



THE CRANEY ISLAND CONNECTION

CRANEY ISLAND EASTWARD EXPANSION NEWS AND INFORMATION

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THE CRANEY ISLAND CONNECTION IS PUBLISHED MONTHLY UNDER THE AUSPICES OF THE VIRGINIA PORT AUTHORITY AND THE U.S. ARMY CORPS OF ENGINEERS, TO PROVIDE READERS WITH REPORTS RELATED TO THE DEVELOPMENT OF THE EASTWARD EXPANSION OF CRANEY ISLAND. ARTICLES PRINTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY. WE INVITE READERS TO COMMENT ON ARTICLES AND SUGGEST FUTURE TOPICS FOR CONSIDERATION.

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When containerships enter The Port of Virginia, they carry a variety of goods that we use in our everyday lives. While you may be familiar with how imported goods make it to our shores traveling aboard containerships, their journey after entering The Port is not as well known. Where does all that cargo end-up? With the support of a variety of people and businesses, containerized cargo moves from origin to market destination by following a series of transportation steps known as the supply chain. Examining the supply chain not only reveals how cargo reaches local retail stores and markets, but also highlights many of the career paths associated with maritime commerce. Employment in the maritime industry goes well beyond traditional waterfront labor. Today, it is a dynamic and increasingly technology-based sector that requires a diverse and skilled workforce. This issue of The Craney Island Connection takes an in-depth look at the journey cargo takes once it leaves The Port. It examines the transportation, distribution, and logistics aspects of the supply chain and explains how the Craney Island Eastward Expansion will create Virginia jobs in these sectors.

A vital mission of the Virginia Port Authority (VPA) is to generate jobs and grow the economic benefits accruing to the Commonwealth from maritime commerce. Jobs in the wide-ranging maritime industry include the service providers that are involved in handling and processing goods imported to Virginia — such as distribution center and warehouse workers, logistics professionals, and truck drivers. Exclusive of the jobs emerging from the Craney Island Eastward Expansion, The Port currently generates over 343,000 maritime industry jobs throughout Virginia. In fact, 1 out of 11 jobs in Virginia is attributed to Port-related economic activity. *The Craney Island Eastward Expansion* will increase The Port's capacity to handle containerized cargo, therefore increasing the number of Virginia jobs generated from maritime commerce. Workers will be needed to build new roads and rail, transport increased numbers of containers, and support distribution and retail trade. Specific to the Craney Island Eastward Expansion, from the start of construction, to full terminal build-out, over 54,000 jobs with annual wages of over \$1.6 billion will be produced.

TRANSPORTATION

From The Port, containers are put on rail, trucks, and/or barges for delivery depending on the preference of the shipper, the cargo's ultimate destination, and the most cost-effective shipping option. Today, nearly a

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third of all Port containers are transported by rail, and Craney Island Marine Terminal (CIMT) is designed to move up to 50 percent of cargo by rail. Moving more cargo by rail will result in job creation in the rail sector. It is estimated that nearly 1,500 rail and rail-related service sector jobs will be created by the opening of CIMT.

Port containers moved by trucks are often transported to distribution centers for local consumption. However, many containers are also trucked to regional destinations in the Mid-Atlantic and Ohio Valley. With the introduction of CIMT, The Port will continue to require the support of truck drivers to keep up with increasing regional freight cargo demand. In fact, recruiting and sustaining a competent transportation workforce represents an ongoing Port strategy to secure long-term growth and productivity. To support this effort, The Virginia Maritime Association (VMA) has partnered with local trucking companies to offer a comprehensive truck driver training program in Hampton Roads (See Port Customer Spotlight – C&K Trucking LLC). To learn more about the VMA Driver Recruitment Program, visit: <http://www.vamaritime.com/>.

DISTRIBUTION CENTERS

Once aboard a truck, the next destination for a Port container is often a Distribution Center (DC). A DC is a warehouse or building dedicated to the storage and redistribution of products to retailers, wholesalers, or even directly to consumers. Employees at distribution centers unload containers, then store, combine, and repackage the contents into domestic containers for transport to a specific retail store. For example, a container full of sneakers from overseas could be reloaded into a domestic truck trailer along with alarm clocks, bicycles, and beach chairs for delivery to retail stores

Distribution businesses can include exporters, importers, manufacturers, and big box retailers. There are over 500 distribution businesses operating throughout Virginia, and nearly half of these

