


CONNECTICUT NAMES PREFERRED BIDDER FOR PORT P3

16 January 2019 | 19:22GMT

USA & Canada

Sector: Transport
Country:  USA
Published: 16 January 2019
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The Connecticut Port Authority (CPA) has reached an agreement with Gateway New London LLC for the [long-term operation of State Pier](#) in New London, CT.

Gateway New London is an affiliate of Gateway Terminal, a deep-water marine terminal operator, handling various types of dry and liquid bulk and break-bulk cargoes.

The State Pier comprises about thirty acres and includes two piers, a deep-water channel, on-dock rail and highway access, located at the opening of the Thames River.

Gateway will assume operation of the port on 1 May, for a 20-year period. The CPA has the option to extend Gateway's term for two additional ten-year periods.

The new contract requires that Gateway will pay an annual fixed fee of USD 500,000 to CPA, to increase by USD 250,000, every five years.

The CPA will also receive a variable fee 7% of Gateway's gross revenues at State Pier, with a minimum annual guarantee of USD 500,000, that has the potential to increase every five years based on Gateway's percentage increase in gross revenues.

Gateway will also pay an annual wharfage and dockage fee to CPA, equal to 50% of all wharfage and dockage user fees at State Pier.

As part of the agreement, Gateway will commit USD 30m in capital improvements at State Pier over the duration of the agreement.

The CPA issued a Request for Proposal (RFP) for the project in June, 2018, as *Inframation* reported. The concession agreement was executed on 7 January.

The CPA sees the agreement as a driver to “expand business at the port,” according to Jeromy S. Cannon, counsel at Mayer Brown, the legal advisor to CPA on the transaction. The state also sees a greater opportunity to benefit financially from the new agreement, from both the annual and variable payments, he said.

While Gateway has committed to spending USD 30m in capital improvements at the port, the agreement does not specify the type of improvements to be made, giving Gateway the flexibility to decide how the money should be spent to increase profitability at the port, Cannon said.

The agreement “has the potential to produce enough revenue to finance a large portion of the CPA’s statewide operations, allowing for an eventual reduction in reliance on state funds,” according to a statement issued by the CPA.

In a 2018 maritime strategy paper, the CPA said the state’s ports can benefit from growing environmental concerns about truck emissions, and growing traffic congestion along I-95.

The state’s ports could also benefit from the planned expansion of multiple offshore wind projects located off the East Coast, according to the study. This “new industry could create a dramatic increase in demand for our State Pier and ports, as well as create thousands of jobs in Connecticut and the region,” according to the study.

The CPA engaged Robinson + Cole as an advisor (legal) and Seabury Maritime PFRA (financial).

Morgan, Lewis & Bockius served as legal advisor to Gateway.

Deal Profile

New London State Pier Upgrade

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