

VIRGINIA PORT AUTHORITY VIRGINIA PORT VOLUME INCREASE GRANT PROGRAM AND FUND

PVI POLICY

PREFACE The Virginia General Assembly, in July 2023, established the Virginia Port Volume Increase Grant Program and Fund in order to “*provide grant funding for those eligible entities, as defined below, which increase cargo volume, while utilizing port facilities in the Commonwealth.*” For this reason, the Virginia Port Authority (VPA) finds it necessary and in the public’s interest, and pursuant to its statutory responsibility, to establish a policy of procedures and requirements under the Virginia Port Volume Increase Grant Program and Fund. This guiding standard shall be as follows:

I. DEFINITIONS

- A. Agricultural entity – means a person engaged in growing or producing wheat, grains, fruits, nuts, or crops; tobacco, nursery, or floral products; forestry products, excluding raw wood fiber or wood fiber processed or manufactured for use as fuel for the generation of electricity; or seafood, meat, dairy, or poultry products.
- B. Base year port cargo volume – means the total amount of (i) net tons of noncontainerized cargo, (ii) TEUs of cargo, or (iii) units of roll-on/roll-off cargo actually transported by way of a waterborne ship or vehicle through a port facility during the period from January 1 through December 31 of the calendar year preceding the award year.
 - 1. Base year port cargo volume shall be recalculated each calendar year after the initial base year.
- C. Eligible entity – means an agricultural entity, manufacturing-related entity, or mineral and gas entity.
- D. Major facility – means a new facility to be located in the Commonwealth that is projected to import or export cargo through a port in excess of 25,000 TEUs in its first calendar year.
- E. Manufacturing-related entity – means a person engaged in the manufacturing of goods or the distribution of manufactured goods.
- F. Mineral and gas entity – means a person engaged in severing minerals or gases from the earth.
- G. Port cargo volume – means the total amount of net tons of noncontainerized cargo, net units of roll-on/roll-off cargo, or containers measured in TEUs of cargo transported by way of a waterborne ship or vehicle through a port facility.
- H. Port facility – means any publicly or privately owned facility located within the Commonwealth through which cargo is transported by way of a waterborne ship or vehicle to or from destinations outside the Commonwealth and that handles cargo owned by third parties in addition to cargo owned by the port facility's owner.

- I. TEU or 20-foot-equivalent unit – means a volumetric measure based on the size of a container that is 20 feet long by eight feet wide by eight feet, six inches high.

II. ADMINISTRATION

The following outlines the eligibility, application, allocation, and distribution guidelines and procedures of the Virginia Port Volume Increase Grant Program and Fund:

A. Eligibility:

1. Applicants must meet the definition of an eligible entity.
2. The eligible entity must use port facilities in the Commonwealth.
3. The eligible entity shall be required to increase its port cargo volume at these facilities by a minimum of five percent (5%) in a single calendar year over its base year cargo volume. Volumes will be measured from January 1 through December 31 of each calendar year.
4. Base year port cargo volume must be at least 75 net tons of noncontainerized cargo, 10 loaded TEUs, or 10 units of roll-on/roll-off cargo for an entity to be eligible for the grants provided in this section.
 - a. For purposes of meeting the base-year port cargo volume requirement, non-containerized cargo and TEUs cannot be aggregated, and no tonnage conversion formula shall apply.
 - b. For an eligible entity that did not ship that amount in the year ending December 31, including an eligible entity that locates in the Commonwealth after such periods, its base cargo volume shall be measured by the initial January 1 through December 31 calendar year in which it meets the requirements of 75 net tons of noncontainerized cargo, 10 loaded TEUs, or 10 units of roll-on/roll-off cargo.
 - c. Base year port cargo volume shall be recalculated each calendar year after the initial base year.
5. The eligible entity must have an ownership interest in the cargo when the port facilities are used.
 - a. Ownership is determined by the terms of the shipping contract and is evidenced by the bill of lading. When cargo originates in the Commonwealth, there is a presumption that the company exporting the cargo out of the Commonwealth controls the method of transportation. When a shipment terminates in the Commonwealth, there is a presumption that the company receiving the import in the Commonwealth controls the method of transportation.
6. The Virginia Port Authority may waive the requirement that port cargo volume be increased by a minimum of five percent (5%) over base year port cargo volume for an eligible entity that qualifies as a major facility.

7. The Virginia Port Authority shall not make awards under this grant program to applicants who are receiving tax credits under §58.1-439.12:10 for the same cargo.
8. No eligible entity may apply, nor shall one be awarded multiple grants, utilizing the same cargo, employees, or capital investments.
9. For the applicant to be eligible for the grant award, the Virginia Port Authority, in its sole discretion, must determine that the proposed entity meets the prescribed requirements and will further the interests of the Commonwealth of Virginia.

