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# PROTECTING OUR COMMERCE: ENHANCING THE SECURITY OF AMERICA'S PORTS

## HEARING

BEFORE THE

## SELECT COMMITTEE ON HOMELAND SECURITY
## HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

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# PROTECTING OUR COMMERCE: ENHANCING THE SECURITY OF AMERICA'S PORTS

**Saturday, June 21, 2003**

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON HOMELAND SECURITY,
*Washington, D.C.*

The committee met, pursuant to call, at 3:31 p.m., in the Main Board Room, Metropolitan Transit Authority, One Gateway Plaza, Los Angeles, California, Hon. Christopher Cox [chairman of the committee] presiding.

Present: Representatives Dunn, Diaz-Balart, Sanchez, Harman, Jackson-Lee, and Christensen.

Chairman COX. Good afternoon. We are about to begin our hearing, and I would like to invite our first panel forward.

A quorum being present, the Select Committee on Homeland Security is in order.

The Committee meeting to hear testimony on the security of America's ports. Later on the next panel will have the opportunity to hear from Orange County Sheriff Michael Carona and Los Angeles County Sheriff Lee Baca. I want to thank the army and the Coast Guard for all their assistance in supporting the Homeland Security Committee while we're here on the West Coast.

Let me introduce the Committee members that are present.

Jennifer Dunn, who is on the Select Committee's Subcommittee on Infrastructure and Border Security, the Subcommittee on Rules, and the Subcommittee on Intelligence and Counterterrorism;.

Loretta Sanchez, who is Ranking Member of the Subcommittee on Infrastructure and Border Security, on the Subcommittee on Rules and a member of the Subcommittee on Cybersecurity, Science, and Research and Development;.

Jane Harman, who also serves as Ranking Member of the Subcommittee on Intelligence and Counterterrorism and serves on the Subcommittee on Emergency Preparedness and Response;.

Sheila Jackson-Lee, who is a member of the Subcommittee on Infrastructure and Border Security and is also member of the Subcommittee on Cybersecurity, Science, and Research and Development;.

Donna Christensen, who is a member of the Subcommittee on Emergency Preparedness and Response and the Subcommittee on Cybersecurity, Science, and Research and Development.

We are honored today to be here in Los Angeles for a hearing to answer important topics on port security.

Just a few hours ago, we completed an air, land and waterway inspection at the Ports of Los Angeles and Long Beach. Each of us

could not help but notice the enormous challenges of security this megaport has, third largest in the world, largest in our country. We were equally impressed by the initiatives of local and regional leaders, both to secure these ports from terrorism and preserve its contribution to our country's economy.

I'm pleased that we will be hearing from a Sandia Laboratory representative.

On a typical day, 15 commercial vessels, 8,093 containers, 2,177 passengers and crew, 20,000 trucks pass through the Ports of Los Angeles and Long Beach. The total value of that daily cargo is more than one-third of a trillion dollars. The ports collect $12 million in duties each day.

Overall this port complex is responsible for over $200 million in annual trade, a figure that must be preserved, though, and increased in the years ahead.

From the air we saw not only how vast and complex these ports are, but also how they uniquely concentrate maritime, commercial, energy, tourist, residential and entertainment activities.

National and regional leaders recognize the danger of terrorism that result from this. While much remains to be done, we are making progress.

President Bush made clear in the days after September 11, that our efforts to secure our borders and ports against terrorism must preserve America's strong economic position in the world. We need not only to protect the American people, but we must also protect their freedom and way of life.

The creation of the Department of Homeland Security was a major step in integrating the nation's security efforts to improve overall safety by putting all agencies responsible for protecting our homeland under one command with a new shared sense of mission.

The former Immigration and Naturalization Service, Border Patrol, U.S. Customs and elements of the Department of Agriculture merged to form the new Bureau of Customs and Border Protection within the Department of Homeland Security.

This merger marked a historic moment. For the first time in our nation's history, one federal agency, working hand in hand with the U.S. Coast Guard, is responsible for guarding America's ports and borders.

Prior to September 11, port security involved routine waterborne security patrols and a limited number of container inspection folks named AZBAT.

September 11 forced the Congress, Coast Guard, port authorities, State and local officials to re-evaluate, refocus and develop programs to improve the way our ports are secured. While we have challenges ahead, we are doing more and better than before.

The Container Shipping Initiative employs Customs and Border Patrol officers to stations overseas to prescreen the high-risk cargo containers bound before they leave. By pushing out our perimeter, we can prevent terrorists from exploiting containerized shipping.

Since the Container Shipping Initiative, the world's top megaports joined CSI and are in the various stages of implementation.

These megaports are points of passage for approximately two-thirds of the containers shipped to the United States. Port security is a growing part of the Department of Homeland Security.

This year DHS provided over $1 billion to secure our ports. Supplemental DHS funds in fiscal year 2003 went to the U.S. Coast Guard, $628 million; The Bureau of Immigration, Customs and Enforcement; the Bureau of Customs and Border Patrol, $90 million; the Container Security Initiative, $35 million; $170 million to the Transportation Security Administration for port security guarantees; $58 million for Operation Safe Commerce; and $75 million for port security administered by the Office for Domestic Preparedness.

As the Department considers future investment, it will become increasingly important to direct federal funds where the terrorist threat is greatest. The local initiative showed most probability of containers to be the threat. Intelligence information is a key element of the success.

Since the Container Shipping Initiative informs the agent on the ground of high-risk containers and allows the agents to target their efforts. With good intelligence, we can reduce our risk and promote the flow of commerce.

In this, and other areas, of the homeland security mission, we need better intelligence to understand the terrorist threat, and we need to get this information to the first-responders who need it to enhance our security.

We must get better intelligence and find ways to share it more broadly if we are to bind the terrorist threat and develop cost-effective solutions.

Terrorists win not only by a successful attack, but also by forcing us to slow down commerce.

By using intelligent information to target security efforts towards high-risk containers and by employing innovative technologies and innovative processes; like securing containers before they embark for the United States, we achieve the goal of increasing security but also avoid creating a bottleneck for commerce. This is one of numerous efforts to secure our ports.

The Ports of Los Angeles and Long Beach are leaders in undertaking initiatives such as these to improve security before September 11. A Port Security Committee was established in January 2001 to coordinate the many entities that contribute to overall security, including vessel boardings, sea marshal operations and air, water and shore patrols.

The Port Security Committee was the first in the country to establish a full-time multi-agency plan and staff to develop the port security mandates by the Marine Transportation Security Act of 2002. The shock of 9/11 heightened our awareness of our vulnerability to terrorist attack. Two years later, challenges remain.

Thanks to the wisdom, courage and foresight of regional and national leaders, we have a much clearer understanding of the threat to the Ports of Los Angeles and Long Beach, and we are identifying smart-technology based solutions, such as those proposed by Sandia, to enhance security and increase overall efficiency of the port operations and preserve the vigorous activity of the Los Angeles and Long Beach ports that are critical to its economic sustainability.

The Chair recognizes Ms. Sanchez, the ranking democrat, for any statement that she may have.

Ms. SANCHEZ. Thank you, Mr. Chairman.

I would like to thank all the witnesses for being here today, and I would also like to extend a warm welcome to my colleagues who are not from the Southern California area, and I hope you enjoyed so far seeing what we have to offer here.

I am pleased that so many of you made time to come and see the challenges that we have.

Today's topic, "Protecting Our Commerce: Enhancing the Security of America's Ports," gets to the heart of the challenge that we all have, and it just goes to show how difficult and how daunting this task could be. The Bureau of Customs and Border Protection, the Coast Guard, the sheriffs and others are charged with making sure that dangerous goods and people are denied access to our country while still guaranteeing that all legitimate cargo and visitors are welcome.

Nowhere is that task more daunting than here in the Los Angeles/Long Beach area where percent or so of all merchandise and people coming to our country comes through this port.

I'm told it's two and a half times the size of our next port, which would be New York/Newark, New Jersey area.

Out of the millions of containers and billions of tons of cargo loaded here in Los Angeles, you are the ones charged with finding anything that might do harm to our citizens while expediting, from an economic standpoint, legitimate cargo through the port.

Many of the ideas we put forward from the federal level, Customs Trade Partnership Against Terrorism, the Container Security Initiative, the Operation Safe Commerce, they all sound good. But I really have concerns as to how well this mission is proceeding and how it's affecting here at the local level at the ports.

Earlier this year I attended a strategic policy forum at the National Defense University with some other members of Congress, some executive branch officials, military leaders, where they do up a scenario for us to figure out how we as a nation would react to it. In fact, our particular exercise had to do with ports and attacks on our ports on a nationwide basis.

It was really interesting because, of course, I had just come out of the 10-day breakdown that we had here with respect to our cargo coming in and out of the ports here in Long Beach and Los Angeles.

And I can remember so often flying back into California and into Los Angeles and Orange County Airport and seeing the lines and lines of freighters and cargo ships lined up all the way down to Huntington Beach. Even being from Orange County, we experienced what it would be like.

$1 billion a day to 2—or 3 billion for days, it created a loss of almost $20 billion to our economy.

It wasn't just here in the Los Angeles area. It stretches across the United States. So we understand how important our ports are.

And any homeland security expert would agree that the highest security risks in our nation are those targets that allow for the lowest risk of detection but deal the most severe blow as possible. And the ports could be characterized in that manner.

Seaport managers have reported to me that they aren't getting enough intelligence to perform some of the basic security functions.

The Container Security Initiative relies primarily on cargo manifest information which we know historically has been some of the most unreliable data in the trade industry.

The Custom's Trade Partnership Against Terrorism is designed to promote trade and expedite processing time but doesn't have the manpower to ensure its compliance.

And the Coast Guard, of course, has been understaffed and underequipped for many years though their carefully considered recommendations for port security grants, for example, I believe remain dangerously underfunded. In short, there's a lot of gaps that still exist in order to protect our ports.

And as I said earlier, that I think there's some good strategy going on, but I worry that we simply don't have the resources for the job. And as the ranking Democrat on the subcommittee that deals with protection of all infrastructure, ports falls under that.

But the biggest problem we've had so far is that we haven't really taken a look at all of the infrastructure that we have and try to decide what is more vulnerable. What is it going to take to fix that? What is the time line?

Until we do that, we will not really be able to place the ports in any kind of a pecking order with how much money we have, with the limited resources at the federal level, to come and to help.

I applaud locally the work of all the municipalities involved, the county, the Port Authority, for putting forward your own money to fund so many of these initiatives that I believe you are going to talk about today.

I do believe it's time that we get the story straight at the federal level and that we begin to help you.

I look forward to your testimony. I and the other members here today want to help you accomplish your mission, and we can only do that, we can really only do that by getting your testimony, by hearing or having a real frank discussion of what are the weaknesses and what does it require to get the job done so that we can go back and we can talk to our colleagues and get this done from a federal level.

Thank you, Mr. Chairman.

Chairman COX. The Chair now recognizes the Vice-Chairwoman of the Full Committee, Ms. Dunn, for an opening statement.

Ms. DUNN. Thank you very much, Mr. Chairman. And thank you everybody for hosting us here today.

Not only is this a gorgeous building but a pleasure for us who haven't seen it before to come in and be welcomed here because it's also a wonderful facility with some pretty great high-tech equipment that we would like to see be brought into use on the floor of the House of Representatives or Committee meetings.

So you are giving us all sorts of ideas, not only how to better protect our constituents but how better to provide for our own ability to do our job better.

I want to thank you, the Chairman of the Homeland Security Committee. We greatly appreciate the time and the effort of all of you in providing a wonderful overview and an overflight of the waterways and the port facility here at Los Angeles/Long Beach.

I come from the area surrounding the ports in Tacoma and Seattle. Port security obviously is a very major concern of mine with our state's ports, known as SEA–TAC, looking for the same answers that you are looking for.

That's why I was most interested in learning what security measures and coordinating efforts work here and that we will be able to utilize in Seattle and in Tacoma as we continue to review port security upgrades and efforts at our port facility.

Later this year as we travel as a Committee for a hearing to Seattle, Washington, we will most likely investigate areas of port security that we haven't looked at today, and I suspect we may focus a bit more on port security that pertains particularly to airports.

As we approach homeland security issues, one of the key concerns for our purposes of oversight is to ensure that coordination and cooperation are watchwords for our homeland protectors at all levels.

Coordination and cooperation are not easily achieved. Different organizations have different missions, and they have different needs and different cultures. Planning, practicing and sharing information, such has been recently accomplished through the TOPOFF II Exercises, one of which I was able to review in Seattle, Washington recently, have always been key for first-responders, whether city and county leadership or with state and military leadership, or in the case of this state and my own state, across shared borders with Mexico and Canada.

The need to share and utilize information in a newly focused way because of 9/11 has only increased as we have added the broader context of coordination within the brand new Department of Homeland Security.

But the challenge of working together on these partnerships and learning from any and all units will only pay off in the end. It will pay off in terms of enhanced homeland security for all of us and for those folks whom we represent in our various districts around the country.

I want to thank you, Mr. Chairman, and I look forward to receiving testimony from our witnesses this afternoon, and I look forward to making observations that have occurred to me as we have had our discussions before the formality of this panel.

Chairman COX. Thank you for your statement.

The Chair now recognizes the gentlelady from Southern California, Ms. Harman.

Ms. HARMAN. Thank you, Mr. Chairman.

I would point out to our witnesses and our audience that you and I are immediate neighbors on the hall in the Rayburn Office Building in Washington—.

Ms. HARMAN. —neighbors in Southern California, along with Loretta Sanchez, we are six of the Californians in the Homeland Security Committee in Washington, and two of the most powerful ones are immediately to my right.

And it matters that there's three Southern Californians on the Committee. As a representative for the ports' surrounding communities of Wilmington and San Pedro, I recognize the need to increase the security measures at our ports.

From my vantage point of Ranking Member of the House Intelligence Committee, I know just how dangerous the security threat is.

In fact, in today's New York Times is a lead editorial called, "A chilling reminder," which, reads in part, "That these—this arrest by the Justice Department of the Ohio truck driver who was plotting with leaders of Al-Quaeda to blow up the Brooklyn Bridge points out the critical importance of security forces against terror and the fact that Al-Quaeda is still fixated against American cities."

I suggest that one of those targeted American cities is the city of Los Angeles, county of Los Angeles, and the Southern California region. This is a deadly serious endeavor we are embarking on.

Let me make some broader comments than the other comments made that I agree with.

To me the importance of establishing a Department of Homeland Security was not to rearrange the deck chairs but to create one deck, a single integrated national homeland security strategy. Seven months after passing a law, we still lack that strategy.

It was President Eisenhower who said, "The right organization doesn't guarantee success, but the wrong one or none guarantees failure."

Homeland security is one of the most complex endeavor this country ever attempted, and it is doomed to fail without a strategy.

Without a strategy all we have is the patchwork of isolated security improvements. And they do matter. And some of them are excellent. But there always will be, without a strategy, those areas where terrorists who are, as I call them, digital, they can see the whole picture and asymmetrically can attack. Without a strategy we're vulnerable to attacks.

And we also need a strategy to command scarce resources. There will never be enough money to pay for every single homeland security improvement we can imagine. We need to pay for those that matter. We need to put our resources behind our greatest vulnerability. I suggest an underfunded vulnerability is our seaports.

We spend 10 times as much for airport and aircraft security than port security. Yet as we saw earlier today, and everyone who lives in this area knows, probably the most important economic gateway in this entire region is the Ports of L.A. and Long Beach, and they're very, very vulnerable.

And should they shut down again, as Congresswoman Sanchez has said, the cost just won't be $2 billion a day for 10 days. They can be more than that a day for an infinite number of days. And that can shut down commerce in the entire United States of America. And that is something, obviously, we need to avoid.

Fortunately, a partnership, which we're about to hear about, between the Ports of Los Angeles and Long Beach, the Coast Guard, U.S. Customs and Port Police has improved security. And I want to commend all of the witnesses that are about to testify and apologize to them for my having to leave the hearing early.

Despite their talents and the talents of other individuals, real security remains elusive because the resources and strategies are lacking.

In the post-9/11 environment, Mr. Chairman, the sobering question is, how much time do we have to improve our record or are we operating on borrowed time?

Thank you, Mr. Chairman.

Chairman COX. I thank you.

The Chair recognizes the gentlelady from Texas, Ms. Jackson-Lee.

Ms. JACKSON-LEE. Thank you very much, Mr. Chairman.

I appreciate the opportunity, and let me, first of all, acknowledge the witnesses and thank you for being with us on what the world should know is a Saturday afternoon, and that means that homeland security is what my teenage son would say is 24/7—seven days a week and 24 hours a day. And we appreciate the sacrifice that you are making.

I want to thank my colleagues for their time and hospitality to the Chairman of this Committee, to the ranking democrat that is presently here, Congresswoman Sanchez; certainly to Congresswoman Harman for focusing on really early on, on the question of assessment of threat; and our Vice-Chair, and I look forward to seeing the operations in Seattle, the leadership you exhibited, particularly focusing on the fact that we must include airports, as well as we look towards this issue.

And then, of course, Congresswoman Donna Christensen, who is here, who brings a high level of understanding on the needs of the medical community as it relates to homeland security.

Let me be a very gracious guest and say this is not intended to be negative, but I believe that we were handed a gift, for those of us who looked at the news over the last coupled of days, as we watched a speeding train going 90 miles an hour.

When I say "a gift," let me make myself perfectly clear. As we watched, in a very frightening manner, this train without direction, going towards Los Angeles, and then a determination being made to derail it in Commerce, California, I understand.

But as it was derailed, let it be very clear that a local community was drastically impacted.

I have not seen recent reports, but I understand that there was no loss of life, and we should be very grateful to the local law enforcement and various emergency staffing, first-responders who came very quickly.

The reason I raise this is I know there will be an ongoing investigation. But I imagine someone somewhere was thinking what kind of act this was. Someone somewhere in a position of responsibility was thinking about an effect of terrorism.

As I understand, they're investigating it as an accident. But also I think we all took note of the fact that this incident occurred around a populated area.

And I again reinforce the point that we are nothing in Washington unless we ensure that the homeland is secure and that our community is secure.

Mr. Chairman, I want to thank you for having this coordinated on-site review and field hearing on the security and critical infrastructure of the two ports in California and, of course, the work that we did in Colorado.

This opportunity promises to give this Committee a much-needed firsthand perspective of the border checkpoint configuration, infrastructure, staff and environment and logistics and some of the equipment that we will evaluate.

I think it's important to note that many of us that serve on the Subcommittee of Homeland Security, have a wide plethora of responsibility—importation of elicit weapons, pathogens and narcotics, land borders, ports, air space, integration of federal, state and local immigration laws and our highways, bridges and waterways and airports. We have a wide breadth which is under this Committee.

By keeping those various points in mind, I would like to follow the line of questioning that I raised with Secretary Michael Brown during the June 19, 2003, hearing before the Select Committee on the Response to Terrorism.

All of the questions that the gentlelady before us and the three gentlemen will have to answer every day, what is our response to terrorism?

And to ask the question for timely action, in addition to our hearings, talks and forums, it's important that we ask now. We have a complex and time-sensitive set of issues in the homeland security matter. And I believe we must make the following inquiries.

The first inquiry is to determine how we bridge the gap between our central focus in Washington, the Select Committee on Homeland Security and the response. How do we connect and get the resources as well as the intelligence to the local community?

This aspect requires intense fortification of our national and local borders and infrastructure, ports and airports.

Secondly, while the fortification process will call for a swift and intense protective action, we must ensure that we adhere to our constitution with respect to the protections of individual liberties, civil liberties and civil rights. I think that's crucial in the work we must do.

Third, the protective action cannot impede the flow of commerce and people without which we couldn't protect ourselves, much less protect others, in the fight for world peace and security.

As I stated before, homeland security must start at the local level. Since time is never on our side when it comes to terrorism or major accidents, as we saw with the speeding train, gaps in communication at the state and local governmental agencies and federal agencies could tender our efforts a nullity.

The efforts we make, we must make sure we can prepare, mitigate and recover quickly from the terrorist act. However, the urgent calls of duty are simple assessment of risk and harm and immediate action.

We need to listen to those who are at our borders and at our ports and our airports and at our cities and towns.

We can't act properly or intelligently without adequately assessing the threat. Once the assessments are made, we need to bring forth support and faster mobilize in order to obtain measures of relief. For the mobilization to provide relevance, we must distribute the allocated resources in a responsive fashion. We must ensure that our local authorities are getting the dollars back home.

And as I look at the U.S. Customs, the Coast Guard—the U.S. Coast Guard has been so effective, and certainly our port security.

I ask this simply question: How do you assess the risk? How do you, when the port is under your domain, how do you assess which cargo to determine to treat more carefully than others? How do you utilize the intelligence that we give you? Is it simply by point of origin, countries that are on the threat list, the terrorist list? Or do we have greater information?

And frankly, I believe we should use a greater breadth, if you will, of determining which of the cargos, which are the ships that should be searched, which are the personnel that should be searched.

As we well know, terrorists come out of people. As I—let me say to you that we certainly appreciate the work that is done, and I'm going to offer my apologies as I depart back to Houston, my home district, to take care of my district responsibilities.

But I cannot thank the local community enough for the hospitality and showing us how far you've gone and how far we need to go.

I leave you simply with the challenge, that again, security is about people. We live in neighborhoods, towns, cities, urban and rural areas.

I want to leave California with the understanding that your responsibility and your cause is to protect those communities surrounding the port, as well as the people and personnel that work under your jurisdiction and come back and forth throughout the port every day, including our wonderful—or your wonderful tourism industry.

I look forward to listening to your testimony.

With that I yield my time.

Chairman COX. Thank you, Gentlelady.

I recognize the gentlelady from the Virgin Islands, Dr. Christensen.

Mrs. CHRISTENSEN. Thank you, Mr. Chairman, for the opportunity to make an opening statement.

I want to begin by thanking you and the Ranking Member, Congresswoman Sanchez, to bring us to Los Angeles to have this important hearing to examine our port security needs on the—at our largest ports, Los Angeles and Long Beach.

I look forward to hearing the views of the witnesses, of the interaction between the federal and local agencies, as they continue to engage in ongoing port security efforts.

And we are also interested in knowing whether Port Security Grant funding, which I understand you recently received, will be sufficient and relevant to meet the needs of the ports.

I want to also take this opportunity to commend the port directors in both ports for not waiting, as I understand from some of the briefings we had yesterday, for the federal government to begin your efforts to protect our ports and our citizens, and the Coast Guard, as well as Customs and the other local agencies which supported that effort.

Mr. Chairman, it's fitting that our issue of port security and protecting our nation's commerce is the subject of our committee's first field hearing because our nation's maritime system and container-

ship activity continues to be particularly vulnerable, as we all know, to terrorist infiltration and attacks.

However, a large fraction of maritime cargo is concentrated in a few major ports, like Ports of Los Angeles and Long Beach, our country's most active cargo hub.

Ports such as this are vulnerable to terrorist attacks because of their size, easy access by water and land and the great deal of cargo they handle.

Additionally, a large number of trucks move in and out of the ports making it possible for terrorists to weaponize a truck and drive it into the port. As you can see, Mr. Chairman and colleagues, panelists, and the people attending this afternoon, both federal and local, that are charged with the responsibility of policing and protecting our ports, have the—have their work cut out for them, and so do we, whether it's the Coast Guard, which is the lead agency responsible for security, or the Bureau of Customs and Border Protection, which is responsible for monitoring and screening incoming goods, or port authorities or police or first-responders from neighboring jurisdiction who have the responsibility for site protection and emergency response.

In my own area of the United States Virgin Islands, in addition with having to deal with some of the same challenges around the vulnerability of cargo containers, we have what is considered to be the busiest cruise port with several million passengers visiting our shores each year.

In conclusion I am delighted to be here. I regret I was unable to join you in what sounds like a most informative tour this morning because of a prior commitment.

I'm glad to be here this afternoon, and I look forward to hearing the witnesses' testimony.

Chairman COX. Thank you, Gentlelady.

It is now my pleasure to introduce the very distinguished panel of witnesses.

Captain John Holmes, United States Coast Guard, is Captain of the Ports of Los Angeles and Long Beach;.

Vera Adams is Interim Port Director, Los Angeles/Long Beach Seaport, legacy Customs and all the legacy programs, Department of Homeland Security, Bureau of Customs and Border Protection.

