



**CONNECTICUT PORT AUTHORITY
2021 ANNUAL OPERATIONS AND PROJECTS REPORT**

Responsive to:
C.G.S. § 15-31a(k)
C.G.S. § 15-31a(o)

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 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."*

Pursuant to CGS § 15-31a(o), as modified in 2021 by Public Act 21-179, *"[o]n or before January 1, 2022, and annually thereafter, the board of directors shall submit a report, in accordance with the provisions of section 11-4a, to the Governor and the joint standing committee of the General Assembly having cognizance of matters relating to transportation. Such report shall include, but need not be limited to: (1) A description of the projects undertaken by the authority in the preceding year; (2) a list of projects which, if undertaken by the state, would support the state's maritime policies and encourage maritime commerce and industry; (3) a description of the authority's finances; (4) recommendations for improvements to existing maritime policies, programs and facilities; and (5) recommendations for legislation to promote the authority's purpose. The Commissioner of Administrative Services and the*

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.")

Secretary of the Office of Policy and Management shall jointly review and comment on each report before such report is submitted to the Governor and the joint standing committee of the General Assembly having cognizance of matters relating to transportation.”

In an effort to reduce duplicative reporting, the Authority has prepared this *2021 Annual Operations and Projects Report* in response to the requirements of **both** CGS § 15-31a(k) and CGS § 15-31a(o) covering the following required six (6) reporting topics:

- (1) a summary of the Authority’s activities;
- (2) a description of the projects undertaken by the authority in the preceding year;
- (3) a list of projects which, if undertaken by the state, would support the state's maritime policies and encourage maritime commerce and industry;
- (4) a description of the Authority's finances, including operating and financial statements;
- (5) recommendations for improvements to existing maritime policies, programs and facilities;
- and
- (6) recommendations for legislation to promote the authority's purpose.

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I. Summary of Activities of the Connecticut Port Authority in Calendar Year 2021

Operations Update

In 2019 Governor Lamont took decisive action to address issues at the Connecticut Port Authority (CPA) identified by State Auditors of Public Accounts and the Authority's independent auditors and directed the Office of Policy and Management (OPM) to take a direct and active role in the financial decisions and management of the CPA.

In response to the Governor's directive, the Authority executed a Memorandum of Understanding (MOU) with the Office of Policy and Management (OPM) in September of 2019, that provided for OPM to oversee all financial and procurement decisions made by the CPA, engage such consultants and resources as needed to oversee and evaluate the CPA's fiscal, organizational and administrative practices and activities and to recommend and assist in the implementation of needed improvements in the CPA's organizational and business practices. The MOU has since been amended in scope several times, as open issues have been rectified.

The Authority has a Memorandum of Agreement (MOA) with OPM and DAS, effective October 2, 2019 in connection with procurement and technical services in support of the State Pier Infrastructure Improvements Project (the Project) in New London, including, but not limited to: OPM and DAS furnishing staffing assistance to support contract administration and construction management activities.

Following the Governor's directive to intervene in the day-to-day activities and to make the structural improvements to ensure transparency, accountability and best fiscal and administrative practices at the CPA, OPM, in conjunction with the authority's Board of Directors, have worked tirelessly over the last two years to bring oversight and stability in the short-term and to begin the implementation of longer-term structural improvements.

This work has laid the groundwork for a fresh start and a clean slate for the Authority's new executive director John Henshaw (hired in September 2020) to take the reins in a stabilized environment, equipped with the policy and governance infrastructure necessary for the success of the authority's projects and mission and for assurance of the public trust.

OPM remains actively engaged in the Authority's day-to-day business, with an OPM consultant working on-site at the Authority's offices. During the recent months, OPM, CPA staff and consultants have reviewed, revised and improved accounting processes in the areas of recordation, purchasing, cash management and month end closing. Numerous work instruction level process flows, documents and forms have been developed to supplement the Accounting Policy and Procedure Manual to robustly illustrate procedures and highlight controls.

OPM is working to conclude action on all open items to assure compliance with all identified reform measures and will continue to monitor the work of the CPA. OPM is also committed to assisting the Authority in on-boarding a finance director, once the vacancy has been filled. Following the conclusion of the MOU term, OPM will be issuing a final report summarizing its actions, recommendations and policy revisions to-date, as well as concluding comments.

Board Action Summary

January – March 2021

In January, the Board: authorized the Executive Director to execute and deliver an Amendment to that certain Agreement by and between the Authority and DRVN Enterprises, Inc.; authorized the Executive Director to execute and deliver an amendment to that certain side letter agreement by and among the Authority, Gateway New London LLC (Gateway) and North East Offshore LLC (NEO) [NEO is the name of the joint venture between Ørsted and Eversource], regarding customers' activities at State Pier.

In February, the Board: authorized the Executive Director to execute and deliver an Amendment to that certain lease agreement by and between the Authority and Saybrook Junction, LLC.; authorized the Executive Director to execute and deliver an Amendment to that certain Consulting Services Agreement by and between the Authority and GZA GeoEnvironmental, Inc.; authorized the designation of finance director Veronica Calvert as Ethics Compliance Officer and liaison to the Office of State Ethics.

April – June 2021

In April, the Board: authorized the Executive Director to negotiate and enter into a Construction Manager at Risk Agreement with Kiewit Infrastructure Co. for pre-construction activities in an amount not-to-exceed \$2.8 million and to execute and deliver a Notice to Proceed in connection therewith; authorized the Executive Director to negotiate and enter into agreements with various contractors in connection with construction activities at the State Pier, in an aggregate amount not-to-exceed \$19,915,481; authorized the adoption of the FY2020 Independent Audit performed by CohnReznick; authorized the designation of Andrew Lavigne as Ethics Compliance Officer and liaison to the Office of State Ethics, due to Veronica Calvert's return to retirement; authorized the Executive Director to negotiate and enter into agreements with various contractors in connection with construction activities at the State Pier, in an aggregate amount not-to-exceed \$2,639,129.30; accepted and approved the Executive Director's actions as outlined in the unusual conditions procurement Memorandum dated April 13, 2021 and further approving the Executive Director to execute that certain Security Services Agreement and Amendment; authorizing the Executive Director to enter into a Fourth Amendment to that certain Consultant Services Agreement with AECOM; authorized the Executive Director to enter into certain side letter agreements with Gateway with respect to (i) Gateway's operations in Eastern Connecticut and Insurance obligations pursuant to the Concession Agreement, and (ii)

