



CONNECTICUT PORT AUTHORITY
2017 ANNUAL REPORT
(CGS § 15-31a(k))

The Connecticut Port Authority (“CPA”) is a quasi-public agency, pursuant to Section 1-120(1) of the General Statutes of Connecticut (“CGS”), a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut (“State” or “Connecticut”) that is responsible for marketing and coordinating the development of the State’s ports and harbors and maritime economy. *See generally* CGS § 15-31b(a). The creation of the CPA represents a major commitment by the State to invest in its port infrastructure to create jobs and attract private investment to the State.

Pursuant to CGS § 15-31a(k)¹, “[o]n or before December fifteenth of each year, the board shall report, in accordance with the provisions of section 11-4a, 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.”

¹ *See also* Public Act 15-5 § 1(k) (“On or before December fifteenth of each year, the board shall report, in accordance with the provisions of section 11-4a of the general statutes, 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.”)

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I. Background

Connecticut is home to three (3) deep water ports (Bridgeport, New Haven, and New London) where the bulk of Connecticut's commercial maritime industry operates, as well as small and mid-size coastal and river harbors that also make important contributions to the State's economy. From the terminals in New Haven, New London and Bridgeport to commercially successful ferry operations in Bridgeport and New London to major shipyards such as Electric Boat and the U.S. Navy Sub Base in Groton to numerous marinas to fishing fleets and boat repair facilities, Connecticut's commercial waterfront is an important contributor of jobs, economic activity and tax revenue. Connecticut's coastal economy is broad and diverse. In total, twenty-four (24) municipalities in Connecticut have Harbor Management Commissions, and three (3) municipalities (Bridgeport, New Haven and New London) have existing port authorities.

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. According to recent analysis by DECD, the industry has rebounded from the impact of the Great Recession, again employing slightly more than 30,000 people.

II. The Responsibilities of the Connecticut Port Authority

Pursuant to CGS 15-31b(a), among other duties, the CPA shall:

- Coordinate port development, focusing on private and public investments;
- Pursue State and federal 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 ("DECD") and State, local, and private entities to maximize the ports' and harbors' economic potential;
- Support and enhance the overall development of maritime commerce industries;
- Coordinate the planning and funding of capital projects promoting the development of the ports and harbors;
- Develop strategic entrepreneurial initiatives available to the State; and
- Coordinate the State's maritime policy activities and serve as the Governor's principal maritime policy advisor.

III. Connecticut Port Authority Board of Directors

The CPA's governing body is the Board of Directors ("Board") which is composed of fifteen (15) voting members, including State officials, community leaders, port authority professionals, and individuals with knowledge related to trade, marine transportation, economic development and finance.

Pursuant to CGS 15-31a(m), primary responsibilities of the Board include to:

- Develop and recommend a State-wide maritime policy for the Governor and the Connecticut General Assembly Transportation Committee;
- Advise the Governor and Transportation Committee concerning the State's maritime policies and operations;
- Support the development of the State's maritime commerce and industries, including its ports and harbors;
- Recommend investments and actions, including dredging, required in order to preserve and enhance maritime commerce and industries; and
- Conduct studies and present recommendations concerning maritime issues.

IV. Members of the Board & CPA Staff

Members of the Board:

Chairperson Scott Bates, Deputy Secretary of the State, appointed by the Senate Majority Leader, Senator Bob Duff. Chairperson Bates' appointed Board term, unless reappointed, expires 06/30/2021 and elected term as Chairperson, unless reelected, expires 6/20/2019.

Vice-Chairperson Catherine Smith, Commissioner, DECD, ex officio. Vice-Chairperson Smith's elected term as Vice-Chairperson, unless reelected, expires 6/20/2018.

State Treasurer Denise Nappier, Office of the State Treasurer ("OTT"), ex officio.

- **Sheree Mailhot**, Interim Assistant Treasurer, Designee of the State Treasurer.
- **Sarah Sanders**, Assistant Treasurer, Designee of the State Treasurer. Resigned October, 2017.

Jim Redeker, Commissioner, Department of Transportation (“DOT”), ex officio.

Benjamin Barnes, Secretary of the Office of Policy and Management (“OPM”), ex officio.

