



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

October 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 and Other Agreements

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 current amended agreement extends the engagement through September 30, 2022. The Authority and OPM anticipate extending the MOU through December 31, 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. 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. OPM's involvement terminated on May 31, 2022 and 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. DAS participation is 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 a Transportation Engineer 3 employee employed by the CTDOT temporarily assigned to work exclusively for the Authority as a Program Manager, with compensation and benefits as a State employee. 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, and 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 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.

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.

As noted in #2 above, the Authority has a Memorandum of Agreement (MOA) with DAS, in connection with procurement and technical services in support of the State Pier 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 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 SHIPP project lists by the State Bond Commission, the Authority executes grant agreements with recipient municipalities. See Section II for additional information on projects in-progress.

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, this escrow account was established to fund \$3,425,000.00 in support of fish habitat restoration projects as mitigation for coastal resource impacts authorized by the license.

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 – The Authority will be submitting a SHIPP Round 3 project list at the next meeting of the State Bond Commission. Following the commission’s approval, the Authority will engage with officials from recipient municipalities to finalize their grant agreements in accordance with the Authority’s SHIPP Policies and Procedures. [See Section II below for more information on the Authority’s SHIPP program.]

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 Statute, 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%.

SHIPP Round 2

The Round 2 approved project list consisted of eight (8) projects in (7) municipalities statewide, totaling \$2.9 million in grant funding. The Round 2 projects were authorized by the State Bond Commission in April of 2021. The Authority has executed agreements with all grant recipients, except one, which is still working with the Authority.

SHIPP Round 3

On April 19th 2022 the Connecticut Port Authority (CPA) issued a Request for Applications (RFA) for the third round of SHIPP grant funding. Applications were due July 1; however, due to the July 4th holiday, applications were accepted up until close of business July 8th.

RATING CRITERIA:

- Local and Regional Supporting Actions.
- Economic and Market Viability.

- Timeline to Implementation.
- Project Permitted.
- Financial Impact if Project Grant not Awarded.
- Type of Marine Related services Provided by Facility.
- Stage of Project, planning, design, construction or other.
- Number of current employees, and jobs created by this project.

Eleven (11) applications were received and ten (10) met the qualification requirements of the program (one application submitted was for infrastructure not owned by the public sector and, thus, was deemed not qualified). Eight (8) of the applications were from entities that had received prior SHIPP funding. Ultimately, ten (10) projects in seven (7) municipalities statewide were selected for a total of \$5.9 million in grant funds:

Norwalk	Street Ends-Public Access	Planning Study	\$44,000.00
Norwich	Riverfront Pier-Walkway	Planning Study	\$45,000.00
Stamford	Boat Ramp(s) Feasibility Study	Planning Study	\$20,000.00
Stamford	Cummings Marina Design Municipal Marina	Planning Study	\$236,500.00
Stonington	Town Pier Commercial Fish	Planning Study	\$250,000.00
Branford	Branford Point Wharf	Construction	\$1,000,000.00
Guilford	Municipal Marina Dredging	Construction	\$861,500.00
Norwich	Municipal Marina Docks/Piers	Construction	\$289,489.80
Stamford	Cove Island Park Municipal Marina Dredging	Construction	\$3,095,520.00
Stratford	Emergency Service Dock	Construction	\$63,345.60
Total =			\$5,905,355.40

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), as well as during subsequent meetings with the Transportation Committee, the Authority recommended that the 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 and 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

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, while maintaining its freight rail link.
- The upgrades include the creation of two heavy-lift pads, each capable of handling loads of 5,000 pounds per square foot (psf). The rest of the facility's load bearing capacity has been enhanced to 3,000psf.
- 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 (132MW, State of New York);
 - Revolution Wind (304MW, State of Connecticut and 400MW, State of Rhode Island);
 - and Sunrise Wind (880MW, State of New York)
- The first U.S. built wind turbine installation vessel, Dominion's Charybdis, which is expected to be sea ready in late-2023, will first be deployed out of State Pier to support the construction of the Revolution Wind and Sunrise Wind projects.
- 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.

Permitting Update

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

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. OPM's involvement terminated on May 31, 2022 and 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 openly discussed that there is cost associated with that delay and additional cost in accelerating certain aspects of construction activities to accommodate the delivery of Orsted and Eversource's South Fork Wind project.

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 meeting on 21 June, the Board executed the final notice to proceed for dredge work at a locked-in price of \$32 million. This brought 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; not inflation, nor rising costs of material or labor. None of this has anything to do with inflation, nor rising costs of material or labor.

To provide a complete picture, the \$217 million GMP should be added to the project's soft costs. The project currently has encumbered soft costs totaling \$27 million. There are also unencumbered soft costs of approximately \$6 million, which together bring the total cost to approximately \$250 million – consistent with public discussions of the project 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 provides additional resources for an owner's contingency, which is in addition to the \$11 million contingency built into the contract with Kiewit – of which approximately \$4 million has been expended.

At the August 16, 2022 board of directors meeting, I advised the board noted that currently, nine (9) key areas of the project have construction in progress. Six (6) of the key areas are progressing on schedule. These areas include the Central Wharf, Upland – Drainage, Upland - Potable Water, Upland - Electrical Infrastructure and the Northeast Bulkhead and Heavy Lift Platform. Consistent with the project schedule, the Delivery Berth located at the Northeast Bulkhead is anticipated to be substantially complete by

the end of this calendar year. Furthermore, to-date, there are no outstanding quality issues.

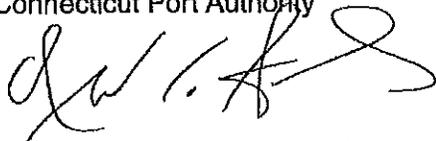
However, three (3) areas have experienced difficulties since the last Board meeting, which include the South Wall, State Pier Heavy Lift Platform and the State Pier Toe-Wall. According to our contractor (Kiewit), these difficulties that have negatively impacted pile driving productivity are related to higher than anticipated rock elevations, obstructions and the contractor's means and methods. Our Contract Administrator, AECOM has intensified its onsite supervision and in consultation with the contractor has developed a series of alternative solutions that are in the process of implementation at each location. These work-around solutions include mobilizing additional equipment (drill rig), equipment operators, working additional shifts and replacement components, such as pile driving shoes. I remain optimistic that under the leadership of our Contract Administrator, Kiewit and the entire Project Team that the work around solutions will restore the required productivity rates in these three areas to enable completion of the remaining East Berth portion of the State Pier in early Spring 2023.

Substantial completion is targeted for February 28, 2023, and final completion June 1, 2023.

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

A handwritten signature in black ink, appearing to read 'Ulysses B. Hammond', written over the printed name below.

Name: Ulysses B. Hammond

Title: Executive Director

Date: 9/30/22



DEPARTMENT OF ADMINISTRATIVE SERVICES

October 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 October 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 do not 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



Jeffrey R. Beckham
Acting Secretary

September 22, 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 October 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,

Jeffrey R. Beckham
Secretary, Office of Policy and Management