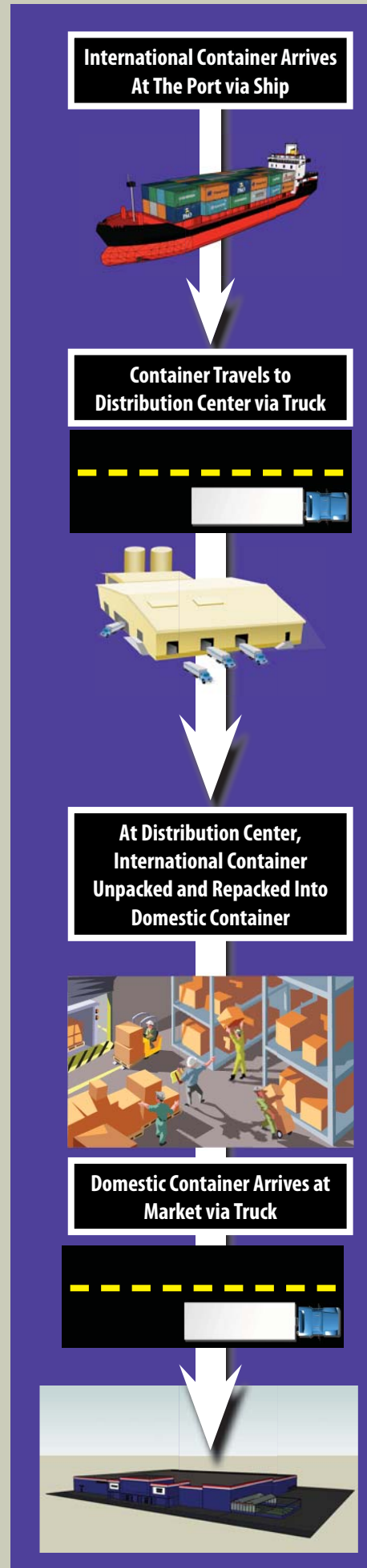
facilities are located in Hampton Roads. With the recent opening of the APM Terminal in Portsmouth and the future opening of CIMT, the local distribution sector is forecast to significantly expand. Today, many localities are positioning themselves to capture future growth in this sector, through the development of distribution centers, and intermodal parks—regional facilities where distribution centers co-locate with related businesses such as trucking companies and logistics providers.

DC operations associated with the opening of Craney Island Marine Terminal are projected to create almost 26,000 new jobs. A typical distribution center will employ both labor and management personnel. Labor positions include handling and managing warehouse processes such as the tracking, sorting, labeling, and loading of cargo. Other functions, include managing human resources and IT systems. Examples of typical distribution center occupations include: storage and distribution managers, warehouse managers, industrial and packaging engineers, shipping and receiving supervisors, production, planning, and expediting clerks, and freight and material movers and supervisors.

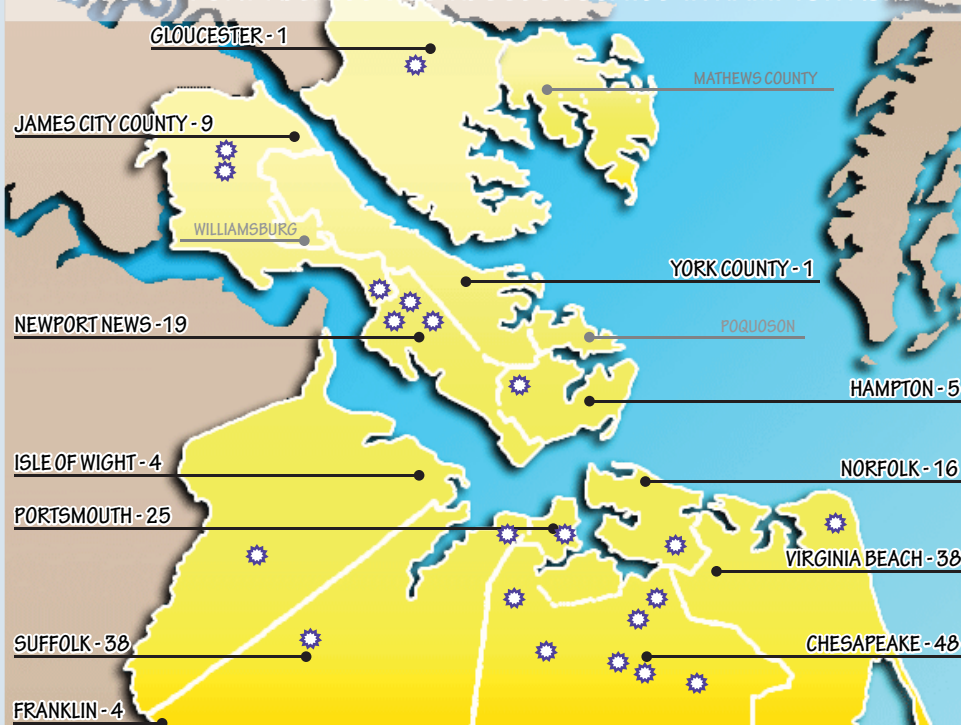
The Southeastern Virginia Partnership for Regional Transformation (SEVA-PORT) is currently engaged in several training initiatives to develop a skilled and prepared transportation, warehousing, and distribution workforce in the region. In July 2007, the organization was awarded a \$5 million grant to integrate, enhance and build linkages between the emerging industries in Hampton Roads, including transportation, distribution and logistics. To learn more about SEVA-PORT initiatives and opportunities visit: <http://seva-port.org/>.

