

Deep Water Port *notes*

The News Portfolio of The Connecticut Deep Water Port Community

New London . New Haven . Bridgeport

Dredging Bridgeport Harbor Could Reduce Energy Costs to Connecticut

Cost of delivery of coal and oil to Connecticut utilities is far higher than it needs to be—simple dredging of Bridgeport harbor can reduce direct consumer costs by many millions of dollars a year. Connecticut congressional delegation—Blumenthal et al., is the key to unlocking resistance by Army Corp of Engineers to dredge Connecticut deep water ports. Key problem for advancement of commercial traffic in New London lies in Orient Point—new slip rights are needed. Double taxation in American ports, Jones Act and other foibles—“we stand in our own light” when it comes to making American ports more productive. New Haven deep water port’s future is not in container traffic or in industrial materials, but in energy and raw material including salt, sand and scrap materials handling. Much land there grossly underutilized. Governor Malloy has federal maritime highway program in his sights as he seeks to make Connecticut ports contribute to the economy and— at last—make them more productive through a strong Connecticut Ports Authority.



Arial View of Bridgeport Harbor

THE UNITED ILLUMINATING POWER GENERATING PLANT on the west side of Bridgeport harbor, at the point adjacent to the University of Bridgeport, is fired by low sulfur coal shipped here by freighter from Indonesia, and diesel oil refined in New Jersey.

The use of these fuels is relatively efficient, reports Don Frost, a highly respected shipping analyst in Stamford. But the methods of transportation are

sadly quite wasteful, inefficient and backward costing Connecticut ratepayers many millions of dollars they do not need to spend!

The reason: Bridgeport’s harbor is only 29 feet deep in spots, and in dire need of dredging; it has been more than 30 years since the Army Corp of Engineers has been here. Deferred maintenance aside, the larger freighters typically used by shipping companies cannot enter the shallow harbor. [Even in New Haven, fuel deliveries—a main staple of shipping there—enter only at extreme high tide and pump furiously so that they might ride sufficiently high so as to safely leave the harbor during ebb tide.]

In Bridgeport at UI ocean-going freighters, typically weighing 77,000 tons, delivering coal are forced to off load onto smaller 55,000 ton ships in mid sound which then, in turn, using specialized cargo handling equipment, transfers the coal in roughly 10,000 ton loads onto much

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smaller shoal draft “lighters” with 12,000 ton capacity which then can approach and off load at the UI pier.

This time consuming, “Rube Goldberg” style, process typically adds \$15 per ton to the delivery costs; ones that could be avoided if maintenance dredging, such as what our defense department requires of its shipyards and naval bases, were timely performed. UI’s annual usage of coal is about 1.6 million tons. The added costs, not advertised or generally known by the public, or UIs rate payers, are passed on wholesale to UI’s ratepayers. One of the bigger impediments to increased shipping into and out of Connecticut’s three deep water ports is the cost of energy and utilities, reports officials associated with the New Haven and Bridgeport ports and terminals. Some fuel to run vessels used by short sea shippers who do use our ports, is purchased across the sound in New York which has a more favorable tax structure for marine diesel fuel.

The reduction in costs of energy in Connecticut seems inextricably tied to greater port accessibility. Connecticut’s three deep water ports—New London, New Haven, and Bridgeport remain decades behind on even maintenance dredging. The depths to accommodate the newer vessels—typically 45 feet of channel depth—must be obtained if it is expected that these ports will yield the economic benefit its managers envision. Dredging, which has serious environmental problems, remains a national policy matter and must be initiated by the Connecticut congressional delegation—congressmen and senators alike. Even the modest goal of improving the usefulness of these ports to accommodate “short sea shipping” – coastal vessels delivering goods and material from other US ports – will require maintenance dredging. Fuel delivered at New Haven, for example, must be done at high tide.

Cross Sound Ferry operations to and from Long Island could benefit from added slip room at Orient Point; present shipping is constrained by the limited slip room on Long Island.

Maritime Businesses Lose Disposal Site in Eastern Connecticut

Connecticut’s maritime industry supports the state’s economy, accounting for \$5 billion in annual business output, \$2.7 billion in State GDP, \$1.7 billion in household income and more than 30,000 jobs.

Recently, the New London Dredged Material Disposal Site closed to all projects greater than 25,000 cubic yards. Most dredging projects in eastern CT less than 25,000 cubic yards also include at least a 2 to 1 ratio of contaminated to clean fill. As a result, most maritime businesses in eastern Connecticut must now convey their dredged materials to the next closest disposal site, which is the Central Long Island Sound Disposal Site (CLIS) located south of New Haven.

That doubles the costs of dredging for these businesses. In the recent past it cost \$18 per cubic yard to dredge in eastern CT. If you take the same dredged materials to CLIS, the costs are at least \$35 per yard. This means that a maritime business pays an additional \$510,000 to dredge a 30,000 cubic yard project.