- **Charles (Zack) Hyde**, Policy and Communications Associate for Comprehensive Planning and Intergovernmental Policy. Designee of the Secretary of the OPM.
- **Garret Eucalitto**, Under Secretary for Comprehensive Planning & Intergovernmental Policy, Designee of the Secretary of the OPM. Resigned October, 2017.

Robert Kaliszewski, Deputy Commissioner for Environmental Quality at the Department of Energy and Environmental Protection (“DEEP”), ex officio.

- **Brian Thompson**, Director of Long Island Sound Programs, Designee of the Deputy Commissioner for Environmental Quality at the Department of Energy and Environmental Protection (“DEEP”).

Nancy J. DiNardo, appointed by Governor Dannel P. Malloy; appointed Board term, unless reappointed, expires 12/17/2019.

Pamela K. Elkow, Carmody, Torrance, Sandak & Hennesey, LLP, by Governor Dannel P. Malloy; appointed Board term, unless reappointed, expires 12/17/2017.

Donald B. Frost, D.B. Frost & Associates, appointed by Speaker of the House, Representative Brendan Sharkey; appointed Board term, unless reappointed, expires 06/30/2020.

Terry Gilbertson, Town of Woodbridge, appointed by the Senate President Pro Tempore, Senator Martin M. Looney; appointed Board term, unless reappointed, expires 06/30/2019.

Henry Juan III, Young America Capital, appointed by Senate Minority Leader, Senator Len Fasano; appointed Board term, unless reappointed, expires 06/30/2019.

John Johnson, Thames River Properties, appointed by Governor Dannel P. Malloy; appointed Board term, unless reappointed, expires 12/17/2017.

Dave Pohorylo, New England Shipping Company, Inc., appointed by House Minority Leader, Representative Themis Klarides; appointed Board term, unless reappointed, expires 06/30/2021.

First Selectwoman Bonnie Reemsnyder, Town of Old Lyme, appointed by House Majority Leader, Representative Joe Aresimowicz; appointed Board term, unless reappointed, expires 06/30/2021.

Parker S. Wise, American Cruise Lines, Inc., appointed by Governor Dannel P. Malloy; appointed Board term, unless reappointed, expires 12/17/2019.

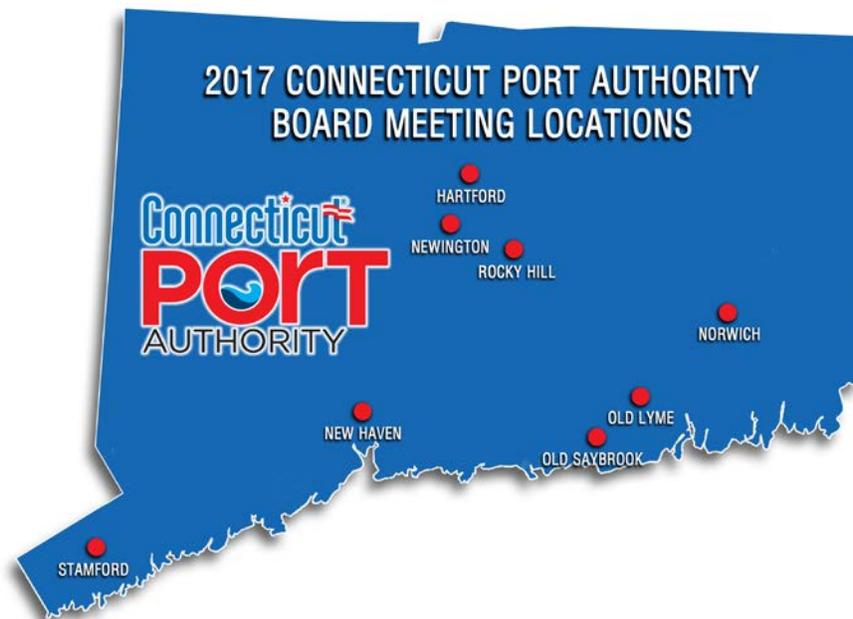
CPA Staff

Evan Matthews, Executive Director

Joseph R. Salvatore, Program Manager

Alan Stevens, Planner

Gerri Lewis, Office Manager



V. Summary of Activities of the Connecticut Port Authority

January – March, 2017

The [Board considered and approved amendment for the maintenance and dredging of the Patchogue River]. The Board also considered the authorization and establishment of independent financial and accounting systems. At its March meeting, CPA approved the adoption of its Operating Procedures and Navigable Waters – Marine Pilots Procedures. The CPA issued a Request for Applications (“RFA”) to identify prospective Municipal Harbor Improvement Projects to receive grant funding its Small Harbor Improvement Projects Program (“SHIPP”) initiative.

