



February 19, 2021

Good morning Senator Cassano, Representative Lemar, Senator Somers, Representative Carney, and distinguished members of the Transportation Committee,

As Chairman and Executive Director of the Connecticut Port Authority (CPA), we appear before you today to provide brief testimony regarding several bills proposed this 2021 Session relating to the structure, mission and operations of the CPA:

1. [Proposed S.B. No. 241](#) AN ACT CONCERNING OVERSIGHT AND TRANSPARENCY AT THE CONNECTICUT PORT AUTHORITY. (TRA)
  - a. The proposed bill references a “review the amount of payment in lieu of taxes provided to the Connecticut Port Authority in comparison to the amount provided to other quasi-public agencies.” Please note that the CPA does not receive any payment in lieu of taxes as we are not a tax-collecting entity.
  - b. The CPA supports the representation of small ports and host communities on our Board of Directors.

The Authority’s enabling legislation Section 1(b) states that the Authority’s appointed members shall include:

“...(B) one member or employee of a local port authority; (C) one elected or appointed municipal official from a coastal municipality with a population not greater than one hundred thousand; and (D) one elected or appointed municipal official from a coastal community with a population not greater than fifty thousand.”

We welcome and support any recommendations from the legislature and the designated appointing authorities, regarding the best possible representation for our Board.

- c. We welcome the opportunity to provide a formal update to you on our Small Harbor Improvement Projects Program (SHIPP), our sole mechanism for investing state resources in small port projects.
- d. We welcome the opportunity to provide an estimate of the jobs that will be created during our proposed construction project at State Pier in New London as well as the jobs to be created by our private partners during their utilization of the upgraded State Pier facility from 2022-2031,

**CONNECTICUT PORT AUTHORITY**

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as compared to the employees of the private companies with operations at State Pier prior to 2021.

- e. We welcome the opportunity to provide updates to this committee on any of the aspects of our operations but we request that this request for status updates and reporting be made more specific to ensure accurate reporting and it be clearly differentiated from the annual reports that we are already required to submit.
- f. We believe strongly that the creation of the CPA and our singular focus on the state's maritime infrastructure and economy have enabled us to advance projects in multiple ports and harbors and seize opportunities that far exceed the level of success achieved when the maritime functions were located within the Department of Transportation (DOT). We believe that maintaining a quasi-government agency with our mission is more beneficial to the state than rolling us into DOT.

2. [Proposed S.B. No. 610](#) AN ACT CONCERNING THE BOARD OF DIRECTORS OF THE CONNECTICUT PORT AUTHORITY. (TRA)

- a. CPA remains consistent in our support of the City of New London's efforts to join our Board. CPA's commitment to support the City's addition was memorialized in the Impact Fee Agreement between the Authority, terminal operator Gateway New London, LLC and the City executed in January of 2019. The innovative agreement guarantees annual payments to the City to offset costs associated with municipal services and additionally provides a share of the revenue generated at the terminal for the next twenty years. The Agreement further includes a commitment by CPA to support any legislative proposals or administrative direction seeking to provide New London with a seat on the CPA's Board of Directors.

The Impact Fee Agreement commits to:

- payment of an annual Impact Fee to the City to offset municipal services provided to the State Pier facility, like police and fire protection. Municipal services do not include those facility services which the CPA or State provides, such as snow removal for State Pier Road, facility utilities and storm water fees. The Impact Fee was equal to \$75,000 in year one (2019), escalating 2% each year;
- an annual Revenue Share Payment to the City, equal to 10% of the accessible revenue received by the CPA associated with activity at the pier. This commitment includes a minimum payment guarantee equal to \$50,000 in year one (2019) and increasing every five years;

- support for any legislative proposals or administration action seeking to provide New London with a seat on the CPA’s Board of Directors. Amending the CPA’s Board composition requires legislative action. The CPA supported the bill proposed by Governor Lamont in the February 2020 Session that would have achieved this, however, the bill didn’t make it out of Committee. If and when the legislature decides to take it up again, we will honor the commitment we made in the Impact Fee Agreement and support it again at that time.

