

**Testimony to the Transportation Committee of the Connecticut General Assembly
Delivered by Connecticut Port Authority Acting Board Chair David Kooris
August 20th, 2019**

Co-Chairmen Senator Leone and Representative Lamar, members of the General Assembly's Transportation Committee, and other legislators, thank you for the opportunity to join you all this morning and begin to layout the process whereby we will reposition the Connecticut Port Authority to garner this administration's, the General Assembly's, and the public's confidence as it continues to advance the economic prospects of Connecticut's coast.

As you know, the General Assembly established the Connecticut Port Authority as a quasi-public agency in 2014 to reestablish maritime commerce as an essential cornerstone of our state's economy. It is the mission of the Authority to grow Connecticut's economy and create jobs by strategically investing in the state's three deep-water ports and small harbors to enable each to maximize its own economic potential.

While created in 2014, the Authority did not begin operations until 2016. To that end, I think it is important to take a moment to remind us all of some of the successes that the Authority has achieved in just these three short years. The Authority has:

- established the Small Harbor Improvement Projects Program (SHIPP) to improve the infrastructure and operation of the state's small harbors, investing so far in 17 communities with a second round of SHIPP awards coming this Fall,
- completed three major dredging projects – the Housatonic River in Stratford and Milford, the Mianus River in Greenwich, and North Cove in Old Saybrook – in coordination with the local Harbor Management Commissions and the US Army Corps and effectively overseeing \$16 million in state bond funds to ensure safe navigation,
- released a state Maritime Strategy with eight objectives that serve as a roadmap for investment decisions and resource prioritization over the next five years,
- completed a design for improvements to Pier 7 at Fort Trumbull State Park that will ensure a future mooring location for the Coast Guard cutter Barq Eagle, US Navy vessels, and a potential for mid-size cruise ships,
- conducted a feasibility study and Environmental Impact Statement for the New Haven Harbor Navigational Improvement Project in partnership with the New Haven Port Authority and the US Army Corps to assess a deepening of the federal channel to 40-feet, and
- commissioned an economic impact analysis by the Connecticut Economic Resource Center, providing a data-driven baseline from which we can measure future economic

growth and job creation. The study found that the maritime industry in Connecticut generates an estimated \$11.2 billion dollars annually and supports an estimated 59,800 jobs across the state.

As Acting Chair of the Board since July 24, I have worked with my colleagues in the Lamont administration to get a handle on the past and current operations of the Authority, to recommend steps for action to regain focus on the Authority's mission, and to rebuild public confidence in the ability of the Authority to achieve those lofty aims.

These past three-and-a-half weeks, my focus has been in the following areas and I will briefly share a bit about each: Finance and Audit, Board and Governance, Personnel, Transparency and Freedom of Information, and the Harbor Development Agreement for the state's facilities in New London.

Finance & Audit

The Authority's stewardship of public resources is our first and foremost responsibility and has, therefore been a primary focus. There has been much reporting concerning alleged or perceived improprieties. While I want to be clear that recent articles have contained inaccuracies and partial truths, we are taking our stakeholders' concerns seriously and are looking into the Authority's finances with a fine-toothed comb. To that end, as you saw in the Governor's press release on August 9, I am working with OPM to bring on an external auditor to conduct this in-depth review. While that is ongoing, OPM Secretary McCaw and her team are working alongside me to ensure that the Authority is lent robust financial oversight so that appropriate due diligence is afforded to all necessary transactions. As you heard from them this morning, the auditor of public accounts released in May of this year their audit of the Authority's 2016 and 2017 fiscal years. They have recently begun their audit of the 2018 and 2019 fiscal years. I have been working with staff to ensure that your auditors have timely access to all the information that they need. Additionally, the Authority has annually commissioned its own external audit. The audit we will be conducting will supplement those two entities' reports and provide the administration with a complete picture of the necessary corrective actions that will ensure that fiscal surety will be a hallmark of the Authority going forward. Since we will need to institutionalize these corrective actions in the Authority's policies and procedures, those will also fall within the purview of our external audit.

Board and Governance

The implementation of these corrective actions and adoption of revised policies and procedures will require confidence in the Board itself. The Board is made up of qualified and dedicated volunteers who represent those of you who appoint them including legislative leadership and the Governor. With that said, as described by Mr. Mounds, now is an appropriate time to reassess the structure of the board and its membership to ensure that it is best suited for the future of this important Authority. There are now two vacancies, two recently expired terms, and two terms approaching expiration at year's end. We expect that the legislators who

appoint those seats will make an informed determination to either retain expertise or replace for fresh perspective. That will be the approach taken by the Governor and his staff. We hope that you will move to deliver a full complement of the Board expeditiously. The Board in July hired Captain Paul Whitescarver, recently retired commander of Naval Submarine Base New London, as a consultant to help us identify and implement governance and operational best practices that will be the backbone of a Board and staff empowered to implement corrective actions and deliver on the Authority's crucial mission.

Personnel

As has been reported, one of the Authority's four full-time staff people separated from the Authority and the Executive Director was placed on administrative leave. These actions were wholly independent from one another. Please understand that my following comments are designed to respect the privacy typically afforded to personnel matters. First, on Tuesday July 9, the Executive Director and the Office Manager negotiated her separation. That date was her last date of employment with the Authority. I have consulted with the Authority's outside counsel specializing in human resources and no irregularities in the process conducted have been identified at this time.