April – June, 2017

In April, the Board considered amending the MOU with DECD to clarify responsibility regarding CPA Operating Accounts. The Board authorized the nomination of the Gowrie Group as its insurance agent. The Board authorized the Executive Director to sign a Letter of Intent with Saybrook Realty LLC for lease of office space for the CPA headquarters at 455 Boston Post Road Suite 204, Old Saybrook, CT 06475. In May, the Board authorized the Executive Director to purchase insurance coverage for the State Pier. In April and May, the CPA reviewed the twenty-six (26) application submissions for SHIPP and in June, authorized the project list to officially launch its SHIPP initiative. The CPA also conducted an RFP for Engineering Design Services and RFQs for Maritime Strategy, Analysis and Planning and Auditor and Accounting services.

July – September, 2017

In July, the Board authorized the Program Manager to seek additional bid solicitations concerning insurance coverage for the CPA and ratified the renewal of the CPA’s Public Officials Liability insurance. In September, the selection of BlumShapiro as the CPA’s auditor and Accurate Ledgers, LLC as the CPA’s accounting firm was announced to the Board. The Board authorized the Executive Director to enter into an agreement with Aegir for consulting services and authorized the Executive Director to enter into an agreement with AECOM for engineering design services for the CPA’s State Pier Facility. The Board also authorized the Executive Director to seek bid solicitations concerning communications and marketing services.

The Board also approved the Connecticut Economic Research Council (“CERC”) proposal in response to the Maritime Strategy, Analysis and Planning RFQ.

The Board decided to truncate the initial terms of the Chairperson and Vice-Chairperson and re-elected Chairperson Bates and Vice-Chairperson Smith to serve a two-year and one-year term, respectively.

The Board approved of a resolution authorizing the establishment of the Connecticut Port Authority Schedule of Positions and Total Staffing Levels and ratified the hiring of, Gerri Lewis, the CPA’s Office Manager.

The Board also ratified the selection of Gowrie Group to provide insurance coverage for the CPA.

October – December, 2017

In October, the CPA completed the move to its new headquarters. At the October Board meeting, the Board authorized the Executive Director to seek additional bid solicitations concerning communications and marketing services for the CPA. In November, the Board also approved the selection of Mott MacDonald as the CPA's Strategic Advisor. The Board also created an ad hoc committee, chaired by Nancy DiNardo, regarding CPA communications and marketing. The CPA entered into agreements with Dealy Mahler Strategies and Quinn & Hary for communications and marketing services. In December, the Board adopted the Employee Manual for Connecticut Port Authority, which comprises its Affirmative Action Plan. The Board also adopted the 2017 - 2018 Connecticut Port Authority Budget and approved the Board of Directors 2018 Regular Meeting Schedule.

A. Small Harbor Improvement Projects Program - SHIPP

The mission of the CPA is to coordinate the development of Connecticut's ports and harbors, while working with other State and local entities to maximize the economic potential of the State's maritime commerce and industries. In the pursuit of the mission, the CPA has created the SHIPP, a grant program, as a central part of its strategy to support economic development throughout Connecticut's waterfront.

The CPA projects committee selected and approved eighteen (18) projects for funding under its competitive grant program, generated from the pool of applications for the Municipal Harbor Improvement Projects RFA issued in March.

Funding for the grant program is authorized under Public Act 15-1, Section 13(h)(1).

