

TESTIMONY PRESENTED TO THE TRANSPORTATION COMMITTEE

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Department of Economic and Community Development

House Bill No. 5575

AN ACT CONCERNING PROMOTION OF THE COMMERCIAL USE OF THE STATE'S DEEP WATER PORTS

Good morning Senator LeBeau, Representative Perone, Senator Frantz, Representative Lavielle and members of the Commerce Committee. My name is Tim Sullivan, and I recently joined the Department of Economic and Community Development as the State Director of Waterfront, Brownfield and Transit-Oriented Development. Thank you for the opportunity to provide testimony on behalf of DECD Commissioner Catherine Smith regarding a coordinated approach to our ports as an economic driver in the Connecticut and HB 5575, AN ACT CONCERNING PROMOTION OF THE COMMERCIAL USE OF THE STATE'S DEEP WATER PORTS.

Connecticut's deepwater ports – located in Bridgeport, New Haven and New London – as well as smaller ports and harbors along the Long Island Sound coast, represent an important economic development asset for the state. Prior to the onset of the Great Recession, Connecticut's maritime industry contributed more than \$5 billion to the state's economy and employed more than 30,000 people, according to a study published in 2010 by the Connecticut Maritime Coalition. In 2007, according to the same study, average wages in the maritime industry were 15 percent higher than the state average.

But while our ports are an important component of the Connecticut economy, in recent years they have faced significant challenges. Import volumes at the three deepwater ports have fallen by more than 80% since 2006, to less than 2 million tons annually; export volumes have risen modestly in recent years but still are less than 1 million tons annually. By comparison, 5.5 billion tons of cargo is moved through the Port of New York and New Jersey annually.

The most significant factors contributing to these challenging conditions are driven by trends in the global economy. Containerization continues to drive more and more cargo volumes to the country's largest ports, including New York/New Jersey, Los Angeles, Long Beach, Houston and Norfolk. Most of the vessels calling on these ports are simply too large to call on Connecticut's ports, and these ports have invested significant resources in infrastructure such as multi-modal connections and warehousing facilities that can accommodate large cargo volumes.

The ongoing widening of the Panama Canal will only further exacerbate these challenges, enabling even larger vessels to bring cargo to the United States from Asia and other foreign markets.

But the Malloy Administration refuses to believe that the decline of Connecticut's ports is inevitable or irreversible, which is why we believe a comprehensive statewide strategy for our ports is necessary. We believe that a coordinated approach to developing our ports would better position Connecticut's maritime industry to expand export and import opportunities and, as a result, create new good-paying industrial jobs.

A stronger, growing maritime industry will also pay dividends beyond jobs and economic development, as well. Every ton of cargo that arrives by water is a ton of cargo that isn't arriving on I-95, 84 or 91, which would not only reduce congestion, but also emissions. A study commissioned by the Connecticut Maritime Coalition estimated that 80,000 truck trips per year on I-95 could be eliminated if cargo was transported from hub ports through Connecticut's ports.

In 2012, the State commissioned the Connecticut Deep Water Port Strategy Study, which identified eight potential strategies for increasing volumes and activity at our ports, including expansion of scrap metal and wood pellet exports and fresh food imports, expansion of commercial fishing and shellfish operations, support for continued ferry service, and expansion of ship repair capabilities. The study also analyzed two potential new governance approaches: that the state consider either a market-based approach to developing its maritime infrastructure or the creation of a statewide Port Authority to rationalize and prioritize investments in Connecticut's deepwater ports, such as dredging, and to create a consolidated marketing and development strategy for the ports.

Unlike nearly every other state on the Eastern seaboard, Connecticut does not speak with one single, consistent voice when interacting with a host of important public sector partners – particularly federal agencies like the Army Corps of Engineers, the Coast Guard, the Maritime Administration, the EPA, and the National Oceanographic and Atmospheric Administration, among others, regarding its port development. Just as importantly, the State's ports are not marketed consistently to current and potential private sector partners.

Establishing an entity that will manage our ports collectively will require significant additional planning, analysis and consultation with key stakeholders. There are a number of factors that must be considered in creating any new quasi-public entity. It is important that we consider the lessons we have learned through the creation of past authorities, including the Connecticut Airport Authority. My colleagues at the Office of Policy and Management have submitted testimony on some of those administrative hurdles and I encourage you to consult with their testimony for more information.

While many of the key details of a ports entity could be finalized during that planning process, we believe that several items must be clarified in legislation establishing a ports entity, including:

- Specification of the entity's jurisdiction: The Administration believes that at least all three deepwater ports (Bridgeport, New Haven and New London) should be included if an entity is created; including other smaller ports and harbors would allow for further enhancements in policy coordination and strategic planning
- Status of the State Pier in New London: The Administration believes that the State Pier is a critical public asset; discussions must be held as to the future of the state-owned facilities in New London
- Start-Up Funding: Any transition to a quasi-public entity will require modest levels of funding to support the hiring of an Executive Director as well as administrative and planning expenses.

In conclusion, the Administration believes that proper planning and analysis is required in order to work toward the establishment of an entity to manage Connecticut's ports; such a decision would be an historic step in the revitalization and strengthening of the State's ports and maritime economy. We look forward to working with the Assembly to move this important initiative forward.