

# 2019 AAPA COMMUNICATIONS AWARDS PROGRAM

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**Submission:** The Port of Virginia  
FY2018 Annual Report



THE PORT OF  
**VIRGINIA**®



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# EXECUTIVE SUMMARY

The Port of Virginia's FY2018 Annual Report offers an engaging and approachable overview of the port's performance over Fiscal Year (FY) 2018 (July 1, 2017 – June 30, 2018). The report featured information on our operations, our financial performance, community initiatives, updates on our \$700 million infrastructure projects, our channel deepening efforts, and more.

Concise writing paired with compelling photography invite the reader to explore our port's efforts and learn how the port plays a major role in the economic and environment health of the Commonwealth of Virginia. The print version of the report featured two special "pull-out" sections provide readers with a creative way to demonstrate the progress being made on the capacity-increasing projects at our two largest container terminals. The digital version was converted into a virtual page-turning experience to help further immerse the reader in the report.

**55 FEET FROM VISION TO REALITY**

**MORE THAN 30 YEARS AGO,** when port leaders traveled to Washington, D.C. seeking permission to dredge the Norfolk Harbor and its commercial shipping channels to 50 feet, the acronym ULCV (ultra-large container vessel) didn't exist. No one was envisioning container ships with the capacity to carry 20,000 TEUs (twenty-foot equivalent units), let alone those vessels coming to the U.S. East Coast. Nor was there much discussion for channel depths beyond 50 feet. Still, port leaders asked for and received congressional approval to deepen to 55 feet if the need ever presented itself.

Much has changed in three decades. The Port of Virginia is servicing vessels that are 14,000-plus TEUs, and the next step-up will be a vessel in the 16,000-TEU and bigger range. The need for a 55-foot-deep channel that is wide enough to accommodate two-way ULCV traffic safety is here.

"We have worked hand-in-hand with the U.S. Army Corps of Engineers on this project, and the result is a clear path to sustainability for this port," says Carter J. Vick, the port's chief public affairs officer. "Being the deepest and safest harbor on the U.S. East Coast positions Virginia for growth and success for years to come. This project will create jobs and economic investment across our Commonwealth, speed the flow of commerce and drive the economy."

The project includes increasing the channel depth at several key locations: 59 feet in the Atlantic Ocean Channel; 56 feet at Thimble Shoals; and 55 feet in the Norfolk Harbor and Newport News channels. It also includes widening the channel in select areas to include Thimble Shoals over the Chesapeake Bay Bridge Tunnel, ultimately allowing two-way ULCV traffic into the Norfolk Harbor.

"Virginia will have a significant advantage when compared with its East Coast peers," says Capt. J. William Cofer, president of the Virginia Pilot Association and a member of the Virginia Port Authority board of commissioners. "A deeper, more accessible port means ULCVs can offload greater volumes and accept a larger amount of U.S. exports before returning overseas."

Now underway, the \$20 million preliminary engineering and design effort for the Wider, Deeper, Safer project will take between 18 and 24 months, followed by a \$330 million dredging phase with an early 2025 target completion date. In June, Virginia Gov. Ralph S. Northam and the Virginia General Assembly agreed to fund the undertaking fully. The project is also included in the Federal Water Resources Development Act (WRDA) bill, making it eligible for federal matching funds.

Coupled with a \$700 million capacity expansion at the port's two primary container terminals the Wider, Deeper, Safer project ensures the port will be even more competitive as the East Coast's global gateway for trade.

"We are assembling all of the pieces to make Virginia the destination for ULCVs and companies moving their cargo on those vessels," says David C. White, executive vice president of the Virginia Maritime Association, the port's long-time partner in the Wider, Deeper, Safer effort. "We are focused on developing the port of the future and on setting the stage for greatness."

**1,400 FEET** Wider, Deeper, Safer channels will allow for safe passage of two-way vessel traffic.

**50 FEET** Current depth

- 51
- 52
- 53
- 54
- 55 FEET by 2025**

With 55 feet of channel depth, ultra-large container vessels will be able to call the port, fully-laden with cargo, without any tide restrictions.

**NOV '17** The governor-elect's proposed budget includes the cost for the dredging project's preliminary engineering and design.

