



COMMONWEALTH of VIRGINIA
Office of the
SECRETARY of TRANSPORTATION

Update on the Port of Virginia

Barbara Reese
Deputy Secretary of Transportation
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Port of Virginia Includes

Virginia Port Authority Facilities:

Norfolk International Terminal (NIT)

Portsmouth Marine Terminal (PMT)

Newport News Marine Terminal (NNMT)

Virginia Inland Port

APM Terminal located in Portsmouth, Virginia – a privately operated port which opened in 2007

Virginia Port Authority Facilities



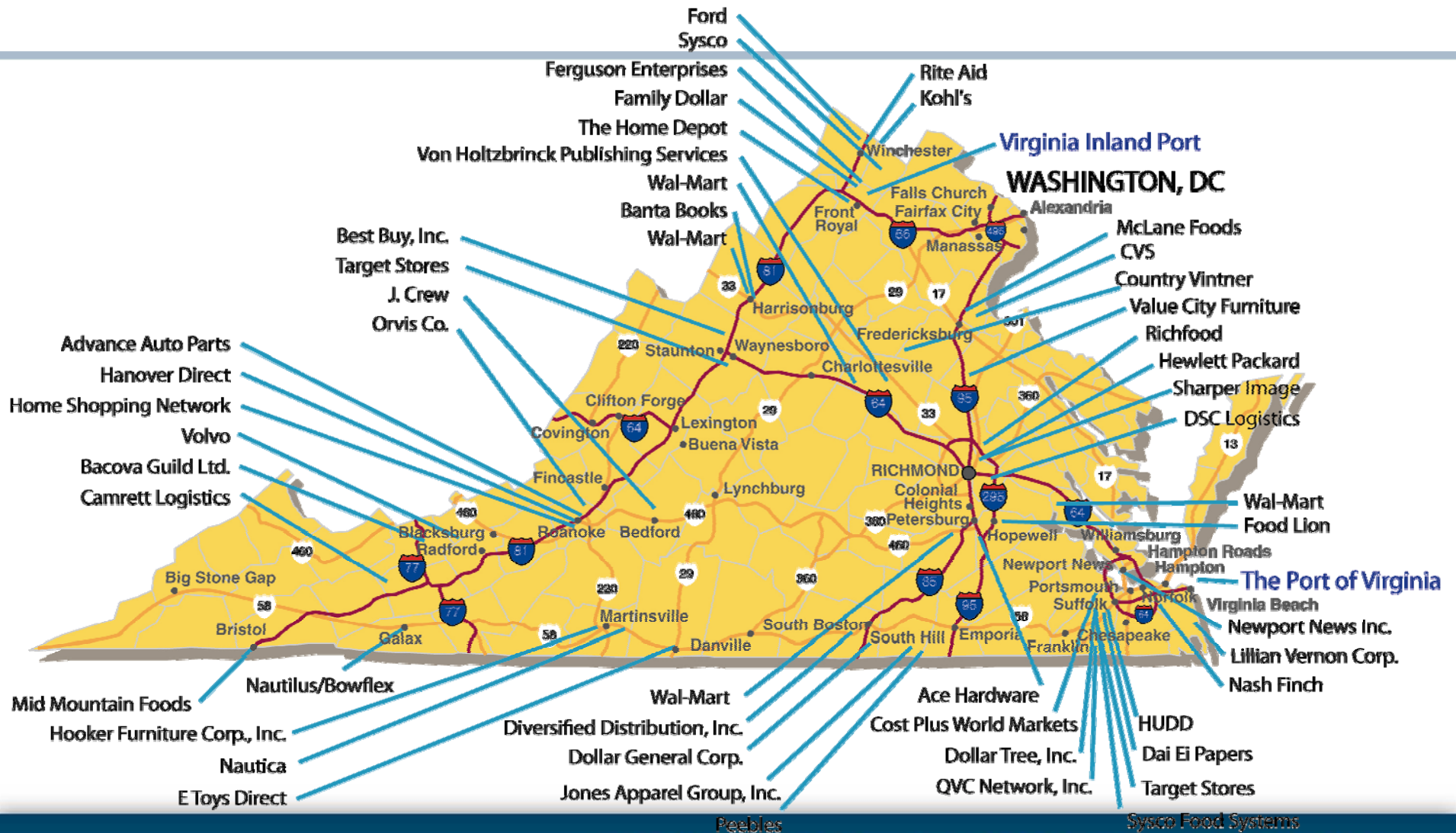
The Impact of the VPA

- **The direct operations of the Port have a significant impact on the economy of Hampton Roads region and Shenandoah Valley**
 - Since 1996, port-related warehousing and distribution investment has increased by more than \$415 million and employed more than 12,000 people
 - For the Inland Port, 24 warehousing and distribution centers with a total income of close to \$600 million and more than 7,000 employees have established businesses
- **However, the port operation is just one part of the import/export supply chain and the economic spin-off is significant**
 - Economic development successes such as Rolls Royce and Ikea point to the port as a deciding factor

The Port's Strong Economic Benefit to the Commonwealth

- For FY 2006, the direct economic benefit of the VPA according to the College of William & Mary School of Business are:
 - Revenue/Sales - \$18.5 billion
 - Employee Compensation - \$5 billion
 - Employees – 147,645
- When the total impact (direct, indirect, and induced) are included the economic benefit grows to
 - Revenue/sales - \$41.1 billion
 - Employees – 343,001
 - Employee Compensation - \$13.5 billion
- The estimated tax benefit from these benefits totals \$1.2 billion

Selected Distribution Facilities Located in Virginia



Elements of Future Growth

- **Natural growth will occur at the Port, in 2007, 3-5% in containers**
- **More than 80% of customers have signed long-term volume commitments**
- **By 2015, the Panama Canal expansion project will be completed allowing additional transits and larger ships to use the Canal for freight cargo**
- **By 2020, based on current container growth projections, the Port of New York/New Jersey effectively will have filled its capacity with limited ability to expand or make operational improvements**

With Growth Comes Challenges

- Rail by freight experienced double digit growth in 2007
- The Route 164 Rail Relocation Project is one component of the Heartland Corridor Project which will improve freight operations
