



**CONNECTICUT PORT AUTHORITY  
2018 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)<sup>1</sup>, “[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

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<sup>1</sup> 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 06/30/2019.

**Vice-Chairperson Catherine Smith**, Commissioner, DECD, ex officio. Vice-Chairperson Smith's elected

term as Vice-Chairperson, unless reappointed, expires 06/30/2019.

**State Treasurer Denise Nappier**, Office of the State Treasurer (“OTT”), ex officio.

- **Christopher Martin**, Assistant Treasurer, Designee of State Treasurer.

**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.

**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 06/30/2021.

**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.

**John Johnson**, Thames River Properties, appointed by Governor Dannel P. Malloy; appointed Board term, unless reappointed, expires 06/30/2021.

**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.

**Grant Westerson**, appointed by Senator Len Fasano; appointed board term, unless reappointed, expires 06/30/2019.

## **CPA Staff**

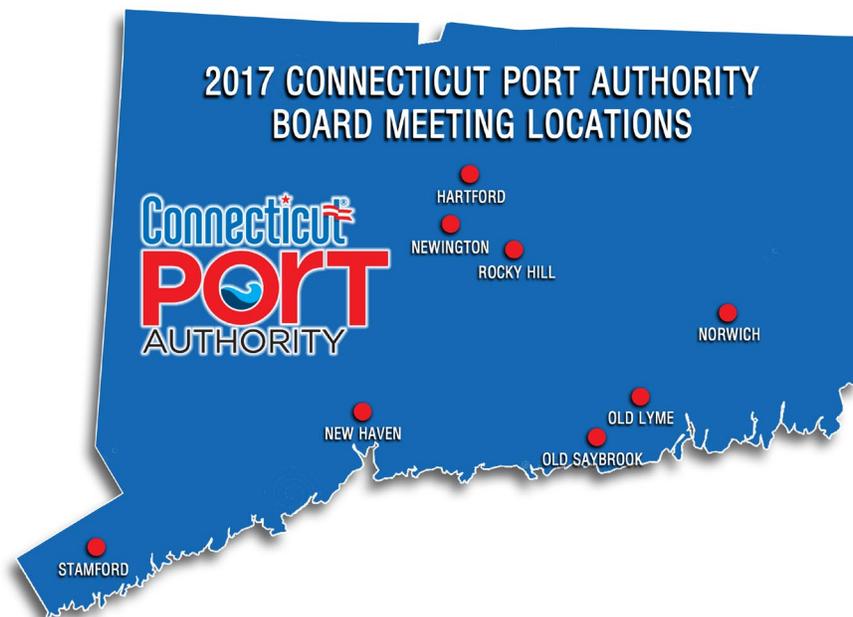
**Evan Matthews**, Executive Director

**Joseph R. Salvatore**, Program Manager

**Gerri Lewis**, Office Manager

**Andrew Lavigne**, Business Development & Special Projects

**Sandra Berthiaume**, Finance Administrative Assistant



## **V. Summary of Activities of the Connecticut Port Authority**

### **January – March, 2018**

In January, the Board considered and approved resolutions authorizing: the Executive Director to enter into various grant

Assistance Agreements in connection with the Small Harbor Improvement Projects Program (SHIPP); the Executive Director to file the annual and quarterly reports required by the General Statutes of Connecticut; the designation of Gerri Lewis to serve as liaison to Office of State Ethics in order to coordinate the development of ethics policies for the Authority; the Executive Director to publish the Notice of Intent to amend the Rates of Pilotage procedures in the Connecticut Law Journal; the Executive Director to enter into an amendment to the agreement with The Connecticut Economic Resource Center, Inc. (CERC) concerning Maritime Strategy, Analysis & Planning.

In February, the Board considered and approved resolutions authorizing: the Executive Director to enter into an agreement with City of New London for a Harbor Management Plan; the Executive Director to enter into an agreement with HDR Engineering, Inc. for consulting services; a resolution authorizing the Executive Director to publish notice of, issue, and seek Request for Qualifications to Develop, Operate and Maintain the State Pier Facility. ratification and confirmation of a consulting agreement with Andrew S. Lavigne for consulting services.