William Ellis, Director of Security for the Port of Long Beach.

Chief Noel Cunningham, Chief of Police and Director of Operations for Port of Los Angeles.

We have received your written testimony, and we want to thank you very much for preparing an outstanding, informative written material to inspire the opening of this hearing.

Your statement is part of the hearing record, and you may summarize as you wish. We will begin with, Ms. Adams.

**STATEMENT OF VERA ADAMS, INTERIM PORT DIRECTOR, LOS ANGELES/LONG BEACH BUREAU OF CUSTOMS AND BORDER PROTECTION DEPARTMENT OF HOMELAND SECURITY**

Ms. ADAM. My oral statement will be derived from the witness testimony that has been submitted to the Committee.

Chairman Cox and Ranking Member Sanchez and distinguished members of the Committee, thank you for the opportunity to

present an overview of Customs and Border Protection activities at the Los Angeles and Long Beach seaports. Today you were visiting the largest seaport complex in the United States and the third largest in the world.

It's the nation's gateway for Pacific Rim trade and a great economic engine for Southern California and our country.

During fiscal year 2002, 3.24 million containers of all sizes arrived at the two-port complex. This represented 45 percent of all import containers arriving in the United States.

These containers brought in a great majority of the $119 billion worth of goods imported during fiscal year 2002 through the Ports of Los Angeles and Long Beach.

As Secretary Ridge clearly recognized in recently announcing several important grants to strengthen the security of the ports, these ships and the containers they carry could be used by the terrorists as formidable tools to harm our people and seriously disrupt our global trading system. As you know, on March 1, 2003, inspectors from the Immigration and Naturalization Service, the Animal Plant Health Inspection Service, the Border Patrol and U.S. Customs Service merged to form the Bureau of Customs and Border Protection within the Border and Transportation Security Directorate of the Department of Homeland Security.

In the Los Angeles area, approximately 1,500 former Customs, Immigration and Department of Agriculture employees now work together at the seaport and Los Angeles International Airport under a unified chain of command. As interim port director, I'm responsible for overseeing and coordinating the actives of the three legacy agencies.

Our combined skills and resources are being utilized to support BCBP's priority mission to prevent terrorists and terrorist weapons from entering the United States, as well as continuing our traditional missions of apprehending individuals attempting to enter the U.S. illegally; stemming the flow of illegal drugs and other contraband; protecting our agricultural and economic interests from harmful pests and diseases; protecting American businesses from theft of their intellectual property; regulating and facilitating international trade; collecting import duties; and enforcing U.S. trade laws.

We must perform our critical border security mission without stifling the flow of legitimate trade and travel that is so important to southern California's and the nation's economy. And today we are meeting that objective.

The BCBP strategy executed in the L.A./Long Beach Seaport uses an integrated and layered approach to meet our twin goals of improving security and facilitating the flow of legitimate trade and travelers.

The means to accomplish this include improved targeting systems and detailed advance information regarding people and goods;.

Deploying nonintrusive inspection technology to quickly and effectively examine containers determined to be high-risk for antiterrorism purposes;.

Contributing trained BCBP staff for temporary foreign assignment at the world's busiest seaports to push our zone of security

outward by partnering with other countries under the Container Security Initiative;.

Taking a leadership role by partnering with private sector interests through the Customs—Trade Partnership Against Terrorism to strengthen supply chain security;.

Integrating members of the three legacy functions—Customs, Immigration and Agriculture—into a single BCBP port and leadership structure;.

And working in concert with other agencies, such as the Coast Guard and Port Authorities.

The dangers of terrorism to the seaport community has clearly pointed out the need for active cooperation by BCBP with the interests that share our antiterrorism mission.

Examples of such interagency cooperation include BCBP's active participations on the Los Angeles Port Security Task Force.

Created by the Mayor of Los Angeles, the task force is comprised of several federal agencies, including the FBI, BICE and our Coast Guard colleagues, as well as LAPD and Long Beach P.D. and Port Police organization.

Under the leadership of the Coast Guard Captain of the Port, the task force is developing a consolidated port security master plan for the L.A./Long Beach two-port complex.

Finally, we're also working on the integration of Customs and Border Protection the BCBP's operation, in the near future, of a remote camera surveillance system funded by a Federal grant that installed the units at five area ship terminals to focus on ships at anchor to increase the level of scrutiny of those ships.

BCBP in the Ports of Los Angeles and Long Beach is moving forward, refining our targeting and examination of high-risk containers in order to facilitate the movement of legitimate cargo while protecting our nation.

The development of new technologies and improved automated systems will only further enhance our ability to implement strategies to secure our nation's borders. The professionalism, skill and dedication of BCBP personnel will, as usual, be the basis of our success.

Thank you again for the opportunity to testify. I would be happy to answer any of your questions.

[The statement of Ms. Adams follows:]

PREPARED STATEMENT OF VERA ADAMS

**Introduction and Overview**

Chairman Cox and Ranking Member Turner, thank you for the opportunity to meet with you to present an overview of Customs and Border Protection activities at the Los Angeles/Long Beach Seaports. You are here at the largest seaport complex in the United States and the third largest in the world. It is the nation's gateway for Pacific Rim Trade and a great economic engine for Southern California and our country.

During fiscal year 2002, 3.24 million containers of all sizes arrived at the two-port complex. This represented 45 percent of all import containers arriving in the United States. These containers arrived on 5,511 vessels.

As we come to the end of the third quarter of fiscal year 2003, the total number of containers of all sizes that have arrived at the two seaports this year is 2.41 million an average of over one quarter million containers a month.

These containers brought in the great majority of the $119 billion of goods imported during fiscal year 2002 through the ports of Los Angeles and Long Beach. As Secretary Ridge clearly recognized in recently announcing several important grants to

strengthen the security of the ports, these ships and the containers they carry could be used by terrorists as formidable tools to harm our people and seriously disrupt our global trading system.

As you know, on March 1, 2003, inspectors from the Immigration and Naturalization Service (INS), the Animal Plant Health Inspection Service (APHIS), the Border Patrol and U.S. Customs Service merged to form the Bureau of Customs and Border Protection (BCBP) within the Border and Transportation Security (BTS) Directorate of the Department of Homeland Security.

In the Los Angeles area, approximately, 1,500 former Customs, Immigration and Agriculture employees now work together at the Seaport and Los Angeles International Airport under a unified chain of command. As Interim Port Director, I am responsible for overseeing and coordinating the activities of the three legacy agencies.

Our combined skills and resources are being used to support BCBP's priority mission to prevent terrorists and terrorist weapons from entering the United States, as well as continuing our traditional missions of apprehending individuals attempting to enter the United States illegally; stemming the flow of illegal drugs and other contraband; protecting our agricultural and economic interests from harmful pests and diseases; protecting American businesses from theft of their intellectual property; regulating and facilitating international trade, collecting import duties, and enforcing U.S. trade laws. We must perform our critical border security mission without stifling the flow of legitimate trade and travel that is so important to Southern California's and the nation's economy and today we are meeting that objective.

The BCBP strategy executed in the LA/LB Seaport uses an integrated and layered approach to meet our twin goals of improving security and facilitating the flow of legitimate trade and travelers. The means to accomplish this include:

- Improved targeting systems and detailed advance information regarding people and goods;
- Deploying Non-Intrusive Inspection (NII) technology to quickly and effectively examine containers determined to be high-risk for anti-terrorism purposes,
- Contributing trained BCBP staff for temporary foreign assignment at the world's busiest seaports to push our "zone of security outward" by partnering with other countries under the Container Security Initiative (CSI)
- Taking a leadership role by partnering with private sector interests through the Customs-Trade Partnership Against Terrorism to strengthen supply chain security;
- Integrating members of the three legacy functions—Customs, Immigration, and Agriculture—into a single BCBP port / and leadership structure.
- Working in concert with other agencies, such as the Coast Guard and Port Authorities.

Targeting

Advance and accurate information is one of the most important keys to increase security without stifling legitimate trade and travel. Good information enables us to more accurately identify—or target—what is "high risk," defined as a potential threat, and what is low risk or absolutely no risk whatsoever. The separation of high risk from no risk is critical because searching 100 percent of the containers arriving at our seaports would unnecessarily cripple the flow of legitimate trade and travel to the United States.

What is necessary and advisable is searching 100 percent of the high-risk containers and other cargo that enter our country through the seaports. To do this, we need to be able to identify what is high risk, and do so as early in the process as possible. One significant tool used in this important review and decision process is BCBP's Automated Targeting System (ATS). This system, used by the LA/LB Seaport targeting unit, as well as ports throughout the United States, and BCBP staff assigned overseas, is essential in targeting high-risk cargo and passengers entering the United States.

ATS is the system through which we process advance manifest and passenger information to pick up anomalies and "red flags" and determine what cargo is "high risk," and therefore will be scrutinized at the port of entry or, in some cases, at the foreign port of export.

In August 2002, the LA/LB Seaport along with other ports throughout the nation implemented a domestic targeting initiative using the Automated Targeting System. Under that initiative, all manifests for ocean going cargo destined for the United States are processed through ATS and reviewed by trained BCBP personnel. When

high-risk shipments are identified, inspectors conduct standardized security inspections on those shipments using non-intrusive inspection technology or, in those cases where circumstances dictate, physical examinations. Importantly, the goal, both here and nationally, is to inspect 100 percent of high-risk sea cargo.

An important asset is the BCBP National Targeting Center (NTC). Created last year with fiscal year 2002 Emergency Supplemental funding, the NTC has significantly increased the Seaport's capacity to identify potential terrorist threats by providing real-time, centralized, high level targeting information dealing with both passengers and cargo. NTC inspectors and analysts use a sophisticated computer system to monitor, analyze, and sort information gathered by BCBP and numerous intelligence and law enforcement agencies against commercial border data.

When NTC personnel identify potential threats, they coordinate with our staff at the Seaport or elsewhere in the United States to monitor the security actions that are taken. Because multiple agencies both contribute information to the National Targeting Center and rely on it for information, the Center assures a coordinated and centralized response to potential threats whether in the Los Angeles area or elsewhere in the nation on a 24x7 basis.

In order to expand the cooperation that we believe is vital to our success, in May 2003, the local Coast Guard station co-located members of their staff with the LA/LB Seaport targeting unit. This cooperation allows the Seaport to incorporate the results of the Coast Guard analysis of risk for various arriving vessels and provides the Coast Guard detailed cargo information to use in identifying and acting on the high-risk vessel.

In addition, to further increase the effectiveness of this review and targeting process, the Seaport is working to integrate legacy Agriculture officers into that local targeting unit. When that process is completed, the Seaport's will be able to better identify containers evidencing a risk for bioterrorism or other agricultural pest threats.

24 Hour Rule

Last year, a final advance manifest regulation—the so-called "24-hour rule"—was issued. It requires the presentation of accurate, complete manifest information for oceangoing cargo destined for the United States 24 hours prior to loading of a container on board a vessel at the foreign port. The regulation also improves the quality of information presented by prohibiting the vague descriptions of cargo such as "FAK" (Freight All Kinds). The data is processed through the ATS system, and reviewed by the NTC to identify high-risk oceangoing cargo.

On February 2, 2003, a strategy was undertaken to ensure compliance with the 24-hour rule, following a 90-day grace period to permit the trade to adjust its business practices. The compliance strategy has involved, for the first time, issuing "no-load" orders and denying permits to unlade containers in Los Angeles or elsewhere in the United States in the event of non-compliance. In order to thoroughly review pre-departure manifest information that is transmitted around the clock, the LA/LB targeting unit is staffed on a 24 x 7 basis and is in constant communication with the NTC.

Compliance with the rule is high, and we are receiving more timely and accurate information through our Automated Manifest System (AMS). This greatly improves our ability to detect, deter, and eliminate potential terrorist threats involving sea cargo before they become a reality.

Cargo Examination Strategy

Better targeting requires an enhanced ability to examine containers. Since September 2001, the Seaport has been able to significantly increase the number of containers examined through the use of Non Intrusive Inspection (NII) technology. Additionally since Fiscal Year 2002, due to various funding initiatives, we have been able to recruit an additional 118 CBP Inspectors to target and examine cargo at LA/LB.

Non-Intrusive Inspection (NII) technology provides for a more effective and efficient, as well as less invasive, method for inspecting cargo. NII equipment includes large-scale x-ray and gamma-ray imaging systems, and a mixture of portable and handheld technologies to include personal radiation detection devices that greatly reduce the need for costly, time-consuming physical inspection of containers.

In the last year the LA/LB Seaport has received two additional pieces of large scale imaging systems and now deploys five NII devices capable of scanning an entire container. Using this equipment, our officers were able to rapidly work through the backlog of containers created by last year's lockout at the seaport.

In conjunction with this equipment, the LA/LB Seaport deploys personal radiation detectors and radiation isotope identifying devices that detect the presence of radiological material in containers and conveyances. These technologies give us a tactical edge in keeping weapons of mass destruction and instruments of terrorism from entering the United States.

Although we currently use two fully equipped and staffed Centralized Exam Stations, the threat of containers with a WMD or other dangerous material dictates the need to examine cargo close to the point of unlading.

In 2002, the local ports received a federal grant of $1,500,000 to determine the feasibility and conceptual design of a Joint Agency Container Inspection Facility. The Washington Group was contracted to perform the study and submit findings by September 4, 2003. Currently BCBP is cooperating with the study contractor to develop user requirements.

On June 12, 2003, Secretary Ridge announced a further grant in connection with this proposed facility. Primary users are expected to be BCBP, the Coast Guard, and California Highway Patrol. Such a facility would be a significant enhancement to the ability of the entire port community to meet the terrorism threat.

Container Security Initiative

As a vital part of the layered BCBP sea container examination strategy, we are doing everything possible to advance and improve on our smart border initiatives and push our zone of security outward—that is, to make our borders the last line of defense instead of the first line of defense. We have done this on a far reaching basis by partnering with other countries on our Container Security Initiative, one of the most significant and successful initiatives developed and implemented after September 11, 2001.

In January 2002, the Container Security Initiative (CSI) was unveiled by Commissioner Bonner to address this threat. Under CSI, which is the first program of its kind, we are identifying high-risk cargo containers and partnering with other governments to pre-screen those containers at foreign ports, before they are shipped to our ports. Due to our wealth of experience in the targeting of sea containers, numerous LA/LB targeting experts have been deployed to CSI participating countries to identify high risk containers destined to the United States before they depart from the foreign port.

The top 20 foreign ports account for 68 percent of all cargo containers arriving at U.S. seaports. Governments representing 19 of these ports have agreed to implement CSI during the first phase. Phase 2 of CSI will enable the Department to extend port security protection from 68 percent of container traffic to more than 80 percent.

Customs Trade Partnership Against Terrorism

The Customs-Trade Partnership Against Terrorism, (C–TPAT), is an initiative that was proposed in November 2001 and began in January 2002, to protect the entire supply chain, against potential exploitation by terrorists or terrorist weapons. Under C–TPAT, companies sign an agreement with BCBP to conduct a comprehensive self-assessment of their supply chain security and to improve that security—from factory floor to foreign loading docks to the U.S. border and seaports—using C–TPAT security guidelines developed jointly with the trade community. We anticipate a member of C–TPAT security specialists being stationed here in LA/LB.

Companies that meet security standards receive expedited processing through our land border crossings, through our seaports, and through our international airports, enabling us to spend less time on low-risk cargo, so that we can focus our resources on higher risk cargo. C–TPAT is currently open to all importers, air, sea, and rail carriers, brokers, freight forwarders, consolidators, non-vessel operating common carriers (NVOCCs), and U.S. Marine and Terminal operators. We are also currently developing the mechanism and strategy to enroll foreign manufacturers and shippers into C–TPAT. The intent is to construct a supply chain characterized by active C–TPAT links at each point in the logistics process.

To date, over 3500 companies are participating in C–TPAT to improve the security of their supply chains. Members of C–TPAT include 60 of the top 100 importers and 32 of the 50 largest ocean carriers. BCBP in the Los Angeles area has been a major contributor to the program through extensive outreach and recruitment.

Local Initiatives

As part of the creation of the Department of Homeland Security and the consolidation of border protection resources, the following represent several local initiatives to improve operations since March 1, 2003:

Joint vessel boardings,

A common CES examination process to eliminate multiple examination locations for legacy Customs and legacy Agriculture;

Relocating all legacy Immigration personnel from the Long Beach Federal Building to BCBP Port Headquarters, to create a joint PAU for passenger operations;

Co-locating legacy Customs and legacy Agriculture staff for joint container targeting in our placement of Coast Guard officers in local manifest targeting unit.

Port Security

Finally, the danger of terrorism to the seaport community has clearly pointed out the need for active cooperation by BCBP with the several interests that share our anti-terrorism mission. Examples of such interagency cooperation include:

BCBP's active participation on the Los Angeles Port Security Task Force. Created by the Mayor of Los Angeles, the task force is comprised of several Federal agencies including the FBI, BICE, and our Coast Guard colleagues as well as LAPD and the port police. Under the leadership of the Coast Guard Captain of the Port, the task force is developing a consolidated port security master plan for the LA/LB two-port complex.

The BCBP's operation, in the near future, of a remote camera surveillance system funded by a Federal grant that installed the units at five area ship terminals to focus on ships at anchor to increase the level of scrutiny of those ships.

The BCBP's cooperation with port authorities on a complementary camera surveillance system at selected ship terminals.

Conclusion

BCBP in the Ports of Los Angeles and Long Beach is moving forward, refining our targeting and examination of high- risk containers in order to facilitate the movement of legitimate cargo while protecting our nation. The development of new technologies and improved automated systems will only further enhance our ability to implement strategies to secure our nation's borders. The professionalism, skill, and dedication of BCBP personnel will, as usual, be the basis of our success.

Thank you again for this opportunity to testify. I would be happy to answer any of your questions.

Chairman COX. Thank you very much, Ms. Adams. And thank you, Captain Holmes, for all of your assistance throughout the day.

Again, welcome, and we will recognize you for your statement.

## STATEMENT OF CAPTAIN JOHN HOLMES, UNITED STATES COAST GUARD

Captain HOLMES. Good afternoon, Chairman and distinguished members of Committee. My name is Captain John M. Holmes, and I am the Coast Guard Captain of the Port for the Los Angeles/Long Beach Port Complex.

It is a pleasure to appear before you today to discuss port security, particularly as it applies to the transport of people and cargo by sea into this, the country's largest and most active international cargo hub. Simply stated, the Los Angeles/Long Beach complex is the nation's superport. Individually, either of the Port of Los Angeles or the Port of Long Beach would rank as the largest cargo port in the United States.

As a complex, Los Angeles/Long Beach represents the third largest port in the world, handling over 40 percent of the nation's containerized cargo, over 1 million cruise passengers, and over 50 percent of the petroleum products used in the western United States.

The container cargo will grow four-fold in the next 20 years from the current number of million 20-foot Equivalent Units in 2001 to million TEU's in the year 2020.

With over 95 percent of our nation's non-NAFTA related international cargo tonnage carried by ships, port security is critical to ensuring our nation's homeland and economic security.

In no place is this more apparent than in the Los Angeles/Long Beach port complex. As a result, the Homeland Security Team in this complex, the members of the Bureau of Customs and Border Protection, the Bureau of Immigration and Customs Enforcement, the United States Coast Guard and the other federal, state and local agencies, recognize that the threats are real and varied, and that they may come from a ship, its cargo or its crew.

The members of these agencies also realize that these threats may manifest themselves both externally and from within, and that they can be conveyed or directed against all types of vessels, port facilities or critical infrastructure.

In our efforts to counter these threats, a layered defense approach has been embraced that employs personnel, process and technological improvements to enhance our security posture.

We have found that by developing a program, incorporating new regulations, enhanced inspections, increased vigilance, a more significant presence, technological innovations and enhanced communications, we have been able to change the culture in the industry and significantly improve the security of our port.

Of equal importance is the fact that prior to September 11, 2001, we established a Port Security Committee that has looked at port security collectively and systematically.

This has allowed us to get to the point where we can seamlessly combine resources and enhance our capabilities to the extent that the March 1, 2003, formation of the Department of Homeland Security became not only a logical but a necessary next step in the process.

With the additional resources provided in the form of budget increases and grants, the Homeland Security Team and the Ports of Los Angeles/Long Beach have been able to develop and implement national and local initiatives that increase our focus on vessels, port facilities and the ports themselves.

Two realities have become very clear in our port security efforts:

First, homeland security is a team effort.

And second, homeland security does not begin at home.

It is apparent that the Department of Homeland Security recognizes these realities and has made significant efforts to address them.

Recognizing that the Homeland Security Team is made up of federal, state and local agencies, along with the private sector companies, the Department of Homeland Security recently awarded over $18 million to the Los Angeles/Long Beach port complex to enhance port security.

Recipients of this grant money include the city of Long Beach; Total Terminals, International; Pier T Long Beach; Pacific Harbor Line, Inc.; And the Seaside Transportation Services, Port of Los Angeles.

With respect to homeland security not beginning at home, the Department of Homeland Security has pioneered the concept of pushing back the borders and requiring greater visibility of cargo at the point of manufacture and/or loading. This is clearly the underlying philosophy behind the Container Security Initiative and the impetus behind the Operation Safe Commerce Program, both supply chain security initiatives.

The security of the Los Angeles/Long Beach port complex has improved significantly in the months following September 11th, 2001. Although there is much more to be done, we have made phenomenal progress in our efforts to enhance security.

With the recent infusion of resources and funding, I'm confident that this process will continue at a significantly accelerated pace. I would like to point out that the progress to date is largely due to the spectacular cooperation that exists.

I would like to take this opportunity to acknowledge this cooperation, and to thank my colleagues from TSA, BCBP, the Maritime Administration and other federal, state and local agencies, the marine industry, and organized labor for their untiring efforts and unselfish devotion. It has truly been a privilege to work alongside them.

Thank you very much. I will be happy to answer any questions that you have.

[The statement of Captain Holmes follows:]

PREPARED STATEMENT OF CAPTAIN JOHN M. HOLMES

Good afternoon Mr. Chairman and distinguished members of the Committee. My name is Captain John M. Holmes and I am the Coast Guard Captain of the Port for the Los Angeles—Long Beach Port Complex. It is a pleasure to appear before you today to discuss Port Security, particularly as it applies to the transport of people and cargo by sea into this, the country's largest and most active international cargo hub.

Simply stated, the Los Angeles—Long Beach complex is the nation's Superport. Individually, either of the port of Los Angeles or the Port of Long Beach would rank as the largest cargo port in the United States. As a complex, Los Angeles—Long Beach represents the third largest port in the world, handling over 40 percent of the nation's containerized cargo, over 1 million cruise passengers, and over 50 percent of the petroleum products used in the western United States. The port complex continues to grow at an amazing rate. Current growth predictions indicate that container cargo will grow four-fold in the next 20 years from the current number of nine million Twenty-foot Equivalent Units (TEU, or the equivalent to a 20 foot container) in 2001 to 36 million TEU's in the year 2020.

With over 95 percent of our nation's non-NAFTA related international cargo tonnage carried by ships, port security is critical to ensuring our nation's homeland and economic security. In no place is this more apparent than in the Los Angeles—Long Beach port complex. As a result, the Homeland Security team in this complex, the members of the Bureau of Customs and Border Protection, the Bureau of Immigration and Customs Enforcement, the United States Coast Guard, and the other Federal, State and Local agencies, recognize that the threats are real and varied, and that they may come from a ship, its cargo, or its crew. The members of these agencies also realize that these threats may manifest themselves both externally and from within, and that they can be conveyed or directed against all types of vessels, port facilities or critical infrastructure.

In our efforts to counter these threats, a layered defense approach has been embraced that employ personnel, process and technological improvements to enhance our security posture. We have found that by developing a program incorporating new regulations, enhanced inspections, increased vigilance, a more significant presence, technological innovations and enhanced communications we have been able to change the culture in the industry and significantly improve the security of our port. Of equal importance is the fact that prior to September 11th, 2001 we established a Port Security Committee that has looked at port security systematically. This has allowed us get to the point where we can seamlessly combine resources and capabilities, to the extent that the March 1, 2003, formation of the Department of Homeland Security became not only a logical, but a necessary next step in the process. With the additional resources provided in the form of budget increases and grants, the Homeland Security team, and the Ports of LA/Long Beach have been able to develop and implement national and local initiatives that increase our focus on vessels, port facilities and the ports themselves.