 - Construction of the \$60 million project is underway and will finish in December 2009; financed with \$40 million in one-time GF, federal earmark, and Rail Enhancement Funds
 - Eliminates 14 at-grade crossings of the existing rail line in Chesapeake and Portsmouth
- I-81 and I-95 Rail are also critical to freight movement – agreements have been signed

With Growth Comes Challenges

- **The largest question is whether the surface transportation system – highway and rail – can support the movement of freight**
 - **Known needed improvements in Hampton Roads will cost at least \$10 billion**
 - **Known projects include improvements to Hampton Boulevard in Norfolk; I-664, Craney Island Connector, Route 460, Route 58, I-64**
 - **For Rail, elimination of rail crossings in Suffolk**
 - **Rail connections to intermodal facilities**
 - **No consensus or plan on how to priorities needs**

Craney Island as the Fourth VPA Terminal

- **There are two components to the development of Craney Island as a port terminal**
- **First, the existing Corps of Engineers dredged material disposal area must be expanded eastward**
 - **The estimated cost of this expansion is \$712 million**
 - **Congress has authorized this expansion and okayed a 50/50 funding split; however, no federal funds have been appropriated**
 - **Next projects steps are completing design and utility relocations including US Navy fuel line**
- **Second, the marine terminal and related infrastructure must be constructed by the Commonwealth - \$1.7 billion estimated cost**

Proposed VPA Budget

- **FY 08 - \$81.0 million**
- **FY 09 - \$90.6 million**
- **FY 10 - \$101.3 million**

- **Clarifies use of revenues above budget to meet existing project costs (ex. Craney planning, NIT improvements and Route 164 Rail Relocation)**

- **Authorizes additional debt for port activities (both Commonwealth Port Fund and terminal revenue bonds)**
 - **\$200 million commercial paper program to assist in short-term borrowing**
 - **\$39 million master equipment lease program**
 - **\$93 million for Norfolk International Terminal and Portsmouth Marine Terminal**
 - **\$155 million for Craney Island development**

VPA Existing & Proposed Debt

- **Commonwealth Port Fund (4.2% TTF)**
 - **Current Authorized - \$265 million (\$215 million outstanding)**
 - **Proposed for Craney Island - \$155 million in FY 2010**
- **Terminal Revenue Bonds**
 - **Current Outstanding/Authorized - \$275 million**
 - **Planned - \$332 million, including the commercial paper program**



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