**MAY '18** The Virginia Legislature approves \$350 million for the project's engineering, design and construction.

**JUN '18** The U.S. Army Corps of Engineers gives its final approval for it to move ahead.

**EARLY '20** Construction on deepening the channel to 55 feet and widening in certain areas begins.

**EARLY '25** The dredging work is complete, and Virginia is home to the deepest port on the U.S. East Coast\*.

\*Proposed schedule.

Figure 1: Bold photography and powerful design are paired with easy-to-read copy to help tell the port's story.

## I. CHALLENGES & OPPORTUNITIES

Our role as a catalyst for commerce means we have a responsibility to maintain and advance the health and promise of our port, our people, our communities, and our environment. And with the data we're collecting, processes we're implementing, and projects we're spearheading, we're proud to say we're seeing great progress towards that end.

Our Annual Reports have continued to improve since we began sharing them in 2015, and overall anecdotal feedback has been positive. However, we have heard that previous reports provided a great deal of information that was too technical in nature, so it was important for us to be very mindful of the amount of copy we chose to include, as well as how it was written/explained. We dramatically reduced the amount of topics, and supported articles with graphics and images in order to be mindful of our readers.

## II. SUPPORTING OUR MISSION & BUSINESS OPERATIONS

The Port of Virginia’s mission includes the phrase, *“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.”*

The Annual Report provides us with an engaging format to demonstrate our commitment to environment, operational, and economic sustainability by educating our wide variety of audiences about our efforts and sharing demonstrable results. Examples shared in the report include:

*“We will remain responsible members of the communities we serve...”*

- The port gave away thousands of water bottles and cozies, along with hats and vests to our motor carrier partners during National Truck Driver Appreciation Week.

*“...a valuable resource to our customers...”*

- The port is investing more than \$1 billion to improve land and water infrastructure to better accommodate Ultra Large Container Vessels (ULCVs)

*“...an excellent place to work...”*

- More than one-third of port colleagues participated in at least one development program during FY18.

*“...and an economic engine for the region.”*

- The port helped generate 5,00 new jobs in FY2018.
- New and expanding port customers invested more than \$700 million in expansion initiatives throughout the Commonwealth.

## III. PLANNING & PROGRAMMING COMPONENTS

Creating the report requires a great deal of planning. The major components include writing, editing, design, production, and distribution.

After working with advertising agency Meridian Group for the past two reports, The Port of Virginia chose to bring nearly the entire process in-house for the FY18 Annual Report. The port selected Meridian to draft initial copy for each article, but all editing and graphic design was performed by the port's Marketing and Communications team members.

The report was inserted into a mid-November issue of "Inside Business" a weekly regional business publication and sent to its 8,000 subscribers. Further, port colleagues in our Government Affairs, Economic Development, and Sales teams sent links to the web-based version of the report to port customers, partners, and stakeholders.

## IV. ACTION PLAN & OUTPUTS

After working with advertising agency Meridian Group for the past two reports, The Port of Virginia chose to bring nearly the entire process in-house for the FY18 Annual Report. The port selected Meridian to draft initial copy for each article, but all editing and graphic design was performed by the port's Marketing and Communications team members.

We held our initial meeting with Meridian in May 2018 to discuss the overall direction of the copy and to determine the articles to be written. Our graphic design team created the "visual language" for the report in May as well. Also, we knew we had to wait for our financials to be verified and certified before including them in the report – which takes place in September, so articles were delivered to the port in July and layout was complete in August. Once the financials were verified, we were able to plug in the final numbers, and send the files to the printer to ensure we met their October deadline. The report was inserted into a mid-November issue of "Inside Business" a weekly regional business publication and sent to its 8,000 subscribers.