LOGISTICS

Logistics professionals work behind the scenes managing, tracking, and coordinating the steps that allow the supply chain to function efficiently. Logistics activities ensure that once the container leaves The Port, its contents arrive —



SELECTED PORT-RELATED BUSINESSES LOCATED IN HAMPTON ROADS



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intact — at the right destination, in a safe, cost-effective, and timely manner. Logistics professionals manage a number of activities including inbound and outbound transportation management, fleet management, warehousing, order fulfillment, inventory management, scheduling, and even customer service. Logistics management also integrates logistics activities with other functions including marketing, sales manufacturing, finance and information technology.

Third-party logistics (3PL) providers are a growing industry within Hampton Roads (See Port Customer Spotlight Cornerstone Systems). 3PL service providers carry out physical logistics operations and manage systems to track cargo movement on behalf of their clients. 3PL firms often provide warehousing, inbound and outbound transportation, consulting services, shipment consolidation, cross docking and carrier selection.

Examples of typical occupations in the logistics sector include: freight forwarders, retail managers, marketing executives, engineers, analysts, and IT specialists. To begin a career in logistics, a degree in a subject such as supply chain management is advantageous. Old Dominion University's Maritime Institute offers a number of undergraduate, graduate, and certificate options for students pursuing specialization in shipping, ports, and logistics management.

CONCLUSIONS

The Craney Island Eastward Expansion will create over 50,000 jobs in the areas of construction, transportation, distribution, logistics, and beyond. The Virginia Port Authority, in cooperation with the U.S. Army Corps of Engineers is pursuing paths towards strengthening regional workforce development in the area of maritime commerce to ensure that Hampton Roads residents can leverage emerging opportunities related to Craney Island Eastward Expansion. Check future editions of *The Craney Island Connection* for more information on regional maritime workforce development.

C&K TRUCKING

PORT CUSTOMER SPOTLIGHT



C&K Trucking, LLC has been a house carrier for The Port of Virginia for nearly a decade. As a house carrier, C&K performs a great deal of drayage between the various terminal locations in Portsmouth, Norfolk, and Newport News. With a fleet of 55 trucks, the company provides safe and efficient transportation for both domestic and ocean freight.

The company is a strategic partner with The Virginia Maritime Association (VMA) Truck Driver Recruitment Program. C&K Terminal Manager Dale Ledbetter calls the program "a good resource for the entire trucking community." Ledbetter, who has hired several drivers through the VMA program, predicts it will provide a large pool of qualified drivers to serve Craney Island Marine Terminal in the future.

C&K is also a proud participant in the SmartWay Program. A partnership between the Virginia Port Authority and the Environmental Protection Agency (EPA), the SmartWay program assists truckers in buying new, more emission-efficient trucks.

CORNERSTONE SYSTEMS

PORT CUSTOMER SPOTLIGHT

Cornerstone Systems, located in Portsmouth, VA, is a third-party logistics provider and non-asset carrier company. Cornerstone carries out logistics operations and tracks shipments of cargo moving through The Port of Virginia for its clientele. Their full range of logistics services includes providing inland transportation, rail intermodal services, railcar consolidation, truck brokerage, on-site logistics, and warehousing and transloading services.

The company, which is based in Memphis and has 23 office locations across the United States, views The Port of Virginia as an area of future growth. Cornerstone has already secured warehousing space in Hampton Roads anticipating emerging business opportunities with the opening of Craney Island Marine Terminal. Guy Wallace, Assistant Vice President of Sales in Portsmouth is excited about Craney Island Eastward Expansion because as he states, "more business flowing through The Port means more opportunities to provide inland transportation." The firm predicts expanded local operations with the opening of CIMT.

Project Update

Project engineers are planning construction of a berm along the east side of the Craney Island Dredged Material Management Area (CIDMMA). The project is a preliminary step in Craney Island Eastward Expansion construction. The berm will be used to relocate existing utilities. The utilities that will be relocated are affiliated with naval facilities in the area, and residential services will not be affected.

Approximately 800,000 cubic yards of material will be mined from within CIDMMA to construct the berm. This material represents only a fraction of the 87.4 million cubic yards that will be used in the fill phase of Craney Island Marine Terminal construction. Reusing material within existing CIDMMA represents a beneficial re-use of material, as well as cost-effective approach to sustainable engineering and design. This approach will also create additional capacity within the placement site, which contributes to one of the major purposes of the project—extending the useful life of CIDMMA.

The berm will be engineered to provide drainage of storm water away from the eastern dikes of CIDMMA. Moreover, vegetation experts were consulted to specify a unique seed mix that will enhance grass growth along the berm, thereby stabilizing the soil.

East berm construction will begin in early spring 2009, and is scheduled for completion this fall.

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