The Impact Fee and Revenue Share Payment to the City of New London amounted to \$125,000 in 2019. That payment is projected to more than double – averaging more than \$262,000 annually to the City of New London – during Orsted/Eversource’s 10-year lease term. That revenue is separate from the additional revenue the City will receive from the Host City Agreement (HCA) that we expect will ultimately be executed between the City, Orsted and Eversource;

While the CPA is not a party to the Host City Agreement (HCA) currently being negotiated between the City of New London, Orsted and Eversource, nor to the negotiation between the city and the state on PILOT payments, we remain supportive and hopeful that agreements will be reached in the coming weeks.

3. [Proposed S.B. No. 605](#) AN ACT CONCERNING THE CONNECTICUT PORT AUTHORITY. (TRA)

- a. The CPA understands that decisions relating to the appointment to the Authority’s Board of Directors are determined by the legislature, through our enabling legislation and the appointing authorities indicated within that legislation.

As noted in our prior response above to [Proposed S.B. No. 241](#), the Authority’s enabling legislation Section 1(b) states that the Authority’s appointed members shall include representation from a local port authority, a coastal municipality and a coastal community:

“...(B) one member or employee of a local port authority; (C) one elected or appointed municipal official from a coastal municipality with a population not greater than one hundred thousand; and (D) one elected or appointed municipal official from a coastal community with a population not greater than fifty thousand.”

We welcome and support any recommendations from the legislature and the designated appointing authorities, regarding the best possible representation for our Board.

- b. The CPA supports the placement of the Connecticut Pilot Commission within an appropriate agency of the State, instead of the Connecticut Port Authority, for administrative purposes only.

Separately, CPA supports the continuation of the Memorandum of Understanding between the Department of Transportation (DOT) and the CPA that details an employee of the DOT previously assigned to the former maritime office to work at the Connecticut Port Authority, and for that employee to continue to be compensated from the DOT's budget.

- c. We believe that we have in place a transparent and equitable process for grant selection and disbursement through the Small Harbor Improvement Projects Program (SHIPPP). In our first round of grants in 2017, we issued grants to 18 projects in 17 towns and cities totaling more than \$4.1 million. In 2020, our Board approved a second round of grants for 10 projects distributed state-wide across 9 municipalities totaling nearly \$4.2 million. Those second round projects are teed up for State Bond Commission action in 2021.

4. [Proposed S.B. No. 866](#) AN ACT CONCERNING THE CONNECTICUT PORT AUTHORITY. (TRA)

- a. As required by statute the Authority currently submits annually to the Transportation Committee, two reports:

- i. Pursuant to CGS § 15-31a(k):

“...to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to transportation, commerce and the environment, summarizing the authority's activities, disclosing operating and financial statements and recommending legislation to promote the authority's purposes.”

On December 15, 2020, the Authority submitted the 15-31a(o) report to the Governor's Office and Transportation Committee (as well as committees on Commerce and Environment).

- ii. Pursuant to CGS § 15-31a(o):

“...to the Governor (1) a list of projects which, if undertaken by the state, would support the state's maritime policies and encourage maritime commerce and industry; (2) recommendations for improvements to existing maritime policies, programs and facilities; and (3) such other recommendations as the board considers appropriate. Copies of such report shall be submitted to the joint standing committee of the General Assembly having cognizance of matters relating to transportation...”

On December 15, 2020, the Authority submitted the 15-31a(o) report to the Governor's office and the Transportation Committee.

Further, in 2020 the CPA also submitted to the Transportation Committee our annual report responsive to CGS § 1-123(a), which is submitted annually to the Office of the Governor and State Auditors of Public Accounts.

As the Transportation Committee is already receiving the information proposed by S.B. No. 866, we look forward to better understanding the Committee's desired outcome.

We look forward to working with the Transportation Committee to advance the interests of Connecticut's maritime economy. We look forward to any questions or comments you may have today or in the future.

Sincerely,

A handwritten signature in blue ink, appearing to be 'DK', written over a horizontal line.

David Kooris, Chair

A handwritten signature in blue ink, appearing to be 'JH', written over a horizontal line.

John Henshaw, Executive Director