



Ned Lamont
GOVERNOR
STATE OF CONNECTICUT

Connecticut General Assembly Transportation Committee

Testimony of

Paul Mounds, Jr.

Chief Operating Officer & Deputy Chief of Staff

Office of Governor Ned Lamont

August 20th 2019

Chairman Leone, Chairman Lemar, Ranking Members Martin and Devlin, and distinguished members of the Transportation Committee, my name is Paul Mounds Jr and I serve as Chief Operating Officer and Deputy Chief of Staff for Governor Ned Lamont.

I would like to thank you for your invitation to address the Transportation Committee as a representative of the Lamont Administration concerning the recent developments at the Connecticut Port Authority (CPA) and the overall purpose and expectations of Connecticut's Quasi-Public Agencies. After my presentation, you will hear from Department of Economic and Community Development (DECD) Deputy Commissioner, David Kooris, who was asked by Governor Lamont to serve as chair of the CT Port Authority in his role as DECD's ex officio representative to the Port Authority Board of Directors.

At the start of the Lamont Administration, Governor Lamont has made effective agency operations a priority as seen through the recruitment of Agency Commissioners and senior staff with strong ethical and operational backgrounds. In a short period time, we have experienced immediate outcomes and results, ranging from strategic centralization of human resources functions across state government to decreasing wait times by 20-plus percent at the Department of Motor Vehicles.

In the past few months, the overall fiscal and personnel management of our state's Quasi-Public Agencies that have occurred before the start of the Administration, particularly that of the Connecticut Port Authority, have come into question by Governor Lamont, the general public, and the Connecticut General Assembly.

The Connecticut Port Authority was created by the Connecticut General Assembly in 2014 and Connecticut General Statutes Sec . 15-31b. states the purposes of the Connecticut Port Authority shall be to:

- Coordinate the development of Connecticut's ports and harbors, with a focus on private and public investments;
- Pursue federal and state funds for dredging and other infrastructure improvements to increase cargo movement through the ports and maintain navigability of all ports and harbors;
- Market the economic development of such ports and harbors, work with the Department of Economic and Community Development and other state, local and private entities to maximize the economic potential of the ports and harbors;
- Support and enhance the overall development of the state's maritime commerce and industries;
- Coordinate the planning and funding of capital projects promoting the development of the ports and harbors;
- Develop strategic entrepreneurial initiatives that may be available to the state, coordinate the state's maritime policy activities;
- Serve as the Governor's principal maritime advisor responsible for marketing and coordinating the development of the state's Deepwater Ports-Bridgeport, New Haven and New London-, and maritime economy.

The Connecticut Port Authority has made great advances in support of the overall development and marketing of the state's deepwater ports (Bridgeport, New Haven, and New London) and harbors as seen in the creation of a State of Connecticut five year maritime strategy and investing over \$4 million to support marina repair, dredging, boat ramp facilities improvement, harbor management plans and feasibility studies all across Connecticut through the Small Harbor Improvement Projects Program (SHIPP).

The governance and operational structure of Quasi-public Agencies is meant to make these organizations nimble and effective at responding to opportunities to the overall benefit of the State of Connecticut, its communities and residents. With that said, the decisions and actions taken by these organizations must prioritize fiscal responsibility, operational excellence, and maintain the public's trust and confidence. As presented by the Auditors of Public Accounts, and developments that have come to the attention of the Governor and his administration are troubling and detrimental to the overall mission and intent of the Authority.

For that reason, Governor Lamont took immediate action to call for a review of the Port Authority management and operations led by his Chief of Staff, Ryan Drajewicz and myself.

Since that announcement the following has occurred:

Leadership Changes and Review of Board Governance & Compositions

Two most recent chairs of the Port Authority board have resigned and the Port Authority Executive Director has been placed on administrative leave. Retired Navy Captain Paul

Whitescarver was installed to work with the Port Authority's interim board chair, DECD Deputy Commissioner David Kooris to assess and reprioritize day-to-day operations. The Governor's Office is working with Legislative Leaders to review the CPA current board's composition and design.

Financial Oversight and Independent Audit & Review

Governor Lamont has directed Secretary of the Office of Policy and Management (OPM) Melissa McCaw to take a direct and active role in the financial decisions of the Port Authority through her official position on the board as well as her role as the state's chief fiscal officer.

OPM will engage the services of Bob Dakers, formerly the State's Executive Financial Officer and an individual with extensive experience in state government and financial management, to oversee the operations and finances of the authority while an independent audit is completed.

The Audit will be administered by OPM and will be completed by an auditing firm utilizing an existing state contract.

OPM and the CPA in the coming weeks will further solidify this agreement and arrangement through a Memorandum of Understanding (MOU).

Partnering with Treasurer Wooden and Legislative Leaders

Governor Lamont has asked State Treasurer Shawn T. Wooden, who serves as an ex officio member to the Port Authority Board of Directors, to partner with him on this greater review with a particular focus on governance and risk management oversight.

In addition, last week, Governor Lamont authored a letter to all Legislative Leaders inviting them to partner with him to align on the current bad outcomes, the reasons behind them and the overall path forward on Port Authority and Quasi-Public Agencies in totality. The Governor believes there should be tighter governance and accountability measurers which universally oversee the Quasi-Public Agencies and will work with the Legislative Leaders to develop that oversight.

This review which will conclude in the coming months will lead to administrative actions and proposed legislative solutions to ensure proper accountability, fiscal management and governance standards are upheld and implemented.

While these corrective actions are just the beginning, we believe it is important that we all, as the executive branch, and the Connecticut General Assembly-who proposed the creation of the Port Authority and serves as board appointing authorities to the Port Authority and majority of the board of Directors of Quasi Public Agencies-work together to ensure the past concerns do not jeopardize the standing of the potential success of the Port Authority and all of the Quasi-Public agencies.

This past legislative session, two new quasi-public agencies were created-Paid Family Medical Leave Authority and Connecticut Municipal Redevelopment Authority- while one other begins its growth pattern- Connecticut Retirement Security Authority- in order to ensure these entities are successful to the standards we all expect, we need to address the issues together that called for this hearing on the Port Authority to be scheduled today. This is why for the first time in a long time, The Governor's office convened all of the leaders of the Quasi-Public Agencies to reinforce the Governor's expectations for the agencies and to better align their outcomes with the direction of the state. The Governor's office will be meeting with these Quasi-Public leaders monthly going forward and set up these entities for success by creating a venue for sharing of best practices and resources and ensuring overall accountability.

It is the Governor's goal that together, we can level set on the overall role of quasi-public agencies and the benefits they can provide to our state, while ensuring the Port Authority and all Quasi-public agencies maintain the highest standards of ethics and management excellence. By assigned his most senior staff to conduct a thorough review, demand an independent third-party review and instructed his administration to intervene on day-to-day responsibilities, Governor Lamont welcomes this discussion.

In parallel, he's bringing all responsible stakeholders to the table – especially the legislature who create and appoint board membership to each Quasi-Public Agency – to share in the problem identification and solution setting.