Gateway's operations at the State Pier subsequent to demobilization; authorized the Executive Director to execute and deliver a Fourth Amendment to that certain Memorandum of Understanding (MOU) by and between the Authority and the Office of Policy and Management (OPM); authorized the Executive Director to submit a revised Small Harbor Improvement Projects Program (SHIPP) Policy to the Connecticut Law Journal for public comment; authorized the Executive Director to issue a public solicitation for apprenticeships in the Connecticut Apprentice Marine Pilot Training and Certification Program; authorized the submission of an amicus brief to the United States Court of Appeals for the Second Circuit in the case of Rosado et al v. Pruitt et al, Docket No. 20-3188, in an amount not-to-exceed \$10,000.

In May, the Board: announced plans to meet every two weeks to continue to approve work packages for the State Pier Infrastructure Improvements Project in New London; authorized the Executive Director to enter into a Fifth Amendment to that certain Consultant Services Agreement with AECOM related to permitting and engineering support services for State Pier infrastructure improvements; authorized the Executive Director to remit payment to Eversource to conduct utility removals at the State Pier facility; authorized the Executive Director to negotiate and enter into agreements with various contractors in connection with construction activities at the State Pier, in an aggregate amount not-to-exceed \$25,573,686.64 and to issue a Notice to Proceed to Kiewit Infrastructure Co. for construction and post-construction services; authorized the Executive Director to enter into a First Amendment to that certain Construction Administrator's Contract for Design Phase and Construction Phase Services Agreement with AECOM Technical Services, Inc.; authorized the Executive Director to negotiate and enter into agreements with various contractors in connection with construction activities at the State Pier, in an aggregate amount not-to-exceed \$31,048,038.20.

In June, the Board: authorized and adopted the Fiscal Year 2022 budget and plan of operations; authorized the Executive Director to negotiate and enter into agreements with various contractors in connection with construction activities at the State Pier, in an aggregate amount not-to-exceed 23,158,782.29; approved and adopted revisions to the (SHIPP) Policy and Procedures, resultant from recommendations of prior state audit and OPM operational audit; authorized the Executive Director to post the Notice of Intent to adopt the Awarding of Grants, Subsidies and Other Financial Assistance Program Policies and Procedures in the Connecticut Law Journal; approved of a resolution authorizing the Executive Director to enter into a Second Amendment to that certain Harbor Development Agreement by and among NEO, Gateway and the Authority; authorized the Executive Director to negotiate and enter into agreements with various contractors in connection with construction activities at the State Pier, in an aggregate amount not-to-exceed \$28,905,936.75.

July – September 2021

In July, the Board: authorized the Executive Director to negotiate and enter into agreements with various contractors in connection with construction activities at the State Pier, in an

aggregate amount not-to-exceed \$31,017,711.71; authorized the Executive Director to execute and deliver a Fifth Amendment to that certain MOU by and between the Authority and OPM; authorized the Executive Director to negotiate and enter into a First Amendment to that certain SHIPP Assistance Agreement with the Town of Groton for improvements to the Nautilus Dock, for the purpose of aligning the Agreement with recent revisions to the SHIPP Policies and Procedures; authorized the Executive Director to negotiate and enter into agreements with various contractors in connection with construction activities at the State Pier, in an aggregate amount not-to-exceed \$942,985.00;

In August, the Board: authorized the Executive Director to negotiate and enter into agreements with various contractors in connection with construction activities at the State Pier, in an aggregate amount not-to-exceed \$1,888,271.53; authorized the Executive Director to enter into a Services Agreement with Independent Materials Testing Labs (IMTL) Inc. for Testing and Inspection Services relating to the State Pier Infrastructure Improvements Project in an aggregate amount not-to-exceed \$488,109.00; authorizing the Executive Director to enter into a Memorandum of Agreement by and between the Authority, U.S. Army Corps of Engineers and the State Historic Preservation Office relating to the State Pier Infrastructure Improvements Project; adopted the Awarding of Grants, Subsidies and other Financial Assistance Policies and Procedures.

October – December 2021

In October, the Board: the Executive Director to negotiate and enter into a Second Amendment to that certain Construction Manager-at-Risk Early Work Guaranteed Maximum Price (GMP) Agreement with Kiewit Infrastructure Co.; authorized the Executive Director to negotiate and enter into a Memorandum of Agreement by and between the Authority, U.S. Army Corps of Engineers (USACE) and the State Historic Preservation Office, relating to the State Pier Infrastructure Improvements Project, incorporating revisions made by USACE; appointed chairs and new members to each of the: Finance Committee, Audit, Compliance and Governance Committee, and Human Resources Committee; authorized the Executive director to execute and deliver a Sixth Amendment to that certain MOU by and between the Authority and OPM; adopted the annual Schedule of Positions for Fiscal Year Ending June 30, 2022; adopted Employee Performance Management and Evaluation Policies and Procedures, to establish an employee performance evaluation system outlined in Section V of the Authority's Operating Procedures and the Authority's Employee Manual.

In November and December the Board is expected to: authorize the Executive Director to execute and deliver a third amendment with Kiewit; adopt the FY2021 Independent Audit performed by CohnReznick; complete and adopt the Executive Director's annual performance review; authorize the submission of the combined 2021 Annual Reports pursuant to 15-31a(k) and 15-31a(o); adopt the 2022 Board of Directors and Committee Meeting Schedule; and hold its annual public hearing in accordance with C.G.S. § 15-31a(n) to evaluate the adequacy of the State's maritime policies, facilities and support for maritime commerce and industry.