Information found on the EPA Region One website states: *“With the continuing need for dredged material disposal sites, and the impending expiration of the short-term site selections by the Corps for two of the four dredged material disposal sites in Long Island Sound, EPA and the USACE will be pursuing designation of a long-term disposal site to serve the eastern region of Long Island Sound if provided with the necessary funding”.*

Connecticut’s congressional delegation should work to secure Federal funding that permits the EPA to pursue designation of a long-term disposal site in eastern Long Island Sound.

Businesses that relied on a dredged disposal site in eastern LIS will simply cease to exist, restructure, or relocate. It is simply too expensive to maintain their business in eastern Connecticut with these increased dredging costs. As these businesses leave, so do the businesses that support them. Maritime companies looking to invest in eastern Connecticut will find a better value for their investments elsewhere.

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DEEPWATER NOTES – February 2011 **by Don Frost, Deputy Editor**

This is the second of several articles about ports and their place in economic development. This article is meant to add historical context to the importance of ports. Next month we will look at WHY ports and shipping became very important.

Mention shipping ports at a gathering these days and you will get a curious questioning gaze or someone will bring up the topic of Dubai Ports World. In 2005 P&O Ports, a British firm held leases on terminals in six major US ports and smaller holdings in 13 other US ports. They felt that business opportunities outside the US were likely to grow faster than in the US, and sought to sell their US leases. On November 29, 2005 they reached a deal to sell to Dubai Ports World (DPW) at \$5.7 Billion.

Looking back at the resulting Congressional hearings, I have to admit I have never been so ashamed of our government's ignorance, jingoism and refusal to LISTEN TO FACTS. The issue was never about owning or controlling US ports – only terminal leases. News media aided the politicians and fed the fires of thoughtless nationalism by fear mongering. In March 2006 Dubai Ports World sold their leases to a non port operator investment firm by the name of AIG for \$6.8 Billion. AIG also promised the Port Authority of New York and New Jersey they would invest tens of millions more in NY. What made sea ports suddenly valuable?

In 2004 China started their pre-Beijing Olympics march to industrialization. They told the world what they planned but no one noticed. By mid-year commodity and raw materials prices had already climbed to near historic highs. Hedge funds and commodities desks of investment banks realized that they had missed the market on raw materials, but they used the rise in shipping as a proxy for the steady rise in commodities and raw materials prices. Wall Street suddenly saw the potential that shipping, and businesses associated with shipping, as a new asset class.

Footnotes:

- 1. By 2007 the DPW leases were valued at \$700 million and it was not much later that the US taxpayer started bailing out AIG.*
- 2. A recently released report by the US Dept of Transportation found that several key factors are constraints on US ports, including "location in urban*

areas, land-use challenges, and funding." Data is based on 2009 and FH 2010 and focuses only on containers. However, bulk and breakbulk cargoes account for 80-85% of the non-passenger ship calls in the US.

CMC Membership Includes Diverse State Maritime Interests

Organized in 2000, the Connecticut Maritime Coalition is a non-profit trade association advocating for Connecticut's Maritime Industry. Our members include:

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Long Island Sound Dredge Material Management Plan Update (LIS DMMP):

by Mr. Joseph R. Salvatore, Dredging Project Coordinator for the State of Connecticut,
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Establishment of a Technical Working Group to include Project Delivery Team (PDT) members, Federal and State agencies, established NGO's, and other groups having an interest in Long Island Sound dredge material management. A list of potential members has been developed and the first meeting will be held in Bridgeport March 29th at the Holiday Inn from 4:00 pm to 7:00 pm.

The goal is to develop a Multi-Criteria Decision Analysis (MCDA) for the comparison of project alternatives based on decision matrices, and it also provides structured methods for the incorporation of project stakeholders' opinions in the ranking of alternatives. Applying this screening process to evaluate those alternatives and recommend surviving candidates for further study and evaluation.

Submit to Deepwater Port Notes

We welcome your ideas, news, thoughts and comments about the revitalization of Connecticut's deep water ports and the ability to vastly improve on commercial and personal transportation to the economic benefit of this state. Please contact deputy editor W. T. S. Butler at usarbitrator@hotmail.com, or 860-478-8972, or at PO Box 43, Mystic, CT 06355.

CONNECTICUT MARITIME COALITION



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Tanker offloading fuel in New Haven

Stormwater General Permit Changes Affect Waterfront Businesses

Changes to the Stormwater General Permit issued by the CT Department of Environmental Protection on October 1, 2010 expands the definition of Industrial Activity. For the first time bulk petroleum stations and terminals, wood processing facilities, small scale composting facilities and yacht clubs and boat dealers that perform onsite engine service, repair or painting operations are required to register and comply with the regulations. The regulations require facilities have an approved Stormwater Pollution Prevention Plan (SWPPP) in place by October 1, 2011 and comply with inspection, sampling and testing requirements. For more information please contact John Siedel (john.seidel@gza.com), at GZA GeoEnvironmental, Inc., located in Glastonbury, CT.

Deep Water Port notes mission is to advocate for Connecticut's maritime industry.

To advertise your business in **Deep Water Port notes**, please contact: William Gash, CMC Executive Director at ctmaritime@msn.com or call 860-941-0044.

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