Security of vessels and their cargo has benefited significantly from implementation of such programs as the Container Security Initiative and the Customs Trade Part-

nership Against Terrorism. The new rules requiring vessels to provide 96-hour advance notice of arrival and the tracking of vessels with specific indicators (High Interest Vessels) has made it possible to analyze ship, cargo, and crew data well in advance of the vessel's arrival. This has provided the opportunity to conduct offshore boardings of those vessels requiring additional attention. Additionally, the use of the Automated Targeting System to identify high-risk containers and the increased use of non-intrusive imaging technology and radiation detection equipment to inspect them will both enhance security and reduce the delays caused by physical inspections.

With respect to facilities, the Los Angeles—Long Beach port complex has had facility security guidelines in effect since shortly after September 11th, 2001. Unfortunately, not all ports have similar guidelines. The implementation of the Maritime Transportation Security Act of 2002 (MTSA) will provide facility security guidelines and ensure national consistency with respect to facility security. Additionally, the 2004 implementation of the International Ship and Port Facility Security Code (ISPS) will provide much needed international accountability and consistency in the area of vessel and port security.

For security to be effective, a much-needed assessment of the port complex must take place. Although preliminary assessments have been conducted to identify critical infrastructure and assign resources, a more comprehensive and consistent review has been scheduled. This assessment will enable port users to better identify current capabilities and develop a baseline to identify resource needs. It will also provide the Port Security Committee the data necessary to better develop the Port Security Plan required by the MTSA. Preliminary reviews have already proven quite helpful. It is through such a review that the Los Angeles—Long Beach complex was assigned one of the first Marine Safety and Security Teams (MSST's). As a result, the port complex now has the services of a dedicated and highly trained force whose sole mission is to protect the port.

Two realities have become very clear in our port security efforts. First, homeland security is a team effort, and second, homeland security does not begin at home. It is apparent that the Department of Homeland Security recognizes these realities and has made significant efforts to address them. Recognizing that the homeland security team includes state and local agencies, and private sector companies, the Department of Homeland Security, recently awarded over 18 million dollars to the Los Angeles—Long Beach port complex to enhance port security. Recipients of this grant money include the City of Long Beach, Total Terminals International Pier T Long Beach, Pacific Harbor Line, Inc., and the Seaside Transportation Services, Port of Los Angeles.

With respect to Homeland Security not beginning at home, the Department of Homeland Security has pioneered the concept of "pushing back the borders" and requiring greater visibility of cargo at the point of manufacture and/or loading. This is clearly the underlying philosophy behind the Container Security Initiative and the impetus behind the Operation Safe Commerce Program, both supply chain security initiatives, which we continue to pursue along with our colleagues in the Transportation Security Administration, and the Bureau of Customs and Border Protection. Recently the Los Angeles—Long Beach port complex received over eight million dollars to fund projects to test technologies and identify process improvements to enhance supply chain security, with the clear goal of making it possible to identify and eliminate threats prior to loading of the cargo—effectively pushing the security borders back to foreign countries of origin.

The security of the Los Angeles—Long Beach port complex has improved significantly in the months following September 11, 2001. Although more can always be done, we have made phenomenal progress in our efforts to enhance security. With the recent infusion of resources and funding, I am confident that this process will continue at a significantly accelerated pace. I would like to point out that the progress to date is largely due to the spectacular cooperation that exists. I would like to take this opportunity to acknowledge this cooperation, and to thank my colleagues from, TSA, BCBP, the Maritime Administration, and other federal, state and local agencies, the marine industry, and organized labor for their untiring efforts and unselfish devotion. It has truly been a privilege to work alongside them.

As part of the homeland security team, the United States Coast Guard has and will continue to take a leadership role in coordinating the multi-agency, public and private, national and international Maritime Homeland Security Strategy which will be part of the larger National Transportation System Security Plan established by TSA. The men and women of the Coast Guard are pleased to be part of the new Department of Homeland Security and committed to the continuing protection of our nation. I want to thank you for your interest in enhancing Homeland Security and

for holding this hearing. I certainly appreciate the opportunity to testify before you today. I will be happy to answer any questions you may have.

Chairman COX. Thank you, Captain Holmes.

Mr. Ellis, we welcome you, and you are recognized for your statement.

**STATEMENT OF WILLIAM ELLIS, DIRECTOR OF SECURITY, LONG BEACH, CALIFORNIA, HARBOR DEPARTMENT**

Mr. William ELLIS. Mr. Chairman and distinguished members of Committee, thank you for allowing us the opportunity to participate in this hearing.

We submitted written comments, and I wish to make a couple brief points. We are most appreciative for the congressional appropriations that made the recent seaport security grants and Operation Safe Commerce a thing with some back bone and funding behind it. But this is only a start.

When we look at the funding that has been provided to the airports in this country and look at that in relationship to the funding that's available for the ports, we find a great deal of discrepancy.

Operation Safe Commerce is a program which targets containers. And in our tour this morning, we talked a good deal about containers. But there's a secondary concern.

Ships, hundreds of ships call in U.S. ports every day, carrying liquid bulk cargo, dry bulk cargo and break-bulk cargo. Ships bringing lumber cargo from Southeast Asia sail directly to Southern California with limited scrutiny. These are areas that we need to focus attention upon.

The ports, when the nation raises its security level, incur additional personnel costs. And we look to the federal government for assistance and support in this area.

To this point, the ports have had to provide their own funding and their own financial support for the increased personnel costs when the security levels of the nation have been increased.

Finally, one area that I want to point out that I think is critical to our success, it's the need for coordination and training.

While Captain Holmes has put together an outstanding program in the port where we all work together in a partnership, long term we need to provide a port-wide security training program and opportunity for all the various law enforcement and security operations that interact within the port.

We have security forces, police and law enforcement, Customs, Immigration and a wide variety of units that work within the port complex. And we need to have the opportunity to bring these programs together, provide cohesive training and direction for these programs.

Again, let me thank you on behalf of the Port of Long Beach for allowing me to testify today on their behalf. And I will be happy to respond to any questions.

[The statement of Mr. William Ellis follows:]

PREPARED STATEMENT OF WILLIAM ELLIS

Mr. Chairman and Distinguished Members:

I am pleased to appear representing the Port of Long Beach.

This statement is intended to reflect the concerns of the City and Port of Long Beach relative to seaport security and then to present a brief update on the status

of port security planning at the Port of Long Beach complex. I will also take the liberty of speaking about our sister Port, Los Angeles. The two Ports comprise the largest port complex in the United States, and the third largest port operation in the world. We are pleased you have had the opportunity to tour our facilities, because you have seen first-hand the amazing responsibility we have here at this complex. To put it into perspective, 42 percent of all imports and one-third of all U.S. waterborne commerce moves through this complex. It is fact that a shutdown here, in excess of two weeks, would have a staggering effect on our national economy.

Looking at America's ports from a broader perspective, the industry is vast, versatile and highly competitive. It consists of deep draft commercial seaports dispersed along the Atlantic, Pacific, Gulf, and Great Lakes coasts. These ports range from huge load centers handling millions of tons of containerized, breakbulk, and bulk cargos to relatively small "niche" ports serving the unique needs of particular cargos and regions. These Federally authorized ocean entrances and the Ports to which they are associated, must be secure.

U.S. ports serve vital national interests. These ports facilitate the flow of trade, the movement of cruise passengers, and the mobilization and deployment of U.S. Armed Forces. In the next twenty years, U.S. overseas trade, 95 percent of which enters or exits through the nation's ports, is expected to double. As the link between the land and the water, ports continue to update and modernize their facilities not only to accommodate this growth, but also to ensure homeland security.

Advocating new security policies is obviously a priority for our industry. The Coast Guard has worked closely with our industry and understands that a one-size-fits-all solution will not work for ports. We are pleased that the Coast Guard will soon release their interim final security regulations that base security plans for facilities on actual vulnerabilities.

Despite the passage of the Maritime Transportation Security Act and the imminent release of the Coast Guard's regulations, little funding has been provided to assist ports in making security enhancements. According to the Coast Guard, port facilities will need $4.4 billion over ten years for this purpose. To date, the Administration has not requested any funding in their budget for port security.

We are grateful to Congressional appropriators who have provided grant funding for ports and facilities over the past two years. We have, however, been frustrated by recent attempts by the Transportation Security Administration to reprogram certain funds appropriated for port security to pay for aviation security. We continue to feel compromised by what appears to be a limited commitment to secure this vital segment of our economy, particularly as we look on at the proposed fiscal year 2004 Homeland Security Appropriations.

While we are pleased that ports will receive some level of Federal support as recently announced by TSA, we encourage a closer look at these funding levels, because more help is needed. Ports have already applied for more than $1 billion dollars in grants.

Ports have invested millions of dollars in port security since September 11, 2001. We see no end to escalating security costs, particularly in high threat periods. Federal funding is necessary to help ensure vital security improvements are made throughout the Port system. Without such help, any new Federal requirements are essentially unfunded Federal mandates and subject to competing budgetary pressures at ports.

Now, Mr. Chairman, here is the status of security at Long Beach/Los Angeles.

Clearly, port security planning is not fully accomplished at Long Beach/Los Angeles. However, the two Ports and the Coast Guard have put in place a process to develop a port wide security plan and have committed the resources and manpower needed to accomplish this task. It is a very substantial commitment to protecting America's largest seaport complex.

As noted, 42 percent of all US international container trade enters this Country through these ports. That much international trade is a major underpinning of the US economy. Securing this seaport can only be accomplished with the combined efforts of the port authorities and our federal partners from the Department of Homeland Security.

The port security plan being put together by the two Ports and Coast Guard has been demanding, for the two Ports as well as the other law enforcement agencies participating in the process. However, we can assure the Committee of our continued dedication to the completion of this task.

Nonetheless, Mr. Chairman, the two Ports have a number of concerns. Three in particular are represented.

1. Seaport Security Unfunded Mandates—We are willing to support legislative programs to fully establish seaport security. These programs are clearly in the

Federal jurisdiction and require the contribution of certain local assets as well. However, our Ports do not have the resources to pay for Federal initiatives.

For example, in fiscal year 2002 Congress appropriated $28 million for three US port load centers to enhance cargo security within the supply chain through its Operation Safe Commerce program. An additional $30 million was appropriated in fiscal year 2003. This is a very wise initiative. Yet, an announcement was not made until last week to expend $30 million to initiate the project. The status of the remaining appropriated funding is unclear.

The Department will use the results of this program to establish a new level of technology for security around the Country and we are pleased to be a part of that. However, we cannot be expected to fund this Federal initiative with resources needed to execute our non-Federal, local security needs and run our Ports. We are hopeful that some of the remaining $28 million will be released soon and not leave the New York/New Jersey, Long Beach/Los Angles, and Seattle/Tacoma load centers without reimbursement for dollars expended to support a federal initiative.

2. Fiscal Year 2004 Appropriations—A secondary area of concern is fiscal year 2004 funding for port security. We foresee no lessening of the requirements for additional security, particularly during high threat periods. Yet it is currently our limited understanding that the House Homeland Security Appropriations Subcommittee is endorsing limited funding for port security grants. In addition, it is our further understanding that the Subcommittee seeks only $2.5 million for continuance of the Operation Safe Commerce program in fiscal year 2004. This funding level places the goals of Operation Safe Commerce in jeopardy.

3. Airport/Seaport Security Equity—When compared to Homeland Security amounts provided to airports, port security has been provided with very little financial support.

Clearly, airport security protects the flying public and is necessary to maintain the US commercial air carrier system, which is, vital to US security and the economy.

On the other hand, seaport security must guarantee cargo, passenger and vessel protection along with anti-terrorism initiatives.

These are perhaps two different Federal missions, but seaports must be given the same attention that has been afforded the nation's airports. Adequate funding from the Department of Homeland Security must be provided as intended by The Congress.

Last year's 10-day work stoppage costing the nation's economy billions of dollars a day is testimony to what can happen when there is an interruption of cargo flow or disruption of rail or Interstate Highway access structures serving the Port.

It is hoped that these examples of our concerns will help the Committee understand what conditions restrict our ability to perform our local/Federal partnerships.

Mr. Chairman, at the Port of Long Beach, we must run our facility like a business with clear attention to our balance sheet. We must provide for the security of our nation's seaport and at the same time insure that the nation's commerce can move freely in and out of this country. Without this balance the entire nation will feel the economic impact.

We are extremely appreciative that you have taken the time to tour our ports and understand our concerns. We also thank you for your attention to this testimony.

Chairman COX. Thank you, Mr. Ellis.

Chief Cunningham, again, welcome. Thank you for the assistance that you provided to the Department of Homeland Security and to the Congress on our previous visits.

And we welcome you today. And you are recognized for your statement.

## STATEMENT OF NOEL K. CUNNINGHAM, CHIEF OF POLICE AND DIRECTOR OF OPERATION, PORT OF LOS ANGELES

Chief CUNNINGHAM. Thank you, Mr. Chairman, and thank you distinguished panel, and thank you on behalf of the port and the city of Los Angeles.

My name is Noel K. CUNNINGHAM. I'm the director of operations, as well as the chief of port police for the Port of Los Angeles.

Our focus—my concerns would focus on federal port security grants, international cooperation and smart economics. And I have submitted the written summary of our concerns, and I will attempt to highlight those concerns.

As you know, the Port of Los Angeles is the largest and busiest container seaport in the nation. Los Angeles is a premiere port of entry for cargo on the West Coast. The port occupies 7,500 acres of land and water along 43 miles of waterfront. Together with our San Pedro bay neighbor, the Port of Long Beach, we handle more than 42 percent of the nation's containerized commerce.

Additionally, the Port of Los Angeles is the fourth busiest cruise port in the United States and is Number 1 on the West Coast with over million vacationers yearly.

At this time in our nation's history, the Port of Los Angeles must balance the increasing demand for development and international trade with critical security requirements.

Without a doubt, as a critical hub for commerce, the Port of Los Angeles is vital to our nation's economic well-being.

We take our responsibilities very seriously to maximize security for cargo, people and property, also for handling and for the public safety of people.

In the event of an unforeseen incident, whether caused by an attack by our nation's enemies or caused by a natural disaster, it is our responsibility to stay up and running and running without delay in order to bolster the economy.

In my travels, I do believe that the enemy is more concerned with the Port of Los Angeles, stopping the economy, than it is, perhaps, in attacking public lives.

Since 9/11, the Port of Los Angeles spent approximately $6 million of our own funds to enhance the port's security. We've spent millions to improve our World Cruise Center, which is now a model for efficient and secure passenger handling for Customs, Immigration and the cruise lines.

There is, of course, always room for improvement, and we are no exception. With federal funding through the Transportation Security Administration's Port Security Grant Program, we hoped to be more able to pursue security enhancements for port facilities and infrastructure improvements.

We have started the process to assess our needs and to serve as national and international models for coordinating port-wide security programs, which Vera Adams gave an example of.

And under Captain Holmes' leadership, in her presentation, we are now in the process of instituting credentialing and inspection programs which we appreciate the federal support that we're receiving from the administration; however, there's a downside. Since September 11, 2001, just $92.3 million of the $368 million appropriated has actually been distributed to seaports during the first round of grants.

During that initial round of grants, the Port of Los Angeles received only $1.5 million. This grant was a joint application with the Port of Long Beach. So essentially, the Port of L.A. has received $750,000 out of $92 million.

During the second-most-recent round of grants, which closed last month, the nationwide requests amounted to approximately $1 billion in improvements with only $104 million being made available.

The Port of Los Angeles applied for approximately 15 and a half million. These grants would allow the Port of L.A. to continue to improve its infrastructure and overall security and coordinate with the Coast Guard and other federal agency programs that we deem high priorities.

The second round of grants saw the Port of Los Angeles be awarded $3.3 million. Now, approximately 800,000 of that $3.3 million was the only amount of monies allotted to Los Angeles. .5 million was to be shared with the Port of Long Beach.

So essentially, Los Angeles realized .2, one point and a quarter million dollars in grants out of 104 million. When you add up the numbers, out of $197 million that has been distributed nationwide, the largest and the most vulnerable seaport in the country has received less than 2 1/2 percent.

Is this prudent risk management? An attack on the Port of Los Angeles would be devastating to the nation's economy and threatens national security.

When the nation's largest port complex was shut down during the International Longshore and Warehouse Union lockout, our nation felt the tremendous impact and ripple effect of halted goods movement and service.

This was a lesson which provided us an example of our nation's dependence on an efficient and safe transportation network to distribute cargo efficiently along our trade corridors.

The ability to move cargo seamlessly through the Port of Los Angeles is crucial to the overall economic vitality of the nation. We cannot do this if our security is hampered or breached.

A terrorist attack at the port would not only cause havoc in our region but also seriously affects our entire maritime trading system, thereby further disrupting U.S. and international commerce.

As the central component to the nation's economic engine, we need to receive a reasonable and appropriate share of the federal port security funding.

Security funding requests must weigh the potential consequences of a terrorist attack and the impact on our nation's security. There needs to be a master plan, a federal strategic plan which protects our nation's assets, our treasures. The Port of Los Angeles we consider a treasure.

Prototypes developed at the Ports of Los Angeles and Long Beach may be implemented nationally. For example, we moved 12 million of million containers through the country.

It stands that a lot more funding is required to secure 12 million containers than it would be for a lesser amount of cargo transiting through smaller ports.

The Port of L.A. applauds the fact that our shipping customers did receive $7.5 million in grant awards in Round 2 and approximately $2 million during Round 1 for terminal security programs. They deserved it, and they need it.

There's many unfunded mandates that the Port Authority, as well as the federal authorities, have placed upon the shipping industry.

We also applaud the fact that our neighbor and our partner in security, the Port of Long Beach, received a significant amount of money. An attack on the Port of Long Beach is an attack on the Port of Los Angeles.

Operation Safe Commerce, we believe this is the program that would represent the security for not only the nation's load centers but also for the security for the nation's network of cargo movements. We believe that the Containers Security Initiative should be pushed, the borders should be pushed outward to the overseas ports.

We believe it is better and it is best to detect threats and pull them out of the network, out of the spot check network at the point of origin rather than wait until the threat is presently here on our shores.

To that end, we also believe that protocols need to be developed to handle such threats. As Chief Ellis mentioned, there needs to be training programs to address these protocols.

Operation Safe Commerce recently awarded the Ports of L.A. and Long Beach to the sum of eight and a quarter million dollars.

I also believe that we managed to transit through our port 42 percent of the nation's cargo. We believe Operation Safe Commerce awards should reflect security per container.

A major question to be answered: How can we continue to upgrade seaport security for the country?

This spring, Deputy Secretary England of the Homeland Security Department visited our port complex, and he reminded us that America has been fighting the "isms"—fascism, socialism and communism.

And now in this decade, the battle comes to fight terrorism. And he reminded us that this battle may go on for decades.

We cannot have a piecemeal approach. When we fought World War II, the borders were across the waters, but today the battles are at the seaports, the points of entry of our country.

We need to have a permanent funding to support and develop the security programs for our seaport programs.

I believe that Congressional Bill HR2193, the Port Security Improvement Act of 2003, may offer the solution.

The Port of Los Angeles believes that the U.S. Customs revenues, collected from imported commodities using maritime transportation, can be applied to security infrastructure and security improvements.

According to U.S. Customs reports, Port of Los Angeles users pay approximately $12 million each day in Customs duties, with Los Angeles Customs district leading the nation in total duties collected for maritime.

This is a growth industry. We have previously submitted in Port of L.A. written testimony that growth in U.S. Customs revenues increases from year to year and that it grows almost $1 billion a year.

Port of Los Angeles suggests taking a single year's increment, not just for our port but for all the nation's ports, set it aside and allow us to have the security materials that we need in the ports.

It is key that the funds should be distributed based upon a port's size and overall contribution to the nation's commerce. Port of Los

Angeles, therefore, continues to strongly believe that Customs revenues can provide the appropriate source for funding the additional security required at our nation's seaports.

I thank you for the opportunity to testify and to share our concerns regarding the Port of Los Angeles, our industry and our country.

[The statement of Chief Cunningham follows:]

PREPARED STATEMENT OF NOEL K. CUNNINGHAM

Mr. Chairman and distinguished members of the committee, thank you for the opportunity to testify.

I am Noel K. Cunningham, Director of Operations and Chief of Port Police for the Port of Los Angeles.

I thank you and members of the Select Committee on Homeland Security for inviting the Port of Los Angeles to testify before you and share our concerns about what is needed to enhance port security. Our concerns focus on federal port security grants, international cooperation and smart economics.

As you know, the Port of Los Angeles is the nation' busiest container seaport. Los Angeles is a premiere port-of-entry for cargo on the West Coast, the Port occupies 7,500 acres of land and water along 43 miles of waterfront. Together with our San Pedro Bay neighbor, the Port of Long Beach, we handle more than 42 percent of the nation's containerized commerce. Additionally, the Port of Los Angeles is the fourth busiest cruise port in the United States, and is number one on the West Coast with over one million vacationers yearly.

At this time in our nation's history, the Port of Los Angeles must balance the increasing demand for development and international trade with critical security requirements. Without a doubt, as a critical hub for commerce, the Port of Los Angeles is vital to our nation' economic well-being. We take very seriously our responsibility to maximize security for cargo, people and property. In the event of an unforeseen incident, whether caused by an attack by our nation' enemies or natural disasters, it is our responsibility to stay up and running without delay in order to bolster the economy.

Since 9/11, we've, spent approximately $6 million of our own funds to enhance the Port's security. We've added staffing and equipment resources for our Port Police. We've spent millions to improve our World Cruise Center so it is now a model for efficient and secure passenger handling for Customs, Immigration and the cruise lines.

There is, of course, always room for improvement and we are no exception. With federal funding through the Transportation Security Administration's (TSA) Port Security Grant Program, we hoped to be more able to pursue security enhancements for Port facilities and infrastructure improvements. We have started the process to assess our needs and to serve as national and international models for coordinating port-wide security programs and instituting credentialing and inspecting systems, but funding is needed to implement these measures.

Since September 11, 2001, just $92.3 million of $368 million in appropriations has actually been distributed to ports in the first round of TSA funding. During that initial round of grants, the Port of Los Angeles received only $1.5 million. This grant was a joint application with the Port of Long Beach. The Port of Los Angeles submitted grant application totaling approximately $36 million during the first round.

The second round of grants for these funds, which closed last month, drew requests nationwide for nearly $1 billion in improvements, with only $104 million available. The Port of Los Angeles applied for approximately $15.5 million. These grants would allow the Port to improve its infrastructure and overall security. The second round of grants saw the Port of Los Angeles be awarded $3.3 million. Approximately $800,000 will go to supplement our patrol boat deployment and $2.5 million was awarded toward design and construction of a joint agency high-risk container inspection site.

More is truly needed as our nation depends on an efficient and safe transportation network to distribute cargo efficiently along our trade corridors. The ability to move cargo seamlessly through the Port of Los Angeles is crucial to the overall economic vitality of the nation.

The Port of Los Angeles has not received significant federal funding support in the nation's security grant program.

When one considers that the Port of Los Angeles received merely $1.5 million to be shared equally with the Port of Long Beach during Round One, amounting to $750,000; and during Round Two, $2.5 million to be shared with Port of Long Beach, amounting to $1.25 million; while $800,000 to purchase patrol boats has been the only individual award to Los Angeles. The Port of Los Angeles has received the sum total of $2.8 million in grants for both Rounds One and Two. Published reports indicate a total of $197 million in grant funds was awarded during Rounds One and Two to the country's seaports. The Port of Los Angeles received approximately 1½ percent of this total. Is this prudent risk management?

An attack on the Port of Los Angeles would be devastating to the nation's economy and threatens national security.

When the nation's largest port complex was shutdown during the International Longshore and Warehouse Union lockout, our nation felt the tremendous ripple effects of halted goods movement and the stoppage of work that occurred as a result. This was a lesson which provided us an example of our nation's dependence on an efficient and safe transportation network to distribute cargo efficiently along our trade corridors. The ability to move cargo seamlessly through the Port of Los Angeles is crucial to the overall economic vitality of the nation. We cannot do this if our security is hampered or breached. A terrorist attack at the Port would not only cause havoc in our region, but also seriously affects the maritime trading system, thereby further disrupting U.S. and international commerce.