Allocation requested \$4,011,650

Project Listing:

Harbor Management Plans-Studies (50% Cost Share)

Essex	\$42,500
Fairfield	\$ 6,500
Norwich	\$ 7,500

Boat Ramp Facilities

Wethersfield	\$765,000
West Haven	\$59,800
Fairfield	\$266,000
Clinton	\$110,000
Stamford	\$120,000

Marina Repair (Docks, Piles & other)

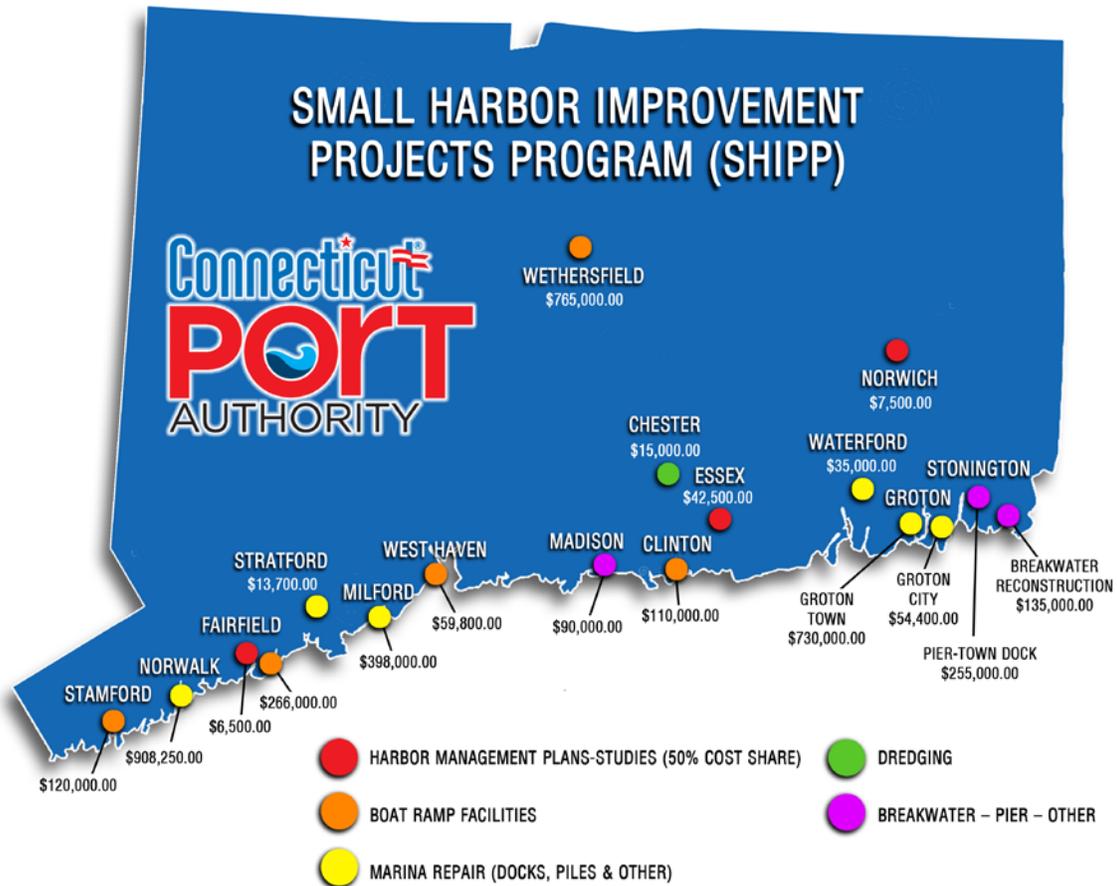
Milford	\$398,000
Norwalk	\$908,250
Groton-Town	\$730,000
Groton-City	\$54,400
Waterford	\$35,000
Stratford	\$13,700

Dredging

Chester	\$15,000
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Breakwater – Pier – Other

Madison	\$90,000
Stonington	\$255,000 (Pier-Town Dock)
Stonington	\$135,000 (Breakwater Reconstruction)