In March, the Board discussed an Amicus Brief for Rosado et al v. Pruitt et al, No. 1:17-cv-04843 (E.D.N.Y. 2018), and considered and approved resolutions authorizing the purchase of a one-year subscription for the TREDPLAN data system for up to \$25,000, and the adoption of the Rates of Pilotage Procedures.

### **April – June, 2018**

In April, the Board considered and approved a resolution authorizing the transfer of \$75,000.00 from the Operating Reserves to the Legal line item in the 2017 - 2018 Connecticut Port Authority Budget. The Board's Communications & Marketing Committee presented on the CPA's 2018 communications

strategy and the Board considered and approved the Connecticut Port Authority Communications and Messaging Plan and Messaging Framework. The Board considered and approved a resolution authorizing the Executive Director to enter into a consulting agreement with Seabury Maritime PFRA with respect to strategic advisory services for the State Pier.

In May, the Board considered and approved resolutions authorizing: the adoption of the Connecticut Port Authority Hiring Guidelines; the Executive Director to publish notice of, issue, and seek bid solicitations for demolition services with respect to the Central Wharf Demolition Project at the State Pier; the Executive Director to enter into an agreement, for up to \$75,000, for construction management, engineering and inspection services, with AECOM, with respect to the Central Wharf at the State Pier; authorizing the Executive Director to enter into an agreement, for up to \$175,000, for engineering services, with AECOM, with respect to the preparation of a condition survey at the State Pier; the Executive Director to enter into an agreement, for up to \$224,900, for engineering services, with AECOM, with respect to the performance of sediment and sample testing at the State Pier; the Executive Director to enter into an agreement for additional services with AECOM with respect to the RFP for the State Pier. At a Special Session in May, the Board discussed, considered and approved a resolution ratifying and confirming the submission of requests for bond allocations from the State Bond Commission for port development and a resolution authorizing the Executive Director to enter into a consulting agreement, with Seabury PFRA LLC, for strategic advisory services with respect to the development of a Facility Security Assessment & Plan for the City Pier in New London.

In June, the Board considered and approved resolutions: approving a schedule of positions and total staffing levels for the Authority; authorizing the Executive Director to enter into an amendment to that certain consulting agreement with Andrew S. Lavigne; and authorizing the Executive Director to enter into a Memorandum of Understanding with each of DOT and DECD. The Board received a presentation by auditors Blum Shapiro: Presentation Fiscal Year Audit Report Year Ended June 30, 2017.

### **July – September, 2018**

In July, the Board considered and approved resolutions approving: ratifying and confirming the entering into of an agreement with Blum, Shapiro & Company, P.C. for financial auditing services for the Connecticut Port Authority for the fiscal year ended June 30, 2018; the job descriptions for a Business Development and Special Projects Manager for the Connecticut Port Authority; and the Executive Director to enter into a lease amendment for the addition of office space for the Connecticut Port Authority.

In August, the Board considered and approved resolutions authorizing: the acquisition by the Connecticut Port Authority of certain New Haven properties from the Connecticut Department of Transportation and the Connecticut Department of Economic and Community Development; the hiring of Mayer Brown LLP as a sub consultant to Robinson & Cole LLP with respect to the negotiation of a Service Agreement with the winning Respondent(s) of the State Pier RFP; and the adoption of the Connecticut Maritime Strategy. The Board also nominated and selected the members of the RFP Negotiating Committee.

In September, the Board considered and approved resolutions authorizing: authorizing the licensure of Captain Sean Meade; the Executive Director to negotiate, execute and deliver a non-binding

offer to purchase or lease property from CV Properties Incorporated and New England Central Railroad, Inc.; and the Executive Director to amend certain consulting agreements with each of [Quinn & Hary Marketing] and [Dealy Mahler Strategies, LLC].

### **October – December, 2018**

In October, the Board considered and approved a resolution authorizing the Executive Director to enter into an amendment to the Consulting Services Agreement with Seabury PFRA LLC and certain other parties thereto to extend the term of such agreement to January 31, 2019.