As the central component to the nation's economic engine, we need to receive a reasonable and appropriate share of the federal port security funding. Security funding requests must weigh the potential consequences of a terrorist attack and the impact on national security. There needs to be a strategic seaport security plan which protects and respects the security priorities as submitted by respected port authorities.

Prototypes developed at Ports of Los Angeles/Long Beach maybe implemented nationally; for example, the 12 million containers coming through the Ports of Los Angeles and Long Beach obviously are a high risk and deserve ample security support.

It stands that a lot more funding is required to secure 12 million containers than it would for a lesser amount of cargo transiting through smaller ports.

The Port of Los Angeles applauds the fact that our shipping customers did receive $7.5 million in grant awards during Round Two and approximately $2 million during Round One for terminal security programs. Marine terminal operators have had imposed upon them a myriad of unfunded mandates from both Federal and Port authorities.

The Port of Los Angeles is also appreciative of the awards that have gone to the Port of Long Beach toward our joint security programs. The Ports of Los Angeles and Long Beach are one security program. An attack on Long Beach is also an attack on Los Angeles. These awards include funding for a Joint Command and Control Center, and an Incident Management System.

Realizing that the safety of Southern California's port system is closely tied to international transportation hubs, our programming has also extended offshore, to our Asian trading partners. Focusing on containers, we have instituted measures to "push back our borders" to the points of origin for the millions of containers crossing our docks each year. Of primary concern was the ability to ensure that a cargo container hasn't been tampered with at the point of origin or in transit. We believe that this is a far better approach than applying maximum security once the container reaches our shores.

Operation Safe Commerce (OSC) is the vehicle currently being utilized to review the supply chain of containerized cargo. OSC is a $58 million pilot project funded by the Transportation Security Administration (TSA) and managed by the U.S. Customs Service and the Department of Transportation. On June 11, 2003, TSA did announce that the Ports of Los Angeles and Long Beach have received an award of $8.25 million to support the goals and objectives of OSC. Again, I do believe the Ports of Los Angeles/Long Beach, who contribute 42 percent of the nation's waterborne cargo traffic, should get funding considerations paralleling the expense of securing more containers. These goals include, but are not limited to, testing technologies that help secure container shipments and provide security gap analysis in the supply chain networks.

A major question to be answered: How can we continue to upgrade seaport security for the country? This spring, Deputy Secretary England of Homeland Security Department stated, "merica has been fighting the ISM's, communism, fascism, socialism, and the battle against terrorism may last for decades as it did for the others." I submit that permanent funding must be found to support protecting our seaports.

I believe that Congressional Bill HR 2193, "Port Security Improvement Act of 2003" may offer the solution. The Port of Los Angeles believes that US Customs revenues, collected from imported commodities using maritime transportation, can be applied to security infrastructure and security improvements. According to US Customs, Port of Los Angeles users pay approximately $12 million each day in Customs duties, with the Los Angeles Customs District leading the nation in total duties collected for maritime.

This is a growth industry. We have previously submitted in Port of Los Angeles written testimony that growth in US Customs revenues increases from year to year and that it grows almost $1 billion a year. Port of Los Angeles suggests taking a single year's increment, not just for our port, but for all the ports in the United States, as a set aside to allow us to have the security materials that we need in the ports. It is key that the funds should be distributed based on a port's size and overall contribution to the nation's commerce. Port of Los Angeles, therefore, continues to strongly believe that Customs revenues can provide the appropriate source for funding the additional security required at our nation's seaports.

I thank you for the opportunity to testify and to share my concerns regarding the security of the Port of Los Angeles, our industry and our country.

Chairman COX. I want to thank you very much for your outstanding testimony and your assistance to this Committee.

And, Chief Cunningham, I want to begin with the comments that you made because they are a constant theme in our oversight.

I was just trying to see if we had a written statement from you. I don't believe that we do.

Chief CUNNINGHAM. I am very sorry. They were submitted. But I do have copies. It was submitted through the Internet.

Chairman COX. So I don't have the hard copy before me on the numbers that you just gave us, but I was making notes that the numbers in your testimony that addresses overall the problems that you're experiencing of insufficient monies is 1/2 percent of the total grants?

Chief CUNNINGHAM. Yes.

Chairman COX. Obviously, that is unacceptable. There isn't any question that the Ports of Los Angeles and Long Beach are the most significant in our nation, one of the most significant in the world—Number 3 in the world. And any formula for allocating funds has to take this into account.

We hope over time that we get better at basing our grants on threat assessment. As you know, we just had the very first in our nation's history, a comprehensive assessment produced by the CIA and FBI of the terrorist threat to the United States of America.

We're in the process right now of producing a vulnerability assessment according to threat vulnerability to our critical infrastructure.

It's enormously complicated. It's the physical analogy of the United States of America mapping the human genome. But we have to have that. As Ms. Harman reminded us when she made her presentation earlier today, how important this is to get this benchmark so that we can rank our priorities so that we can spend our money wisely. At a minimum, you have to send that money out according to what we perceive to be or understand to be the greatest vulnerabilities and greatest threats and not on a seat-of-the-pants basis.

There's no question about what we're looking at here. But we have a continuing problem as we look at this from 30,000 feet, trying to get the big picture.There's a continuing problem of funding, where these monies are going. There's a premise that I think I am

quickly coming to object to that the norm for distribution of these funds should be through the states and through the governors.

I think a lot of us recognize that Washington doesn't know best and we want local control of the monies. We do want money sent to you, and if you don't get it, it goes somewhere nearby. Then that's as good as sending you none at all.

Here's the figures that I do have. You talked about seeing in the first batch $750,000, and in the second batch $800,000. This is not a lot of money.

Here are the figures I have about what checks were actually cut and sent out here. In fiscal year 2003, that is fiscal year that began in October 1 of 2002, $12 million in the first round went to Los Angeles city direct. $9 million went to Los Angeles/Long Beach harbor. Another $6 million went to Long Beach. $18.7 million, the second round, went to L.A. County and region, part of this high-risk cities money. That totals $45.7 million for the last fiscal year. Another $45 million went through Sacramento, of which we're told $15 million has or will come to Los Angeles, and that has or will—may be a big difference.

But that would total $60 million direct from the Department of Homeland Security through grants to Los Angeles in the current fiscal year.

That money is out there. It's gone to Los Angeles, and yet you're seeing $750,000 in the first instance out of million—I believe was the figure you quoted—and then 800,000 the second time around.

So obviously, a bit of scrutiny. One wonders if it's Enron accounting or whether the money is off with the weapons of mass destruction or what happened to it.

We need to get it to you, and I think that's the intent of everybody sitting up here today. It's the intent of Congress. I believe it's the intent of the Department. This is not the sort of thing that we can tolerate, so we will not tolerate it. We will make sure that it works.

In the time that I have remaining, I want to ask each of the members of the panel, and please address it according to your own interests in the subject, and I want to focus on the beginning of the supply chain.

One of the things to which we've been educated through this process is how important it is to look at the whole supply chain when you are looking at container security. We're working with Hong Kong and Singapore. What I would like to know is whether or not that foreign cooperation is satisfactory to you.

How are foreign governments responding in this initiative? Are they affording access to their ports the same way we are affording access to us?

How are we exchanging intelligence?

Is that working?

It's a big piece and also something that Congress and the federal government have to take a special responsibility for because it involves our international relationships.

Chief CUNNINGHAM. Actually, that response is in the camp of Vera Adams, Customs. But I may add on behalf of the Port Authorities, both L.A./Long Beach and Seattle/ Tacoma and New York/New Jersey, Operation Safe Commerce has afforded the ports

an opportunity to represent the industry and to provide a vehicle to get money to the industry and to the vendors that are testing various technologies.

And to that end, we have entered several agreements with private partners and also with ports overseas to work together toward meeting those goals.

And so from a standpoint of dealing with business, the business community that are stationed overseas, the shippers and the like, we've gained just an enormous amount of cooperation.

There are proprietary concerns that each of these agencies have. Quite frankly, that's understandable. And we do our best to keep that information confidential.

But the fact that when you're dealing from government to government, that belongs to our Customs and Coast Guard.

Chairman COX. Ms. Adams?

Ms. ADAMS. Thank you, Chairman.

With respect to the Container Security Initiative, if I can touch on how the process works, Customs and Border Protection has deployed our officers overseas to work in at least, up to now, 19 of the top 20 foreign ports have signed on.

They're deployed in, currently, most of those, including Singapore which is key to our port security.

Chairman COX. Which has not signed on? And is that due to reluctance?

Ms. ADAMS. It is one of the Korean ports, I think. But Korea itself signed on with one of those ports. No, I don't think it's reluctance at this point.

The way it works is the Customs and Border Protection officers that are overseas, work with our own automated targeting systems to target containers that are deemed high-risk before they are laden on board the ship that is sitting, waiting to receive those containers in that foreign port.

If they see something based on the intelligence they're receiving and the score that the targeting system has delivered for that container for that shipment, they will consult with the foreign Customs service on that container.

Many times that foreign Customs service will know more information about the shipper, the manufacturer that is—that has stuffed the container with the goods, and might be able to lend weight as to whether it should be determined to be a high-risk container or not.

If it is determined that there's some high-risk associated with that container, we can request that the foreign Customs service please examine that container, either using nonintrusive inspection technology similar to our own VACIS trucks or by hand.

This is their sovereign right. They can examine it if they choose to or not. But so far they have been very cooperative.

Whether there's any findings or not regarding that container, that information is communicated back here to the United States to the port where that container is destined to come in.

So daily we receive messages from our colleagues overseas telling us, "We looked at this shipment. It was okay. We looked at this shipment. There's something wrong with it. You might want to ex-

amine it when it gets there," et cetera. And that's how the process works.

Chairman COX. Does any member of the panel wish to address this point?

Captain Holmes.

Captain HOLMES. Yes. I would only add that we have begun to take a look at different types of supply chains, and they are numerous. And that's one of the things about Operation Safe Commerce to look at.

In many cases, as Ms. Adams would certainly agree, the cargo has been handled or touched or moved dozens of times from the time it leaves the manufacturer to the time it even gets to the port of embarkation in Singapore or Hong Kong.

I think that's one of the reasons why the ports collectively in there Operation Safe Commerce engaged Sandia Labs in this endeavor because we feel it is essential to look at these supply chains and apply solutions that fit the different supply chains.

In the port we have the supply chains that range from the sort of ridiculous to the sublime.

We have the large auto manufacturers that makes the parts, loads the parts, ships the parts.

And we also have the manufacturers that make a plastic article somewhere in the middle of China, that passes hands ten or 15 times between the time it's manufactured and the time it gets to the port of Singapore or Hong Kong.

I think it's important to recognize that no two supply chains are really alike. And the methods that you use for security may be different depending on where the—where the goods originate, and how many, you know, how many individuals handle it between the time it's manufactured and the time it gets to the port.

In one case you may want to look at nonintrusive technology, like the VACIS machine, or perhaps radiation detection, CBR detection.

In another case, with a more simplistic supply chain, you might want to focus on CSI or KT might be effective.

I think it's important that someone, just like your point on taking a very good look at the infrastructure and what risks are—or what is higher risk than others.

I think it's important that someone looks good at the supply chains and does a good supply chain analysis in order to apply the best technologies and the best preventative measures to different types of supply chains.

Chairman COX. I think we will hear a little bit more about that when we hear from Sandia National Laboratory in our next panel.

My last question, because my time will soon expire, concerns intelligence support for our port security efforts. I want to know whether or not you think it's working.

Do you get enough timely, reliable, relevant information from the federal government to, including from our intelligence services, to enable you to determine which potential threats you should be concerned with and, on the other hand, those which are probably not directed your way? I'm also interested in how that information gets to you and whether it comes in a usable form or whether it comes with access restrictions that make it less than useful.

Captain HOLMES. I've been told this was mine, so I will take it.

One of the things that improved markedly since 9/11 is the amount and type of intelligence data that we get. And often cases now, the good news is we get it repeatedly from multiple federal agencies.

So I will get a piece of data perhaps directly through my pipeline, and then I will get it shortly thereafter from U.S. Customs, FBI, Secret Service or the CIA.

We get good data on vessels coming in. I think that's one of the reasons why we, with the Customs and Border Protection, decided that the time was appropriate for us to put together a single targeting unit that uses all the data available to target the ships, the cargo and the people.

So I would have to say that I'm very comfortable with the information that I'm getting. I think in this marriage of the agencies in the Homeland Security Department, we're going to work through some of the administrative difficulties.

The good news is that at this point in time, we're getting it three and four times over. I would have to say, however, that one of the difficulties that's presented itself, and this is something that we've discussed with the Homeland Security Department when they came through Los Angeles to talk to us, is the whole issue of how we get information down to the port users because we exist in a federal system of clearances which is necessary but in a sense sometimes cumbersome.

The government has made great efforts to try to make some of this information law enforcement sensitive, or a new category called "sensitive security information."

But the whole idea of trying to get information that's perhaps classified in a federal sense down to the ports is—it's impossible to do so. Very few local law enforcement people have federal security clearances.

We are fortunate here in that the sheriff's department has a terrorist early warning center where all of the state and local law enforcement officers have federal security clearances.

But for me to try to get information, for example, directly to Mr. Ellis or Chief Cunningham, if it is classified by the federal government, I, frankly, cannot give it to them.

Chairman COX. So you are stating clearly that you can't do it. Am I also correctly inferring that you need to do it, and that this is hampering your efforts?

Captain HOLMES. We have, in some cases, particularly with our Vessel Traffic Service that is a partner with us—they're a private sector partner—got the director and executive director federal security clearances.

But there are certainly times when we get information that we cannot pass down to the port security people, that—or the LAPD or Long Beach Police Department, that we would very much like to get to them.

Chairman COX. I'm anxious to hear from both Mr. Ellis and Mr. Cunningham on the point.

Mr. William ELLIS. Mr. Chairman, if I may, although I've spent almost 40 years as a law enforcement officer and my current role as director of security, I head a security force, and therefore, I'm not part of law enforcement.

While charged with the responsibility for the security of the port, I find myself having to rely on systems outside the official channels in order to get alerts in some cases.

It's difficult when information is placed into a classified system, when you're not part of that system, to get the appropriate notifications at the appropriate times.

Captain Holmes has been extremely helpful, but he's limited by certain constraints and not allowed to release certain information.

But we find ourselves as a port who operate with a security force, rather than a law enforcement agency, oftentimes hamstrung when it comes to trying to gain intelligence on activities that impact that port. So it's a major concern to us.

And I think Chief Cunningham has a comment.

Chief CUNNINGHAM. It is a very awkward type of process. I do happen to hold a secret clearance, so I do get information from the FBI and naval intelligence and others. However, it's basically my law enforcement position that I do get—that I received that clearance.

However, I'm—oftentimes once I receive this information, that I—quite often I have to talk in code to my staff and to my officers in the trenches because the information is classified, and I can't be specific as to why they must stand and watch this vessel for this period of time. And that's a very, very awkward situation. I can just imagine how it is for the Captain of the Port.

I get my information from several sources, primarily from that of Chief Bratton and John Miller from the Counter-Terrorism Bureau that was established. And I get my information from John Miller and his staff. They work close in hand on the Joint Terrorism Task Forces.

We also have a member of the Joint—of the—a sworn police officer that's a member of that task force, so that's a benefit also.

I also get information from Vera Adams and from John Holmes as pertains to the movement of cargo and intelligence.

Often, though, that information is not very clear to me because neither Captain Holmes nor Ms. Adams knew that I had a secret clearance, and I did not know that he did not know that until just now.

So now that I am testifying, to let Captain Holmes know that I do have that clearance, I can get a little bit more information.

Chairman COX. We're happy that this field hearing can provide a fusion center. I believe in making these connections.

We've learned two things today, and that is that the things you need from the federal government you are not getting in the way that you need to get them. The things that the federal government must provide for homeland security to work are money and information.

And the information piece is every bit as important as the money because if we give you money but no information, it can't possibly be wisely spent.

So we will definitely take this to heart on the airplane from Colorado where we visited the U.S. Northern command yesterday. We actually worked out language that will be almost certainly included in the Response Authorization Bill that will come to the floor of the House next week that directly addresses this point and authorizes

a program between the Department and you all that will involve the CIA, as head of the intelligence community, to make this process work. So we fully intend to address that, as well.

But I understand that it's not working, and you are describing the ways in which it could work better, and this is not a rosy picture, but it is enormously helpful. What you are describing, we can act on.

Ms. SANCHEZ. Mr. Chairman, I'm about to lose a member on this side from Texas. I will just allow Ms. Lee to go ahead.

Chairman COX. I recognize Ms. Jackson-Lee.

Ms. JACKSON-LEE. Thank you, Congresswoman Sanchez, for her enormous generosity. These are important hearings and important times. Let me apologize to the panel in its entirety, and I'm focusing on two members, in light of the fact that despite the important nature of this Committee, airplanes do not wait. So I thank you for your recognition of that.

Let me, first of all, acknowledge a common agreement now with the Chairman, and I hope we can go back to Washington and immediately work on this issue because I think it's important.

Chief Cunningham, to emphasize and sort of distinguish the funds that are coming in, I believe you were speaking to funds dealing with the port. And some of the numbers I think were attributable to first-responders.

One of the things that we want to come and learn and understand is we don't want to pit any of the local entities against each other, particularly when we know we're in a vulnerable community.

I noticed that Los Angeles received some grants under the High Threat Urban Areas, so we already established that this is an area that is subject or could be subject, in terms of a very expansive nature, to terrorist threats and terrorist acts.

And what I would hope is that we can respond to your numbers that out of the 300 million or 3—300 million, that only 92—went to port security, if I understand what your numbers are, and then you broke them down.

That's an important question that I think we can work on with this Committee.

Then I would also say I hope that we would have agreement, and this is going into the record so I hope it will be taken note by the Chairman and by the Vice-Chairman.

I know it will be taken note by my Ranking Member because she said it very often, is that these local monies, if they're monies coming to a local entity, let's get them to you.

I'm going to go a step further. In a hearing last Thursday, I asked for a reprieve, a waiver, an untangling of the application process, because homeland security is of a crisis nature. It's a necessity.

It's a little bit different from the Department of Education which is certainly a high priority for our children. It's a little different from the Department of Energy, or grants that can be given, and I don't want to cite any particular department. They will call me Monday and say they're important too.

Getting these monies to you quickly I think is important. Getting them to the source is important.

And the way we have the structure now, it goes to the state. The state makes a determination. You send a grant application in.

I don't know when you—I'm sure Seattle and everywhere else.

Let me raise this question and then I will thank the Congresswoman. I have two questions that I would like to focus on.

Ms. Adams, earlier today you mentioned percent of incoming containers are screened. And I understand that for 98 percent or so, this consists of computerized checks of supplier information.

In determining the high-risk containers, what information is used and for how many of these containers do you only have manifests which are often limited in scope and accuracy?

And then what would the current system do to identify and protect against terrorists that are able to infiltrate containers coming from trusted shippers in countries that are friendly to the United States?

And that question is to you. And then, Chief Cunningham, you could follow, and I appreciate your abbreviated answer.

But Chief Cunningham, you know I posed a question to you about the surrounding community. You can respond to that because at the beginning of your testimony today, you said that the focus might be economic terrorism, but I know you didn't intend to suggest that the terrorism would not impact negatively on communities or that the terrorists would not do something that would be detrimental or deadly to the personnel or those in the surrounding community. And I know you are concerned about that.

Ms. Adams?

Ms. ADAMS. With respect to the numbers, yes, we do screen 100 percent of the information that is supplied by the carriers on the manifests pertaining to all the containers that are coming over in this direction;.

That the information that is used is—there's approximately 19 data elements on the manifest. They range from the shipper, the reporter, the carrier, port of lading—a whole host of information—commodity description, marks and numbers, to the continuity, who is receiving it here in the United States.

All of this information is fed into the Automated Targeting System, a very sophisticated computer system that analyzes all of that information against a very large rule set.

Those rules are developed nationally at the National Targeting Center and—in Virginia.

What they do is help sort through all of that information and red flag any of the information that looks discrepant, anomalous, risky, incomplete.

Ms. JACKSON-LEE. Do you know whether or not they do something different or if friendly countries get less of an assessment in Virginia?

Is there something in place that deals with the fact that a friendly country's shipping could be infiltrated by a terrorist doing harm?

Ms. ADAMS. Even shipping coming from friendly countries go through the screening process.

You never know that a container coming from a friendly country, not as high-risk, say, as some of the countries that you might think, but the container itself or the goods may actually have originated somewhere other than where the container is from.

So all of the containers are screened at the same level initially as any other container.

Ms. JACKSON-LEE. And paperwork and computer analyses, et cetera, do you do any physical inspections here pursuant to this 100 percent that you are telling us about?

Ms. ADAMS. Yes. Out of this 100 percent, the computer will generate a risk score for the highest risk containers.

100 percent of those that are designated high-risk, undergo an inspection here when the container gets to the port.

The nature of that inspection at minimum must include an inspection by our mobile X-ray trucks, you know, basically producing an X-ray-type image of the container to look for anomalies.

Ms. JACKSON-LEE. You have that equipment here?

Ms. ADAMS. Yes, I do.

Ms. JACKSON-LEE. Thank you for your answer. Chief Cunningham?

Chief CUNNINGHAM. Yes. Thank you for the opportunity to respond.

I certainly would always put protection of people ahead of property. And in this particular instance, yes, we are working on many programs that go out to our community.

The several that I may identify is the—which was funded, by the way, the $750,000 that I mentioned earlier was actually a $1.5 million program to begin the study for Container Inspection Sites on the Waterfront.

And indirectly, this is a program that would keep the containers on the waterfront and not on the freeways and not within the communities, being trucked through the communities, if there was a danger there. So this is one of those indirect protections that we get out of the grant process for the community.

Other programs that we have—we received a, with Long Beach, an Incident Management Signage Program where we warn our community and our users of the port of dangers that may—that may be there; alert status of rerouting traffic and the like.

We're also in the process—.

Ms. JACKSON-LEE. Let me allow you to finish your answer in my absence.

The key I wanted you to get on the record, you are concerned about the surrounding communities and that there are procedures in place that you're working with the surrounding communities. And when I say that, I mean neighborhoods.

Chief CUNNINGHAM. Absolutely.

Ms. JACKSON-LEE. And if you wish to continue, but I think I got the gist of it from my questioning.

And I thank the Congresswoman for yielding to me.

I also will say that you made a point by getting dollars to the local communities and local entities, and we will go back to Washington to work on that. Thank you.

Chief CUNNINGHAM. Thank you.

Chairman COX. The gentlelady from Washington, Vice-Chairman Ms. Dunn is recognized.

Ms. DUNN. Thank you very much, Mr. Chairman.

Fascinating testimony. Very useful to us.

I want to harken back to the degree of cooperation that I noticed today. It was really helpful to get the background material but also the firsthand conversation on how you are working together.

I think this Port Security Committee that was started before 9/11, in July of that year, as a matter of fact, ironic to be thinking about these things for a long time, worrying about them, losing sleep over them. And that's hopeful.

I have heard some interesting things today that came out of the cooperative arrangement—the divers inspecting the hulls of refinery vessels outside the port, for example. I think that's useful and comes to your point, Chief, about the economic horrors that would ensue.

The major port that we have for all container products coming into the United States being simply put into a disuse because of an explosion of an oil tanker. The boarding of the ships with questionable manifests or origins or cargos, that's got to be useful.

And I have talked with folks in my home town of Seattle about that sort of thing too. And they're doing just what you're doing.

Captain Holmes, I wanted to ask you, in my visits with Coast Guard and Customs and so forth in Seattle, I have found that because of the new security requirements, that their emphasis on their activities has had to shift. For example, protecting the coastline has gone down in emphasis. And I'm really curious as to the substance of where you are able to put your resources. I'm wondering if you could characterize the security challenges, the new responses to those challenges, before, for example, where you were watching out after contraband smuggling more than you are now, and had you shifted emphasis, if you have, in what way have you had to do this?

And were you sacrificing or concerned about that because you need to pay attention to the new security and threats of terrorism?

Captain HOLMES. I think it would suffice to say, as we talked about earlier, the Coast Guard invigorated an old business that hadn't been in place since the second World War.

As we talked about, port security was a small part that we did, and post-9/11, that that particular business line—and the figures speak for themselves.

I think pre-9/11, it was about 3 percent of our budget. Post-9/11 it zoomed to be about percent. And now it's gone down to a lesser figure.