On Friday of that same week, July 12, the Executive Director was placed on paid administrative leave by the then Board Chair who notified me and other members of the Executive Committee. The impetus for the Executive Director's leave was comments he made to the press unbecoming of a public sector leader. While I cannot discuss any of the specifics of the discussions presently being held with the Executive Director, I can confirm that I am moving forward with counsel to work out a solution amenable to both parties. Any next steps as to the Executive Director will be discussed by and authorized by the Board before any actions are taken. The Authority is well aware of the limitations set forth by the legislature with respect to severance payments by quasi-governmental agencies and the Governor's opposition to same, and his position will be well known to the Board when considering any and all separation agreements.

Transparency and Freedom of Information

While addressing personnel matters publicly is always walking on a tight-rope, and I believe some of the perception of opacity at the Authority stems from our difficultly addressing this topic, we are committed to transparency and openness. Let me share some of the actions we are taking. First, let me address the Freedom of Information Act (FOIA). The Authority has a solid track record in responding to FOIA requests for the past year that I've reviewed. Since July 1, the rate of FOIA requests received has increased over five-fold and the reduced staff have done their best to keep up with that volume. Seven of the 14 requests received during the last month-and-a-half have been answered with nearly 1,000 pages of documents, one was

withdrawn, and staff is working hard to continue to respond to the other six in the order that they were received. Most agencies have full-time dedicated staff for this task.

To make it as easy as possible for stakeholders and the public to monitor the Board's activities, the remaining meetings for this calendar year will all take place at Fort Trumbull in New London on the previously announced regular meeting dates. CT-N attended our most recent Board meeting there, the on-demand video has been viewed over 100 times, and we welcome them at any and all future meetings. The Authority has been inundated by press requests these last few weeks and I and staff have worked hard to be responsive and we will continue to share information on the Authority's activities and projects. To that end, we will be holding a public informational meeting on a major current initiative of the Authority – the proposed Harbor Development Agreement for the state's facility in New London – on Tuesday September 17 at a location to-be-determined in New London. We look forward to robust attendance.

Harbor Development Agreement

I will finally turn your attention to this major piece of business currently before the Authority, its origins, its status, and its benefit to our state. In 2018, with the State Pier's long-term concession agreement entering its final act, the Authority launched a Request for Qualifications and a subsequent Request for Proposals. This process would result in a concession agreement with a new port operator. This procurement was a robust and public process, guided by outside industry expertise and a detailed analysis to identify the best long-term partnership for the state's facility's next generation of activity. The Request for Proposals made clear that the Authority was open to submissions that included utilization of the port in support of the wind industry, but it was not a threshold criteria.

In late 2018, following a review and interview process, Gateway Terminals was selected by the Board because of its confidence in Gateway's ability to effectively operate the facility to its greatest potential in a wind or a non-wind scenario. Following their selection, the Authority began parallel negotiations with Gateway Terminals on a concession agreement to operate the facility and with Gateway Terminals in conjunction with the Eversource/Orsted partnership from Gateway's proposal on bringing off-shore wind development to the state's facility. The concession agreement was finalized in early 2019, a necessary precedent action in either the wind or no-wind scenario.

Gateway Terminals began operating the state's facility on May 1, 2019 immediately following the end of term of the prior operator's concession agreement. Though a final Harbor Development Agreement for the wind scenario was not able to be executed within the same timeframe due to its complexity, a tri-party term sheet was signed by the Authority (following Board authorization), Gateway Terminals, and Eversource/Orsted on May 2 and announced publicly in downtown New London. Now nearly complete, the legal document that codifies the content of that term sheet is being reviewed by the administration to ensure that it attains our desired benefits for the public.

As stated earlier, on September 17, prior to any Board action on the Harbor Development Agreement, we look forward to sharing the details of this partnership. We will make clear the reasons we are confident that offshore wind development is the best way to achieve the highest and best use of the State Pier facility. The plan will transform the Port of New London from an under-performing break-bulk cargo facility into a premier hub for this renewable power generation industry. By doing so, we create certain, significant direct employment that will occur at State Pier during construction and for over a decade of operations beyond. We also place southeastern Connecticut in a commanding position to attract the possible manufacturing jobs along the Thames River and the freight rail lines that frame it with companies who will be looking to locate near this facility. We have started those preliminary discussions.

In closing, our next Board meeting will take place at noon at Fort Trumbull in New London on Wednesday, September 4 and, at that meeting, we will begin taking action to implement the strategy that I have broadly outlined for you today. There will no doubt be a few months of corrective action, policy adoption, and other measures to allow the Authority to fully regain our, your, and the public's confidence to support it in its mission. The Harbor Development Agreement is a great near-term step that will launch a 21st Century maritime industry right here on Connecticut's shores, maximizing that facility's economic potential. I welcome as many of you alongside me in this effort as are willing and I look forward to working with all stakeholders to achieve our shared goals.

Thank you for your attention and I will do my best to answer any questions that you may have.