Legislative Impacts Summary

Public Act 21-179

The June 2021 passage of Public Act 21-179 resulted in the following changes related to the Authority:

1. increases the number of members on the CPA's board of directors from 15 to 21 and makes other changes to appointments, including adding officials from the three cities with deep water ports (Bridgeport, New Haven, and New London) and two municipalities with small harbors);
2. requires the attorney general to provide legal services to the Connecticut Pilot Commission and exempts the commission's directors, officers, and employees from personal liability under certain conditions;
3. by January 1, 2022, requires CPA to submit to the Transportation Committee a plan for ensuring that the process for selecting and distributing Small Harbor Improvement Projects Program (SHIPP) grants is transparent and equitable; and
4. requires the authority to report certain information on the its operations, finances, contracts, and projects, and the Department of Administrative Services (DAS) commissioner and Office of Policy and Management (OPM) secretary to review and comment on the reports.

Public Act 21-2

The June 2021 Special Session's Public Act 21-2 designated the Authority as a "state contracting agency" placing the Authority under the purview of the State Contracting Standards Board (SCSB) for a period of five years. The Authority is the only quasi-public agency under SCSB's oversight. The Authority had its first meeting with members of the SCSB in November of 2021, so it is too early for the Authority to understand the overall operational and fiscal impacts of the new requirements.

II. Description of the projects undertaken by the authority in the preceding year

Admiral Harold E. Shear State Pier Infrastructure Improvements Project in New London

Project Overview

It is the goal of the Connecticut Port Authority to make generational improvements to transform the State Pier in New London into a state-of-the-art heavy-lift capable port facility that will accommodate a wide variety of cargoes, including wind turbine generator staging and assembly. The proposed State Pier infrastructure improvements are being designed to address previously identified facility shortcomings, and enhance the State Pier facility and site conditions to accommodate future cargo needs and capitalize on opportunities for the State of Connecticut.

- Together with terminal operator Gateway and our partners Ørsted and Eversource, the Authority and State of Connecticut will invest \$235.5 million to redevelop State Pier targeting early-2023 for completion.
- The infrastructure upgrades will re-make State Pier as a modern, heavy-lift capable terminal and meet the facility requirements of the offshore wind industry.
- The improvements will benefit the port's long-term growth by increasing its capacity to accommodate heavy-lift cargo for years to come while maintaining its freight rail link.
- Hundreds of jobs will be created during the construction phase of the project. Construction is underway and scheduled to be substantially completed by January 2023.
- Following the completion of the project, the Ørsted and Eversource joint venture company will enter into a ten-year lease agreement, which will allow it to use State Pier for wind turbine generator pre-assembly and staging, resulting in approximately 100 FTE offshore wind-related jobs created at the site.
- During periods where Ørsted and Eversource are not using State Pier, Gateway Terminal will market the facility to other customers to ensure maximum utilization of State Pier.
- Generational improvements, plus long-term lease of the facility with market-leading terminal operator Gateway in place to maximize utilization of the facility and start an exciting new chapter for State Pier and New London.

Construction Update

In April of 2021, the Authority executed a Construction Manager-at-Risk contract with Kiewit Infrastructure Co., which resulted in generating a Target Guaranteed Maximum Price (GMP) for the project of \$204m (\$193m construction cost, plus another \$11m in contingency). Combined with the project's separate non-construction costs (project design, permitting, lease of adjacent property, etc...) of \$31.5m, the total project cost is estimated at \$235.5m. The GMP will be finalized when permits are in hand. The final CMR contract and final GMP will be considered for approval at an upcoming meeting of the Authority's Board of Directors.

The Authority also has a Memorandum of Agreement (MOA) with OPM and DAS, effective October 2, 2019 in connection with procurement and technical services in support of the State Pier Infrastructure Improvements Project (the Project) in New London, including, but not limited to: OPM and DAS furnishing staffing assistance to support contract administration and construction management activities.

A detailed project construction timeline, weekly progress dashboard and photographs documenting construction progress can be viewed on the project website at <https://statepiernewlondon.com/project-updates/>.

Permitting Update

Below is a recap of the project permitting process:

- May 2019 – Joint Permit Application Submitted to the Connecticut Department of Energy and Environmental Protection (DEEP)
- June 2019 – DEEP Issued Notice of Insufficiency
- October 2020 – Authority re-submitted Joint Permit Application to DEEP
- December 2020 – DEEP Issued Tentative Determination to Approve
- March 2021 – DEEP Public Hearing Held
- March 2021 – Evidentiary Hearing Held
- May 2021 – DEEP Issued Proposed Final Decision
- August 2021 – Authority/U.S. Army Corps of Engineers (USACE)/State Historic Preservation Office Memorandum of Agreement Executed (a condition of the USACE federal permit)
- August 2021 – Conditional Letter of Map Revision (CLOMR) Issued by FEMA (a condition of the USACE federal permit)
- August 2021 – DEEP Final Decision and DEEP Permit Issued
- December 2021 – USACE permits issued

With all state and federal permits received, the next step will be to finalize the GMP and complete the project work.

Small Harbor Improvement Projects Program (SHIPP)

It is the mission of the Connecticut Port Authority to grow Connecticut's economy and create jobs by strategically investing in the state's three deep water ports and small harbors to enable each to maximize its own economic potential. In pursuit of this mission, the CPA has created the Small Harbor Improvement Projects Program (SHIPP) as a central part of its strategy to support economic development throughout Connecticut's waterfront communities.

Connecticut General Statutes, Section 13b-55a(c), states "Harbor improvement projects include the preparation of plans, studies and construction for the alteration and improvement of various state, municipal and other properties in or adjacent to the waters of the state, for purposes of improving the economy and infrastructure of the state."

Section 13b-56(b) provides "Any municipality may undertake a harbor improvement project, including the development, improvement, construction and installation of berthing areas,

channels to berthing areas, sea walls, piers, docks, navigation aids, and bridges and other related facilities and structures, pursuant to a harbor improvement plan.”

Harbor improvement projects qualify for varying levels of cost share via SHIPP, depending on the type of activities proposed:

- Harbor Management Plans-Studies (50% Cost Share)
- Boat Ramp Facilities Feasibility Studies/Design (All Planning Studies are 100% Grant Funded - No Cost Share)
- Marina Repairs (Docks, Piles, other) (20% Cost Share) *
- Dredging (20% Cost Share) *

*Not all municipalities have the funding resources to provide a 20% Cost Share. The program will accept preliminary project works (Design and Permitting) paid by the municipality as the cost share in lieu of the 20%.

