



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

July 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. The amended agreement extends the engagement through September 30, 2022.

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 the on-boarding process of the newly hired interim executive director ((April 2022) and interim finance director (May 2022).

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

ACTIVE - The Authority executed a Memorandum of Agreement (MOA) with OPM and DAS, effective October 2, 2019 in connection with procurement, technical services, contract administration and construction management activities in support of the State Pier Infrastructure Improvements Project (the Project) in New London. The agreement was amended in June 2022 to reduce DAS' involvement during the remaining construction phase of the project. DAS personnel participate in the Project to the extent of providing limited technical advice and services to CPA as necessary during the remaining construction phase of the Project. DAS participation will be on an as-needed basis subject to availability, as determined by DAS management.

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

¹ Electronic copies of contracts available upon request.

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 Tracklease as Amended

ACTIVE – The New England Central Railroad (NECR) Land and Tracklease between the Authority 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 a 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

and other activities, as requested, 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.

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. 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 recipient municipalities to finalize their grant agreements.

² Electronic copies of contracts available upon request.

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

The Round 2 project list was authorized by the State Bond Commission in April of 2021. The Authority has executed agreements with all grant recipients (except West Haven, which is still working with the Authority to finalize their grant agreement).

SHIPP Round 3

On April 19th 2022 the Connecticut Port Authority (CPA) issued a Request for Applications (RFA) for project funding under the Small Harbor Improvement Projects Program (SHIPP), a competitive grant program managed by the CPA. Under SHIPP, Connecticut municipalities in or adjacent to waters of the state, may apply for matching funds to conduct a project that improves the infrastructure or management of their local waterway.

The actual selection of grant recipients will take place in late-July after the CPA Projects Committee rates and selects the applications based on developed criteria and presents them to the CPA Board of Directors for final approval.

A SHIPP Grant may be used on a wide range of improvements including: marina repair, dredging, boat ramp facilities improvement, breakwaters, harbor management plans and feasibility studies.

The application submission deadline is 4pm ET on Friday, July 1, 2022.

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 it's 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

³ Electronic copy available upon request.

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.

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

- 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 March 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.
- Three offshore wind projects totaling more than 1,700MW are already scheduled to be delivered from the completed facility: South Fork Wind; Revolution Wind; and Sunrise Wind.
- 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.

Permitting Update

With all 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.

Construction Update

The Authority executed a Memorandum of Agreement (MOA) with OPM and DAS, effective October 2, 2019 in connection with procurement, technical services, contract administration and construction management activities in support of the State Pier Infrastructure Improvements Project (the Project) in New London. The agreement was amended in June 2022 to reduce DAS' involvement during the remaining construction phase of the project. DAS personnel participate in the Project to the extent of providing limited technical advice and services to CPA as necessary during the remaining

construction phase of the Project. DAS participation will be on an as-needed basis subject to availability, as determined by DAS management.

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.

As noted by Chairman David Kooris at the Authority's March 22, 2022 special board meeting, the permitting process for the project took significantly longer than anticipated and the board has openly discussed that there is cost associated with that delay and additional cost in accelerating certain aspects of construction activities to complete the facility on time to accommodate the delivery of Orsted and Eversource's South Fork Wind project - and also capture the job creation and revenue to the state and port authority associated with delivering that project out of the facility.

The Authority has successfully negotiated and approved the costs associated with the permitting delay and project acceleration. As of May 24, 2022, the project's Guaranteed Maximum Price (GMP) with construction manager-at-risk Kiewit totals just over \$185 million. At the Authority's next meeting on 21 June, the Board will execute the final notice to proceed for dredge work that has already been bid and has a locked in price of \$32 million. That will bring the project to a GMP of approximately \$217 million. Compared to the target GMP of \$204 million, this total is over by approximately \$13 million – which is the combined total of the costs associated with delay and acceleration. None of this has anything to do with inflation, nor rising costs of material or labor. This is the cost of keeping the Authority's contractor working for longer than anticipated because permits were delayed, partially and largely due to challenges, and the additional cost for work hours to make up for the delay to achieve substantial completion by February 2023 for Orsted and Eversource to use the facility to deliver their South Fork Wind project.

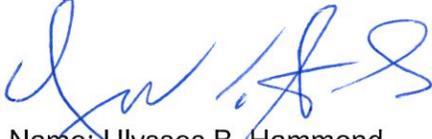
To give a complete picture, that \$217 million GMP needs to be added to the project's soft costs. The project currently has encumbered soft costs totaling \$27 million, which brings the project cost to \$244 million. There are anticipated soft costs of approximately \$6 million, which when added to the prior total, brings it to approximately \$250 million – which is completely consistent with public discussions of the project made over the last couple of months.

As a result of the legislative authorization for an additional \$20 million and the Bond Commission's action on May 26, 2022, available project funds total \$255 million. That gives additional resources for an owner's contingency. That contingency is in addition to the \$11 million contingency built into the contract with Kiewit – of which approximately \$4 million has been expended. The \$255 million is the total fund availability.

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: Ulysses B. Hammond

Title: Executive Director

Date: 6/30/2022



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT



Jeffrey R. Beckham
Acting Secretary

June 27, 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 July 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 is able to account for and manage its financial transactions consistent with best practices. OPM Executive Finance Officer Kim Kennison is supporting the authority with these issues, given her years of experience in finance.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink that reads "Jeffrey R. Beckham".

Jeffrey R. Beckham
Secretary, Office of Policy and Management



DEPARTMENT OF ADMINISTRATIVE SERVICES

July 1, 2022

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

Senator Will Haskell
Chairperson
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 July 1, 2022 report of the Connecticut Port Authority ("Authority") 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