

## AGENDA

### Virginia Port Authority (VPA) Board of Commissioners Special Budget Meeting - Session - 420

Thursday, June 6, 2024 – 11:00 a.m. – 2:00 p.m.

#### Meeting Location:

Virginia Economic Development Partnership (VEDP) Office, 901 E. Cary Street, Suite 700, Richmond, VA 23219

#### **Budget Meeting Attendees**

Aubrey L. Layne	Board Chair
Faith B. Power	Board Vice Chair
Shaza Andersen	Board Commissioner
John C. Asbury	Board Commissioner
James C. Burnett	Board Commissioner
Michael W. Coleman	Board Commissioner
Jason El Koubi	Board Commissioner
Eva Teig Hardy	Board Commissioner
Maurice A. Jones	Board Commissioner
John W. Kirk	Board Commissioner
Edward F. O'Callaghan	Board Commissioner
David L. Richardson	Board Commissioner
Deborah C. Waters	Board Commissioner

#### **Presenters:**

Rodney Oliver	Chief Financial Officer
Kenon Thomas	Director, Financial Reporting & Budget
Nina Malone	Principal Economist

- 1. Call to Order**
- 2. Safety Briefing** – Jason El Koubi, Board Commissioner
- 3. Closed Session**

Motion to convene a closed meeting in accordance with The Virginia Freedom of Information Act, pursuant to the requirements of §2.2-3711(A)(37), and the provisions of §62.1-132.4, to discuss proprietary financial data and information relating to tonnages and cargoes furnished to the VPA in confidence by Virginia International Terminals, LLC (“VIT”) and the Hampton Roads Chassis Pool II, LLC (“HRCP II”); and pursuant to §2.2-3711(A)(6) to discuss the consideration of investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.

- 4. Open Session** – Certification of closed session
- 5. Presentation of the Fiscal Year 2025 Consolidated Budget** - Rodney Oliver, VPA Chief Financial Officer

6. Consideration of Resolution 24-5, VPA Fiscal Year 2025 Consolidated Budget – Rodney Oliver, VPA Chief Financial Officer
7. Opportunity for public comment
8. Adjourn

**CLOSED SESSION LANGUAGE**  
VPA Board Special Budget Session  
Closed Meeting – June 6, 2024

**TO CONVENE CLOSED MEETING:**

“I move that the VPA Board convene a closed meeting in accordance with The Virginia Freedom of Information Act, pursuant to the requirements of §2.2-3711(A)(37), and the provisions of §62.1-132.4, to discuss proprietary financial data and information relating to tonnages and cargoes furnished to the VPA in confidence by Virginia International Terminals, LLC (“VIT”) and the Hampton Roads Chassis Pool II, LLC (“HRCP II”); and pursuant to §2.2-3711(A)(6) to discuss the consideration of investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.”

[Motion] [Second needed] [Voice Vote]

**CERTIFICATION AFTER CLOSED MEETING:**

“I move the following resolution,

Whereas, the VPA Board has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

Whereas, §2.2-3712 of the Code of Virginia requires a certification that such closed meeting was conducted in conformity with Virginia law;

Now, therefore, be it resolved, that the board member certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Committee.”

[Motion] [Second needed] [Roll Call Vote]

**Board Members:**

- \_\_\_ Chair Layne
- \_\_\_ Vice Chair Power
- \_\_\_ Commissioner Andersen
- \_\_\_ Commissioner Asbury
- \_\_\_ Commissioner Burnett
- \_\_\_ Commissioner Coleman
- \_\_\_ Commissioner El Koubi
- \_\_\_ Commissioner Hardy
- \_\_\_ Commissioner Jones

- \_\_\_ Commissioner Kirk
- \_\_\_ Commissioner O'Callaghan
- \_\_\_ Commissioner Richardson
- \_\_\_ Commissioner Waters

**RESOLUTION 24-5**

**APPROVING VIRGINIA PORT AUTHORITY'S  
CONSOLIDATED ANNUAL BUDGET FOR FISCAL YEAR  
ENDING JUNE 30, 2025**

**WHEREAS**, the Chief Financial Officer of the Virginia Port Authority (the "Authority") has proposed the annual consolidated budget for the Authority for Fiscal Year ending June 30, 2025 and has submitted same to the Board of Commissioners (the "Board") of the Authority; and

**WHEREAS**, the Chief Financial Officer has also made available to the Board such other information as the Board has reasonably requested in connection with the preparation of such annual budget; and

**NOW, THEREFORE, BE IT RESOLVED** that, Board does hereby approve the Authority's annual consolidated budget for Fiscal Year Ending June 30, 2025.