List of approved Round 2 SHIPP Projects (Approved by Authority in April of 2019 and by the State Bond Commission in April of 2021):

<u>Project</u>	<u>Authority Cost-Share</u>
Harbor Management Plans-Studies	
Clinton Harbor Management Plan Update	\$40,000.00
Boat Ramp Facilities Feasibility Studies/Design	
Stamford West Beach Ramp & Docks	\$163,846.40
West Haven Feasibility Study-Boat Ramp	\$184,000.00
Marina Repairs (Docks, Piles, other)	
Groton-City Access Study-Municipal Docks	\$75,000.00
Groton-City Thames Street Docks	\$649,332.80
Norwich Municipal Marina Docks	\$544,020.00
Dredging	
Chester Dredging-Chester Creek/CT River	\$100,000.00
Stamford Dredging-Westcott Cove	\$1,200,000.00
 Total Round 2 Funding	 \$2,956,199.20

Following approval of the Round 2 project list by the State Bond Commission in April of 2021 the Authority has executed agreements with Clinton, Groton City and Stamford and is engaged with officials from Chester, Norwich and West Haven to finalize their grant agreements.

Additionally, the Authority recently amended its Round 1 agreement with the Town of Groton for their ongoing Nautilus Dock project (their project has taken longer due to necessary federal approvals) to ensure the agreement complied with the Authority’s revised SHIPP Policies and Procedures, which were approved in 2021.

Authority’s Plan to Ensure a Transparent and Equitable Process for Selecting and Disbursing Grants through the Small Harbor Improvement Projects Program

The Authority remains committed to a transparent and equitable process for selecting and disbursing grants through SHIPP. Since the inception of the SHIPP program in 2017, all qualified respondents have received funding. When a new round of SHIPP funding is announced the application requirements and selection criteria are posted publicly, along with the SHIPP Policies and Procedures².

In 2021, per guidance from OPM, the Authority updated its SHIPP Policies and Procedures. The SHIPP Policies and Procedures govern the selection criteria and grant funds disbursement requirements for program respondents. One modification to the SHIPP Policies and Procedures was to shift to providing recipients grant funds on a reimbursable basis. Per the new requirements, grantees must submit a Certified Invoice to the Authority for completed work in order to receive funds.

In order to receive reimbursement for funds, a grantee must submit the following documents:

1. Certified Invoice with all back-up material.
2. Updated Project Schedule
3. Project Narrative Report
4. Project Budget Report(s)
 - a. Budget narrative
 - b. Progress report
 - c. Financial report
 - d. Grantee Affirmative Action Plan

Bridgeport Federal Navigation Project – Dredging of Black Rock Harbor & Bridgeport Harbors

The harbor channel is less than 30-foot depth. The U.S. Army Corps of Engineers (USACE) is considering a maintenance dredge to 33' for Bridgeport Harbor (or 35', but State of CT would be responsible for the cost difference associated with the deeper dredge) and to 14' (or 18' at state's responsibility) for Black Rock Harbor. USACE is currently in the process of creating a Dredged Material Management Plan (DMMP), anticipating DMMP approval in by the end of calendar year 2022. Optimistic dredging start date would be November of 2023, at the earliest. The project is anticipated to require two dredging seasons (November through January) to complete. [Note: This also requires the construction of a Contained Aquatic Disposal (CAD) cell, which is in the early stages of permitting.] The first dredging season would include the CAD cell(s) and the second season would include the channel dredge.

Per current USACE planning, the soonest that a dredge of the Federal Channel and Berthing Area could be completed is ~January 31, 2025. FY25 refers to the U.S. Government's Fiscal Year 2025, which runs from October 1, 2024 to September 30, 2025.

Tentative Project Timeline

- a. Start permit application process: September 2021

² Electronic copy available upon request.

- b. Secure dredge permitting: September 2022
- c. Complete bulkhead work: January 2023
- d. Complete CAD-cell dredging: January 2024
- e. Complete dredging work: January 2025

New Haven Federal Navigation Channel Deepening – Dredging

A New Haven Harbor Navigation Improvement Project, currently underway with the U.S. Army Corps of Engineers, seeks to deepen the navigation channel in New Haven Harbor to 40 feet. The deepening project is currently in the Preconstruction Engineering and Design phase, is anticipated to advance to the Pre-Construction, Engineering, and Design (PED) phase in 2022.

Pier No. 7 Fort Trumbull State Park – New London

The Authority engaged GZA to conduct consulting engineering design solutions for repairs and modifications to the structure of Pier 7 located within the Fort Trumbull State Park. This agreement was recently extended through 2022. Pier 7 was constructed in 1965 by the U.S. Navy and is now owned and operated by the State of Connecticut. To advance the growth of the State’s maritime economy, the ultimate objectives are to improve the efficiency of current operations, provide services to support the US Coast Guard and Navy vessels, accommodate the cruise ship industry and attract new users.

III. List of projects which, if undertaken by the state, would support the state's maritime policies and encourage maritime commerce and industry

Bridgeport	Federal Navigation Project – Dredging of Black Rock Harbor & Bridgeport Harbors (as described in Section II)
New Haven	Federal Navigation Channel Deepening – Dredging (as described in Section II)
New London	State Pier Infrastructure Improvements Project (as described in Section II)
New London	Fort Trumbull State Park, Pier 7 – Infrastructure Improvements (as described in Section II)
Statewide	Small Harbor Improvement Project Program (SHIPP) Rounds 2 and 3 (as described in Section II)
Statewide	Property Acquisition(s) and Upgrades to Deepwater Ports
Statewide	Port Studies

IV. Description of the Authority's finances, including operating and financial statements

See "Appendix A - CPA FY21 Financial Statements"

V. Recommendations for improvements to existing maritime policies, programs and facilities

With respect to recommendations for improvements to existing maritime policies, programs and facilities, at this time CPA recommends increased dredging. Dredging creates less likelihood for shoreline erosion and protects against the effects of sedimentation, which is important for infrastructure projects (creating space to construct dams or bridges), enables ships to pass through waterways, and is an environmentally important practice by reducing pollutants in our waters.