There was no November board meeting.

In December the Board authorized the Executive Director to enter into a Memorandum of Understanding with the Connecticut Department of Economic and Community Development related to technical expertise and support for certain tasks required in connection with a harbor improvement project undertaken by the General Dynamics Electric Boat Corporation.

In December, the Board, pursuant to CGS § 15-31a(k) approved the Annual Report and authorized the Executive Director to make such revisions that the Executive Director deems to be in the best interests of the Authority and submit such report to the clerks of the Senate and the House of Representatives and the Office of Legislative Research, and to file a copy of same with the State Librarian.

In December the Board approved and adopted a Board of Directors 2019 Regular Meeting Schedule, pursuant to Section 1-225(b) of the General Statutes of Connecticut and Article III, Section 3 of the By-Laws of the Connecticut Port Authority.

In December the Board approved that the Executive Director, to enter into a Consulting Services Agreement with Anchor Engineering Services, Inc. for professional consulting services related to the east shore properties in New Haven, CT.

**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

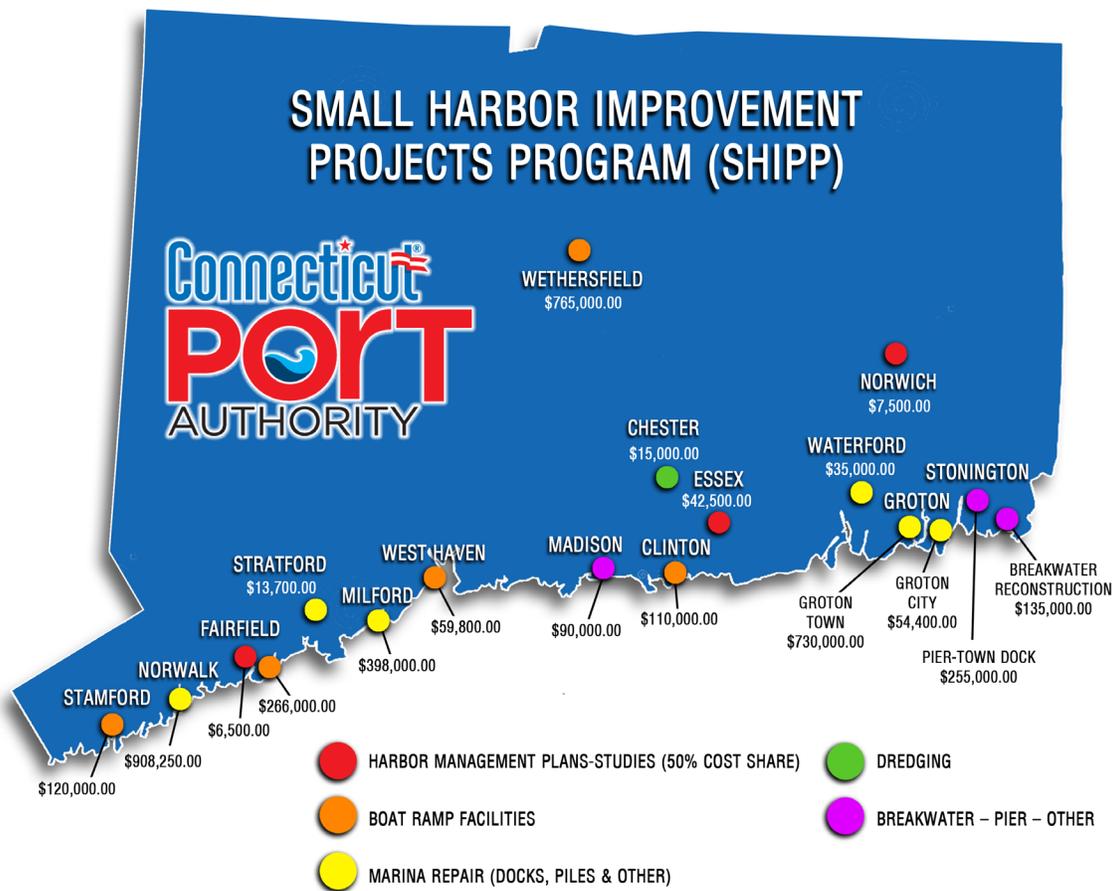
Chester \$15,000

Breakwater – Pier – Other

Madison \$90,000

Stonington \$255,000 (Pier-Town Dock)