# V. OUTCOMES & EVALUATION

## BUILDING THE PORT OF THE FUTURE

**Expanding overall container capacity by 40 percent, or one million container units**

**Adding four ship-to-shore cranes at Virginia International Gateway**

**Developing more docking space for ultra-large container vessels**

**Adding 86 rail-mounted gantry cranes to expanded container yards at Virginia International Gateway and Norfolk International Terminals**

**Unifying six terminals under a single operating system that allows for improved efficiency, overall, greater data sharing and streamlining of data collection**

**Implementing a reservation system for motor carriers that creates an efficient, predictable experience**

**Reducing congestion on city streets by providing better interstate access to motor carriers via the I-564 Intermodal Connector in Norfolk**

**Diversifying our cargo mix by investing in infrastructure to accommodate more refrigerated containers**

**Preparing to dredge the commercial channels leading to and from the Norfolk Harbor to a depth of 55+ feet**

**Working to add more sailings to the Richmond Express large service and grow the amount of cargo moving by rail**

### LETTER FROM THE CEO

Hard work and a clear vision can lead to remarkable accomplishments. In the 12 short months of fiscal year 2018 (FY18), we once again exceeded our revenue and did so profitably for the 10th consecutive year. All while making significant progress on our \$300 million capacity expansion project — a construction project taking place simultaneously at two existing terminals on an unprecedented scale in the country.

Further, we received federal approval to begin the work of dredging the Norfolk Harbor and its channels to 55 feet, which will make Virginia home to the U.S. East Coast's deepest container port. No other port on the East Coast is pursuing this kind of expansion, making these kinds of investments to preparing to ensure sustainability and economic success for the next generation.

These accomplishments have not been easy. Guided by our core values, we executed our mission according to plan and did so safely. Our focus was moving from cargo, increasing our competitiveness, building efficiency and bringing us closer to the goal of being the East Coast's leading global gateway for trade.

In the larger sense, we are creating a 21st-century port that is capable of moving cargo, driving the economy — corporate investment and job creation across Virginia. We are the forefront of the great northeast coast, but its benefits flow to every Virginian: we are building an economic engine for all of Virginia.

In FY18, more than 2.8 million TEU twenty-foot equivalent units moved across our six terminals. That cargo, coupled with the port's growing economic importance and Virginia's transition to a business destination, helped to create more than 5,000 jobs and drive investment exceeding \$1.8 billion across the Commonwealth. We are making the strategic decisions necessary to ensure The Port of Virginia continues to lead the kind of economic activity and build upon it for the next several years.

Our success in FY18, both large and small, would not have been achieved without the support of our board, labor partners, stakeholders, customers, the shared spirit and the dedication. This message is reflective of our effort, and as we look to the future and building the capacity for growth, there will still be a lot of work ahead, but with our continued support, we are up to the task.

**John F. Reinhart, CEO and Executive Director**



Bold imagery and plain language help readers understand the impact the port has on its communities, the Commonwealth, and the country.

## A CATALYST FOR COMMERCE

The Port of Virginia continues to attract the biggest ship-keeping the Atlantic Ocean and the cargo they carry for the nation's leading retailers and manufacturers. This activity generates the port as a driver of job creation, investment and economic growth across Virginia for decades to come.

In fiscal year 2018 (FY18), 30 companies received investment totaling \$1.8 billion for additional or replacement of existing operations. The result is three million additional square feet of space and the creation of 5,000 new jobs across the Commonwealth.

"The cargo flowing across our terminals helps to drive the Commonwealth's economy," says Robert A. Hinch, the port's vice president of economic development. "The progress we are making on the expansion and the approval for Willie Chapel and Sully projects is driving significant investment in the port from across the industry. The result will be long-term economic benefits to all of Virginia."

The port's growth helped lead Parsonson Development Co., an international development firm, to its decision to build a one-million square foot distribution center near the Richmond Marine Terminal (RMT). William Parsonson, Parsonson's senior development manager for the Mid-Atlantic market, says the company was "influenced by the positive momentum coming out of The Port of Virginia."

Nearby, Richmond-based Houston Group, a real estate development and construction management company, has committed to developing Deepwater Industrial Park. When complete, the 1.5 million square foot development will yield "modern logistic space," says Mark Houston, the company's founder.

Elsewhere on the coast, another major project is underway, as expanding 375 million in the Roanoke Valley to build its first U.S. plant. The company is bringing the new plant online production of auto parts, using the port to handle its international shipments. In Coalinga, SchaefflerUSA, Inc., a provider of industrial-based ball bearings, is investing \$120 million to establish a 400,000-square-foot manufacturing operation in that city.