As such, in the 2022 calendar year, CPA recommends progressing dredging projects in the following waterways:

1. Bridgeport Harbor
2. New Haven Harbor
3. Greenwich Harbor
4. Southport Harbor
5. Stamford Harbor
6. Branford Stoney Creek
7. Thames River

VI. Recommendations for legislation to promote the authority's purpose.

The Authority proposes the following recommendations for legislation and looks forward to meeting with the Transportation Committee and other relevant committees to discuss further:

- 1) The Authority continues to recommend legislative revisions requested by the Connecticut Pilot Commission to CGS Chapter 263, Section 15-13. This same recommendation was made in 2020 (but was not taken up, due to the short 2020 Session) and in 2021. The Authority plans to resubmit a recommendation for the 2022 Session permitting Connecticut-licensed Pilots to utilize experience obtained while piloting under the authority of a federal pilotage endorsement to qualify for an extension-of-route. Current law requires pilots to serve as an observing pilot under the supervision of a Connecticut-licensed pilot to obtain an extension-of-route, even though this experience is not required for initial licensure. See *"Appendix B - CPC Recommendation for Legislative Revisions 12072021"* for the Connecticut Pilot Commission's recommendation.
- 2) The Authority recommends that the Bond Commission allocate to the Authority the full \$5 million for the Authority's SHIPP program each year, to allow the Authority to fund any SHIPP project that meets the requirements of the program, on a rolling basis.
- 3) As a result of Public Act No. 21-179 being signed into law in June 2021, the Authority's Board of Directors has grown from 15 members to 21 members. As of December 2021, member appointing authorities have filled 14 of the 21 available positions, leaving seven vacancies. The Authority would like to note that the Maine Port Authority, where executive director John Henshaw previously served, has 7 board members. The Port of Los Angeles has 5 board members. The Authority has 21. The Authority recommends the legislature consider this as the Authority continues to await board appointments and reappointments to be made by various appointing authorities.
- 4) The Authority executed a Memorandum of Understanding (MOU) with the Office of Policy and Management (OPM) in September of 2019, which has since been amended in scope several times, as open issues have been rectified. OPM remains actively engaged in the Authority's day-to-day business, with an OPM consultant working on-site at the Authority's offices. During the recent months, OPM, CPA staff and consultants have reviewed, revised and improved accounting processes in the areas of recordation, purchasing, cash management and month end closing. Numerous work instruction level process flows, documents and forms have been developed to supplement the Accounting Policy and Procedure Manual to robustly illustrate procedures and highlight controls.

OPM is working to conclude action on all open items to assure compliance with all identified reform measures and will continue to monitor the work of the CPA. OPM is also committed to assisting the Authority in on-boarding a finance director, once the vacancy has been filled.

Part of OPM's initial oversight in 2019 was to review and revise all necessary Authority policies and procedures, including procurement. Those recommendations were approved by the Authority board in early-2020. The June 2021 Special Session's Public Act 21-2 designated the Authority as a "state contracting agency" placing the Authority under the purview of the State Contracting Standards Board (SCSB) for a period of five years. As a result, the Authority is the only quasi-public agency under SCSB's oversight. The Authority had its first meeting with

members of the SCSB in November of 2021 to discuss the procurement standards and requirements of state contracting agencies. It is too early for the Authority to understand the overall operational and fiscal impacts of the new oversight and associated procurement requirements.

CT Port Authority
Balance Sheet
As of June 30, 2021

Unaudited

ASSETS

Current Assets

10010 · ESB - CHKG - 6805	\$	1,456,191
10020 · ESB - CHKG - BOND - 0987		633,501
10205 · Webster-DWW-133833		3,898,335
10210 · Webster-Phase 1-133846		55,500,243
10235 · Webster-DWW-Int-133891		13,082
10230 · Webster-NECR Lease Fund-133873		6,818,448
10240 · Webster-Phase 1-Int-133901		72,956
10260 · Webster-NECR-Int-133927		11,137
10270 · Webster Project Expenses-134777		241,465
11000 · Accounts Receivable		5,117
12000 · DOT/ CORE Fund Balance		52,112
12300 · Prepaid Rent		409,500
12310 · Prepaid Expenses		78,030

Total Current Assets **\$ 69,190,118**

Fixed Assets

13000 · Furniture & Fixtures	\$	67,815
13200 · Vehicles		28,328
13900 · Construction In Progress		20,130,879
14000 · Accumulated Depreciation		-28,551

Total Fixed Assets **\$ 20,198,469**

Other Assets

15000 · Security Deposit	\$	1,133
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Total Other Assets **\$ 1,133**

TOTAL ASSETS **\$ 89,389,720**

LIABILITIES & EQUITY

Liabilities

Current Liabilities

20000 · Accounts Payable	\$	8,568,496
20100 · Accrued Salaries Payable		12,816
20200 · Accrued Payroll Taxes		896
20300 · Accrued Compensated Absences		15,633
20400 · Accrued Fringe Benefits		11,152
20500 · Unearned Revenue		3,233,061

Total Current Liabilities **\$ 11,842,054**

Equity

32002 · Net Investment in Capital Assets	\$	20,198,469
32004 · Net Position, Restricted		55,417,703
32006 · Net Position, Unrestricted		1,931,493