Stonington \$135,000 (Breakwater  
Reconstruction)



### B. CT Pilot Commission - CPC

The Connecticut Pilot Commission (the “CPC” or “Commission”) is tasked to advise the CT PORT AUTHORITY 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. 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 2018, Connecticut licensed 8 marine pilots, 2 of which worked on the New York side of the rotation. 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.

**Legislation [new]**

Public Act 18-163 (HB5309) An Act Concerning The Port Authority

The act exempts recreational vessels (i.e., those manufactured or used primarily for pleasure) that are less than 200-foot long from state laws on harbors and ports,

including pilotage requirements. By law, most registered foreign and American vessels entering or departing from a state port or crossing the Long Island Sound must take aboard a Connecticut or New York licensed marine pilot. Existing law already exempts

from these requirements (1) certain enrolled vessels under the control of a federally licensed marine pilot, (2) American fishing vessels, and (3) vessels otherwise exempt by federal law.

EFFECTIVE DATE: October 1, 2018

**Amended the Rates of Pilotage – January 2018**

In accordance with Section 1-121 of the General Statutes of Connecticut, a notice was given that the Connecticut Port Authority

proposed to amend the Rates of Pilotage procedures of the Connecticut Port Authority.

The proposed amendments to the procedures addressed the following:

Establishment of increased Rates of Pilotage to be implemented over a five-year period; and Technical changes necessary to conform the regulations transferred from the

Connecticut Department of Transportation to the Authority, including name/title and section reference.

### **Licensing Updates**

- New Pilot License issued to Captain Meade, effective October 1, 2018
- Amended Pilot License for Captain Toby to add New London Harbor  
Effective October 25, 2018

### **CPC Commissioners**

As noted above, the CPC consists of nine members. During 2018, 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:

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1. New Haven Deepening Feasibility Study\$1,500,000  
(current)

- 2. Small Harbor Improvement Program (SHIPP) \$4,011,650 (completed)
- 3. Second issue of SHIPP \$10,000,000 (TBD)
- 4. State Pier Center Section Demolition \$119,000 (completed)

**State Bond Commission Authorizations to the Authority - 2018:**

Public Act 15-1, Section 13(h)(l ) \$12,500,000.00	June 1, 2018
Public Act 13-239, Section 32(f) \$3,000,000.00	June 1, 2018
Public Act 13-239, Section 32(f) \$1,501,000.00	July 25, 2018
Public Act 18-178, Section 9 \$5,000,000.00	September 20, 2018

**Ports, Harbors and Marinas Capital Program – SFY2020**

Statewide Small Harbor Improvement Project Program (SHIPP)  
 New Haven Federal Navigation Project – Deepening Dredging  
 Branford Federal Navigation Project – Stoney Creek Dredging  
 Southport Federal Navigation Project – Southport Harbor Dredging  
 New London State Pier Dredging Program  
 New London Pier 7 Fort Trumbull – Infrastructure Improvements  
 Statewide Deepwater Ports Capital Equipment Program  
 Statewide Port Terminals Statewide – Inland Intermodal  
 Statewide Property Acquisition(s) and Upgrades Deepwater Ports  
 Statewide Port Studies  
 Statewide Revolving Loan Fund – Grant-In-Aid

**VII. Operating and Financial Statements**

Attached hereto as Appendix A is a copy of CPA's budget. Operating and financial statements will be attached upon receipt.

