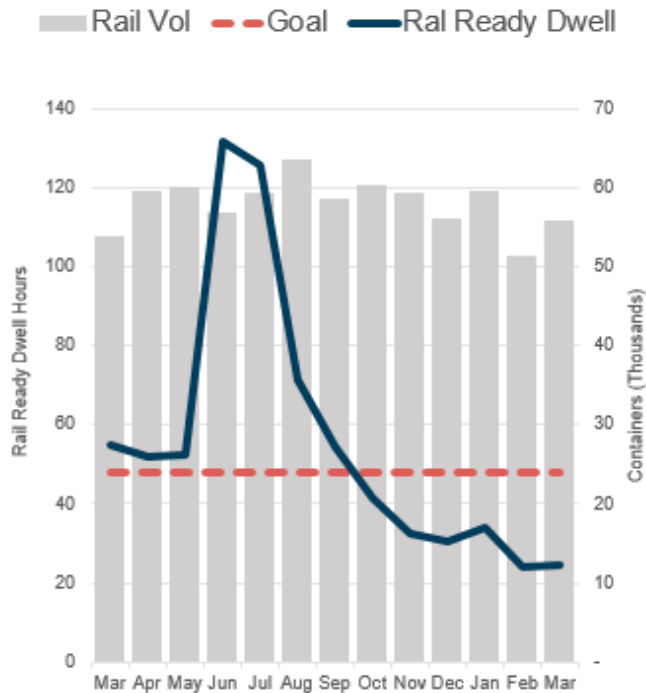
Joe Ruddy, Chief Operations Officer, VIT

Gate Performance



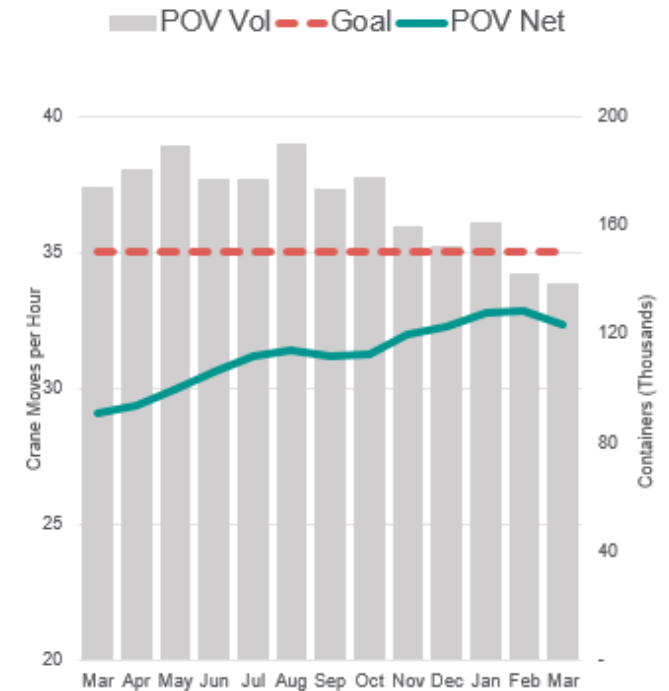
72,446 truck visits, 96.3% under 1 hour
0.4% or 275 truck visits over 2 hours
Turn Time: 27.7 min traditional
and 31.7 min expanded

Rail Performance



55,649 rail containers, up 3.7% YOY
Rail Ready Dwell: 24.8 hours

Net Productivity



Net Productivity: 32.3 crane moves per hour, 11.1% higher than in 2022

Infrastructure Projects Update

Cathie J. Vick, Chief Development and Public Affairs Officer

Infrastructure Projects Dashboard



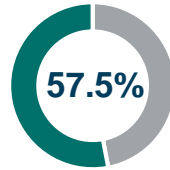
NIT Central Rail Yard (CRY) Expansion

Design



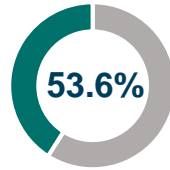
Complete

Construction



In Progress

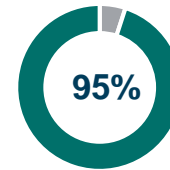
Overall



In Progress

North NIT Optimization

Design

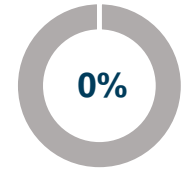


In Progress

Construction



Overall



In Progress

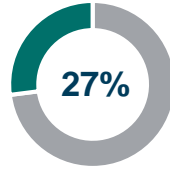
PMT Offshore Wind Staging Port

Design



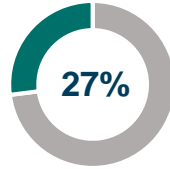
Land design complete Mar 22
Dredging design complete Apr 23

Construction



In Progress

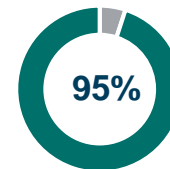
Overall



In Progress

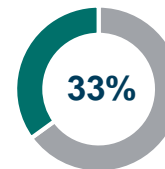
Channel Deepening and Widening

Design



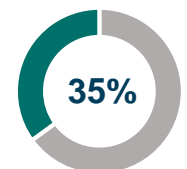
In Progress

Construction



In Progress

Overall



In Progress



Growth Committee Report

Committee Chair Asbury

Sales and Volume Report

Tom Capozzi, Chief Sales and Marketing Officer, VIT

Volumes: Two Previous Months Comparison



	Feb - Mar 2023	Feb - Mar 2022	Change	% Change
Total TEUs	505,781	610,899	(105,118)	(17.2%)
Export Loaded TEUs	196,872	184,385	12,487	6.8%
Export Empty TEUs	86,041	125,652	(39,610)	(31.5%)
Import Loaded TEUs	214,123	292,408	(78,284)	(26.8%)
Total Rail Containers	106,934	104,360	2,574	2.5%
VIP Containers	4,317	3,729	588	15.8%
Total Barge Containers	12,989	14,507	(1,518)	(10.5%)
RMT Containers	6,849	6,750	99	1.5%
Total Truck Containers	159,965	217,553	(57,588)	(26.5%)
Non-Containerized Tonnage	17,058	31,568	(14,510)	(46.0%)
Vessel Calls	270	228	42	18.4%

USEC Ports Market Comparison



	FY 2023	FY 2022	Change	% Change
New York / New Jersey	3,747,523	3,993,486	(245,963)	(6.2%)
Savannah	2,744,609	2,745,364	(755)	(0.03%)
The Port of Virginia	1,821,872	1,824,446	(2,574)	(0.1%)
Charleston	1,315,218	1,416,599	(101,381)	(7.2%)

*Source: Reported Actuals – Loaded TEUs

*Fiscal period included: July through February



CEO/Executive Director Report

Stephen Edwards, CEO/Executive Director



Other Business

Chair Layne



Virginia Port Authority Board of Commissioners

Thank You