Total Net Position **\$ 77,547,665**

TOTAL LIABILITIES & EQUITY **\$ 89,389,720**

CT Port Authority
Profit & Loss
June 30, 2021

Unaudited

	Revised Budget	Actual	% of Budget Used
Income			
40000 · DOT Operating Appropriation	\$ 400,000	\$ 400,000	100%
40002 · State Bond Revenue		95,776	
40006 · Lease Rent	1,250,000		0%
40008 · Impact Fee	76,500	76,500	100%
40010 · Pilotage Commission	66,000	65,573	99%
40012 · Assessable Revenue	0	98,926	
40014 · Other Income		12,593,218	
40015 · Misc Revenue		528	
40016 · Interest Income	550	73,636	13368%
40017 · Fishermen Berthing Loc NL		144,000	
40019 · H D A Project Revenue		959,410	
Total Income	\$ 1,793,050	\$ 14,607,567	809%
Expense			
SALARIES & RELATED EXPENSE			
50100 · Salaries	\$ 449,000	\$ 332,690	74%
50200 · Payroll Taxes	30,500	23,473	77%
50300 · Fringe Benefits	359,200	243,013	68%
Total SALARIES & RELATED EXPENSE	\$ 838,700	\$ 599,177	71%
CONTRACTUAL SERVICES			
51100 · Audit	\$ 20,160	\$ 28,795	143%
51300 · Communications&Outreach/Sponsor	75,000	14,834	20%
51400 · Contractual Services	92,521	79,181	86%
51401 · Security Services	1,379	14,579	1057%
51410 · Fishermen Berthing New London		76,613	
51550 · Operations & Maintenance	24,300	0	0%
51600 · Legal Services	200,000	179,447	90%
51601 · Permitting Legal Services		120,083	
51700 · Marketing/Business Development			
51710 · Advertising	15,000	295	2%
51720 · Meals	500	0	0%
51730 · Mileage Reimb		98	
51740 · Lodging	3,500	0	0%
51750 · Travel	1,500	300	20%
51770 · Marketing/Business Dev. Other	65,000	0	
Total 51700 · Marketing/Business Development	\$ 85,500	\$ 693	1%
Total CONTRACTUAL SERVICES	\$ 498,850	\$ 614,225	103%

CT Port Authority
Profit & Loss
June 30, 2021

Unaudited

	Revised Budget	Actual	% of Budget Used
ADMINISTRATION & GENERAL EXP			
52050 · Dues/Membership	\$ 12,000	\$ 14,894	124%
52200 · General Operations			
52204 · Board Member Travel Reimb	25,000	356	
52201 · Travel & Lodging	1,800		
52203 · Vehicle Expense	1,500	201	13%
52205 · General Operations - Other	200	348	174%
52200 · General Operations - Other		15	
Total 52200 · General Operations	\$ 28,500	\$ 920	3%
52250 · Office Supplies	10,500	5,841	56%
52400 · Rent	27,710	555,018	2003%
52450 · Repairs & Maintenance		21,015	
52550 · Telephone/Internet	4,500	4,692	104%
52600 · Utility Expense		10,251	
52601 · Utilities at NL State Pier		40,395	
52650 · Insurance			
52652 · Insurance - Liability	\$ 66,150	\$ 101,069	153%
52653 · Insurance - Vehicle	2,450	4,191	171%
Total 52650 · Insurance	\$ 68,600	\$ 105,260	153%
57500 · Harbor Development Expenses		0	
Total ADMINISTRATION & GENERAL EXP	\$ 151,810	\$ 758,287	499%
Total Expenses	\$ 1,489,370	\$ 1,871,690	126%
Net Operating Income	\$ 303,680	\$ 12,635,878	4161%
Other Income/Expense			
59000 · Contingency	\$ 50,000		0%
53000 · Depreciation Expense	8,833	8,833	100%
55000 · Impact Fee - City Of New London	76,500	76,500	100%
56000 · Revenue Share Expense-NL	50,000	50,000	100%
Net Other Income/Expenses	\$ 185,333	\$ 135,333	73%
Net Income	\$ 118,347	\$ 12,600,544	10563%

December 7, 2021

Mr. David Kooris
Chairman
Connecticut Port Authority
455 Boston Post Road
Old Saybrook CT 06475

**Re: Recommendation for Legislative Revisions
to Conn. Gen. Stat. ch. 263, sec. 15-13**

Dear Chairman Kooris:

The purpose of this letter is to report a recommendation by the Connecticut Pilot Commission ("Pilot Commission") that the Connecticut Port Authority ("Port Authority") seek a legislative change to Conn. Gen. Stat. ch. 263, sec. 15-13(b), which sets forth certain requirements for an extension-of-route for Connecticut-licensed marine pilots in the western Long Island Sound and Connecticut ports. The Pilot Commission recommends that the statute be amended to permit Connecticut-licensed pilots to seek an extension-of-route utilizing experience obtained while piloting under the authority of a federal pilotage endorsement, as is permitted for initial licensure as a Connecticut pilot.

The Pilot Commission

Pursuant to Conn. Gen. Stat. sec. 15-13c, the Pilot Commission is charged with advising the Port Authority on matters relating to the licensure of marine pilots, the safe conduct of vessels and the protection of the ports and waters of Connecticut. The Pilot Commission's mandate specifically includes a determination of the "required qualifications of pilots for eligibility for licensure, including background, training, length of service and apprenticeship." Conn. Gen. Stat. sec. 15-13c(e). The members of the Pilot Commission are appointed by the Governor and various legislative leaders to represent a broad spectrum of business, maritime, legal and environmental interests. The Pilot Commission also includes the Executive Director of the Port Authority and an elected representative of the Connecticut-licensed pilots. The Pilot Commission currently includes members with expertise in admiralty law, environmental law, port and vessel operations and experience as Merchant Marine, Navy and Coast Guard officers.

Background

Foreign-flag vessels and American vessels engaged in international trade calling at Connecticut ports or transiting the Connecticut waters of Long Island Sound are required by Connecticut law to take aboard a state-licensed pilot. Conn. Gen. Stat. sec. 15-15. These pilots are highly skilled and experienced in ship handling and navigation and have up-to-date knowledge about local hazards to navigation, tides and current, communications and vessel traffic. As advisors to a vessel's Master, state-licensed

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December 07, 2021

pilots direct a vessel's movement in restricted waters. Connecticut's compulsory pilotage requirements reflect a common practice in international maritime commerce, in which ocean-going vessels are required to take local pilots aboard prior to entering ports or navigating in restricted waterways throughout the world.

Importantly, certain U.S. flag vessels in domestic trades are exempt from compulsory state pilotage under federal law ("Enrolled Vessels"). 46 U.S.C. sec. 8502. Pilotage of Enrolled Vessels is regulated by the U.S. Coast Guard, which issues federal pilotage endorsements. Connecticut-licensed pilots must obtain and maintain an underlying U.S. Coast Guard-issued federal pilotage endorsement as a prerequisite for the issuance of a Connecticut pilotage license covering the same geographic area. Conn. Gen. Stat. ch. 263, sec. 15-13. Connecticut-licensed pilots may (and commonly do) pilot Enrolled Vessels under the authority of their federal pilotage endorsements. When piloting Enrolled Vessels under the authority of a federal pilotage endorsement, these pilots are not subject to the jurisdiction of the State of Connecticut.