### **VIII. Recommended Legislation**

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

## Appendix A

**CONNECTICYT PORT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)  
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JUNE 30, 2017**

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## Independent Auditors' Report

To the Board of Directors  
Connecticut Port Authority  
Old Saybrook, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the Connecticut Port Authority, a component unit of the State of Connecticut, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Connecticut Port Authority's financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Port Authority as of June 30, 2017, and the respective changes in its financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2018 on our consideration of the Connecticut Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Connecticut Port Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Connecticut Port Authority's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
April 5, 2018

**CONNECTICUT PORT AUTHORITY  
(A COMPONENT UNIT OF THE STATE CONNECTICUT)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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As management of the Connecticut Port Authority (the Authority), a component unit of the State of Connecticut (the State), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2017. The Authority's financial statements, accompanying notes and supplementary information should be read in conjunction with the following discussion.

**Introduction**

The Authority was created by the State of Connecticut General Assembly pursuant to Public Act 14-222. The Authority constitutes a body corporate and politic and a public instrumentality of the State having a distinct legal existence from the State.

The purposes of the Connecticut Port Authority shall be to coordinate port development, with a focus on private and public investments, pursue federal and state funds for dredging and other infrastructure improvements to increase cargo movement through Connecticut ports, market the advantages of such ports to the domestic and international shipping industry, coordinate the planning and funding of capital projects promoting the development of such ports and develop strategic entrepreneurial initiatives that may be available to the state.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements.

The Authority engages only in business-type activities, that is, activities that are financed in whole or in part by charges to external parties for services. As a result, the Authority's basic financial statements include the statement of net position; the statement of revenues, expenses and changes in net position; the statement of cash flows; and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents detail on the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Changes in the Authority's net position serve as a useful indicator of whether the Authority's net position is improving or deteriorating. Readers should also consider other non-financial factors when evaluating the Authority's net position. The statement of revenues, expenses, and changes in net position presents information on how the Authority's net position changed during the year.

All assets, liabilities and changes in net position are reported as soon as the underlying event affecting the asset or liability, and resulting change in net position occurs, regardless of the timing of when the cash is received or paid (accrual basis of accounting for governmental entities). Consequently, certain revenues and expenses reported in the statement of revenues, expenses and changes in net position will result in cash flows in future periods.

**2017 Financial Highlights**

Total assets exceeded total liabilities by \$749,748 (net position) at June 30, 2017 due primarily to state appropriations received during the fiscal year. Additionally, operating revenues exceeded operating expenses for the fiscal year.

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Operating income for 2017 was \$207,807 and the change in net position was \$749,748.

**Condensed Information**

The following table reflects a summary of certain balances in the statements of net position and revenues, expenses and changes in net position:

<b>Statements of Net Position</b>	
	<b>June 30, 2017</b>
Net position:	
Current assets	\$ 797,862
Noncurrent assets	
Total assets	797,862
Current liabilities	48,114
Noncurrent liabilities	
Total liabilities	48,114
Net position, unrestricted	\$ 749,748

<b>Statements of Revenues, Expenses, and Changes in Net Position</b>	
	<b>June 30, 2017</b>
Changes in net position:	
Operating revenues	\$ 683,914
Operating expenses	476,107
Operating income	207,807
Nonoperating revenues	541,941
Change in net position	\$ 749,748

**2017 Financial Analysis**

Total assets of the Authority were \$797,862 at June 30, 2017. The largest asset was funding due from the State of Connecticut of \$596,904.

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Total liabilities of the Authority at June 30, 2017 were \$48,114.

**2017 Operating Activity**

Operating revenues of the Authority were \$683,914, led by State Pier driven revenues of \$607,906.

Total operating expenses were \$476,107. The majority of the expenses were for salaries, fringe benefits and other contractual services.

Operating revenues exceed operating expenses by \$207,807.

**Requests for Information**

This financial report is designed as a general overview of the Authority's financial picture for external and internal stakeholders. Questions concerning any of the information provided in this report or public requests for information should be addressed to the Executive Director, Connecticut Port Authority, 455 Boston Post Rd., Suite 204, Old Saybrook, CT 06475.