On an annual basis across Virginia, the cargo moving across the port helps to support 50,000 jobs directly, indirectly and in-kind, which is about one out of every nine resident jobs, according to a 2016 study commissioned by the Virginia Maritime Association, the state's largest maritime trade group. The cargo moving through the port has terminals helps to generate \$8.4 billion in annual economic impact throughout Virginia.

"Generating Virginia's reputation as home to a world-class port will help to drive economic investment and job creation in every corner of the Commonwealth for generations to come," says Gov. Ralph S. Northam. "A world-class port does far more than just move containers. It moves the economy."

*(Statistical information from this study can be found in Exhibit 19 and 20. The terminal extends the port's inland reach by 90 miles.*

### DRIVING INVESTMENT

The port's investment in RMT is driving economic development in the Roanoke Valley and distribution center development is going on across Virginia of the terminal.

### INCENTIVIZING GROWTH

Through its Economic and Infrastructure Development program, the port's FY18 provided a total of \$10 million to help Virginia companies — all port users — that created new jobs in their communities.

### EXPANDING SERVICES

RMT provides for 600,000 sq ft of RMT reefer volume in 2018 containers, an increase of nearly 25 percent. More sailings of the port are expected to meet increasing demand.



Graphic-supported captions help crystallize key information points.

## LETTER FROM THE CHAIRMAN

More than 60 years ago, the members of The Port of Virginia provided access to world markets for Virginia farmers and businesses as locally-grown tobacco exports began heading to England.

Today, this port pursues that same goal: providing access to new and growing markets to the Commonwealth's farmers and manufacturers and bringing the best of what the world has to offer to Virginia.

Many Virginians find employment along the path from farm to world market and from world markets to their tables. It may be the truck driver or the business engineer, the technician or one of the many men and women working at the terminals, operating or maintaining the cranes and other equipment. While providing Virginia business access to world markets is the top priority, the port is also charged with building jobs and economic activity along the supply chain.

The Virginia Port Authority Board of Commissioners has adopted a vision for the future of the port and a strategic plan to carry it out. With the strong support of multiple government and the Virginia General Assembly, the port has a multi-year expansion plan underway that increases overall capacity by 40 percent and expands the terminals leaving the Norfolk Harbor to accommodate the largest large ships afloat.

Two modern, highly efficient and safe container terminals in Norfolk and Portsmouth, complemented by multi-use terminals in Portsmouth and Newport News will serve those ships. The port offers inland capabilities and reaches into the heart of the Commonwealth by rail to Virginia Inland Port in Front Royal and by barge to Richmond Marine Terminal.

Together, this network of terminals can process four million containers on an annual basis. When more capacity is required, the port will execute a plan to develop a fourth, state-owned, deep-water marine terminal at Craney Island.

As the members of this office, the Board of Commissioners, goes through to excellent professional staff and other on our partners in the maritime, rail and building communities to move the goals.

Fiscal year 2018 was a year of progress, challenged by the complexities of simultaneous construction and operation. The effort was effectively managed by the port team, and the result was an operating profit and a record year for volume. This board is pleased to present this report to the Governor and the members of Virginia.

**John G. Millien**  
Chairman, Virginia Port Authority Board of Commissioners

### CREATING THE PORT'S FUTURE

- VIG 125th EXPANSION COMPLETE** JUN '19
- NIT 127th EXPANSION COMPLETE** LATE 2020
- REEDING COMPLETE** EARLY '25
- NIT 128th EXPANSION COMPLETE** 2030
- CRANEY ISLAND COMPLETE** 2065

The port's expansion program will increase the total port capacity to 4 million TEU by 2030 and 6 million TEU by 2065. Craney Island will have the capacity to handle 1 million TEU, the total port capacity is 6.6 million TEU.

Easy-to-understand timelines help readers understand the port's plans for the future.

The FY2018 Annual Report was sent to approximately 8,000 subscribers of *Inside Business*. The report as sent to the nearly 7,000 contacts in the port's Customer Relationship Manager software. We had 777 views of the report from that distribution – 11.1% of the audience.

You can find a link to our 2018 Sustainability Report here (<http://www.portofvirginia.com/fy18-sustainability-report/>),