B. CT Pilot Commission - CPC

Previously, the Connecticut Pilot Commission (the “CPC” or “Commission”) was tasked to advise the DOT Commissioner on issues on matters relating

to the licensure of pilots, the safe conduct of vessels and the protection of the ports and waters of the state, including the waters of Connecticut, including the waters of Long Island Sound. Pursuant to Public Act 15-5 (“P.A. 15-5”), effective July 1, 2016, the CPC was administratively attached to the CPA and accordingly, the administrative oversight of the CPC was transferred from DOT to the CPA. Once transferred, the commission consists of nine members, representing a broad spectrum of business, maritime, and environmental interests, including appointees of the Governor and various legislative leaders, the CPA’s Executive Director, and a pilot representative. (See *generally* CGS § 15-13c). The Commission includes members who have experience as Merchant Marine, Navy, and U.S. Coast Guard officers and currently includes members with expertise in admiralty and environmental law, shipping, stevedoring and port operations. Further information regarding the Commission, including a monthly meeting schedule, agenda and minutes of its meetings, are available at <http://ctportauthority.com/>.

Background

Long Island Sound ports (consisting of deep water terminals at New London, New Haven and Bridgeport as well as petroleum terminals on Long Island’s north shore) are vital to the regional economy. In addition to petroleum products, Connecticut’s deep draft ports handle lumber, rolled steel, scrap metal, salt and chemical cargoes.

Foreign flag and U.S. merchant vessels under register, arriving at Long Island Sound ports, are required by law to take aboard a local State-licensed pilot, who has up-to-date knowledge about hazards to navigation, tides and current, communications and vessel traffic. (See CGS § 15-15). As advisors to the ship’s master, state-licensed pilots direct the vessel’s movement in restricted waters, including docking and undocking.

Pursuant to the Federal Boundary Waters Act, 46 U.S.C. § 8501(b) and CGS § 15-15d, Connecticut and New York share authority to regulate pilotage on Long Island Sound. The Federal Boundary Waters Act entitles New York-licensed pilots to pilot ships to all Connecticut ports and Connecticut-licensed pilots to pilot ships on the New York waters of Long Island Sound. The two states are party to a 1999 Memorandum of Agreement (“NY/CT MOA”), implemented by regulation, under which Connecticut-licensed pilots and New York-licensed pilots participate in a joint rotation to provide pilotage service for all ports on the Long Island Sound (See CPA Navigable Waters—Marine Pilots Procedures, formerly §15-15a-17 of the Regulations of Connecticut State Agencies). The rotation is administered by a Joint Rotation Administrator (“JRA”), designated by mutual agreement between Connecticut and New York. The JRA

establishes work rules, dispatches pilots to assignments, collects pilotage fees, pays expenses and distributes earnings. During calendar year 2016, the JRA dispatched pilots to 482 assignments, which has decreased from 506 assignments in 2015.

Under a Memorandum of [Understanding] with DOT, in accordance with P.A. 15-5, CPA retains authority to regulate the licensing, conduct, and duties of Connecticut-licensed pilots as necessary to ensure public safety and protection of the environment (See CGS § 15-15a). The CPC and CPA worked closely with the Board of Commissioners of Pilots of the State of New York (“NY Board”) to coordinate the regulation of pilotage on Long Island Sound. The CPC and CPA also maintained an active working relationship with the U.S. Coast Guard, which regulates many aspects of merchant vessel operations.

Certain U.S. flag vessels in domestic trades (enrolled vessels) and naval or government-operated vessels (public vessels) are exempt from compulsory state pilotage. Pilotage of these vessels is regulated by the U.S. Coast Guard, which issues federal pilotage endorsements. Connecticut-licensed pilots may pilot enrolled or public vessels on the authority of their federal pilotage endorsements outside of the joint rotation.

Pilotage Rates

Pursuant to CGS § 15-14, the CPA is obligated to set pilotage rates. The CPC is charged with advising CPA on “the establishment of fair and reasonable rates of pilotage . . . including establishment of a hearing process for the setting of fair and reasonable rates of pilotage.” (See CGS § 15-13c (f)(1)). In analyzing pilotage rates, the CPC seeks to balance a desire to keep Connecticut ports competitive with a rate structure that should: fairly compensate pilots, justify the substantial capital investment required to acquire, maintain and operate pilot boats and provide for the costs of training and safety equipment. The NY/CT MOA entitles Connecticut and New York to separately set pilotage rates for those pilots operating under their respective authority, but recognizes that it is highly desirable for the two states to maintain identical rate structures. Thus, the CPC and the NY Board, which is required to seek legislative approval of certain components of pilotage rates, have sought to coordinate any change in rates. Following the passage of P.A. 15-5, the approval of rate changes is now under the authority of the CPA’s Board of Directors.