**CONNECTICUT PORT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

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Assets:

Current assets:

Cash and cash equivalents	\$	156,503
Accounts receivable		30,892
Due from State of Connecticut		596,904
Deposits and prepaid expenses		<u>13,563</u>
Total assets		<u>797,862</u>

Liabilities:

Current liabilities:

Accounts payable		35,942
Accrued expenses and other		<u>12,172</u>
Total current liabilities		<u>48,114</u>

Net Position, Unrestricted \$ 749,748

The accompanying notes are an integral part of the financial statements

**CONNECTICUT PORT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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Operating Revenues, Charges for Services:	
State Pier rent	\$ 213,366
State Pier operating fees	394,540
Pilotage and licensing fees	76,008
Total operating revenues, charges for services	<u>683,914</u>
Operating Expenses:	
Salaries and related expense	227,106
Contractual services	211,875
Administrative and general	37,126
Total operating expenses	<u>476,107</u>
Operating Income	207,807
Nonoperating Revenues, Interest and Dividend Income:	
Appropriations from State	<u>541,941</u>
Change in Net Position	749,748
Net Position, Beginning of Year	<u>-</u>
Net Position, End of Year	<u>\$ 749,748</u>

The accompanying notes are an integral part of the financial statements

**CONNECTICUT PORT AUTHORITY**  
**(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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Cash Flows from Operating Activities:	
Cash received for services	\$ 56,118
Cash payments to suppliers	(226,622)
Cash payments to employees	(214,934)
Net cash used in operating activities	<u>(385,438)</u>
Cash Flows from Noncapital Financing Activities:	
State of Connecticut appropriations and bond funding received	<u>541,941</u>
Net Increase in Cash and Cash Equivalents	156,503
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 156,503</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:	
Operating income	\$ 207,807
Adjustments to reconcile operating income to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(30,892)
Due from State of Connecticut - operating	(596,904)
Prepaid expenses	(13,563)
Accounts payable	35,942
Accrued expenses and other	<u>12,172</u>
Net Cash Used in Operating Activities	<u>\$ (385,438)</u>

The accompanying notes are an integral part of the financial statements

**CONNECTICUT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of Connecticut Port Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). Following is a summary of significant accounting policies of the Authority.

**Reporting Entity**

The Authority was created by the State of Connecticut General Assembly pursuant to Public Act 14-222. The Authority constitutes a body corporate and politic and a public instrumentality of the State having a distinct legal existence from the State.

The purposes of the Connecticut Port Authority shall be to coordinate port development, with a focus on private and public investments, pursue federal and state funds for dredging and other infrastructure improvements to increase cargo movement through Connecticut ports, market the advantages of such ports to the domestic and international shipping industry, coordinate the planning and funding of capital projects promoting the development of such ports and develop strategic entrepreneurial initiatives that may be available to the state.

The Authority is exempt from federal and state income taxes.

**Financial Statement Presentation, Measurement Focus and Basis of Accounting**

The Authority engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties.

The Authority uses the economic resources measurement focus and accrual basis of accounting.

The Authority distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services relating to the Authority's principal ongoing operations. Operating expenses include the cost of services provided and administrative expenses. All other revenues and expenses are reported as nonoperating revenues and expenses.

**Revenues**

Revenue recognition policies are as follows:

**Connecticut State Pier Rents and Operating Fee Revenues**

Rental and operating fees are generated by an operation and management agreement that was assigned to the Authority by the State of Connecticut. Rental revenue is recognized over the term of the lease and operating fee revenue is recognized based on reported assessable revenues as outlined in the operation and management agreement.

**Other**

All other types of revenues are recognized when earned.

**CONNECTICUT AUTHORITY  
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**Compensated Absences**

Employees of the Authority are considered State employees for purposes of employee benefits. Employees hired by the Authority can only accumulate one year's worth of earned vacation time. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. All vacation and sick pay that would be payable assuming termination at year end is accrued on the statement of net position. The related liability is based upon current compensation levels.