We were fortunate in that the search capacity initially was filled by, to a large extent, members of other agencies.

Initially, on 9/11—prior to 9/11, we have qualified a number of other agency people as shipboard boarding officers.

Immediately after 9/11, we filled that gap, that search capacity was filled by members of legacy Customs, legacy Immigrations, FBI, Secret Service. We used those people as sort of a—sort of a surge filler.

Subsequent to that, then we called on at least at the L.A. Seaport, a number of reserves, and at one point in time, we had over 100 reserves. And we still have a number of reserves on board. But in the interim, they are—the reserves that have gone back to their families, their positions have largely been filled by active duty additions to the command. So I'm comfortable to say that throughout

this process, we have been very cognizant of the fact that we have a number of other missions to fulfill:

No oil spill went uninvestigated. No commercial accident went uninvestigated. No search and rescue case was not prosecuted the same as it would be before.

I think there were difficult times when we pushed our people to the limit. But subsequent to that, we have gotten the people and resources to fill the gaps.

But I can only speak from the perspective here, and I don't know how we would have done it without a number of other agencies that filled the gaps for us.

Ms. DUNN. That's another one of those cooperative efforts. I appreciate that.

I would ask you more questions if I had time, but I don't.

I'm wondering, Mr. Ellis, if you could help me out with the mandates. I understand when the threat level rises, it's far more expensive to continue operations.

I'm wondering how much of that increase is due to federal mandates. Are there any federal mandates that the port leadership would have recommended in any event on their own? And I would like to know also, specifically, when a threat level rises, are you required to take particular action to increase security?

Mr. William ELLIS. To take a couple portions of your question, first of all, when the security level rises—the national security level is indicated by a color scheme. In the port we follow the Coast Guard's security levels, and there's three levels to that system.

When we hear from the captain of the port that the security within the port is going up, we notify all of our tenants to take increased security measures, to the point of requiring them to have additional security staff on board, escort people to various locations, when normally they can move, once they identify themselves, through a terminal area.

When individuals come into the port building, for example, the administration building, under normal circumstances, they come in and identify themselves and then are directed to the office they would be seeking.

When the security level rises, we then have to move into a mode of escorting those individuals to where they go. That takes additional time and manpower.

Ms. DUNN. Is that required by federal mandate or a choice you provide to do that additional security?

Mr. WILLIAM ELLIS. Escorting individuals is part of the security at marine port that's indicated.

And there exists facilities that are part of our infrastructure—bridges, pipelines, terminal buildings—that as heightened security is needed, we feel it appropriate to put additional staffing to guard those locations.

So it's both brought on by national level concerns and areas that we identify within the port that we feel are critical and that we need to cover those.

Ms. DUNN. That's exactly what I needed to know.

Ms. Adams, let me ask you a question with regard to cargo examinations.

I'm delighted to hear your update that we have agreements with 19 of the 20 megaports; is that true—.

Ms. ADAMS. That's correct.

Ms. DUNN. —around the nation—I mean—what did I say?

Ms. SANCHEZ. "Nation."

Ms. DUNN. When we are trying to protect the security of the people who live in the United States, we don't want to be doing it here at the Port of Los Angeles or Port of Seattle. We want to do it at the Port of Singapore or Hong Kong or wherever it is.

It seems to me that's where the problem can be nipped in the bud if we are capable of doing that.

We talked about the technology that can be used. But to have people on the ground, as this Container Security Initiative is involving, and just as our people are beginning to deploy to these locations to watch the boarding of cargo and to move along with the technology that we expect to have, that it will maintain our ability to prove whether containers have been tampered with, I think that's the direction that we have to go.

And as much as I value the technology that we saw today—the radiation portals—that's really on our home territory.

And as many members of this Committee made the point, all of our cities and communities are very close to the ports, and also you don't want to slow down the flow of commerce once you get there.

I would like to know, how long does it take to scan a container? How many personnel does it take? What's involved?

And what innovations in technology do you see coming to the forefront, perhaps the private sector or government labs around the country, that will be able to provide really good container investigation?

How do you envision this working in the future if it were a perfect system?

Ms. ADAMS. To answer your first question, the VACIS trucks can scan a container in the space of anywhere from 30 seconds to three minutes depending on the complexity of the scan; Whereas, previously without that technology, we would be forced to take the container to a warehouse; open it up; spread all the contents on the floor; and examine the contents box by box, which, for a noncomplicated exam, would take approximately five hours or more.

The number of people required to do the VACIS exam is approximately five, a team of five per truck.

The number of people it would take to examine merchandise if we spread it out on a warehouse floor is also approximately five.

So the gains that we get from the technology really allow us to bump up the number of exams we're able to do in the port without pulling those containers out of the chain and disrupting, say, just-in-time inventories for the importers.

Chairman COX. Just a moment—.

Ms. DUNN. Is it radiation that you are looking for with VACIS?

Ms. ADAMS. We're looking for any anomaly in that image scan.

Chairman COX. I just want to make sure that our reporter understands when we're talking about that, and people that read the record will understand, when we say VACIS—I don't know if others have seen this equipment.

Do you want to tell us how that's spelled.

Ms. ADAMS. Sure. VACIS, Vehicle and Cargo Inspection System.

In effect, what it is, it is a large truck equipped with X-ray equipment or gamma ray equipment that produces an X-ray-like image of the contents of that container.

Can you repeat the second question?

Ms. DUNN. I wonder if you were to envision the perfect system that we will never reach but would like to reach that would provide for rapid scanning of a product as it comes through our ports so that we don't interrupt commerce, what else do we need to be thinking about?

Ms. ADAMS. Ideally? Ideally, I would love to see a container that can tell us where it is on the globe at any time from the time it leaves the manufacturer to the time it's delivered to the distributor here in the United States.

And I would love, ideally, to have the ability to have radiation detection equipment throughout the port, which is something we're working on trying to develop, as well as a method to determine biochemical presence, again, a program that a lot of entities are already working on, including ourselves with respect to K9 program, that can detect some chemical weaponry.

And ideally, we would love to just be able to have even greater, always constantly improving, evolving technology that will improve our capabilities to detect even the most minute quantity of anything that would be dangerous in any of those containers in general.

Ms. DUNN. And you probably would like to be doing that in Singapore instead of the Port of Los Angeles?

Ms. ADAMS. Yes. The whole premise of the Customs and Border Protection strategy is that we here in the United States should be the last line of defense. We shouldn't be the first line of defense.

Ms. DUNN. Thank you very much. Thank you, Mr. Chairman.

Chairman COX. The gentlelady from California, Ms. Sanchez, is recognized for her questions.

Ms. SANCHEZ. Thank you, Mr. Chairman.

The first thing I want to do is clear up something the Chairman was talking about earlier when he asked Chief Cunningham about all of this money that the city of Los Angeles got.

I want to clarify that the numbers that the city got are the numbers for the overall DHS stuff coming down to the city of Los Angeles.

In other words, not the targeted stuff to the ports. It's for first-responders, bridges, other issues that the city might have.

And even when we look at those numbers when they're coming to the city of Los Angeles, the fact of the matter is, you sit down with the people who really have to have the money in their hands in order to pay for this, as Chief Cunningham does.

The fact of the matter is, even though the money has been appropriated or allocated or press-conferenced with, you know, "We're sending $12 million out of this $80 million specifically to the city of Los Angeles."

When you ask the controller of the city of Los Angeles, "Have you received the check or has that wire come in?" The answer is going to be, "No."

How do I know this? I know this because I have Mayor Hahn's office calling me, telling me, "We haven't received the money yet. We're told it's in the pipeline."

We may have been allocating. We may have been appropriating and said, "We're sending them," and made press conferences. But the fact—I do believe that Chief Cunningham's numbers, that that is actually the amount he's seen come into the Port of Los Angeles for the things that they need, so we need to remember.

And that's one of the biggest things we might be able to work on, Mr. Chairman, is how do we shorten that pipeline or where is the hole in that pipeline because these cities—it's not just the port. It's also the first-responders and others who need the money, not tomorrow or the next day. So that would be the first thing I would like to say.

And then I have several questions. I wanted to talk to Ms. Adams for a minute about your testimony because you've been very cheery. You were cheery this morning. You were cheery in your testimony about, you know, "We're pushing it back. We got these 19 ports."

You know, we had testimony last week or the week before with respect to this whole issue.

The fact of the matter is, even though you have 19 of the superports worldwide signed on to do this stuff, there's only 10 ports which are active with respect to people from your agencies that are actually out there.

If we're lucky—if we're lucky at some of those ports, we might have five of your people, you know, being out there, doing this stuff. So they don't have the equipment.

In fact, now we've signed on some Muslim countries that have megaports that are not trying to find the IMF or World Bank to come in and fund some of the equipment they need because there's no way they're going to be able to get radiological or other equipment to check.

So how can this be so rosy that we know that even if you got 19 of the 20 signed up. You only got people in ten of them, and some places only one person, and they cannot be doing all of the containers coming here to Los Angeles.

And on top of that, the director of DHS reported that personnel were understaffed or poorly trained. And a big issue on poorly trained or given too many collateral duties that diverted their focus on targeting from real targeting.

So knowing all of this, tell me really what you think is happening at the port with respect to targeting, pushing out the targeting to other areas of containers that are heading to the Port of Los Angeles and Long Beach.

Ms. ADAMS. First, I would like to say, you know, I am incredibly encouraged by the strategy that Customs and Border Protection has adopted.

I've been in Customs for 14 years, and the strategy that's developed is practical. It's useful, and it's showing itself that that is working.

And there's room for improvement. And do we have a long way to go? Absolutely.

I am encouraged by the strategy, and I think it's working.

Ms. SANCHEZ. So the strategy is good?

Ms. ADAMS. The strategy is good.

Ms. SANCHEZ. What is really happening, so that we can get resources to you, talk to other ports, get this underway, actually get people trained?

Ms. ADAMS. Yeah. Hong Kong, in terms of the ports where we are up and operating overseas for the Container Security Initiative, we're up and operating in Hong Kong and Singapore, two of which are the longest feeder ports for stuff coming to us.

90 percent of the cargo coming to L.A./ Long Beach comes from Asia.

Getting those two ports on board covers a large percentage of the volume coming this way.

Laem Chabang from Thailand signed on the agreement. Whether they get up and running, that will be another one.

As far as the training and understaffing, Congress, in its appropriations, has been generous to us.

A lot of that has funneled down to us in L.A./Long Beach Seaport. We received an allocation of an additional 118 legacy Customs positions. Many of those are currently in our Federal Law Enforcement Training Center in Glencoe.

I'm eager to get them out of school and deploy them.

Ms. SANCHEZ. They're not here?

Ms. ADAMS. Some are here already, and half are in the training mode. And when they get here—.

The reason I'm rosy and encouraged is because they're on their way, and that will be monumental to our effort here.

As far as training goes, we're one of the leading targeting ports in the country. In fact, we're one of the national training centers for people that—Customs officers that are going to be deployed overseas.

We have a lot of expertise in this port. We train the rest of the country. In terms of being trained, I think we're—we're extremely well off here in L.A./Long Beach.

Ms. SANCHEZ. Captain Holmes, first of all, thank you so much for educating me so much on the issues with respect to the ports.

I have some questions with respect—and I don't know who is going to answer them. I figured it would be Captain Holmes and maybe the two Chiefs.

I have a question about the different lanes of travel that you have coming into the port.

There's some ports that only have one, the access points, and how you spread your resources in order to ensure that you're getting everybody that's coming in because there's different trucks coming in.

I have a question about trucks. The truckers coming in, what's the—what's the system? What are we checking for, for the actual truckers who come through to actually pick up these containers?

I have a question with respect to the refineries. Is there anything special? Any special safety or equipment that you need or are thinking about with respect to the petroleum that comes through Long Beach?

I believe we can start with those three. Gentlemen, I don't know which one will answer what.

Captain HOLMES. I will be happy to take the shipping question. And the trucking question, Chief Cunningham can answer best. And with respect to the petrochemicals, Long Beach is the bigger of the two petrochemical ports.

We know the ships coming in and where they're coming from at least four days in advance.

Shortly after 9/11, the Coast Guard wrote a new section of regulations that requires hours' notice that provides us with information on the ships, the cargo and the people on board.

That's the same information we share with Customs and the new targeting unit with respect to the ships coming in.

Fundamentally, we have, as you've seen, the Vessel Traffic Service, which is very much like an air traffic control center. That information we get is shared with them.

They also know four days in advance where the ships are coming from. When the ships are approximately 50 miles offshore, we pick them up on radar, although the actual legal zone where they have to comply with the reg is 25 miles from the Vessel Traffic Service.

And then from there, the ships are directed in by the Vessel Traffic Service into—we only have two entrances. We have, of course, the Angels Gate in Los Angeles and the Queens Gate in Long Beach.

So we have very good track of the vessels, from where they report into the system until they come into the harbor.

Once—at three miles out, the pilots come on board the vessels, and the pilots take them into the docks.

So we have very good awareness of where the vessels are, where they're coming in. We know long before they are coming in, and we have made the decision what we're going to do with the vessels days before they appear on the radar of the Vessel Traffic Service.

And that decision could be anything from letting them come into the dock after picking up a pilot; They could be boarded by a joint boarding team out at sea;.

They could be escorted in by Coast Guard cutters or have sea marshal teams embark.

So with respect to the knowledge of the—I think the long-term view of maritime domain awareness is knowing where vessels are hundreds of miles out to sea or at the point where they leave the docks at Hong Kong, Singapore or Yokohama or any other Asian countries.

At this point we have information from the computer database four days before they get in, and we have the physical idea of where the vessels are when they check into the Vessel Traffic Service system.

Mr. WILLIAM ELLIS. Thank you. If I may touch on the petroleum industry and the liquid bulk cargo that comes into our port, Long Beach, as indicated, is one of the largest ports to receive this type of cargo in the country.

At the time of 9/11, of all the terminal operations that we had in the port and continue to have to this point, the petroleum industry, because of their safety requirements and because of the nature of the product they deal with, had in place more security and more safety provisions than any other portion of the industry.

We find as we look about the port and we check for weaknesses in security, that of all the operators within the port, the petroleum industry probably has the better systems in place for dealing with problems on their facilities.

However, there are still a good number of vulnerabilities in terms of the pipelines that lead to and from those areas.

We've been working with Sandia to look at those facilities, that—and that infrastructure that leads in and out of the port, to identify vulnerability issues and try to develop methods to provide the protection levels that we feel are necessary for the facilities themselves.

The terminals that you see, that you flew over and had the opportunity to look at today, are very well secured. However, the infrastructure that feeds those causes us concern. And also the movement of the ships coming in and out of the port is also an area of concern.

Ms. SANCHEZ. Thank you, Chief.

The Chief on trucking?

Chief CUNNINGHAM. Yes. I believe that that's probably the most complicated out of the three, the three that you asked us to comment on. It is a very complicated situation. Certainly you are familiar with those complications.

We have approximately 11,000 truckers that are registered in the Southern California region. Many of them are independent operators. And so there's no—no way to reach all of the truckers in any type of coordinated fashion. This presents unique problems, especially when you are doing an orange or the maritime security alert is enacted. This makes it very difficult.

However, there are several approaches that have been used in the past to address the truckers. There's several professional associations, specifically the California Truckers Association. Many of the operators work through the California trucking associations.

We also reach the truckers through the shippers who hire many transportation companies, and we communicate through those shippers.

When the—the fact of the matter is, we have so many truckers and operators that we do have a high incidence, higher than any other portion of the trade, of fraud and corruption within the truck drivers, meaning cargo theft and the like. So it does require a lot—and coordinated investigations with the highway patrol, with Los Angeles Police Department, Long Beach Police Department and others that participate in the task forces that we do to address this issue.

When the alerts had increased, we do—there is a plan where we assign—police officers are assigned to trucking routes, and the highway patrol does likewise.

And in this plan, we identify those truckers most likely that are overloaded;.

Those truckers that perhaps have fit a profile of deserving a stop because of the load or because of the type of cargo that they're carrying—if it's HAZMAT or some other type of cargo, that there may be a high-risk on the freeway system.

We also have an intramodal Committee that we address. This Committee is a Committee of terminal operators that deal with

issues, trucking issues. And usually we address this Committee. And also we'll do posting with requests or security requests through this Committee that accesses and outreaches to the trucking industry.

Ms. SANCHEZ. Thank you, Chief.

And lastly, I assume that you pay for all of that or your municipalities pay for all of that extra work that you have to do?

Chief CUNNINGHAM. You are correct.

Ms. SANCHEZ. Thank you, Chief. And thank you for indulging me, Mr. Chairman.

Chairman COX. The gentlelady from the Virgin Islands, Ms. Christensen, is recognized for questions.

Mrs. CHRISTENSEN. Thank you, Mr. Chairman.

I know many of my questions have been answered in part or in whole, the questions or expanded answers. So some of my questions will be follow-up.

And, Captain Holmes, I will start with you because I also share the concern about the new emphasis on preventing terrorism and the impact on your other missions.

And I wanted to know just how specifically, how much staff—how much of your staff has increased since 9/11, and also your assets?

Captain HOLMES. I think the best thing for me to do would be to give you, as opposed to trying to give you roundabout figures, is give you exact figures and respond to that one in writing because we had that substantial increase in hardware, physical hardware—boats, marine safety and security team, which is a 100-man team which was out on the water today.

We have had a significant influx of personnel, plus we have a number of reserves that have been called on active duty.

So what I would have to say is we have been fortunate. We've been significantly plussed up with resources. But for me to give you an accurate depiction, it could be something that I would have to go back to the office and get the exact numbers and provide it to the Committee if that's okay.

Mrs. CHRISTENSEN. Fine. Thank you.

How many of your personnel—what percentage are reservists, and would you have any concern about the effect of activation on recruitment or the sustainability of the operations?

Captain HOLMES. That's an excellent question.

Initially after 9/11, about a quarter of my people were reserves. We went from approximately 250 to 350 people, and that 100 people were reserves. That really had a number of concerns associated with it.

One is, of course, disruption of the lives of the people who are reserves;.

Economic hardships: We had reserves that were businessmen, that owned their own business, and, of course, went back—went into the Coast Guard Reserves and lost substantial amounts of income based on coming into the reserves.

And the other thing is something that people often times don't recognize. My reserve force is made up largely of first-responders from other agencies.

If I had to say, the majority of my people are firefighters and police officers. So when I put on—.

For example, after 9/11 we instituted the Sea Marshal Program. We initially trained 100 Sea Marshals. Then we had 55. Probably 50 of those were police officers, which I had the sort of angst of knowing that I can—.

You know, in past times when you pulled reserves up to go overseas, you don't also have a crisis at home.

So I had to basically balance the issue of whether it was better for me to have 10 LAPD officers as Sea Marshals or whether it would be better to leave them with the LAPD during this crisis.

We had a number of law enforcement people. So that was one of the things that we really—really, it has to be considered in this sort of new era of homeland security.

A lot of the reserves are first-responders, which are taking away from first-response organizations.

I will give you a case in point. The Chief of Police of Pasadena is one of my reserves, and he was called up, and he's now overseas with one of the port security units.

So the issue is, is the Chief of Police of Pasadena better off as being Chief of Police of Pasadena or is he better in the Coast Guard?

There's, of course, healthcare issues. There's insurance issues. There's family issues.

We're very cognizant of that and very cognizant of trying to treat them well so they continue to be Coast Guard Reserves.

We're fortunate in that when we got our plus up in resources, most of our reserves—or I think I can say all of our reserves that we kept on now that are principally sea marshals and boat operators, are people that wanted to stay on the reserves.

It worked out that we were able to let most, if not all, of those people go home who wanted to go home and keep those people who wanted to stay on.

And we have been fortunate to have a number of people who were reservists who decided to go into the active Coast Guard, as well.

Mrs. CHRISTENSEN. Thank you for your answer.

And it is an issue this Committee has been concerned about. It was discussed yesterday at NorthCom, the calling in of the reservists and the impact it has on the communities and that now need additional protection.

The next question will go to Mr. Ellis, I think.

Chief Cunningham—when Chief Cunningham talked about the $15.5 million, I believe that was just for Port of Los Angeles.

And so, Mr. Ellis, did you do the same kind of—what did you request for Long Beach?

Mr. William ELLIS. Chief Cunningham, if I recall, submitted grant applications for $15.5 million.

Port of Long Beach submitted grant applications for $20.2 million.

Ms. CHRISTENSEN. So we're far short of where we need to be. And my last question would be a follow-up on the noncontainerized cargo.

Mr. Ellis talked about the petroleum products. But I guess there are other kinds of noncontainerized cargo which I would like to cover, the technology that we're funding.

What are the program protocols for screening noncontainerized cargo?

And are there concerns that we're not addressing this?

Mr. William ELLIS. Let me step back.

Operation Safe Commerce is primarily focused on containerized traffic that comes into the port.

We see a wide variety of commodities that come in, in bulk form, all the way from shiploads of fruit from South and Central America to lumber from Indonesia to obviously the petroleum and chemicals products that come in.

There's a variety of protocols that deal with the inspection of those, and I think that would be a step out of my territory if I didn't allow Ms. Adams to respond. She can tell you more appropriately.

Mrs. CHRISTENSEN. Thank you.

Ms. ADAMS. I will attempt.

In terms of bulk and break-bulk cargo, physical inspections can occur on that cargo. For example, we can look at the palletized, you know, bananas and such that are coming in.

In addition, from a cruise standpoint, the Immigration officers, which are now under Customs and Border Protection with me on the port, are all checked out. 100 percent of all the ships that come into the port from foreign lands are inspected from an Immigration and cruise standpoint, and the risk is assessed in that manner, as well.

So the other kinds of cargo that come in are coils of steel. In the event inspections of that need to occur, the inspections are more difficult, but we can still inspect them in general.

And for some of the palletized cargo, we will use the VACIS equipment on that.

Mrs. CHRISTENSEN. Thank you.

Chairman COX. I thank the gentlelady.

The gentleman from Florida who's joined our hearing and made extraordinary efforts to be with us, and we thank you for that, Mr. Diaz-Balart from Florida.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. It's a pleasure to be here—.

Mr. DIAZ-BALART. It is a pleasure to be here.

Mr. Chairman, I wish to commend you for holding this hearing on the protection of our commerce. Few issues are as important.

Being from south Florida where we have a number of very significant ports, both sea and airports, I am well aware of the importance of trade being facilitated and really made possible by those ports to our economy, thus the need to protect them.

In the short period of time that I've been here, by hearing the end of testimony and the answers to the questions that our colleagues have been making, I've been able to learn very important matters.

It seems as though what, pretty much what Latin America is to south Florida, Asia is to Los Angeles/Long Beach.

I don't think we're at 90 percent, which is, I think, Ms. Adams pointed that out, that percent of the cargo that comes to L.A./Long Beach is from Asia. But we're near in terms of the presence of Latin America to our area.

That was—to me it kind of created a point of concern the other day when in a Subcommittee hearing in Washington, we learned that none of the ports that have been entered into—that agreements have been entered into with, in the—in this marvelous program that I'm very encouraged by, the Container Security Initiative, have been with Latin America. That was a point of concern. And obviously, none of the top 20 ports we learned are Latin American ports.

But when you are from south Florida, certainly our percentage is very high of the trade with Latin America. So I would hope—.

And perhaps, Ms. Adams, I know that you are specifically dealing with and busy in dealing with Los Angeles/Long Beach, but if you could also transmit our concern to the DHS, that's something that I would appreciate.

I would like to try to hone in on, in the context of this extremely encouraging program, the CSI to the knowledge of you distinguished panelists, of how effective, so far, and I recognize this is a new reality, the CSI and agreements that have been recently entered into, but how effectively has the flow of information been, for example, from Customs information and foreign ports.

If you already addressed this, I'm sorry that I wasn't able to be here for your testimony.

How effective has the flow of information been from foreign ports to people working here in Los Angeles?

Ms. ADAMS. The flow of information has been very effective. They do the process of analysis of all containers aboard ships that come this way.

And when they find a container of interest, they consult with the foreign Customs counterparts and determine if an examination can be conducted.

If it's conducted, the results of those examinations are sent over to us with a message.

I myself am copied on these messages, so I know they are coming over. And they detail closely what they are interested in about that container, what the results of the analysis was, and what the results of the exam was. So it is coming over quite effectively.

Mr. DIAZ-BALART. And what mechanisms have you developed to share, the best practices if you will, between ports such as, for example, here Los Angeles/Long Beach and Miami?