Joint Rotation Operation

Pursuant to the NY/CT MOA and implementing regulation, participation in the joint rotation is mandatory for both Connecticut-licensed pilots and New York-licensed pilots. As above-mentioned, the JRA dispatches pilots,

collects fees, pays expenses (including pilot boat costs) and distributes revenues among the pilots. The joint rotation is administered by Sound Pilots, Inc. (d/b/a Block Island Pilots), selected by agreement between CT and NY. The operation of the joint rotation and the JRA is overseen by a Rotation System Executive Board (“RSEB”), consisting of three pilots from the Connecticut side and three pilots from the New York side of the rotation. Pilots participating in the joint rotation are not compelled to belong to a single business entity. Initially, there had been five separate pilot organizations (the Northeast Marine Pilots; Sandy Hook Pilots of New York and New Jersey; Interport; Long Island Sound State Pilots; and Connecticut State Marine Pilots) and non-affiliated individual pilots operating within the joint rotation. In November 2008, the CPC was notified that the Connecticut-licensed pilots, working on the Connecticut side of the joint rotation, had agreed in principle to work together as the Connecticut State Pilots (“CSP”) through a registered entity d/b/a as Interport Pilots Agency, Inc. Three organizations currently provide pilot boat services; Interport, Long Island Sound State Pilots and Northeast Marine Pilots.

As of January 2017, Connecticut licensed 8 marine pilots, 2 of which worked on the New York side of the rotation. As of March 3, 2017, apprentice pilot, Adam Richardson, was selected as a Connecticut marine pilot after successfully completing the required training. As of November 20, 2017, apprentice pilot, Donald Toby, was selected as a Connecticut marine pilot after successfully completing the required training. As a condition of maintaining their Connecticut licenses, these pilots must also possess federal licenses endorsed for first-class pilotage. The pilots licensed by Connecticut, who participated on the Connecticut side of the joint rotation, were to be allocated 70% of vessel movements subject to the joint rotation pursuant to the terms of the NY/CT MOA. Pilots licensed by New York (including the 2 pilots who are licensed by both Connecticut and New York) participated on the New York side of the joint rotation and were to be allocated 30% of vessel movements.

CPC Commissioners

As noted above, the CPC consists of nine members. During 2017, the following were CPC commissioners:

- **Christopher P. Clark**; appointed, November 26, 2016, by Speaker of the House Sharkey for a term ending on June 30, 2020, to represent non-recreational maritime industry interests.
- **K. Wynne Bohannon**; appointed, on July 3, 2013, by Governor Malloy for a term ending June 30, 2017, as a representative of a maritime-related industry.

- **Michael Eisele**, reappointed on September 26, 2016, by House Minority Leader Klarides for a term ending June 30, 2020, as a member with expertise in admiralty law.
- **William C. Gash, Jr.**; appointed as Chairman by Governor Malloy on August 27, 2012, and reappointed, on September 20, 2016, by Senate President Pro Tempore, Looney for a term ending on June 30, 2020, as a member with an interest in the environment who does not have an economic interest in the subject matters of the commission.
- **Ralph Gogliettino**; appointed, on August 9, 2013, by Senate Majority Leader Looney for a term ending June 30, 2017, to represent public environmental interests.
- **David E. Pohorylo**; reappointed, on August 16, 2015, by Joe Aresimowicz, House Majority Leader for a term ending on June 30, 2019, as a member with expertise in/or to represent a maritime-related industry from a shipping agent perspective.
- **Captain Charles C. Beck, USCG (Ret.)**; appointed, on June 1, 2015, by Senate Minority Leader Fasano for a term ending on June 30 2018, as a retired ship's Captain.
- **Captain Michael Peszke**; an active pilot elected by a majority of the Connecticut-licensed pilots, effective January 1, 2016, for an indefinite term.
- **Evan Mathews**; Executive Director of the Connecticut Port Authority, effective July 1, 2016, for an indefinite term, in accordance with P.A. 15-5.