**Allocation of Expenses**

The financial statements include certain allocations of expenses incurred jointly by the Authority and the State. Fringe benefits costs, which are incurred at the State level, are charged to the Authority based on each employee's actual benefit costs. Total fringe benefit charges to the Authority were \$85,116 for the year ended June 30, 2017.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**2. CASH AND INVESTMENTS**

**Custodial Credit Risk - Deposits**

In the case of deposits, this represents the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk on deposits. As of June 30, 2017, none of the Authority's bank balance was exposed to custodial credit risk because it was covered under federal depository insurance or collateralized, as defined by GASB Statement No. 40.

**Interest Rate Risk**

The Authority manages its exposure to declines in fair value by limiting the average maturity of its cash and cash equivalents to no more than one year. The Authority does not have a formal policy relating to a specific investment related risk.

**CONNECTICUT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**3. STATE APPROPRIATIONS AND TRANSFERS FROM STATE**

During the year ended June 30, 2017, the Authority was appropriated \$519,506 by the General Assembly of the State of Connecticut to fund operating expenses. These appropriations are made in connection with the State's annual budgetary process and are nonlapsing. The Authority is dependent upon such annual appropriations to fund its operating expenses.

In addition, in February 2017, the State Bond Commission approved \$4,560,000 in funding to the Authority for repairs and improvements to the Connecticut State Pier in New London, Connecticut. The State of Connecticut retains control of the bond funding. Through June 30, 2017, \$22,435 had been expended on behalf of the Authority under their State of Connecticut SID number.

**4. RELATED-PARTY TRANSACTIONS**

The State of Connecticut is responsible for processing the Authority's payroll, including related benefits. Funds are applied against the Authority's annual appropriation on a biweekly basis as the payroll is processed.

Amounts due from the State as presented in the statement of net position totaled \$596,904 at June 30, 2017. This amount represents the balance of the Authority's appropriation in addition to amounts collected by the State on behalf of the Authority.

**5. OPERATING LEASE**

During 2017, the Authority entered into an operating lease with an unrelated entity for its office space. The lease calls for payments beginning June 1, 2017 at \$13,600 per annum through May 31, 2020. Rent expense related to this lease for the year ended June 30, 2017 was \$570.

Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 13,600
2019	13,600
2020	<u>12,467</u>
	\$ <u>39,667</u>

**CONNECTICUT AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**6. LEASE**

Certain real property is leased to a tenant at the Connecticut State Pier under a lease agreement expiring in January 2019.

Future minimum rental income is as follows:

<u>Years Ending June 30,</u>		
2018	\$	195,107
2019		<u>97,554</u>
	\$	<u><u>292,661</u></u>

**7. PENSION PLAN**

**Plan Description**

Eligible employees of the Authority participate in the State Employees' Retirement System (SERS). SERS is the single employer defined benefit pension plan of the State of Connecticut's primary government and its component units, covering substantially all of the full-time employees who are not eligible for another state-sponsored retirement plan. The plan is administered by the State Employees' Retirement Commission and governed by Sections 5-152 to 5-192 of the Connecticut General Statutes.

As of June 30, 2017, the Authority's sole employee was a participant in the plan. Additional disclosure information relative to the Authority's participation in the plan is not available as the plan measurement date is June 30, 2016 and, thus, no allocation of the plan's pension liability related to the Authority had been determined.

**8. POSTRETIREMENT BENEFITS**

As employees of the State of Connecticut, the Authority's personnel are eligible to receive postretirement medical and life insurance coverage. The accounting for and funding of these benefits is done on a cash basis.

The costs of these benefits to the Authority for the year ended June 30, 2017 cannot be determined because postretirement benefits are paid by the State and included in the state calculated fringe rate charged to the Authority.

**9. RISK MANAGEMENT**

The Authority is subject to normal risks associated with its operations, including property damage, personal injury and employee dishonesty. Risks are managed through the purchase of commercial insurance. There have been no losses exceeding insurance coverage during the last year.

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## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Connecticut Port Authority  
Old Saybrook, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Connecticut Port Authority, a component unit of the State of Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated April 5, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Connecticut Port Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Connecticut Port Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Connecticut Port Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
April 5, 2018