Ms. ADAMS. Well, it's interesting that Miami is also one of the national training centers for the staff that are going to be deployed overseas for the Containers Security Initiative. L.A./Long Beach, we are, as well.

And that's very reflective of the targeting expertise that the two ports contain amongst the staff, so as the people being deployed overseas come in, all of that expertise is coming out in that training.

In addition, I know that we here at L.A./Long Beach have sent people to Miami, for example, to participate in an examination technique training that Miami conducts.

So there's a lot of information sharing going on amongst the ports. We're in constant communication with our networks, our peers, and not just at my level but the staff-to-staff level—pick up the phone and call each other anytime you have found something interesting.

So I know that a lot of the expertise in both ports, not just Miami and L.A./Long Beach, we help liberate that expertise and all the techniques that have been proven effective to the seaport staff from around the country.

Mr. DIAZ-BALART. Thank you very much, and I look forward to reading the written testimony from all four of the panelists.

Chairman COX. I want to thank the panel. You've been iron men and women here.

And we've given you quite a long spell, and particularly so because you were helpful to us before we got here.

I want to thank you again for not just the cooperation and assistance you provided the committee on this visit but, more importantly, for the work that you do every day to protect, as we've heard during this hearing, not only the people who live here in Southern California but the commerce of the entire country and, indeed, the world.

We're going to do everything that we can to give you the resources and information that you need to do your job even better. And we thank you.

And with that, I will excuse the panel.

Our next panel is equally distinguished, and I want to thank our next panel for your patience.

While we are waiting for our panel to be seated, I want to make a special recognition of two of the members of this panel, who are well known to everyone here, two sheriffs, Lee Baca and Mike Carona.

Lee Baca runs the largest sheriff's department in the nation. Mike Carona runs the fifth-largest sheriff's department in the nation.

And I would like to present to you two special awards if I may.

Chairman COX. This is what homeland security is all about.

In the days following September 11, President Bush made it very clear that we got to pull together and work across jurisdictions.

No two people in America are better known within their jurisdictions as leaders than Sheriffs Baca and Carona.

They are also well known across the nation, and no two people have better heeded President Bush's call for their jurisdictional cooperation, sharing and work than these two sheriffs.

So our Committee has decided to create a Chairmans Award for Homeland Security, which we will give, not just to you, but others in the future. But you two are the first two to receive this because, as Secretary Ridge observed during his visits here, you've been leading the efforts of fusion and teamwork that will make the homeland security a success.

So it's my honor to present to you these two awards, Sheriff Baca.

Sheriff BACA. Thank you very much.

Chairman COX. Sheriff Carona.

Sheriff CARONA. Thank you.

Chairman COX. Our next panel comprises of Sheriff Lee Baca, Los Angeles County;

Sheriff Michael Carona, Orange County;

Doris Ellis, Director, Sandia Laboratories;

Kenneth A. Price, Senior Inspector, Bureau of Customs and Border Protection, Department of Homeland Security.

I want to thank each of you. We have your testimony. It's part of the record, and we invite you to summarize or provide additional material in your direct examination.

And we will begin with you, Ms. Ellis.

**STATEMENT OF DORIS E. ELLIS, DIRECTOR, INTERNATIONAL SECURITY PROGRAMS, SANDIA NATIONAL LABORATORIES**

Ms. Doris ELLIS. Mr. Chairman, distinguished members of the Committee, thank you for this opportunity to testify.

I'm Doris ELLIS. I'M THE DIRECTOR OF INTERNATIONAL SECURITY PROGRAMS AT SANDIA LABS.

Sandia is a multiprogram laboratory of the U.S. Department of Energy's National Nuclear Security Administration.

Sandia's laboratory director, Dr. Paul Robinson, sends his regrets that he couldn't be here.

With your permission I would like to read his statement, as well as my own.

As you know, last summer the cities of Long Beach and Los Angeles took the initiative to form groups, and prior to funding being available from the TSA, they entered into a funds-in agreement with Sandia Labs for our assistance with the OSC.

You might ask, why a laboratory like Sandia?

Sandia has over 50 years' experience in security systems engineering for our nation's nuclear weapons. As DOE's lead laboratory for physical protection of nuclear materials and weapons, both at fixed sites and in transit, Sandia is a major resource of expertise for security of high-consequence assets.

Sandia has developed security technologies. We design, evaluate and install systems and provide training in related subjects such as vulnerability analysis and performance testing around the world and continue to provide training to both countries in which we have interests and domestically.

Other agencies also ask for our support in security issues-the Department of Defense, the National Institute of Justice, the Secret Service, the Federal Aviation Administration, state and federal corrections institutions, public schools and even the 2002 Winter Olympic Games.

We also have a leadership position and responsibilities in several nonproliferation and nuclear materials control programs.

We are the systems integrator for the "Second Line of Defense," which is a cooperative threat-reduction program that started in Russia and has now spread to other countries.

The focus of that program is to deter, detect and interdict nuclear materials or weapons that are smuggled. This includes sea, land, airports and seaports.

We have the lead in the Department of Energy's role in the security initiative for megaports.

Our approach to the Operation Safe Commerce project at Long Beach and Los Angeles is a rigorous one. We start with an indepth threat analysis, and follow that with a Security Effectiveness Assessment. And with that have a baseline to identify security improvements, both for operations and systems, as well as technology.

The job then comes to us to assist the ports to select technologies and procedures for recommended security upgrades. And finally, after we evaluated the prototypes, to help them oversee the implementation.

Apart from Operation Safe Commerce activities, Sandia has been involved in a number of research and development activities that target threats to U.S. borders. We developed sensor systems for chemical, biological, radiological and nuclear explosives.

We're currently demonstrating systems for protecting against chemical or biological attacks in airports and subways.

We've also had significant success in the laboratory with spectral sensor systems to identify radiological materials as they pass quickly through portals, vehicle or pedestrian. Our hope is to move those systems from the laboratory into industrial mass production.

Again, in summary, the challenge of securing our borders and ports against new threats is formidable, and it's dynamic. It continues to grow as technology around the world grows.

We think Operation Safe Commerce is an important component to that as a response to those threats. And we're proud to be part of the team effort with the Ports of Los Angeles and Long Beach, the Coast Guard, the Customs Service and the marine cargo industry to meet this challenge.

Thank you, Mr. Chairman. I would be pleased to respond to any questions.

[The statement of Ms. Doris Ellis follows:]

PREPARED STATEMENT OF DORIS E. ELLIS

Mr. Chairman and distinguished members of the committee, thank you for the opportunity to testify.

I am Dori Ellis, director of International Security Programs at Sandia National Laboratories. Sandia is a multi-program laboratory of the 'U.S. Department of Energy's National Nuclear Security Administration.

Sandia's laboratory director, Paul Robinson, regrets that he could not be here today. But with your permission, Mr. Chairman, I would like to submit a statement from him for the record.

As you know, the cities of Los Angeles and Long Beach took action on their own initiative to address the threat of maritime terrorism. They formed a working group to begin implementing Operation Safe Commerce immediately - even before the federal grant funding was available.

Last year, both ports entered into a funds-in agreement with Sandia for assistance with their Operation Safe Commerce activities.

Why Sandia? Sandia has over fifty years of experience in security systems engineering for our nation's nuclear weapons. As DOE's lead laboratory for physical protection of nuclear materials and weapons, both at fixed sites and in transit, Sandia is a major resource of expertise for security of high-consequence assets. We develop security technology; design, evaluate and install systems; and provide training in related subjects such as vulnerability analysis and performance testing. Many agencies have sought our counsel in security matters, including the Department of Defense, the National Institute of Justice, the Secret Service, the Federal Aviation Administration, state and federal corrections systems, public school systems, and even the 2002 Winter Olympic Games.

Sandia has leadership responsibilities in several nonproliferation and nuclear materials control programs. We are the systems integrator for "Second Line of Defense," a cooperative threat reduction program with Russia and several other countries. The objective of this program is to deter, detect, and interdict attempts to smuggle nuclear materials or weapons through land crossings, airports, and seaports. We are also involved in an extension of the Second Line of Defense program to support the U.S. Customs Service with its Container Security Initiative at foreign mega-ports.

Our approach to the Operation Safe Commerce project at Long Beach and Los Angeles is a rigorous one. We start with an in-depth threat analysis and Security Effectiveness Assessment. This will serve as a baseline for identifying needed security improvements, both in terms of operations and systems. We will assist the Ports in their selection of appropriate technologies and procedures for recommended security upgrades. We will then help them evaluate solution prototypes and oversee implementation.

Apart from Operation Safe Commerce, Sandia is involved in several research and development efforts targeted to the threats that challenge our nation's borders. We have developed sensor systems for chemical, biological, radiological, and explosive materials, and we are demonstrating systems for protecting against chemical or biological attacks in public facilities such as airport terminals and subways.

Sandia has had good success with the development of spectral sensor systems that can identify radioactive materials quickly and accurately as they pass through portals. We are hopeful that advanced nuclear sensor technologies currently demonstrable in the laboratory can ultimately be engineered into deployable systems that can be mass-produced by industry.

The challenge of securing our borders and ports against new threats is formidable. Operation Safe Commerce is an important component of the nation's response to this challenge. We at Sandia National Laboratories are proud to be part of the team effort with the Ports of Los Angeles and Long Beach, the Coast Guard, the Customs Service, and the marine cargo industry to meet this challenge.

Thank you, Mr. Chairman. I would be pleased to respond to any questions.

Chairman COX. Thank you for your testimony, Ms. Ellis.

Sheriff Baca, you are recognized for your statement.

## STATEMENT OF LEROY D. BACA, SHERIFF, LOS ANGELES COUNTY, CALIFORNIA

Sheriff BACA. Thank you. Good afternoon. Welcome to Los Angeles County. I'm delighted to be here, Mr. Chairman, Ranking Member and other members of Congress.

I also, before I begin my comments, would like to say I am being assisted by Mr. John Miller of the Los Angeles Police Department.

As a matter of clarification, I can give my testimony; wait for the other two to give their testimony, and ask if it's possible for Mr. Miller to follow-up with his important parts.

Is that acceptable to you?

Chairman COX. That's most acceptable.

Sheriff BACA. Thank you. First of all, there are three things that I want to discuss in this testimony, which is presented in writing and is on the record for this Committee.

It has to do with the Mutual Aid Program within the County of Los Angeles, which also is part of the County of Orange; We also have a process of area interoperability that we've been working on;.

And lastly, the aspect of training needs that are essential for any of the effort that we're all engaged in to be most effective.

First of all, the eminent threat of terrorism is certainly on our minds all the time. The nation sets the tone with the various alerts that have gone out nationally, and we in turn take those alerts very seriously.

Our system here is clearly that a coordinated effort is the absolute answer to anything we hear were an attack to occur, whether

it be at the Port of Long Beach, the airport, a refinery or any other location where people are either at work, in high-rise buildings or in recreational areas, such as the many that we have here—be it Disneyland, be it Universal Studios or be it any other part of Los Angeles—a county of million people with Orange County joining in with a total area of close to 14 million people.

We're, in effect, the largest first—responder in the nation when it comes to coordinating police, fire and medical services, and a vast population, outside of New York, of Muslim Americans and others from various parts of the world.

So we feel that it's our ultimate obligation to cooperate and coordinate with all agencies, look for the good, find the success, and not look critically to the point where we paralyze ourselves with what one of us doesn't have as opposed to what the other one may have.

And under that spirit, my role as Sheriff is to be the coordinator of the law enforcement mutual aid in Los Angeles County, part of a region that is a two-county region, which I indicated earlier, which is Orange County.

That means my good friend here and I have the ultimate responsibility for coordinating fire, medical and law enforcement services no matter where they come from.

In this County of Los Angeles, there are cities. We have a County Emergency Operations Center of which coordinates all of the resources within the County of Los Angeles, as well as coordinates the resources that are available from the County of Orange.

At any one time, these two counties can respond across jurisdictional lines with thousands of firefighters, thousands of law enforcement officers and seamlessly fall under the command of whoever is in charge of the local community where the incident may occur.

So, for example, if it occurred in Anaheim at Disneyland, it would most likely be the chief of police of that city assisted by the Sheriff of Orange County who, in turn, if his resources were totally depleted, would be assisted by the Sheriff of Los Angeles County, and thus the process moves seamlessly and smoothly.

Today you focus significantly on port security and the things concerning the great harbor that is here.

We have a Port Security committee, and the sheriff's department participates as a member of this multiagency committee, made up of state, local and federal people, headed up by the Coast Guard, as was testified to earlier.

Our captain of our Emergency Operations Bureau is the leader of our Terrorist Early Warning Group, which is a significant part of the Port Security Executive Steering Committee. So, in effect, whether it's lateral communication or vertical communication, we have seamless connectivity.

The Terrorism Early Warning Group has participated in the Port of Los Angeles and Long Beach Assessment Team for the past four months, and we completed 60 target folders of site-specific threat facility assessment, which includes the Vincent Thomas Bridge, cruise terminals, Queen Mary, Terminal Island Federal Prison, oil facilities, cargo container operations and other targets.

We've also completed 18 play books concerning the types of attacks, which is another element of preparation, whether it's weapons of mass destruction, that may be radiological, biological, explosive, chemical, as well as rogue vessel attack or other maritime scenarios.

The final port security plan is being compiled now and will be disseminated by the United States Coast Guard. As you can see, we're very busy.

The second point concerns communications and interoperability. The vessels that we saw, whether commanded by the Coast Guard or L.A. Port Police or the L.A. County Sheriff's Department or the Long Beach Police Department, whether the vessels are a part of the fire department of the City of Los Angeles or the County of Los Angeles, including units from the FBI, whether the units are of local sheriff's department or the LAPD, it matters not.

Whether it's a helicopter, a radio car, a vessel on water or a human being with a handheld radio, we now have a form of interoperability that gives us command and control across all jurisdictions. We certainly need to expand this technology because it is limited in terms of its volume that it can maintain. But we're moving in the direction that I think this nation requires in solving, through technology, the very difficult problem of communicating across jurisdictions and equipment.

Lastly, I will say this, that part of the difficulty for all first-responders, whether it's in this multilevel process that we use here very frequently, is that the training that we must do is emerging in a way that heretofore was unpredicted.

What we really have to have is an appropriate training facility here in this part of the United States for all levels of first-responders.

So there are over 30,000 law enforcement officials certified to enforce laws in the County of Los Angeles alone. When you look and combine the two counties together, you're certainly going up to that 34—, 35,000 level of first-responders.

We need to design, and we are designing a facility now, but the federal government, along with the state government and local governments, must find a way to fund such a facility because of the continuing threat of terrorism is here in this now-and-ever-present generation of the world and social chaos when it comes to who has more, who wants to take it away from those who have it.

I want to close my comments with the name of one individual to run home a very serious point here.

I would like you to remember the name of John Noster, N-o-s-t-e-r. This is a person who was arrested by a team of law enforcement officers from the highway patrol, the Los Angeles Police Department and the Los Angeles County Sheriff's Department and other policing agencies in a task force that deals with stolen vehicles and everything, any kind of crime associated with vehicles.

When this man was being investigated for a fraud, essentially, when it came to how he was leasing vans and leasing trucks to move cargo of some type or moving products of some type, we found that he had three 100-gallon barrels of jet fuel;.

He had six motorized buggy-type vehicles that, we don't know, but we can imagine what he wanted to do with them in terms of

making these vessel container—in making these buggy-type vehicles—weaponize these container vehicles with either fuel or explosives of some kind;.

He had thousands of rounds of ammunition; he had detonation devices, and he had plenty of literature that indicated to us that this man, even though he's not from the Middle East, even though he's a computer technician that somewhat is unemployed, that he was prepared for a "Timothy McVeigh" type attack.

That tells us that this whole aura of terrorism is tempting to people who are unstable, who carry hate of whatever form that it may be in their hearts. And I feel that we have to intensify the priority of what we are doing here.

And I'm pleased to see that the "New York Times," in today's editorial, makes comment to the fact that we must keep this program up and not weaken our resolve and look at this as something that's kind of dying in terms of its potential threat.

There are people who have been saying in Congress that there's no need to increase funding for this; that things seem to be waning and so forth.

And I believe that your Committee and the work that you're seriously engaging in contradicts that kind of commentary.

I think that you can see by what was said earlier in the first panel, that we still need a tremendous amount of help here locally.

Thank you very much.

[The statement of Sheriff Baca follows:]

PREPARED STATEMENT OF LEROY D. BACA

My brief testimony today will address the two specific issues requested, security in the Port of Los Angeles/Long Beach, and inter-jurisdictional intelligence sharing between Los Angeles and Orange Counties.

A third initiative that we are actively pursuing is the establishment of the Western Region Public Safety Training Center (WRPSTC) in Lancaster, California. This endeavor will fulfill the overwhelming need to train more than 30,000 local, state and federal law enforcement officers in our region. This state-of-the-art facility will be designed to accommodate basic and advanced specialized training in all subjects related to preparation and response to acts of terrorism. It will support a new curriculum that will become a national benchmark for training, while supporting law enforcement intelligence and operational issues, and provide technical assistance to all public safety agencies. To lead the nation in providing this specialized instruction and to develop consistent strategies for universal education, the Los Angeles County Sheriff's Department proposes the building of this WRPSTC, which will be the first major, advanced/specialized training facility in the western United States. Federal assistance in funding of this program is absolutely essential (Phase 1, $100 million; Phase 2, $150 million).

Although the Ports of Los Angeles and Long Beach are not in the primary policing jurisdiction of my Department, any incident in the port related to terrorism or a natural disaster will almost certainly have a county-wide impact. A coordinated effort among all agencies and disciplines will be required to manage the necessary resources and personnel. In my role as the Sheriff, I am the coordinator for law enforcement mutual aid in Los Angeles County and for California State Region I—Los Angeles and Orange Counties. In addition, in the event of an activation, I serve as the Director of Emergency Operations for the County of Los Angeles, responsible for coordination of all response efforts of the 88 cities within the county. This includes the management of the County Emergency Operations Center.

The Sheriff's Department has participated in two main efforts regarding security in the ports during the past couple years. These include active membership in the Port Security Committee and Assessment Team (to develop a comprehensive Port Security Plan which will be disseminated by the U.S. Coast Guard.), and Communications Interoperability—one of my highest priorities.

Several members of the Los Angeles County Sheriff's Department have been serving on the multi-agency Los Angeles/Long Beach Port Security Committee, which was initiated and hosted by the U.S. Coast Guard. In addition to participating in the full committee, Captain Michael Grossman, of our Emergency Operations Bureau/ TEW, is a member of the Port Security Executive Steering Committee. Deputy Lance Wulterin, an investigator from the Terrorism Early Warning (TEW) Group, has been on loan to the Port Assessment Team for the past four months. During this time the team has completed 60 Target Folders, which are site specific threat and facility assessments. These included the Vincent Thomas Bridge, cruise terminals, Queen Mary, Terminal Island Federal Prison, oil facilities, cargo container operations and others. They have also created 18 Playbooks, which details pertinent information regarding specific types of attacks such as WMD, radiological, biological, chemical, explosive, as well as rogue vessel attack and other maritime scenarios. The Playbooks also identify necessary resources and course of action development to respond to these specific types of incidents.

Communications Interoperability is one area in which we have made notable progress. Approximately one year ago, the Los Angeles Regional Tactical Communications System was created. Their mission was to enhance the safety of the citizens of Southern California by providing the highest degree of operational communications interoperability among the public safety agencies of Los Angeles County and the five adjacent counties, and to do so in the most efficient and cost effective manner possible. Administered by an executive committee, that is Chaired by Captain Robert Sedita, of the LASD Communications and Fleet Management Bureau, it represents public safety agencies from the federal, state, and local level. Members include representatives from the Los Angeles County Police Chiefs, Los Angeles Area Fire Chiefs, Federal Law Enforcement, the Los Angeles City Police and Fire Departments, the California Highway Patrol, the Los Angeles County Fire Department, and the Los Angeles County Sheriff's Department.

Since its inception, the LA Regional System has witnessed an unprecedented level of cooperation between agencies. Agencies have pooled resources, donated channels for interoperability, began sharing infrastructures and designed and implemented operational protocols. Specialized equipment has been acquired from the Federal Government and installed at the Sheriff's Communications Center allowing for the merging of different public safety radios into interoperable platforms.

A Recent demonstration conducted in LA/Long Beach Ports attested to the current level of success in achieving communications interoperability between all levels of public safety . Representatives from the following agencies participated in the demonstration; U. S. Coast Guard, Long Beach Police Department , California Highway Patrol, Los Angeles County Fire Department, United States Secret Service, Los Angeles City Fire Department, Arcadia Police Department, Manhattan Beach Fire Department, California Army National Guard, Los Angeles Police Department, Long Beach Fire Department, United States Custom's Service, Port of Long Beach Security, Federal Bureau of Investigation, and Los Angeles County Sheriff's Department.

Public safety is already enjoying the benefits of the LA Regional System. One example occurred recently during a large anti-war demonstration at the Federal Westwood Complex. Over six hundred law enforcement officers from three major agencies were deployed to deal with this incident. For the first time in history, a command frequency was created which allowed the incident commanders from the Los Angeles Police Department, California Highway Patrol, and the Sheriff's Department to communicate directly with one another on their existing department radios. This allowed for the efficient , rapid, and coordinated movement of public safety resources to deal with this fluid situation. This was the first glimpse of what we can accomplish.

I must point out however, that we are not finished. There is much more work to perform in expanding and refining this concept. We need to be able to bring all public safety agencies into a Southern California region-wide footprint including all of our surrounding counties and their agencies. Communications interoperability is our number one priority and we need the support and assistance of our State and Federal Legislators to help public safety accomplish this goal.

The issue of inter-jurisdictional intelligence sharing between Los Angeles and Orange Counties is addressed in several ways. In 1996, the LASD created the Terrorism Early Warning (TEW) Group. The multi-agency (local, state and federal) and multi-disciplinary (fire, law and health) network within L.A. County to gather, analyze, and share information related to terrorist threats. The TEW maintains daily contact with the FBI's Joint Terrorism Task Force (JTTF), the California Anti-Terrorism Information Center (CATIC), and other federal, state and local agencies deal-

ing with terrorism issues. The TEW has been replicated in Orange County where we maintain constant contact on issues of emerging threats and related cases. TEW's have also been established in adjacent counties and are developing in many cities across the nation.

I created the Region I Homeland Security Advisory Council (HSAC) with Orange County Sheriff Mike Carona, to provide direct interaction among senior executives from industry and the community with the law enforcement and public safety services in support of homeland security, civil protection, and critical infrastructure protection. This effort will enhance the effectiveness of the Los Angeles and Orange County Terrorism Early Warning (TEW) Groups by providing a capacity for direct contact with subject matter experts for counsel and advice in support of planning, training and activation.

The Terrorism Liaison Officer (TLO) Program , based on a successful model implemented in the South Bay area of Los Angeles County has been expanded and implemented within our operational area (county). Every Sheriff's station, law enforcement, fire, and health agency in the County has a liaison officer assigned to facilitate networking and information sharing within mutual aid areas in the county, and with the TEW. The Terrorism Liaison Officer program is also linked with the private sector through the Region I Homeland Security Advisory Council. The TLO concept will also be replicated within Orange County, which will further enhance the flow of information from the field to the TEW's.

We will soon be receiving Federal funds from the Homeland Security Grant Programs that will enable us to enhance our resources and provide the necessary equipment to protect our personnel in the event of a terrorist attack. We have successfully worked with all of the agencies in our County to ensure that these funds have been distributed wisely to best prepare one of the most target rich and complex regions in the Nation.

Chairman COX. Thank you, Sheriff Baca.

Sheriff Carona, you are recognized for your opening statement.

## STATEMENT OF MICHAEL S. CARONA, SHERIFF, ORANGE COUNTY, CALIFORNIA

Sheriff CARONA. Mr. Chairman, thank you very much for the opportunity to be here, and honorable members of the Committee. I want to thank you for coming to California and hearing our testimony without requiring us to come to the East Coast.

I want to thank you very much, and my colleague, Sheriff Baca, for the Chairmans Award. That was truly a surprise.

We have a great partnership and great working relationship here that predates September, and I think it's the stronghold in terms of what you're looking for in terms of models across the nation.

