

# ARTICLES OF INTEREST

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## School system to cut 51 positions

MECKLENBURG COUNTY — The Mecklenburg County School Board was presented a \$43.5 million proposed 2010-2011 budget that includes the elimination of 51 positions from the school system. The positions being cut include those that have been vacated, through retirement, non-renewal or resignation that will not be filled.

"There are 51 positions cut," School Board consultant Dr. Jim Blevins said Wednesday. "We haven't named the people (that will be cut) simply because we need to meet with them."

The number of positions that are a part of the RIF (Reduction In Force) were not disclosed. "I want to give special thanks to (school system Business Manager) Jeff Jones and (school system Acting Superintendent) Carole Nelson for the hours of work that was put into this."

The School Board will hear public input on the proposed budget Monday during the regular meeting at the Central Office in Boynton beginning at 7 p.m. Nelson will present to the School Board in closed session on Monday the names of the people that will be affected by the RIF.

Nelson said the school system was not able to keep Grades K-3 at an 18/1 student/teacher ratio but that the school system would still be within state guidelines to receive funding.

The Enterprise asked Blevins how the number went from the 25 to 40 that he had previously stated might need to be cut.

"There were about 35 that were going to be RIFed," Blevins said. "We have to present a budget and personnel is a separate issue. This is our recommendation. I believe it is a tough thing to do. I get the sense that last year everybody thought things would be fine. I never got off that number (25-40). One day I would think we would be fine, the next day we would be worse. It has not been an easy task. I saw Ms. Nelson struggle." He noted that things changed as things were discovered wrong, what he called "wrinkles" in the current budget.

"There are going to be 11 (positions) cut from instruction." These positions refer to positions in Grades K-7. Under the same grade levels there are also an additional 18 people to be cut, according to the proposed budget presented to the School Board. He said the total cut from the current year's budget is \$5.53 million and the total revenue drop in funding is \$5.26 million. The amount includes the \$3.7 million cut during the two recent all day budget work sessions and the 51 positions. Blevins noted that eight positions that might possibly be cut from the special elementary instruction line item reflect a saving of only \$46,795.73 because the current year's budget for this line item was over budget. Blevins reminded the School Board that this was one of the "inherited problems" from previous administrations and that many of the changes in the budget were results of the recent budget work sessions and the "cleaning up" of the budget.

The proposed budget reflects being "flat funded" or receiving \$10.7 million from the Mecklenburg County Board of Supervisors.

The proposed budget cuts eight positions from secondary instruction, Grades 8 through 12, and 10 other positions from the middle school and high school grades.

Blevins provided the School Board with a pie chart that shows the loss percentage at each school, by people not the amount saved in the budget, although Nelson noted salary played a role in the calculation as did the staff population of the particular school.

At Park View High School, the loss is anticipated to be 11 percent and at Bluestone High School the loss is anticipated to be 12 percent.

At Park View Middle School, the loss is anticipated to be 14 percent and 13 percent at Bluestone Middle School.

South Hill Elementary School has an estimated loss of seven percent of its staff and the loss at La Crosse Elementary School is estimated to be six percent.

Buckhorn Elementary is slated to lose three percent of its staff and Clarksville is looking to lose approximately eight percent.

Chase City Elementary School is taking the largest hit among the elementary schools at nine percent.

The staff at the Central Office is being cut by 17 percent, which includes not replacing the recently vacated, by resignation, positions of Assistant Superintendent of Instruction, the Director of Finance and the Director of CTE (Career Technology Education) and Technology and moving Nelson from the position of Assistant Superintendent of Personnel, which she held before being named Acting Superintendent, to a newly created position of Assistant Superintendent, according to Blevins.

It includes increasing the anticipated salary of the next Superintendent to an annual salary of \$125,000 plus benefits, with the exclusion of the \$5,000 annuity. Blevins said for a school system with 4,800 students the average salary is between \$115,000 and \$135,000. He noted the School Board is looking for someone who is a current Superintendent that has experience in Virginia. The School Board said they would be interviewing candidates over the next 15 days in an undisclosed location.