**PASSED AND ADOPTED** this 6<sup>th</sup> day of June, 2024.

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Aubrey L. Layne  
Chairman

Attest:

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Lisa Nelson, Secretary

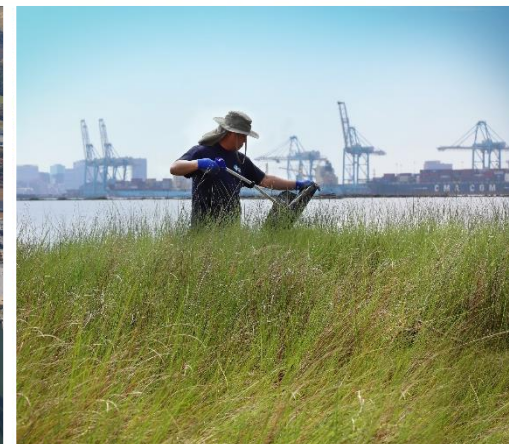
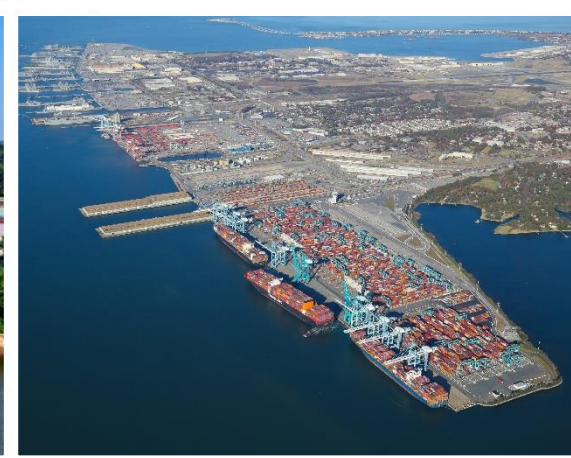