By way of background, you already have a written testimony. I will try to keep my remarks very short, just an overview quickly of Orange County and a description of what you're seeing here between Orange County, Los Angeles County and San Diego County.

Orange County is the second-largest county in California. We're the fourth-largest county in America by population. But more importantly, we are the 31st largest economy in the world.

When you look at Los Angeles and Orange County combined, there's nearly 14 million in population. When you move to our neighbor to the south, San Diego County, you now have the Number 1, Number 2 and Number 3 largest counties in California, Number 1, 4 and 5 in America.

You have the largest ports—Los Angeles, Long Beach, the port in San Diego, and clearly the ports that we have, three of them in Orange County with over 16,500, both commercial and private vessels.

There's a significant target here that exists. And frankly, we identified those as potential targets of weapons of mass destruction before September 11, and ran training.

We also have the luxury here in Southern California, Sheriff Baca, myself and Sheriff Gallander on the Gold Coast, as we call it, of preparing ourselves, not only for what may take place in our counties, but also the opportunity to train across county lines, the mutual aid that exists between Los Angeles and Orange County, because we're in a significant region, but also to be able to expand outside of our region.

And you share those resources so that we don't have to replicate in each of the 58 counties specific needs. The partnership that exists is more than just between the Sheriffs. It is local law enforcement.

And you are going to hear from John Miller today. And I want to commend LAPD Police Chief Willie Bratton for the great work he's doing under mutual aid.

We have response plans that have been put together against all major targets in Southern California. We believe that is a model for the nation.

But I would share with you, not only our preparedness, but the work that's being done by the men and women in our departments.

Terrorist Early Warning Groups exist in each of the counties. Those Terrorist Early Warning Groups are county-wide, multidisciplinary groups. They look at, not only law enforcement issues, but public health, fire, special district, public utilities, and most importantly, the private sector which comprises about 85 percent of the infrastructure in America.

We coordinate on a daily basis with our counterparts in Los Angeles County. The members of these teams regularly attend, not only seminars, but work together with TEWGs, or Terrorist Early Warning Groups, in the states of Washington, Nevada, New York, Oklahoma and Nebraska.

We're looking to mitigate potential terrorists throughout the areas we have responsibility for. But we're also sharing that information broadly with our colleagues.

And our recommendation to your Committee is that that type of interaction and networking be expanded across all 50 states.

The private sector terrorism response groups applied both in Orange and Los Angeles counties through the Homeland Securities Advisers Committees creates a bridge for our businesses in the communities that have direct contact with such law enforcement so that we can develop planning, programming, training and a response plan should an activation need to take place.

The challenge before all of us in law enforcement is clearly a daunting one. But I can tell you that here in Los Angeles and Orange Counties, we have a collaboration that has not only stood us well, but stood the citizens of Orange County, not just law enforcement, but fire and public health and the private sector. And we believe that we are doing everything in our power to prevent a terrorist attack.

But should something occur, we have the response capabilities to make sure the citizens of our communities are well protected.

Thank you very much for the ability to testify before you today.

[The statement of Sheriff Carona follows:]

PREPARED STATEMENT OF MICHAEL S. CARONA

Chairman Cox, members of the committee, thank you for the opportunity to testify before you today, and for giving me an opportunity in a summary fashion to discuss our ongoing efforts in Orange County, including the protection of our harbors, highlighting local efforts towards preparedness, and sharing an overview of our involvement with mutual aid and jurisdictional cooperation.

Before I do, I would like to take a moment to thank all of the members of the Homeland Security Committee for all of their hard work and diligence. Clearly, since 9–11, America, in fact, the world has changed. The mere existence of a Homeland Security Committee is a testament of how government at the federal level has adapted to our new paradigm and how government is providing for the people we all serve.

First, I would like to provide you with some background on Orange County, which is the second most populous county in California and has the 31st largest economy in the world. Orange County encompasses 798 square miles with a resident population of 3 million and over 38 million visitors annually. The County includes 34 incorporated cities, 42 miles of coastline, 3 harbors, numerous internationally known tourist attractions, technical/manufacturing locations, shopping malls including the third largest shopping mall in the nation, John Wayne Airport, various venues hosting national and international sporting events, and large convention centers. Over 16,500 private and commercial yachts valued over $2 billion are moored within the three harbors of Orange County.

The Orange County Sheriff's Department has taken a primary role in preparedness for acts of terrorism within our communities. With over 9,000 emergency responders in Orange County from law, fire, and health disciplines, the response capabilities of these dedicated men and women are, in my opinion, unsurpassed. Over 160 participants from local agencies respond to the County Emergency Operations Center when activated for the San Onofre Nuclear Generating Station annual graded exercise. Several tabletop and full-scale exercises are conducted each year to prepare our emergency responders for natural disasters and acts of terrorism. Utilizing Unified Command and Standardized Emergency Management principals, the County of Orange is on the leading edge in disaster preparedness and mitigation. This concept is also used in the fight against terrorism. Several terrorism specific exercises have been conducted and more are planned, to combat terrorism and its threat.

The Orange County Sheriff's Department is the local agency charged with the protection of our county's harbors. The department maintains a fleet of fifteen vessels and forty-nine deputies with ten support staff to protect Orange County's coastline. This 24-hour operation responded to 1,312 calls for service and handled over 4,329 incidents during the last fiscal year. The Harbor Patrol staff is trained in marine fire fighting, open water rescue and enforcement, hazardous materials spills at the operational level, and interacts diligently with local lifeguards, State Fish and Game, United States Coast Guard, and Seal Beach Naval Weapons Station staff. The high visibility approach by the Harbor Patrol has hardened the protection against acts of terrorism within our harbors and along the coastline of Orange County.

The Orange County Sheriff's Harbor Patrol trains on a weekly basis with federal agencies and participates in tabletop exercises with each discipline. The Harbor Patrol also maintains a dive team. This team recently received and was trained with equipment to photograph and monitor harbor entrances and hulls of vessels. With the close proximity to the Long Beach and Los Angeles Harbors, the Orange County Sheriff's Harbor Patrol trains closely with and works alongside Los Angeles County, State and Federal agencies assigned to protect their ports.

Prior to September 11th, 2001 the Orange County Sheriff's Department saw the need to establish a county wide multidisciplinary unit to enhance communication and interoperability efforts within the 114 districts of Orange County. The Terrorism Early Warning Group was formed to bring law enforcement, fire, health, special districts, public utilities, and private sector businesses together to share and disseminate information and intelligence. This TEWG monitors trends and potentials to prevent and mitigate any potential terrorist threat to the Orange County Operational Area. Open source data and information received by Terrorism Liaison Officers from local agencies is collected, verified, and disseminated to local, State, and Federal agencies. The TEWG has developed relationships with literally hundreds of these agencies including private businesses throughout the nation. This communication link is vital during crisis management of an actual event and during

ongoing public awareness and prevention efforts. TEWG maintains liaison officers within the Joint Terrorism Task Force and California Anti Terrorism Information Center where all information is shared.

The TEWG manages a list of sites critical to the county infrastructure and maintains response plans based on the threat assessment and current terrorist trends. With over 85 percent of Orange County's infrastructure owned by private business, the Private Sector Terrorism Response Group plays an essential role with in the fight against terrorism. Business leaders and security personnel meet on a bi monthly basis to discuss current trends and potentials. These companies, many in the Fortune 500, are potential targets or have assets available during consequence management in a terrorist attack.

This year the TEWG received 77 terrorism related incidents in Orange County. Of these, 50 advisories have been disseminated to agencies both inside and outside of Orange County. The TEWG has provided presentations to hotel and hospital security directors, created dispatch advisory cards, and liaisons with the Homeland Security Advisory Counsel.

The Orange County Operational Area is utilizing standardized 800 mhzradio communication equipment for interoperability between agencies. Every agency in the Operational Area has access to this system. Additionally, the Orange County Sheriff's Department and Los Angeles County Sheriff's Office are working to provide interoperability in communications for deputies working in bordering cities with these two counties.

The Orange County Operational Area has established training and equipment committees to research and recommend standardized Personal Protective Equipment for emergency responders. These items were also compared with Los Angeles County Sheriff's Office for compatibility as these two counties are in the same Mutual Aid response region.

An Emergency Responder Preparations Plan was developed to address equipment, training, planning, and exercise needs for the Operational Area. As a result, the FY 2002 Office for Domestic Preparedness and FY 2003 Homeland Security Grants were utilized to meet the County Strategic Plan. With the equipment and training acquired through these grants, the Operational Area emergency responders will be properly equipped and trained to respond to a terrorist incident.

California is divided into Mutual Aid Response Regions. Region One includes Orange and Los Angeles County. These counties, particularly law, fire, and health agencies, have participated in several full scale training scenarios and tabletop exercises to establish a rapport and test equipment, training and communication compatibility. The Sheriff's agencies share a particular bond with Emergency Management. The Mutual Aid Response Plans and methods of operation are similar where deputies responding across county lines are familiar with general training and tactics.

The Terrorism Early Warning Groups in Orange and Los Angeles County's are nearly identical in concept and design. These units converse on a daily basis sharing information and intelligence. Members of these teams regularly attend training seminars, exercises, and conventions together. As a result of the efforts of the effectiveness of the Terrorism Early Warning Group, agencies from California, Washington, Nevada, New York, Oklahoma, and Nebraska have formed TEWG's. The information sharing and dissemination at a local level continues to grow. Monthly conference calls have been established with several southland agencies where information is shared regarding terrorism issues.

Orange and Los Angeles County's have developed a Homeland Security Advisory Counsel. These key leaders within the business community from Orange and Los Angeles County meet on a bimonthly basis. The goal is to provide direct interaction among senior executives from industry and the community with law enforcement and public safety services in support of Homeland Security, civil protection, and critical infrastructure protection. This creates a bridge for the business community to have a direct contact with subject matter experts for counsel and advice in support of planning, training, and activation.

The challenge before all of us in local law enforcement is a daunting one. The heightened level of vigilance and preparedness has created a need to prioritize and reorganize, and to focus and redeploy tremendous amount of personnel and resources towards the important task of Homeland Security.

As the Sheriff of Orange County, and as our County's Director of Emergency Services, I can tell you that we have been, and continue to do everything within our means to make Orange County as safe as possible from the threat of terrorism. Ad-

ditionally, we are doing everything in our power to ensure that should something occur with our county, we are prepared to quickly respond and deal with that crisis. We stand ready to assist our neighboring jurisdictions, including our big neighbor to the North, Los Angeles County, should the need arise.

In closing, I would like to once again take a moment to thank the Congress, and specifically the members of the Homeland Security Committee for their hard work as we all work together to ensure the safety and well-being of all Americans.

Thank you.

Chairman COX. Thank you very much, Sheriff Carona.

Mr. Price, your testimony?

**STATEMENT OF KENNETH A. PRICE, SENIOR INSPECTOR, BUREAU OF CUSTOMS AND BORDER PROTECTION, DEPARTMENT OF HOMELAND SECURITY**

Mr. PRICE. Chairman Cox, Representative Sanchez, Representative Dunn, Representative Harman, Representative Jackson-Lee, Representative Diaz-Balart and Representative Christensen, I look forward to providing testimony about enhancing security and protecting commerce at the world class Port of Los Angeles and Long Beach.

My name is Kenneth Price. And I am a Senior Customs Inspector at the Ports of Los Angeles and Long Beach. I've been a Customs inspector for over 10 years, and I am also a member of Chapter 103 of the National Treasury Employees Union.

I'm proud to be one of over 12,000 Customs employees who, along with INS, Border Patrol and APHIS inspectors, were merged to form the Bureau of Customs and Border Protection within the Border and Transportation Directorate of the Department of Homeland Security on March 1, 2003.

Mr. Chairman, you asked in your Letter of Invitation that I address the role of Customs and Border Protection personnel at the L.A. and Long Beach ports.

The scope of our task is enormous. Nationwide nearly 415 million travelers, including million cars and trucks, and over $1 trillion worth of commercial merchandise were processed entering the United States last year.

These numbers continue to grow annually. Statistics show that over the last decade, trade increased by 135 percent.

Locally at the Port of Los Angeles/Long Beach, more than 50,000 to 60,000 containers move through the port on a weekly basis. And on a yearly basis, over 3 million containers move through the port.

Each year, as this trade traffic has increased dramatically, I have watched the staffing in my port increase only slightly. Funding and personnel levels have simply not kept up. In fact, Customs' recent internal review of staffing, known as the Resource Allocation Model, or RAM, shows that Customs alone needed over 14,776 new hires just to fulfill it's basic missions, and that was prior to September 11.

Since then more attention has been focused on seaports. And it's my hope that Congress will continue to increase funding for personnel at my port, as well as other seaports of entry.

If we, as a nation, are serious about adequately protecting our ports of entry, we need to provide the employees of DHS with the resources to enable them to successfully accomplish their missions

of preventing terrorism, facilitating lawful trade and interdicting illegal drugs.

I've been an inspector with Customs since November 1992. I worked the first eight years of my career at LAX and transferred to the Seaport in October 2000, which means I was working there on September 11.

Since then I've observed that after-hours dockside boardings have decreased. Unfortunately while the number of regular-hour dockside and warehouse container exams has increased, the technology used to conduct examinations is inadequate.

At the Seaport we have four mobile gamma trucks and a single mobile X-ray truck. These machines are simply not designed and built for the number of exams that we conduct. On more than one occasion, the machines have gone down, leaving us unable to conduct cargo examinations.

In addition, our cargo manifest review units have reported that the new Customs 24-hour rule led to having more manifest information but not necessarily better. While shippers have been held accountable for making sure certain portions of the manifest are accurate, additional information required on the manifests are often incomplete.

Our Outbound Cargo team brought to my attention the need for more laptops in the field with Internet access for use in the field to check manifest information, as well as the need for more Radioactive Isotope Identifying Devices, or RIIDs.

These identify the type of radiation on the ship that go hand in hand with the pagers that we have that alert us to radioactive material.

They described situations in which their radioactivity detecting pagers have been activated by passing trucks, but there's no way to be able to determine whether the shipment contained radioactive material for medical use, industrial use, or was a type used in weapons. In addition, a wider distribution of field cell phones is needed if we are to maintain even a minimal level of communication capability. It's important that as Congress considers upgrading nonintrusive inspection technology, which is what we use to refer to the VACIS machines that were discussed earlier, the equipment chosen will be able to perform as needed. While technology is certainly an integral part of the inspection process at our ports of entry, I would like to point out this kind of technology can never take place of the physical inspection performed by the BCBP personnel.

I believe an increase in the amount of physical examinations done by inspectors through traditional means, as well as those coupled with technology, are fundamental steps needed to improve the security of both our ports and nation.

To do this we need additional personnel, upgraded technology and the cooperation of the trade with whom we work closely every day. I also hope the members of this Committee will go back to Washington and tell your colleagues and the Administration what you've seen here and how important it is to our success and that our staffing levels be raised and that adequate funding for equipment is also provided.

Thank you again for the opportunity to comment on these very important issues as I submit this testimony on behalf of all my colleagues in Customs and the BCBP, especially the Customs inspectors here at the Los Angeles/Long Beach Port.

[The statement of Mr. Price follows:]

PREPARED STATEMENT OF KENNETH A. PRICE

Chairman Cox, Representative Sanchez, Representative Dunn, Representative Shadegg, Representative Harman, Representative Jackson-Lee, Representative Diaz-Balart, and Representative Christensen, thank you for the opportunity to provide testimony about enhancing security and protecting commerce at the world-class port of Los Angeles/Long Beach, California. My name is Kenneth Price and I am a Senior Customs Inspector at the Port of Los Angles/Long Beach. I have been a Customs Inspector for over 10 years and I am also a member of Chapter 103 of the National Treasury Employees Union. I am proud to be one of the over 12,000 Customs employees who along with INS, Border Patrol and APHIS inspectors were merged to form the Bureau of Customs and Border Protection (CBP)—within the Border and Transportation (BTS) Directorate of the Department of Homeland Security (DHS) on March 1, 2003.

Customs personnel make up the first line of defense against terrorism and the influx of drugs and contraband into the United States at 317 ports of entry across the United States. In light of the tragedies at the Pentagon and the World Trade Center, Customs and Border Protection employees in the Port of Los Angeles/Long Beach Seaport and across the country have been called upon to implement heightened security procedures at our sea, land, and airports.

Mr. Chairman, you asked in your letter of invitation that I address the role of Customs and Border Protection personnel at the port of Los Angeles/Long Beach. The scope of our task is enormous. Nationwide nearly 415 million travelers, including 118 million cars and trucks and over $1 trillion worth of commercial merchandise were processed entering the United States last year. These numbers continue to grow annually, and statistics show that over the last decade trade has increased by 135 percent.

Locally, at the port of Los Angeles/Long Beach, more than 50,000 to 60,000 containers move through the port on a weekly basis and on a yearly basis, over 3 million containers move through the port. Each year, as this trade traffic has increased dramatically, I have watched the staffing in my port increase only slightly. Funding and personnel levels have simply not kept up. In fact, Customs' recent internal review of staffing, known as the Resource Allocation Model or R.A.M., shows that Customs alone needed over 14,776 new hires just to fulfill its basic missions and that was before September 11. Since then, more attention has been focused on seaports and it is my hope that Congress will continue to increase funding for personnel at my port as well as other sea ports of entry. If we as a nation are serious about adequately protecting our ports of entry, we need to provide the employees of DHS with the resources to enable them to successfully accomplish their missions of preventing terrorism, facilitating lawful trade and interdicting illegal drugs.

I have been an Inspector with Customs since November 1992. I worked the first 8 years of my career at the Los Angeles International Airport, and transferred to the Los Angeles/Long Beach Seaport in October 2000, which means that I was working at the Seaport on September 11. Since that time, I've observed that after hours dockside boardings have decreased. Unfortunately, while the number of regular hour dockside and warehouse container examinations has increased, the technology used to conduct the examinations is inadequate. At the L.A./L.B. Seaport we have four mobile gamma ray trucks and a single mobile x-ray truck. These machines were simply not designed and built for the number of exams that we conduct. On more than one occasion the machines have gone down leaving us unable to conduct cargo examinations.

In addition, our cargo manifest review units have reported that the new Customs 24-hour rule has led to having more manifest information, but not necessarily better information. While shippers have been held accountable for making sure certain portions of the manifest are accurate, additional information required on the manifests is often incomplete. Our Outbound Cargo team has brought to my attention the need for more laptops with internet access for use in the field to check manifest information, as well as the need for more Radioactive Isotope Identifying Devices or (RIID's), which identify the type of radiation in a shipment. They have described situations in which their radioactivity detecting pagers have been activated by pass-

ing trucks, and there was no way to be able to determine whether the shipment contained radioactive material for medical use, industrial use, or was a type used in weapons. In addition, a wider distribution of field cell phones is needed if we are to maintain even a minimal level of communication capability.

It is important that as Congress considers upgrading non-intrusive inspection technology that the equipment chosen will be able to perform as needed. While technology is certainly an integral part of the inspection process at our ports of entry, I must point out that this kind of technology can never take the place of the physical inspections performed by CBP personnel. I believe that an increase in the amount of physical examinations done by inspectors through traditional means as well as those coupled with technology are fundamental steps needed to improve the security of both our port and our Nation. To do this we need additional personnel, upgraded technology, and the cooperation of the Trade with whom we work so closely every day.

I also hope the members of this Committee will go back to Washington and tell your colleagues and the Administration what you have seen here and how important it is to our success that our staffing levels be raised, and that adequate funding for equipment is also provided. If you provide us with the tools and the manpower we need, we can do our part in keeping this country safe.

Thank you again for the opportunity to comment on these very important issues as I submit this testimony on behalf of all my colleagues in Customs and the CBP, especially the Customs Inspectors here at the Los Angeles/Long Beach Port.

Chairman COX. I want to thank the panel for your excellent and instructive testimony.

Before I go to questions, we want to welcome to the panel—and that is why Sheriff Carona vacated the space—John Miller of the Los Angeles Police Department, Special Assistant to the Chief of Police on Counter-Terrorism. We welcome you.

**STATEMENT OF JOHN MILLER, SPECIAL ASSISTANT TO THE CHIEF OF POLICE ON COUNTER-TERRORISM, LOS ANGELES POLICE DEPARTMENT**

Mr. MILLER. Thank you, Mr. Chairman. And thank you, Sheriff Carona, for yielding his chair.

We're obviously focused on the port because it's the largest port in America. The Los Angeles Police Department was tasked by Chief Bratton to stand up a counter-terrorism bureau to bring all of the possible resources within the department focused on counter-terrorism together under one single command.

We work extremely closely with both sheriffs in Region 1 as the mutual aid coordinators because of our critical understanding of the fact that were we faced with the September 11 type of attack, whether at the port, at the airport or downtown, the Los Angeles Police Department, numbering only 9,103 officers, would not be equipped to meet that challenge.

The Los Angeles County Sheriff's Department, in and of itself, would not be able to rise up to that challenge. However, together, the two departments combined could face something like that. So we have given our overarching approach to counter-terrorism with the mind set that in a major incident, it will be the joint effort.

In regard to the port, because of the critical economic threat it represents, we have antiterrorist division detectives who are assigned down there.

Many of the 605 high-threat locations that have been identified, the Terrorist Early Warning Group and LAPD of Los Angeles are in the port area, including tank farms or other places where combustible or toxic materials are stored and the port itself.

For the LNG tankers which come in, which could be extremely hazardous if there was a bomb on board, under the Special Operations Bureau of the LAPD, we literally go underneath each one of them that is identified and cooperate with the Coast Guard to use dive teams to do hull searches.

When we go to condition orange vis-a-vis the port, a Joint Operations command is formed with the Coast Guard as the lead organization, and that includes the Los Angeles Police Department, assets of the Port Police under Chief Cunningham, the Sheriff's, Customs, California Highway Patrol, which guards other things, the critical target of the Vincent Thomas Bridge, and FBI.

Even under condition yellow, South Bureau of the LAPD patrols many of those critical—threat locations are within the port, and as our Texas colleague pointed out a number of times, the neighborhoods that are immediately adjacent and connect to the port, that would be part of that threat.

Los Angeles is suffering right now, and this is a broader question than the port or the airport itself, there are unintended consequences of the phenomenon of "transferred endangerment." Meaning, while it may have been identified as the third possibly highest terrorist threat city in the country, as New York which spent $207 million on antiterrorist efforts, and Washington, which as you all know because you live and work there part-time, has surface-to-air missiles in place. That level of target hardening makes the terrorists, at least based on their pattern that we've studied, look for the softer target.

It's critical that we not allow the City of Los Angeles to become that softer target because of the target hardening.

Yet the presence of the main threat to American cities, which right now is Al-Quaeda in terms of terrorism, in terms of California and Los Angeles in particular, has been staggering in recent history.

If you go back just in this decade, the presence of key Al-Quaeda operators in this area has been fairly wide.

Ahmed Ressam came here on or about the millennium, although he was captured by U.S. Customs en route to place a bomb at Los Angeles International Airport. Wadi El Hage, personal secretary to Osama Bin Laden, lived in the City of Los Angeles before he was dispatched to Nairobi, Kenya, where he became the cell leader of the East African cell of Al-Quaeda and planned and executed the embassy bombings that killed 225 people.

The Number 2 man in Al-Quaeda, Ayman Al-Zawahiri, was taken through a fundraising tour of California in the mid 1990s. His tour guide was a Santa Clara, California, resident, Ali Mohammad, who was a chief logistical officer of the Al-Quaeda.

Yazid Suffat, who obtained his degree in biological sciences and chemistry at Cal State, actually lived here for a number of years with his wife and then returned to Malaysia where, in January 2000, he shared a secret meeting between the future bombers of the USS Cole and the future September 11 pilots who would fly into the Pentagon.

Before he was captured by Malaysian authorities working for the CIA, he managed to transmit funds and write a Letter of Introduc-

tion to provide for the visa of Zacarias Mousoui, another man that had been a California resident.

Khalil Deek, an Orange County resident, considered one of the key planners of the millennium attacks that were to unfold in Jordan, was a resident of Anaheim. He was captured in Pakistan with an Al-Quaeda training CD that went through chemical, biological and explosives details.

And Khalid Al Midhar, Nawaf Al–Hazmi and Hani Hanjour, September 11 highjackers, came in through Los Angeles and then resided here for a time where they received flight training in San Diego.