The cuts by category are: Instruction, 11 percent or \$3.59 million; Administration, 15 percent or \$215,080.28, Pupil Transportation, 24 percent or \$933,188.57; Operations and Maintenance, 17 percent or \$688,439.40; Technology, one percent or \$3,714.85 and in Building Acquisitions, 100 percent or \$3,144.03.

Blevins said he would ask the School Board to consider a retirement plan on Monday. He said this would be the only thing that would save jobs at this point.

"Those that retire could take the place of some RIFs," Blevins said.

Blevins said some teachers may get "called back" after the RIF as people retire or resign.

"We have a call back plan in place and an order that they will be called back," Blevins said. "So there will be two things that happen simultaneously-one we will notify of the RIF and the Board approves for us to go forward with an early retirement incentive, then those people be given a deadline for early retirement, and once they have signed up they have signed up and then if that person who is retiring saves that job then the person on the RIF would be called back." He said that the call back would be based on qualifications and certifications as needed for each position that may become available. He said the call back list would stay in place for 18 months.

Blevins noted that the cuts in Pupil Transportation were not people but costs associated with fuel and not purchasing new school busses.

In the Technology category, the cuts do not include a category change that will need to be approved by the Supervisors before the end of the current fiscal year to correct an issue where the agriculture department expenses had been deducted from this category for a number of years.

The school system also saved nearly \$86,000 by refinancing the debt service, for a lower interest rate, for the building of South Hill Elementary School.

"The second biggest increase in the budget is because we had to increase healthcare in this year's budget because the increase (for health insurance) was not in the (current) budget," Blevins noted it was a little over a \$300,000 mistake. The current budget took a \$1.9 million cut from the state due to loss in revenue and Blevins noted due to corrections that had to be made to the current budget the total loss is closer to \$2.2 million.

He said the insurance costs for the upcoming year could "affect it (the budget) and possible RIFs even more."

The School Board unanimously approved an approach Blevins suggested to receiving bids for health insurance for the upcoming school year. School Board members Sandra Tanner and Debra Smiley were not present for the budget meeting.

"We are hoping to get some really competitive bids," Blevins said. He noted that this process would be handled by staff not be through the Chase City firm Commonwealth Insurance Agents.

Blevins said the school system staff is going to all major insurance carriers to ask for a fully insured bid and a self-insured bid and the staff will also be sending out an RFP (Request For Proposals) for an insurance consultant.

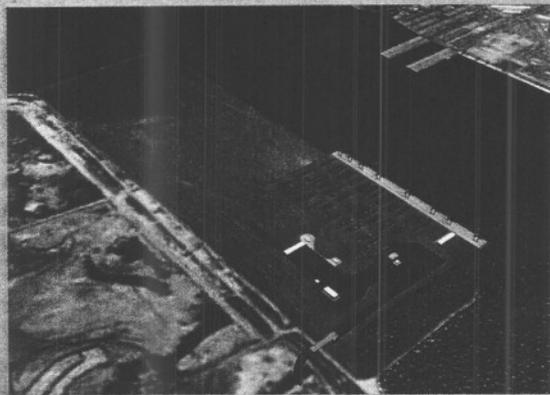
Blevins said under a self-insurance plan the school system would only have to pay insurance on claims that are filed.

Blevins said if the insurance plan the School Board chooses is above the amount projected in the upcoming budget the school system might have to make additional cuts in personnel or an increase in the amount each employee will pay for insurance. He said each carrier would be asked to provide quotes compatible with the current coverage as well as include a PPO (Preferred Provider Option-network of care providers) and a POS (Point Of Service-with out of network providers available).

Mecklenburg County Administrator Wayne Carter and all school system principals had received a copy of the proposed budget by Friday. Blevins noted that the School Board would be voting on the budget during a special called meeting on Thursday, April 29 at 6 p.m. The meeting will be open to the public but not input will be heard.