# Virginia Port Authority Board of Commissioners Budget Meeting

Session 420

June 6, 2024

Open Session Presentation





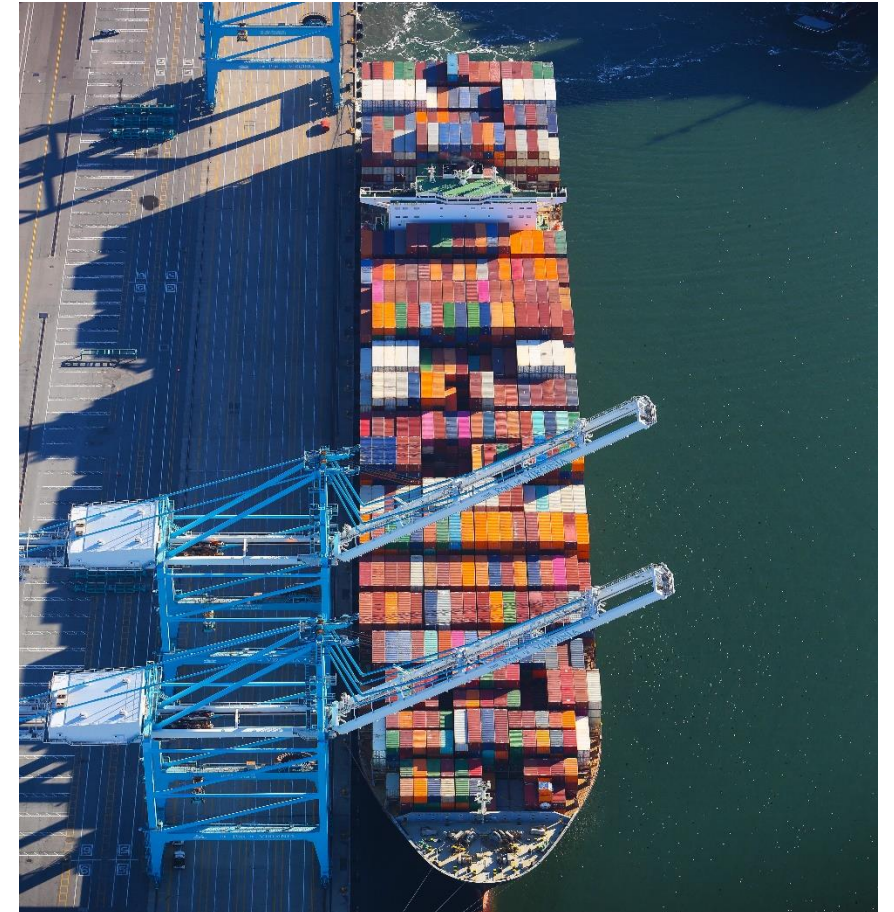
# FY25 Consolidated Budget

June 6, 2024



# Agenda

- Key Assumptions
- Consolidated Results
- Capital Budget
- Debt Service Coverage
- Risks and Considerations



# Budget Assumptions

## Global

- CPI:
  - VIG – 3.6%
  - Other – 3.0%
- Labor Rate\* – TBD
- Revenue SOR – 1.5%
- Personnel Costs:
  - Merit and Promotion – 5.0%
  - Incentive Compensation – 100%
  - Vacancy – 6.0%

## Terminal Operations

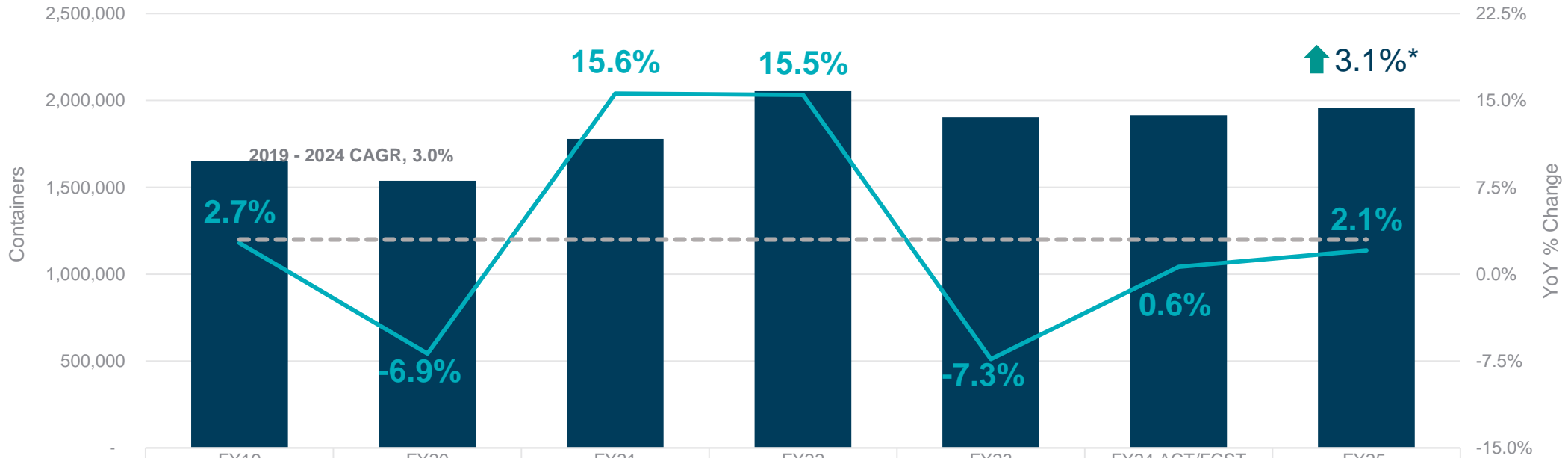
- Volume Growth = 2.1% increase from FY24 F'cast
- Shipline Contracts renewed at Avg. CUR + SOR
- LCS based on FY24 YTD average
- CVOW Operations based on delivery schedule from Dominion
- Avg. Chassis Fleet Size of 16,577 and 64% utilization

