



QUARTERLY REPORT TO THE TRANSPORTATION COMMITTEE

**Regarding the Status of Pending and Current Contracts, Small Harbor Projects
and the Construction Project at the State Pier**

Pursuant to PA 21-179

January 1, 2022 Submission

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 PA 21-179: "Section 1. (NEW) (Effective from passage) On or before October 1, 2021, and quarterly thereafter, the executive director of the Connecticut Port Authority shall submit a report regarding the status of pending and current contracts, small harbor projects and the construction project at the State Pier in the town of New London to the joint standing committee of the General Assembly having cognizance of matters relating to transportation, in accordance with the provisions of section 11-4a of the general statutes. The Commissioner of Administrative Services and the Secretary of the Office of Policy and Management shall jointly review and comment on each such report before such report is submitted to the committee."

I. Status of Pending and Current Contracts

The following is a status list of current contracts:¹

1. Office of Policy and Management (OPM) Memorandum of Understanding (MOU) as Amended

ACTIVE - 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.

2. Office of Policy and Management (OPM) and Department of Administrative Services (DAS) Memorandum of Agreement (MOA)

ACTIVE - 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.

3. Connecticut Innovations Memorandum of Understanding (MOU)

ACTIVE – The Authority has a Memorandum of Understanding (MOU) with quasi-public agency Connecticut Innovations, effective March 6, 2019, for the purpose of providing the Authority with management and other administrative services, specifically in the areas of human resources, time and labor, payroll, benefits and CORE-CT.

4. Connecticut Department of Transportation (CTDOT) and the Treasurer of the State of Connecticut Memorandum of Understanding (MOU) as Amended

ACTIVE – The Authority has a Memorandum of Understanding (MOU) with Connecticut Department of Transportation (CTDOT) and the Treasurer of the State of Connecticut, effective June 2016, to provide staff support to the Authority in the form of Transportation Engineer 3 employee employed by the CTDOT temporarily assigned to work exclusively for the Authority as a Program Manager, and compensated, as a State employee, with benefits that come from DOT's budget. The MOU also provides certain services to the

¹ Electronic copies of contracts available upon request.

Authority's State Pier facility in New London, such as snow removal for the approach to State Pier Road.

5. Concession Agreement as Amended

ACTIVE - The Concession Agreement between the Authority and State Pier New London terminal operator Gateway New London, LLC was executed in January 2019. It is a twenty (20) year agreement, with two (2) additional ten (10) year options.

6. Harbor Development Agreement (HDA) as Amended

ACTIVE – The Harbor Development Agreement (HDA) between the Authority, State Pier New London terminal operator Gateway New London, LLC and partners North East Offshore (NEO), a joint venture of Ørsted and Eversource, was executed in February 2020. The HDA resulted from a 2018 Request for Proposals process with respect to the operation of the State Pier facility and the subsequent Concession Agreement with Gateway (noted in #5 above). The HDA governs the financial contributions and other commitments involved in the redevelopment and near-term operation of the facility as a modern, heavy-lift capable port which will meet the facility requirements of the offshore wind industry. The generational 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. The HDA term includes the approximately two (2) year construction project, a ten (10) year sublease period and an additional seven (7) year option (terms of the option period to-be-negotiated at the end of the initial sublease period).

7. New England Central Railroad (NECR) Land and Trackage as Amended

ACTIVE – The New England Central Railroad (NECR) Land and Trackage between the Authority, the Office of Policy and Management (OPM) and New England Central Railroad, Inc. (NECR), a subsidiary of Connecticut-based Genesee & Wyoming Inc., was executed in March 2020. NECR agreed to lease a five-acre parcel under its control to the Authority to facilitate the redevelopment of the port facility to handle offshore wind components. The agreement covers the approximately two (2) year construction project, as well as the ten (10) year sublease period. It includes an renewal period capped at ten (10) years.

8. Saybrook Junction (Office Lease) as Amended

ACTIVE – The Authority leases office space for its headquarters at 455 Boston Post Road, Suite 204 at Saybrook Junction in Old Saybrook. The current lease is a two (2) year lease.

9. Gowrie Group (Insurance Documents)

ACTIVE – Gowrie Group is the Authority's current insurance broker, responsible for putting all insurance coverages out to markets annually.

10. Regan Communications / Quinn and Hary (Website Services Contract) as Amended

ACTIVE – The contract for monthly web maintenance includes uploading files and other content (including meeting agendas, minutes and recordings) to the Authority’s website is currently continuing month-to-month, based on direction from OPM.

11. Sound Computing (IT Services)

ACTIVE – The Authority has an annual IT services contract with Sound Computing that is currently continuing month-to-month, based on direction from OPM.

12. Cohn Reznick LLP (Auditing Services)

ACTIVE – The Authority has a three (3) year engagement with Cohn Reznick for Auditing Services.

13. Robinson and Cole LLP (Legal Services)

ACTIVE – The Authority has a three (3) year engagement with Robinson and Cole for Legal Services.

Additionally, the Authority has three active issue-specific matters for which it has engaged with Robinson and Cole: a) State Pier Improvements Project Permitting (state/Federal); b) Amicus Curiae Brief for Rosado v. Pruitt re: Eastern Long Island Sound Disposal Site (ELDS); and c) administrative appeals related to item “a”.