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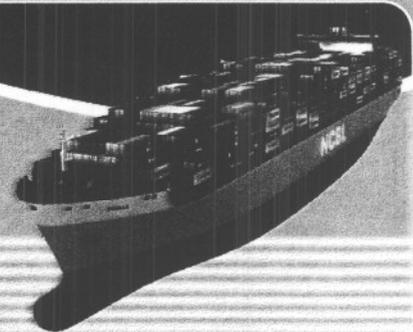
# THE CRANEY ISLAND CONNECTION

CRANEY ISLAND EASTWARD EXPANSION NEWS AND INFORMATION

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## **PORT REBOUND SIGNALS ECONOMIC RECOVERY**



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Container cargo volumes are once again on the rise at The Port of Virginia. In March, the number of containers handled at The Port rose 22.3 percent compared with the same month a year ago. In fact, March was the third consecutive month that saw Port container volumes increase, when compared with the same months last year. This growth is part of a larger industry trend that shipping experts cautiously recognize as a sign of overall improvement in the economy. Accordingly, container cargo growth can be viewed as a positive indicator for the broader U.S. economy—a source for economic recovery and growing fiscal activity. As the recovery continues and demand for east coast capacity increases, the Craney Island Eastward Expansion positions The Port of Virginia to capture rising container cargo growth and its associated economic benefits for the Commonwealth and the Nation.

Prior to the recession, world container traffic was growing at unprecedented rates; expanding U.S. and worldwide economic value. In fact, for nearly three decades, the shipping industry saw continuous growth. From 1995 to 2006, world container traffic nearly tripled in volume from 137 million to 417 million TEUs, growing at an average annual rate of about 11 percent. The Port of Virginia saw similar growth, fueled by U.S. and global economic activity. However, like most domestic industries, shipping was not immune to last year's major downturn in the global economy. This historic recession—the longest and most severe since World War II—led to a 14 percent decrease in container cargo demand.

### **DRIVING FUTURE GROWTH**

With recent green shoots in the economy and rising container cargo volumes at domestic ports, the port and shipping sector is cautiously optimistic, as the industry strategically draws out of the deepest recession in a generation.

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Such perspective also applies to the Craney Island Eastward Expansion project. Like all domestic ports, The Port of Virginia has had to weather the storm of this downturn. However, through planning consistent with the mission of the VPA—to foster and stimulate maritime commerce—The Port will continue to be an economic engine for the region and the nation. The Port of Virginia currently generates 343,000 Commonwealth jobs, \$13.5 billion in wages, \$41.1 billion in revenue, and \$1.2 billion in taxes. Future Port growth will come in large part from the Craney Island Eastward Expansion. The project is a economic driver for the Commonwealth and the Nation:

- Craney Island Eastward Expansion construction will generate 1,176 jobs, and \$37 million in wages.
- Over time, it will generate 54,000 jobs, \$1.7 billion in wages, and \$155 million in state and local tax revenue.
- It will have \$5 billion in cumulative economic impacts on the Commonwealth annually.

The Craney Island Eastward Expansion is integral to The Port's future because it provides the modern cargo-handling facilities and supporting infrastructure required to keep pace with future demand, and allows it to remain competitive against other East Coast Ports. As part of The Port's long-term strategic plan, the project is being constructed in phases to meet the growing demand for cargo capacity.

The Port of Virginia has shown an ability to continue to grow its container cargo volumes over the long-term while successfully developing cargo-handling facilities and supporting infrastructure. These developments allow The Port to keep pace with demand and remain competitive compared to other regional port facilities.

Several events, both foreign and domestic, are influencing a sustained economic recovery that could soon result in a significant rebound in container cargo demand. The following sections illustrate many of these events and trends.

## ECONOMY LOOKING UP

The U.S. economy is recovering and the level of international container volumes flowing through U.S. ports in 2010 is likely to be 15% higher than in 2009. Import cargo volume at domestic container ports is expected to see double-digit increases through the summer as the U.S. economy continues to improve.



## PAST PERFORMANCE

Between 1982 and 2009, container traffic volume demand at The Port of Virginia has increased by 7.3% annually. Over that time, The Port has had sustained growth across several recessions and Port volumes have accordingly trended upward. Therefore, by comparing past and present volumes, a pattern emerges of normal business cycles with periods of strong growth followed by flattening or negative growth.