*\*Assumption to be revised upon conclusion of labor negotiations*



# Container volume returns to growth

Port of Virginia Container Volumes  
Forecast begins April 2024



	FY19	FY20	FY21	FY22	FY23	FY24 ACT/FCST	FY25
Containers	1,651,499	1,538,169	1,778,250	2,053,524	1,902,989	1,914,906	1,954,266
YoY % Change	2.7%	-6.9%	15.6%	15.5%	-7.3%	0.6%	2.1%
2019 - 2024 CAGR	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Containers YoY % Change 2019 - 2024 CAGR

\*FY25 YoY increase excluding estimated Baltimore diverted cargo in FY24

# Consolidated Results

	FY24		FY25 Budget		Favorable (Unfavorable)	Favorable (Unfavorable)
	Forecast				\$	%
NIT Volume	991,928	1,029,597			37,669	3.8%
VIG Volume	922,979	924,668			1,689	0.2%
<b>Container Volume</b>	<b>1,914,907</b>	<b>1,954,265</b>			<b>39,358</b>	<b>2.1%</b>
<b>CVOW Component Pieces</b>	<b>68</b>	<b>524</b>			<b>456</b>	<b>670.6%</b>
Terminal operating revenues	\$ 720,209	\$ 760,136	\$		39,927	5.5%
Other revenues	20,848	19,054			(1,794)	-8.6%
Operating revenues - Grants	1,539	2,103			564	36.6%
<b>Total operating revenues</b>	<b>\$ 742,596</b>	<b>\$ 781,293</b>	<b>\$</b>		<b>38,697</b>	<b>5.2%</b>
Terminal Operations	263,590	291,180			(27,590)	-10.5%
Terminal Maintenance	133,798	148,583			(14,785)	-11.1%
General and Administrative	58,406	62,453			(4,047)	-6.9%
Facility Rental	5,165	5,466			(301)	-5.8%
Depreciation and Amortization	198,177	204,520			(6,343)	-3.2%
<b>Total operating expenses</b>	<b>\$ 659,136</b>	<b>\$ 712,202</b>	<b>\$</b>		<b>(53,066)</b>	<b>-8.1%</b>
<b>Operating income</b>	<b>\$ 83,460</b>	<b>\$ 69,091</b>	<b>\$</b>		<b>(14,369)</b>	<b>-17.2%</b>
<b>Change in Net Position</b>	<b>\$ 180,257</b>	<b>\$ 142,093</b>	<b>\$</b>		<b>(38,164)</b>	<b>-21.2%</b>
<b>EBITDA</b>	<b>\$ 281,637</b>	<b>\$ 273,611</b>	<b>\$</b>		<b>(8,026)</b>	<b>-2.8%</b>
<b>EBITDA Margin</b>	<b>37.9%</b>	<b>35.0%</b>				<b>-2.9%</b>

# Capital Budget

Summary by Asset Type	
Container Handling Equipment	\$33,446
Facility Improvements	28,636
Light Equipment & Vehicles	14,765
Information Technology	12,221
Federal Tariff on STS Cranes	40,380
<b>TOTAL</b>	<b>\$129,448</b>

Summary by Funding Source	
TR PAYGO	\$100,166
CPF PAYGO	11,262
VIT	16,020
Federal/ State Grants	2,000
<b>TOTAL</b>	<b>\$129,448</b>

# Continuing Strong Debt Service Coverage

Measure (Minimum Requirement)	Average 2018-2020	Average 2021-2023	FY2024 Forecast	FY2025 Budget
Aggregate Net Revenue Coverage (1.10)	1.41	3.20	2.03	2.18
Aggregate Adjusted Net Revenue Coverage (1.25)	1.60	3.33	2.20	2.34
Net Revenue Coverage (1.00)	1.31	3.11	1.95	2.10
Fixed Obligation Coverage (1.00)	1.21	2.93	1.83	1.98

- USMX - ILA contract negotiations
- Geopolitical disruptions
- Climate impacts – Panama Canal capacity
- Steady but slower U.S. economic growth
- Protectionist and trade barrier risks
- Shift away from inventory destocking
- Ocean carrier alliances reshuffle



# Virginia Port Authority Board of Commissioners

Thank You