14. Kiewit Infrastructure Co. Construction Manager-at-Risk (CMR) State Pier Infrastructure Improvements Project) as Amended

ACTIVE – The Kiewit Infrastructure Co. was selected by the Authority to serve as the Construction Manager-at-Risk (CMR) for the State Pier Infrastructure Improvements Project and to engage subcontractors through a competitive bidding process to perform various construction work packages at the State Pier facility. Additionally, the contract established a Target Guaranteed Maximum Price (GMP) of \$204m (\$193m for construction, plus \$11m for contingency) for the construction project that is being solidified through the competitive bidding process.

As noted in #2 above, the Authority has a Memorandum of Agreement (MOA) with OPM and DAS, 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.

15. AECOM Construction Administrator (State Pier Infrastructure Improvements Project) as Amended

ACTIVE – The Authority’s contract with AECOM designates AECOM as the Authority’s Construction Administrator (owner’s representative) for the State Pier Infrastructure Improvements Project.

16. AECOM Permitting (State Pier Infrastructure Improvements Project) as Amended

ACTIVE – The Authority's contract with AECOM authorizes AECOM to provide the Authority with permitting services in support of state and federal permitting for the State Pier Infrastructure Improvements Project.

17. Small Harbor Improvement Projects Program (SHIPP) Grant Agreements

ACTIVE – Following approval of the SHIPP Round 2 project list by the State Bond Commission in April of 2021, the Authority has executed grant agreements with Clinton, Groton City and Stamford.

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 prior agreement complied with the Authority's revised SHIPP Policies and Procedures, which were approved in 2021.

18. GZA Geoenvironmental. Inc Consulting Services Agreement as Amended

ACTIVE – The Authority's agreement with GZA is for the purpose of assessing the current condition and future capabilities of Fort Trumbull's Pier No. 7 in New London

19. Escrow Agreement with Webster Bank Per State of Connecticut Department of Energy and Environmental Protection (DEEP) State Pier Project Permit Condition

ACTIVE – As required by Condition # 7 of DEEP License 201905859-SDF TW WQC for improvements to the New London State Pier, to fund fish habitat restoration projects as mitigation for coastal resource impacts authorized by the license, in an aggregate amount not-to-exceed \$3,425,000.00.

20. U.S. Army Corps of Engineers (USACE) and the State Historic Preservation Office (SHPO), Memorandum of Agreement (MOA) relating to the State Pier Infrastructure Improvements Project.

ACTIVE – The MOA is a condition of the Authority's pending federal license from USACE for in-water work at the State Pier facility. The Authority is not a direct party to the MOA between USACE and SHPO, but is an "invited signatory."

The following is a status list of pending contracts:²

1. Kiewit Construction Manager-at- Risk (State Pier Infrastructure Improvements Project) as Amended

PENDING – Third Amendment to Kiewit Construction Manager-at- Risk contract to establish the a Final GMP and authorize any outstanding Notice(s) to Proceed (NTPs).

2. Harbor Development Agreement (HDA) as Amended

PENDING – A Third Amendment to the HDA (as noted in #6 above) will be necessary to codify the Agreement's Schedule 2 at a date to-be-agreed upon by the Parties.

² Electronic copies of contracts available upon request.

3. Small Harbor Improvement Projects Program (SHIPP) Grant Agreements

PENDING – Following approval of the Round 2 project list by the State Bond Commission in April of 2021, the Authority has been engaged with officials from Chester, Norwich and West Haven to finalize their grant agreements.

II. Status of Small Harbor Projects

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 Procedures³.

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

In support of the Authority's efforts to ensure a transparent and equitable process for selecting and disbursing grants through SHIPP, in its *2021 Annual Operations and Projects Report* responsive to C.G.S. § 15-31a(k) and C.G.S. § 15-31a(o), the Authority recommended that the Transportation Committee consider legislation enabling the State Bond Commission to 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 Electronic copy available upon request.

III. Status of the Construction Project at the State Pier in the Town of New London

Project Overview

The Authority was pleased to host the Transportation Committee at State Pier in New London on October 28, 2021 for a presentation on the Authority, its ongoing projects state-wide and the State Pier Infrastructure Improvements Project. We appreciated the opportunity to provide you with new and requested information, introduce you to our project partners and to answer your questions.

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

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.

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 was 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 Special Meeting of the Authority's Board of Directors.

In October 2021, the Authority launched a new Dashboard feature on the project website (<https://statepiernewlondon.com/project-updates/>) to provide the Authority's Board of Directors and the public with greater insight into the construction activities taking place. The Dashboard is updated regularly.

Permitting Update

Below is a recap of project permitting-related actions to-date:

- 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 federal permit issued

With state and federal permits in hand, we will continue to work diligently with OPM/DAS, our partners and contractors to finalize the GMP and complete the project work.

Please do not hesitate to contact us if you have any questions, comments or concerns regarding the content of this report.

Submitted by:

Connecticut Port Authority

Name: John Henshaw

Title: Executive Director

Date:



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

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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 1 of Public Act 21-179, I offer the following information concerning the January 1, 2022, 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