The 2009 economic recession—though more severe than previous economic downturns—will not impact the long-term future growth of The Port of Virginia. The global trends that support growing container trade volume are expected to continue over the long term. Such trends include falling trade barriers with emerging nations, increased efficiency in the global logistics supply chain, and innovations in information and communication technology. With the Craney Island Eastward Expansion, The Port of Virginia will capitalize on these trends, as well as others, to grow the container cargo volumes over the long term. By developing the infrastructure today, The Port will maintain its consistent approach to long-term growth.

## PORT GROWTH RATE FASTER THAN U.S. GDP



Global trade will continue to increase at rates faster than the overall U.S. economy, as container volumes will continue to grow faster than national gross domestic product over the long-term. Therefore, while global cargo volumes were down last year, they are forecasted to increase 300% by 2040. This growth trend supports domestic economic activity. The Port of Virginia cargo growth is expected to rise 2.5 times faster than the rest of the economy.

## LARGER VESSELS

All major shipping lines are acquiring larger vessels. The 2009 global recession resulted in new ship deliveries being delayed until demand improves. However, investment in a new ship is a long-term undertaking, looking well beyond the current economic cycle. The larger ships are being built and placed into service because they create significant efficiencies and reductions in costs to the ocean carriers. Consequently, ports that are able to accommodate larger vessels can take advantage of increases in ship size. With 50 foot channels, cranes capable of servicing the largest ocean-going vessels and no air-draft restrictions, The Port of Virginia is already the best-positioned facility on the East Coast to accommodate these vessels. The Craney Island Marine Terminal (CIMT) will further improve this strong competitive position.



## PANAMA CANAL EXPANSION

By the end of 2010, after recession concerns ease, focus in the shipping industry will shift to the need for U.S. East Coast ports to accommodate the larger ships that will traverse the expanded Panama Canal on their journey from North Asian ports. Today, the Panama Canal is almost at full capacity. The expansion—scheduled to open by 2015—increases capacity through widening and deepening the waterway, thereby allowing the larger vessels to move through the canal.

Many East Coast ports are too shallow to accept the larger vessels discussed above; or have other obstructions. The Port of Virginia is the only port on the U.S. East Coast that can handle the largest ships that will use the Panama Canal after 2014. It has the deep water and high-quality port infrastructure to meet the future vessel size and demand through the waterway, unlike many other ports on the eastern seaboard, which lack water depth or have other restricting characteristics.

The Craney Island Eastward Expansion provides the Port of Virginia the cargo capacity to accommodate the increasing demand from an expanded Panama Canal Expansion. As a result, Midwest shippers will increasingly move cargo through the Panama Canal to The Port of Virginia, thereby supporting long-term Port growth.

## FOCUS ON EXPORTS

U.S. exports are likely to increase substantially due to the lower exchange value of the dollar and stronger growth in destination countries, particularly in emerging markets. This is necessary to reduce the U.S. trade deficit, one reason why the federal government has engaged in an initiative to boost exports from U.S. ports.

In his most recent State of the Union address, President Obama called for doubling American exports in five years. The National Export Initiative—a government-wide program to shift the American economy to be export-driven, will support diversity in domestic economic activity as well as port growth.



## AGING POPULATION AND EMERGING MARKETS

Demographic changes in the world's population is a trend that has not been impacted by the recent decline in economic activity. The aging populations of North America, Europe and Japan are increasing and this means a greater dependency on imported goods.

Companies move production facilities to countries with younger populations, where demand growth is higher and labor costs are lower. This trend has accelerated during the recession, particularly because emerging market economies continued to expand, albeit at a slower rate, but will continue to boost trade and cargo movements.

## ASIAN ECONOMIES

U.S. East Coast trade with rapidly growing Asian economies such as Hong Kong, Singapore, India, South Korea, and Taiwan currently account for approximately 50% of total container activity. By 2040, it is estimated that Asia will account for 60% of total activity. This extra container traffic will arrive on larger ships that must be handled by efficient and productive container facilities, such as the Craney Island Marine Terminal (CIMT).