B. Application:

1. The Virginia Port Authority will serve as the responsible agency for administering the Virginia Port Volume Increase Grant Program and Fund through the evaluation of applicants and disbursement of funds at its discretion.
2. An eligible entity **must pre-apply** to the Virginia Port Authority between September 1 and October 31st in the year preceding the general application period by submitting a pre-application form found on the Port of Virginia webpage: portofvirginia.com.
3. Within in 45 days of the close of the pre-application period, each pre-application form must be reviewed and scored by the Incentive Grant Review Committee (IGRC) consisting of:
 - a. Vice President of Growth, Virginia International Terminals;
 - b. Vice President of Port Centric Logistics, Virginia Port Authority;
 - c. Sales & Marketing Manager or Director, Virginia International Terminals; and
 - d. Incentive Grant Specialist, Virginia Port Authority, nonvoting member.
 - e. Each has the option of appointing a designee to serve in his or her place.
4. The pre-application scoring is considered against the following criteria and description:
 - a. Anticipated Volume Increase - Grant applications from companies that show the largest absolute increase in cargo volumes will be prioritized for their substantial contribution to port activity and economic growth. Emphasis will be placed on the absolute magnitude of the volume increase, irrespective of percentage growth.
 - b. Infrastructure Investment - Grant applications from companies

making substantial infrastructure investments in the Commonwealth, such as the development of new port-related facilities or upgrades to existing ones, will be prioritized for their potential to catalyze economic growth, enhance logistical capabilities, and improve the competitiveness of the Commonwealth's transportation network. Additionally, equal prioritization will be given to cargo owners who demonstrate a commitment to filling open warehousing inventory, even if they do not make the infrastructure investment directly, but instead utilize third-party logistics providers.

- c. Letter of Recommendation - When evaluating grant applicants, customers who receive a letter of recommendation from Virginia International Terminals will be prioritized for their demonstrated commitment to contribute to the economic growth of the Commonwealth and their efforts to increase international trade activities, bolster the resilience and competitiveness of the Port of Virginia, and solidify its status as a key economic gateway through increased cargo throughput. These letters are given at the sole discretion of a senior leadership, non-committee member of the Virginia International Terminals, in recognition of specific projects which strongly align with the above-mentioned goals of the program.
 - d. New¹ v. Existing Users - Grant applications from new users will be assessed with greater emphasis on their potential to drive growth, expand market reach, and contribute to the overall strategic objectives of The Port of Virginia. Factors such as the projected impact on cargo volumes, market diversification, and job creation will be given heightened consideration when ranking applications from new users. However, existing users will still be evaluated based on their contribution to the port's success and their plans for continued collaboration and growth within the port ecosystem. ¹New user is defined as a new customer utilizing the Port of Virginia.
- 5. In any given year, IGRC will deploy metric aggregators to identify the baseline of the tiered scoring proportionately for each category based on that year's pool of applicant's information. Every application year, the data provided by the applicants will be queried and a new baseline will be established and recorded.
 - 6. At the completion of the due diligence process, no later than December 31 of the pre-application year, an applicant will be notified of either pre-approval or renunciation.
 - a. Pre-approval means - the applicant/entity will be directed to complete the general application process when the program commences on January 1.
 - b. Renunciation means – the applicant/entity was not directed to complete the general application as a result of unfulfilling the program's anticipated qualifications.

- c. Failure to complete a pre-application as mentioned above, results in an awarding disqualification of this program's funds for the year intended to apply.
 - d. Failure to submit a general application by the deadline forfeits opportunity to receive an award.
7. The general application period begins January 1 or the calendar year immediately following the calendar year of port cargo volume growth and pre-application. Submission of the general grant application shall be made **by March 1st**.
8. General application guidelines include:
- a. Submission of a completed general application through the Cargo Verification Portal found on the Port of Virginia's webpage <http://grants.portofvirginia.com/> via an upload, or by email or mail to the address listed in the general application instructions;
 - b. Providing the portal verification of the entity's uploaded cargo details of eligible cargo volume from the base year and the preceding calendar year. The total TEUs listed on the validation summary will become a part of the application. If cargo does not originate or terminate with the Port of Virginia port facilities, the applicant must utilize the corresponding Schedule A;
 - c. Applicant signatures;
 - d. An upload of the entity's W-9; and
 - e. Any additional identifying company information requested.

C. Allocation:

- 1. The Virginia Port Authority, in its sole discretion, may allocate the total amount requested to an applicant, any portion thereof, or may decline to allocate funds from this program.
- 2. Subject to appropriation, the amount of the grant shall be \$50 per TEU, unit of roll-on/roll-off cargo, or 16 net tons of noncontainerized cargo, as applicable, above the base year port cargo volume.
 - a. An eligible entity that is a major facility as defined, shall be eligible to receive a grant in the amount of \$50 for each TEU, unit of roll-on/roll-off cargo, or 16 net tons of noncontainerized cargo, as applicable, transported through a port facility during the major facility's first calendar year.
- 3. An eligible entity granted an award may not receive more than \$250,000 for each calendar year.

D. Distribution:

1. The Virginia Port Authority shall determine the grant amount allowable for the year and shall provide written notification to the awarded eligible entities by June 1st.