Pursuant to the Federal Boundary Waters Act, 46 U.S.C. sec. 8501(b), Connecticut and New York share authority to regulate pilotage on Long Island Sound. The Boundary Waters Act entitles New York-licensed pilots to pilot ships to all Connecticut ports and Connecticut-licensed pilots to pilot ships to New York ports on Long Island Sound. The two states are party to a 1999 Memorandum of Agreement (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. Conn. Agencies Regs. Sec. 15-15a-17.¹ Under the MOA and implementing regulation, each state agrees that "all pilots . . . will be tested or otherwise demonstrate that they are competent to pilot vessels . . . before endorsing the licenses of such pilots" and that each state will recognize the endorsements issued by the other state." In Connecticut, the Port Authority is empowered to license pilots, subject to certain minimum statutory requirements relating to experience. Conn. Gen. Stat. ch. 264, sec. 15-13.² Connecticut pilotage licenses are issued for specific geographic areas of the Long Island Sound, Connecticut harbors and Connecticut rivers. An expansion of the geographic areas for which a pilot is already licensed is referred to as an "extension-of-route."³

¹ Pursuant to Conn. Gen. Stat. 15-15a, the regulations of the Department of Transportation pertaining to pilotage were adopted by the Port Authority as its written procedures, effective July 1, 2016.

² In addition to the requirements for initial licensure imposed by statute, the Port Authority requires applicants to participate in a qualification, selection and training program which is more rigorous than the minimum standards imposed by statute, including supervision and evaluation by Connecticut-licensed pilots. Conn. Agencies Regs. Sec. 15-15a-7.

³ To qualify for an extension-of-route, an applicant must already be licensed to pilot in the eastern Long Island Sound and at least one of the three major Connecticut ports. Conn. Gen. Stat. sec. 15-13(b).

Currently, Conn. Gen. Stat. sec. 15-13 distinguishes between the experience required for initial licensure as a Connecticut pilot and the experience required for an extension-of-route. The requirements imposed by statute for initial licensure as a pilot in Connecticut include, for any specific geographic area, that the applicant complete either, or a combination of, (1) twelve round trips as pilot-of-record aboard an Enrolled Vessel under the authority of the applicant's federal pilotage endorsement or (2) twenty-four round trips as an observing pilot under the supervision of a Connecticut-licensed pilot. Conn. Gen. Stat. sec. 15-13(a). However, for an extension-of-route by a pilot who is already licensed in Connecticut, the statute requires that an applicant complete only six round trips through the geographic area for which an extension is sought as observing pilot under the supervision of a Connecticut-licensed pilot. Conn. Gen. Stat. sec. 15-13(b).⁴ As presently written, the statute does not permit an applicant for an extension-of-route to utilize experience as the pilot-of-record aboard Enrolled Vessels, although that experience would qualify for initial licensure.

The current statute was amended in 2015 following a recommendation made by the Pilot Commission in 2014. That recommendation sought to reduce the experience required for an extension-of-route, as opposed to initial licensure as a pilot, in two ways. First, the 2015 amendments reduced the number of round-trips required for an extension-of-route from twelve to six. Secondly, the 2015 amendments eliminated the requirement that these trips be made aboard an ocean-going vessel of at least four thousand gross tons, instead accepting trips made aboard any vessel subject to compulsory state pilotage. In making its 2014 recommendation, the Commission recognized that there is a substantial difference between the *ab initio* training of a new pilot and an extension-of-route for an experienced pilot who has already completed the Connecticut apprenticeship program, is working in the eastern Long Island Sound as a Connecticut-licensed pilot and has obtained a federal pilotage endorsement for the extension-of-route (which itself requires documentation of at least twelve round trips as an observing pilot, 46 C.F.R. sec. 11.705). Piloting requires a number of skills, including ship handling, bridge resource management, seamanship, communication and the exercise of judgment. While familiarity with a particular geographic area is an important component of a pilot's knowledge, it is not the only component and the Pilot Commission's recommendation reflected a belief that it was appropriate to reduce the minimum experience requirements for an extension-of-route as opposed to initial licensure. However, in making its 2014 recommendation, the Pilot Commission expressed a view that given the reduced number of round trips required for an extension-of-route, it was also appropriate to require that those trips be completed as an observing pilot under the supervision of a Connecticut-licensed pilot rather than accept trips completed as pilot-of-record aboard Enrolled Vessels, as is permitted for initial licensure. That view was adopted by the legislature.

⁴ For both initial licensure and an extension-of-route, the statute also requires that an applicant first possess a federal pilotage endorsement for the geographic area for which pilotage is sought and that the applicant's piloting experience be aboard certain qualifying vessels within the previous thirty-six months.

Mr. David Kooris
December 07, 2021

Unfortunately, as a result of substantially reduced vessel traffic in the western Long Island Sound and Bridgeport Harbor, Connecticut-licensed pilots seeking an extension-of-route have found it difficult, if not impossible, to comply with even the reduced requirement to complete six round trips as an observing pilot under the supervision of a Connecticut-licensed pilot within a thirty-six month period. Currently, the vast majority of the remaining vessel traffic in the western Long Island Sound and Bridgeport Harbor consists of Enrolled Vessels, particularly tug-barge units, which Connecticut-licensed pilots may pilot under the authority of their federal pilotage endorsements. However, because of vessel characteristics, crewing standards and industry custom, it has proven impractical for observing pilots seeking an extension-of-route to accompany a Connecticut-licensed pilot aboard these vessels and opportunities to do so are infrequent.