VI. Future Port Infrastructure-Dredging Projects

Projects for 2018:

1. New Haven Deepening Feasibility Study	\$1,500,000
2. Small Harbor Improvement Program (SHIPP) grants	\$4,011,650
3. Second issue of SHIPP	\$5,000,000
4. State Pier Center Section Demolition	\$225,000
5. State Pier Center Section Infrastructure Replacement	\$5,000,000
6. Inland Terminal	\$15,000,000

Dredging:

1. Bridgeport Harbor	\$ *
2. New Haven Harbor	\$ *

- | | |
|--------------------------|------|
| 3. Greenwich Harbor | \$ * |
| 4. Southport Harbor | \$ * |
| 5. Stamford Harbor | \$ * |
| 6. Branford Stoney Creek | \$ * |
| 7. Thames River | \$ * |
| 8. State Pier | \$ * |

*The above-listed dredging projects, planned for 2018, are currently in their feasibility stages; final estimates as to project costs are not yet available from The U.S. Army Corps of Engineers.

VII. Operating and Financial Statements

Attached hereto as Appendix A is a copy of CPA's 2018 approved budget. The operating and financial statements will be submitted as received.

VIII. Recommended Legislation

At this time, the CPA does not have any recommendations for legislation to promote its purposes.

Appendix A

Connecticut Port Authority

FY2018 Budget Proposal *(as of December 4, 2017)*

	Approved FY17 Budget	Actual FY17	Balance FY17	Proposed FY18
Revenue				
Annual Appropriation from State	400,000.00			400,000.00
6% of Assessable Revenue				570,667.20
State Pier Leases, Base Rent	568,000.00			192,000.00
Pilot Revenues	60,000.00			64,000.00
Total Revenues	1,028,000.00			1,226,667.20
Carryover from Prior Year	61,500.00			556,272.87
Total Available	1,089,500.00			1,782,940.07
Expenses				
Salary Expense				
Personnel (Direct)	200,000.00	108,620.81		220,000.00
Personnel (Fringe)	160,000.00	84,458.32		176,000.00
Health				
Special Deductions				
Pension				
Total Personnel (FY17)	360,000.00	193,079.13	166,920.87	396,000.00
Fixed Expenses				
Utilities	15,000.00			20,000.00
Electricity		8,510.00		
Water		153.00		
Sewer		175.00		
Oil		7,107.00		
Premises Property Management Services		148.00		
Cellular Communication Services		428.00		
Insurance	50,000.00			50,000.00
Professional Liability		2,520.00		
Audit	10,000.00			15,000.00
Rent				13,600.00
Misc.	10,000.00			25,000.00
Fees and Permits		1,000.00		
Licenses		750.00		
IT Consultant Services		3,250.00		
IT Software Licenses Rental		1,311.00		
General Office Supplies		73.00		
Minor Equipment		5,123.00		
Minor Equipment-Non Controllable		599.00		
Motor Vehicle Rental		1,077.00		
Motor Vehicle Fuel		176.00		
Dues/Memberships	5,000.00			10,000.00
Membership Dues		550.00		
Total Fixed Expenses	90,000.00	32,950.00	57,050.00	133,600.00
Variable Expenses				
Legal	25,000.00			125,000.00
Attorneys Fees		85,740.00		
Marketing & Business Development	200,000.00			250,000.00
In State Travel		3,232.00		
Out-of-State Travel		12,381.00		
Mileage Reimbursement		2,790.00		
Advertising		13,998.00		
Catering		222.00		
Graphic Design		43.00		
Photographic Services		1,836.00		
Printing and Binding		321.00		
Food and Beverages		587.00		
Communications & Outreach				200,000.00
Studies/RFP Process	130,000.00			230,000.00
Management Consultant Services		51,548.00		
Office relocation, equipment, and supplies				100,000.00
Additional Staff	150,000.00			50,000.00
Total Additional Expenses	505,000.00	172,698.00	332,302.00	955,000.00
Operations & Capital Maintenance Reserve				250,000.00
Total Expenses	955,000.00	398,727.13	556,272.87	1,734,600.00
Operating Reserves/ (Deficit)	134,500.00			48,340.07