The lack of vessel traffic in the western Long Island Sound has also made it difficult for pilots with Connecticut licenses covering that area to maintain recency as required by Conn. Gen. Stat. ch. 263, sec. 15-13(f). Accordingly, although the requirement for state-licensed pilots in the western Long Island Sound is infrequent, there have been occasions when such a pilot is required and no qualified pilot was immediately available in the Joint Rotation. Given this circumstance, it is the judgment of the Commission that it would be an acceptable practice to permit a Connecticut-licensed pilot to use experience gained as pilot-of-record aboard Enrolled Vessels to qualify for an extension-of-route. This change would permit additional pilots to obtain an extension-of-route for the western Long Island Sound and Bridgeport Harbor without unduly compromising safety. Accordingly, the Pilot Commission recommends that the Port Authority seek a legislative change to Conn. Gen. Stat. ch. 263, sec. 15-13(b) by amending the statute as follows:

Sec. 15-13. Pilots; qualifications; extension of route, license fee; bond; suspension or revocation of license; inactive status; limited licenses; written procedures

(a) The Connecticut Port Authority shall license as many residents of this state and any other state as said authority deems necessary and finds qualified to act as pilots for one year in any of the ports and waters of this state including the Connecticut waters of Long Island Sound. A license shall be denied to any person holding a license or authority under the laws of any other state which does not issue a license or authority to pilots licensed by the authority. Except as provided in this section, no person shall be so licensed unless he possesses a federal masters license and has procured a federal first class pilot's license of unlimited tonnage issued by the United States Coast Guard covering the sections of the waters of this state for which application is being made to said authority. Each applicant for a license to act as a pilot for any port or waterway of the state including the Connecticut waters of Long Island Sound shall document that he has made the following passages on ocean-going vessels of not less than four thousand gross tons, through the port or waterway for which application is being made during the thirty-six months immediately preceding his application: (1)

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December 07, 2021

Twelve round trips on American vessels under enrollment as pilot of record, on which the applicant is not a crew member; or (2) twenty-four round trips as observing pilot on foreign or registered vessels during which the applicant does the piloting work under the supervision and authority of a pilot licensed by this state, provided the applicant possesses a first class pilot's license issued by the United States Coast Guard for the port or waterway; or (3) any combination of the above requirements for trips, substituting two observer trips for each trip as pilot of record.

(b) An extension of route for waters of this state including the Connecticut waters of Long Island Sound for which application is being made by a pilot currently licensed by the authority for eastern Long Island Sound and at least one of the ports of New London, New Haven or Bridgeport, shall be granted provided the applicant (1) has procured a federal first class pilot's license of unlimited tonnage issued by the United States Coast Guard covering the sections of the waters of this state including the Connecticut waters of Long Island Sound for which application for an extension of route is being made, and (2) can document that within the thirty-six months immediately preceding such application, the applicant has made six round trips through the port or waterway for which application is being made as either pilot of record on American vessels under enrollment, on which the applicant is not a crew member; or as observing pilot on vessels under enrollment or vessels under register subject to compulsory pilotage under sections 15-15 and 15-15c during which the applicant does the piloting work under the supervision and authority of a pilot licensed by this state.

In making this recommendation, the Commission has carefully considered its mandate to ensure that pilots are adequately qualified to perform pilotage duties. While we would prefer to maintain the current experience standards for an extension-of-route, we believe that those standards are unrealistic given the amount of vessel traffic in the western Long Island Sound and Bridgeport Harbor and that permitting Connecticut-licensed pilots to use experience as pilot-of-record aboard Enrolled Vessels to qualify for an extension-of-route, as is permitted for initial licensure, would be an acceptable practice which will facilitate marine commerce without unduly compromising safety. We thank you for your consideration of this recommendation and look forward to continuing our discussion of these issues. Please contact me if we can provide any additional information.

Very Truly Yours,



William O. Gash, Jr.
Chairman

Connecticut Pilot Commission

Mr. David Kooris
December 07, 2021

cc: **Members, Connecticut Pilot Commission**
Board of Commissioners of Pilots of the State of New York



DEPARTMENT OF ADMINISTRATIVE SERVICES

December 23, 2021

Representative Roland Lemar, Chairman
Transportation Committee
Room 2300
Legislative Office Building
Hartford, CT 06106

Senator Will Haskell, Chairman
Transportation Committee
Room 2300
Legislative Office Building
Hartford, CT 06106

Dear Senator Haskell and Representative Lemar:

Pursuant to Connecticut General Statutes Sections 15-31a(k) and 15-31a(o), my office has reviewed the 2021 Annual Operations and Project Report of the Connecticut Port Authority ("Authority"); further pursuant to Public Act 21-179, my office has reviewed the quarterly report regarding the status of pending and current contracts and activities related to the construction project at the State Pier in New London. As noted in the report, my office continues to provide general project management guidance and advice to the Authority for its consideration pursuant to a memorandum of agreement.

Should you have any questions on this matter, please don't hesitate to reach out to my office.

Sincerely,

DocuSigned by:

Noel Petra

59274CBDCF1A41C...

Noel Petra
Deputy Commissioner



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT



Melissa McCaw
Secretary

January 3, 2022

Representative Roland Lemar
Chairman
Transportation Committee
Room 2300
Legislative Office Building
Hartford, CT 06106

Senator Will Haskell
Chairman
Transportation Committee
Room 2300
Legislative Office Building
Hartford, CT 06106

Dear Representative Lemar and Senator Haskell:

Pursuant to section 4 of Public Act 21-179, I offer the following information concerning the January 1, 2022, annual report of the Connecticut Port Authority regarding the status of pending and current contracts, small harbor projects and the construction project at the State Pier in New London. The New London State Pier construction project is currently under the oversight of the Department of Administrative Services.

My office has reviewed the report with the staff of the authority. As noted in the report, my office continues to work with the authority pursuant to a memorandum of understanding. As previously noted, my office has directly supported the authority through oversight of its financial position; identifying opportunities to achieve highest standards of transparency, governance, accountability, and fiscal best practices; reviewing, drafting and modifying policies and procedures; and addressing accounting system deficiencies and ensuring consistent financial reporting.

Our work will continue until the authority successfully recruits a replacement Finance Manager who is expected to be able to account for and manage its financial transactions consistent with best practices. OPM Executive Finance Officer Kim Kennison is supporting the authority with this search given her years of experience in finance.

Thank you for your attention to this matter.

Sincerely,

Melissa McCaw
Secretary, Office of Policy and Management