So the idea that targeting infrastructure facilities in Los Angeles or that there's a lower level of awareness on the part of Al-Quaeda about the target-rich environment in California, or Southern California in particular, is not something that can be taken lightly.

I want to say on behalf of Chief Bratton, the Los Angeles Police Department and Mayor Hahn, that we deeply appreciate the work of this Committee in getting us $12.5 million in direct grants to high-threat cities, money immediately, and then following up with the $18.7 million.

We have spent in excess of $100 million since September 11 in homeland security, counter-terrorism needs already. We thank you for the this money. It's critical.

The only thing I would ask while I have this brief audience is that there be future looks towards increasing the flexibility for that money and cutting some of the strings attached to it.

Principally, when we go to condition orange, it is a de facto unfunded federal mandate, meaning while those funds—and we understand they're coming, and we've applied for all the grants and are critical to our success in those efforts, we're not currently allowed to use them with much flexibility towards personnel overtime.

When we go to orange, the greatest cost we have faced in Los Angeles is deploying officers on overtime at high-threat locations for protection.

Thank you for squeezing me in here and thank you for taking the time to listen to this.

If in your follow-up, there's any questions, I will step to the podium.

Chairman COX. Thank you, Mr. Miller. Your additional unscheduled testimony makes very explicit why all of what we've heard thus far matters, and for drawing it into such sharp focus, we appreciate it. I will also say that while the independent parts of the story that you told about Al-Quaeda presence in California or Southern California have been reported, that is very unsettling to have it all in one piece laid out. And, of course, there are other pieces that you can't talk about in a public hearing. So your point couldn't be more valid.

I wonder if I can ask Ms. Ellis to address specifically the request made by Mr. Price for better radiological detection equipment and tell us whether or not Sandia has anything in the works or to your knowledge, or other of the national laboratories that might help us in this respect.

I know there was an article in the Oakland Tribune the day before yesterday describing equipment that is being developed at Livermore, which is both substantially better, reduces the false positives and remarkably cheaper. Instead of millions of dollars per unit, it's 30—to $60,000 and expected to be commercially developed.

Can you tell us what Sandia might have in this respect.

Ms. Doris ELLIS. In fact, we have a set of technologies that we hope to work with your VACIS systems. It's a set of algorithms that were developed by Sandia that will assist equipment that detects radiological materials to differentiate between medical, cobalt, for example, medical testing technology such as Moly 99, and special nuclear materials.

In order to use that technology, though, you need both neutron and gamma detection.

Chairman COX. Are you saying the VACIS hardware can be upgraded through a software solution?

Ms. Doris ELLIS. That will help, in part, yes. In addition, as new technology becomes available for radiological detectors, this new set of algorithms could be applied to those detectors, as well. We've had very good luck in the laboratory.

Chairman COX. Sheriff Baca and Sheriff Carona, when Secretary Ridge visited, and in our part of that visit as well, we had an opportunity to ask you at that time whether or not the intelligence information that you are getting and sharing is adequate.

We talked a little bit about problems that you had with clearances. And we had some of that from the preceding panel, as well.

It has not been a long time since then, but some time has passed. Let me ask you the same questions that we discussed during that visit.

Are you getting useful information from FBI, CIA and other traditional federal law enforcement and intelligence agencies routinely without having to ask for it?

Sheriff CARONA. Well,my colleagues offered me up first. And the answer is, it is significantly better. And I will start off with a baseline that if Orange County—and I won't speak for Los Angeles County—but Orange County had a great working relationship with the FBI in terms of intelligence sharing before September 11. That has been strengthened through our Joint Terrorism Task Force.

And the problems that the last panel talked about, Mr. Chairman, I think are coupled with the information flow and money. It appears that from a local law enforcement perspective and from a local perspective, money flows. Information flows very freely from us to the federal government. It just doesn't come back in the same fashion.

And I say that kind of tongue in cheek, but I think they're both important.

One, the investment, dollarwise, needs to be made at the local level. I know you are examining that. The same thing with the information side of it.

By Executive Order that the President put out years ago, there are protocols in which information that is collected by local law enforcement is shared with the federal government, then gets classified based upon those classifications.

And with the clearances that we have on the local level, the federal government may not be able to share information back with us, even though we're the initiating agency. That needs to change. I know the director of the FBI is working on that.

A portion of that is just trying to figure out how we're going to communicate together, a sanitizement of information.

Also, the ability to get clearances where necessary to local law enforcement in a much more expedited fashion.

There aren't many of them out there. And a lot of that is simply because there wasn't a need in the past.

So the short answer to your question is, it's significantly better, but we have a long way to go, sir.

Sheriff BACA. My belief is similar to Sheriff Carona's, obviously.

There's a concern on my part that another attack will occur somewhere in America. I think this is something that we really have to accept as more than just a probability. I think it's a certainty that it's close to that.

My fear is that all of the information concerning whoever the next wave of terrorists are will be still in various files and various places of our system—whether state, local, or federal—and that we will all still be scratching our heads as to why didn't we put all the dots together and figure it out in advance of the attack.

That makes sense to me what Sheriff Carona said, and that is that we have to look differently at the information. And when many different sources of eyes and ears look at this information, then you have a better chance of heading it off.

And the first-responders of California have prepared themselves to share intelligence up and down the state.

I chaired the California Antiterrorism Information Center, developed right after September 11. We have 358 police departments who collect intelligence, share it with the FBI in four offices in California—Sacramento, San Francisco, Los Angeles, and San Diego—and that information is constantly being analyzed in 17 regional centers throughout California.

And the Department of Justice here, meaning the attorney general's Department of Justice, assists with the coordination and in ensuring that we receive intelligence across our own independent jurisdictions.

We are very happy that the FBI has four Joint Terrorism Task Forces in California. We're also happy that the Major Joint Terrorism Task Force, called TTIC, (Terrorist Threat Integration Center) in Washington, is up and running.

And I've talked to the two assistant directors there, one over at Counter-Terrorism Task force and the other over at Intelligence, running the two FBI major intelligence systems.

But it isn't just the FBI. It's the Department of Defense. It's the CIA. And when the circumstances in Iraq occurred where, once the war was over with and then there was major attacks that were occurring on our soldiers and the like, the FBI sent teams of its people over there in order to start downloading data as to what connectivity those people were engaging in, or "Was it tied to anyone here in the United States?" So I'm very confident that the intelligence system is growing in the right direction. And that's the best thing we can say right now. It's growing in the right direction.

But the magnitude of the intelligence gathering vis-a-vis the practicality of the information vis-a-vis the predictability of the attack, it's almost begging to have a super genius, other form of thinking that we haven't yet found out about to pinpoint down when another attack is going to occur and how it's going to occur.

Chairman COX. Thank you. My time has expired. The gentlelady from California, Ms. Sanchez?

Ms. SANCHEZ. Thank you, Mr. Chairman.

First of all, thank you all for being here, particularly my two sheriffs, my own Sheriff Carona and, under a super emergency, my Sheriff Baca. Thank you for being here.

I'm very familiar with all the work you do and the things you've done. But I would like to get on record the fact that you two have been working well together and that our counties do work well together.

And if possible—and I will ask Sheriff Baca to talk a little bit about one of the projects that I think you all want to do. That's important because this Committee will have a part in that; that is this whole issue of the air defense that you have.

Can you just tell us how you two are working together with other federal agencies and what type of project we're looking at in order to ensure that we can cover harbors and everything we need to in this 14 million person area.

Sheriff BACA. Yes. Thank you very much. I had been working closely with Sheriff Carona, as well as working closely with the FBI and the National Guard and the Drug Enforcement Administration, in terms of developing a regional air facility for all of our air resources. This is a very important need here.

The Department of Defense, as a partner, has deployed throughout the United States equipment—biological suits, gloves, things that are essentially in the event an attack were to occur on a chemical or biological level, including radiological or nuclear. This equipment is very expensive.

And the Los Angeles region and Orange County region have a responsibility for deploying this equipment to the western United States, be it as high as Oregon, perhaps even Washington and down through Arizona and states that border California and the like. This is a important part of our first—responder capability.

And even in California operations locally, whether or not the operation is in Orange County or L.A. County or the adjoining counties, we have to move our "hazardous materials" people. We have to move our "weapons of mass destruction" people, our bomb experts, whether dogs, people or the like. We have to get them to places as fast as possible.

Thus we believe that collecting all of these state, federal, and local air support resources in one place, in this case Los Alamitos which is right at the edge of both counties, would be a very, very big solution to our regional obligations from a national point of view, not merely within two counties, but affecting groups of states in this part of the United States.

So we have a plan and a proposal. A funding proposal, obviously, is part of this.

We're looking at, from what we've been able to analyze to this point, about $14 million amount of money that is necessary to achieve this.

Sheriff CARONA. I won't add too much to what Sheriff Baca said, other than from crisis comes good ideas.

The regionalization of our air programs I think is a magnificent concept that should have been done years ago.

And the fact it's being proposed now, I think will work really well for citizens of both counties. In fact, it expands into Ventura County and San Diego County. So it's a solid idea that will work well, and hopefully it will get online fairly soon.

Ms. SANCHEZ. Thank you. Now for, Ms. Ellis.

First of all, I had the pleasure of being with you for the last couple of days. Thank you very much.

We're really excited that the Port of Los Angeles and Port of Long Beach got together and decided to ask you, Sandia Labs, to really take a look at what was needed here in this particular facility and to come up with a plan.

I know that these ports were recently awarded the first round of the Port Security Grant under Operation Safe Commerce.

I know we spent all the money with you that's come to the local, and finally at the federal level, said we will fund some of this.

Since you developed this proposal, can you tell me—can you give me a summary of what the proposal is, what we're really looking at with respect to the port?

What are you going to do with that $8.52 million in the grants? Is it going to be adequate to do this proposal that you've done?

Ms. Doris ELLIS. The original proposal that was developed on behalf of the two ports was $32 million, give or take, and looked at seven trade lanes.

In looking at those particular trade lanes, what we tried to do is find the most difficult, the ones that originated in countries of concern—India, Pakistan, so forth, various consolidators—before it was actually shipped and for which we would have some concern in any case.

The part of the proposal that was funded is about $8.2 million. What we will be doing with that $8.2 million, or at least the part of it that we will spend, is looking at two of those seven trade lanes. And they are really quite complex.

The cost for each trade lane in terms of vulnerability analysis, security-effectiveness assessment, and then implementation of the plan for taking a look at security upgrades is about 1.4 million spent with Sandia Labs for each trade lane.

Ms. SANCHEZ. Thank you.

And, Mr. Chairman, I see that my time is red.

Chairman COX. Thank you, Gentlelady.

The vice Chairman of the Committee, from Washington State, Ms. Dunn?

Ms. DUNN. Thank you very much, Mr. Chairman. And thank you everybody for being here today.

I'm going to get off topic for a minute because I noticed, Sheriff Carona, something in your bio that intrigues me a lot, and that is your commitment to the Amber Alert Program. I was the House Author of the Amber Alert Program.

It was a delight to stand in the Rose Garden when the President signed that legislation. And I know how involved you were.

And my role in bringing Washington State's Megan's Law back to Washington, DC. California had such a law also. We had that federalized so we had some accountability for the sexual predators when they move back in the community.

It leaves me to say, there's lots of different types of terrorism in our nation today. And I think among the worst of those are threats to our children. I want to stay a bit off topic and take advantage of both you sheriffs here today.

Earlier, Sheriff Baca, we had a very fascinating conversation about that you were with the Israeli law enforcement community and how they were able to profile potential suicide bombers.

Many in the United States fear that could be a easy form of terrorism in our free and open society. Yet our conclusion in that conversation was, "Don't bother profiling them because somebody could drop a release in a shopping mall."

My question to you, what worries you both about the terrorism? What do we need to be concerned about as we target threats that are going to do damage to people we represent?

Sheriff CARONA. I'm up first again. Both Sheriff Baca and I had the opportunity, Congresswoman Dunn, to go to Israel in January.

By way of description, in Israel since the Intifada in 1999, the number of suicide bombing attacks has gone to a high of about 2,000 a year.

That's a nation of 6 million. In America—America is a nation of 300 million. You would assume we had 100,000 attacks per year in this country.

When you look at the types of attacks that are occurring in the state of Israel, they're predominantly conventional-weapon attacks. While there's always a need to train for biological and chemical, the vast majority of terrorism taking place is suicide bombings, conventional bombings. The concern I have is that the same thing is replicated here in America.

I think John Miller did a good job of talking about the Doctrine of Unintended Consequences: As you harden a certain target—the terrorists are not looking strictly at the number of kills. They're looking at what we hold most dear—our freedom. They will attack the soft underbelly, as they perceive it.

While it's difficult to move a nuclear weapon into the United States, it may be difficult to move biological or chemical weapons because of the great work done by law enforcement, it's not difficult to create a conventional bomb in this country. We saw it in Oklahoma City.

One of the concerns that I have, and I believe I shared that with my colleagues in the Southern California area, the same suicide bombings that are taking place throughout the world to be replicated here in America.

One of the comments that was passed on, actually by my colleague from the Customs office, the idea that they're able to identify certain radiological devices that are coming in, and some may be medical.

We did a—Sheriff Baca and I did a tabletop exercise where we looked at caesium 164, a medical isotope, and put that with conventional weaponry and turned that into a dirty bomb.

Those are the types of things we are training on locally because that's what we think is the highest probability of terrorist attack here in California and America.

Sheriff BACA. The thing that troubles me most is, obviously, the fact that we have many, many people who, for whatever their reasons are, empathize with the Taliban/Al-Quaeda mentality. And as a result, they're empathizing with that kind of mentality.

Given conditions of whether they are stabilized or not stabilized or mentally ill, or whatever their conditions are, frame of reference, unstable people will do things that are deadly if they're given the opportunity to do so and they have the means in which to do it.

This doesn't mean that Al-Quaeda is not going to have a formidable effort of going on as they promised. But it means that, the other part of the same thing of unintended consequences, is that if people want to jump on board of some of this, including this sad young boy who apparently flew an airplane into a building—I believe it was in Florida. And now evidence is coming forth that he had some empathy for the cause and put himself up to the task.

An example here at LAX involved a very deranged person from the Middle East who went to the El Al terminal and starting killing people who were standing in line for airline tickets.

One of the smarter things I ever did was give El Al Airline's security Concealed Weapons Permits. And one of the security officers jumped the rail and attacked back the suspect. He was stabbed by the suspect and eventually killed the suspect in front of hundreds of people who were in that terminal.

This is where I think it's going to partially go. It isn't going to be the big explosive as the exclusive attack. It will be people who are unstable, who have issues, who have weapons, and who have hatred, be it toward Israelis, be it towards Americans, be it toward anyone.

This is going to happen. And so we don't know if we are doing everything possible to prevent this, through the system, of a major type of attack.

But we have to be mindful that Israelis are—that most of the attacks to the Israelis are snipers firing weapons across the border or within the confines of Israel. And we in America may have that same kind of threat as was witnessed in a different motive in Washington D.C., in that part of the country, with the snipers months back.

Ms. DUNN. That was fascinating, and thank you for answering my question.

And thank you, Mr. Chairman, for the time.

Chairman COX. Thank you, Gentlelady.

The gentlelady from the Virgin Islands, Dr. Christensen?

Mrs. CHRISTENSEN. Thank you, Mr. Chairman.

I know my colleagues are probably going to be surprised that it took me this long to ask this question, but from knowledge of the health system in either of the two counties or both combined, and working with the Committee, the coordinating committee that you

talked about, can you tell me what the state of readiness is of the public's health system?

I'm sure hospitals are probably able to handle multitrauma, an event that might have significant number of trauma.

But what about biological attack?

Sheriff BACA. That's a strong question, and I appreciate you're asking it.

Simply this, in our preparation for first-responder services, we have done a substantial amount of work with the hospital system, both public and private, in both counties.

We know at any one time that availability. We know through the medical system, physician availability. We know nursing availability. We know the particular medicines that are necessary in terms of its quantity and its availability.

We have a network that is very strong with the Red Cross, which is a first-responder component. Not only fire and police, but the Red Cross does a substantial amount of work in this area.

The magnitude of our potential has been laptop tested. We have done exercises that would literally defeat the system.

We wanted to get—.

Mrs. CHRISTENSEN. You are practically answering my second question.

Sheriff BACA. We wanted to know what the defeat side of it would be in terms of an experience so that we just have such a massive amount of human casualty that we couldn't handle it at all.

We learned a lot through that process; that there has to be alternative forms of field treatment where not everyone is going to get the sanitized version of hospital care;.

That there's a way to build out field hospitals, field care centers, treatment centers, things that when you have 10 million people, as we have here, and the right type of attack, meaning the most lethal type of attack, whether it's New York, Chicago, Washington, Philadelphia, Los Angeles, San Diego, Seattle or any other part of this wonderful nation of people, the right kind of attack will definitely defeat our capacity.

Mrs. CHRISTENSEN. I'm pretty sure that unless the attack involves such mass casualty that it overwhelms the system, the hospital system will probably take care of it.

And I want to say this—I don't want you to necessarily answer it—but the public health system, should a biological agent be introduced into a community, particularly a poor community or a very densely populated urban community, it would take a different kind of response.

And we do tend to pay more attention to hospitals and acute care rather than the public health system. And I hope that, not only in Los Angeles and Orange County, but around the country, that we're paying attention to that. And it has been our experience at other Committee hearings in Washington that not enough attention is being paid to that.

I want to ask Mr. Price a question because you seemed to have a lot of concerns about the gaps in vulnerabilities that are not being addressed.

Does the number of cargo manifests trigger an inspection?

Mr. PRICE. No. The concern that arises from that is that the Automated Targeting System, or the inspector who's reviewing it, wouldn't be able to make—wouldn't be able to use their experience and their knowledge to make a good targeting assessment because of the lack of information or the faulty information.

Mrs. CHRISTENSEN. So the inability to make a targeting assessment wouldn't trigger necessarily an inspection?

Mr. PRICE. Not necessarily. In my experience, the information that is available would be weighed more heavily.

Although it is sometimes the case that when information is sufficiently lacking, a particular container will become targeted.

Mrs. CHRISTENSEN. Mr. Chairman, would you like for me to yield to the question that you have?

Chairman COX. No. If you have a further question, please go ahead.

Mrs. CHRISTENSEN. One of my questions was going through an exercise, and it was partially answered, both with the tabletop, radiological and possibly dirty bomb and the other tabletop that you mentioned.

Sheriff CARONA. Mr. Chairman, may I answer a question for the Congresswoman that she—I can see where she's going.

Chairman COX. It's every witness's dream.

Sheriff CARONA. We ran—in Orange County we ran a tabletop exercise where public health was the lead on this. And let me give you a lesson learned that we didn't expect out of this.

During the tabletop that was run by UCLA—it was a four-day compressed time scale that we ran over one day, and it was the introduction of a biological agent.

The casualties that came about from that were substantial, about 2,000. We were able to triage relatively quickly, but the number of hospitals that went down because of this event were significant.

And our ability to utilize the military model and start to take care of the casualties came into play very, very quickly as we moved to our mutual aid model with Sheriff Baca, as well as our contacts with the federal government. But here's the lesson learned:

As first-responders we train that when things go "boom," we know the source. We know where it took place. If there's an introduction of a chemical weapon, we know the source.

The introduction of a biological weapon, it may very well start in a community that you have described, that is underprivileged or may not have the resources, or may be introduced in a very affluent community. But where it presents itself is someplace else across America.

And the ability to track it back and identify where the source was is much different than a bomb or a bullet or a chemical weapon. And that's something that we need to train on holistically as first-responders because the first-responder model changes.

It's no longer law enforcement or fire enforcement responding to an event. It's doctors and scientists trying to help us figure out where that event occurred so we can protect lives.

Mrs. CHRISTENSEN. I understand a lot better from your answer that you are aware of the differences and the different approaches that need to be taken, and that's the first step. Thank you.

Thank you, Mr. Chairman.

Chairman COX. I want to thank our panel. This has been an extraordinarily useful exercise for the Committee. And we are made to feel very welcome here in Los Angeles.

It is the evening now. We started out very early today, 7 o'clock this morning. And yet throughout, we have had nothing but gracious assistance. And we are very, very grateful for your efforts on your behalf and the nation's behalf and, of course, California's behalf.

We're going to continue to work with you. I just want to add, as we conclude, that the members here and some additional members were at Northern command yesterday, which is co-located with NORAD in Colorado.

And the Terrorism Early Warning Center that you have here and the contacts that you were making with so many different agencies outside reminded me a lot of what I saw that the Department of Defense is setting up in Colorado. I think it's just a matter of time before these circles intersect.

And as we go forward, I look forward to working with you to make sure that that works because where DOD begins and ends is yet another piece to this puzzle that we need to get together very, very fast.

As I say, this has been an extraordinarily helpful day for us and a hearing, and we thank you very much for your personal time, and God bless you for what you do every day.

The hearing is adjourned.

[Whereupon, at 7:00 p.m., the committee was adjourned.]

# APPENDIX

## MATERIAL SUBMITTED FOR THE RECORD

### PREPARED STATEMENT OF C. PAUL ROBINSON, DIRECTOR, SANDIA NATIONAL LABORATORIES

Mr. Chairman and distinguished members of the committee, thank you for the opportunity to submit this statement for the record. I will discuss Sandia National Laboratories' support of maritime security for the ports of Los Angeles and Long Beach.

I am Paul Robinson, director of Sandia National Laboratories. Sandia is a multiprogram laboratory of the U.S. Department of Energy's National Nuclear Security Administration (NNSA). We are an applied science and engineering laboratory with a focus on developing technical solutions to the most challenging problems that threaten peace and freedom.

As early as last summer, the cities of Los Angeles and Long Beach took action on their own initiative to begin addressing in a comprehensive way the threat of maritime terrorism. Together, these ports handle forty percent of the import commerce into the United States. Consequently, port security here is not merely a local concern; it is a matter of national, and indeed, global importance.

More than a year ago, Long Beach and Los Angeles formed a working group with the U.S. Coast Guard, U.S. Customs, and the maritime industry to begin implementing Operation Safe Commerce, even before the federal grant funding was available. They should be commended for moving aggressively on this challenge.

In December 2002, Los Angeles and Long Beach each entered into a funds-in agreement with Sandia National Laboratories to provide systems engineering oversight for their Operation Safe Commerce activities. We helped them prepare their joint Operation Safe Commerce Cooperative Agreement grant proposal, and we are conducting Security Effectiveness Assessments as part of that work. We will provide technical project management and support for planning, evaluating, installing, and testing security solutions and upgrades for them and for other ports and locations along the cargo path.

Sandia has a fifty-year heritage in security systems for our nation's nuclear weapons. We are the principal NNSA laboratory responsible for developing the risk assessment methodologies and the systems solutions to protect nuclear weapons and nuclear materials at facilities and during transport. For more than a quarter of a century, Sandia has conducted the International Training Course on Physical Protection of Nuclear Facilities and Materials for the International Atomic Energy Agency.

Sandia is a major resource for security expertise and counsel on high-consequence assets. Sandia's assistance in security matters has been widely sought in recent years by numerous agencies including the Department of Defense, the National Institute of Justice, the Secret Service, the Federal Aviation Administration, state and federal corrections systems, public school systems, state and local governments, and the 2002 Winter Olympic Games.

Sandia National Laboratories is the systems and program integrator for "Second Line of Defense," a cooperative threat reduction program with Russia and several other nations. The objective of the Second Line of Defense program is to prevent smuggling of nuclear materials or weapons out of the responsible nation at land crossings, airports, and seaports. We are also involved in an extension of the Second Line of Defense program to support the U.S. Customs Service's Container Security Initiative at foreign megaports to pre-screen container cargo bound for the United States.

Sandia's work for the ports of Los Angeles and Long Beach is managed by the same leadership team that supports the Second Line of Defense and megaports programs. The project director, Charles Massey, is a graduate of the U.S. Merchant Marine Academy and a PhD health physicist. During his maritime career, Dr. Massey sailed on a number of different types of vessels and advanced his license to Chief Mate. He is today a captain in the U.S. Naval Reserve. All-in-all, he has an excellent background for this work.

Project manager Richard Wayne has thirty-two years of experience with security of nuclear weapons in both Navy and Air Force commands as well as fifteen years of experience leading "red team" technical evaluations of military installation security systems.

Our approach to the Operation Safe Commerce project at Long Beach and Los Angeles is a rigorous one. We are starting with an in-depth threat analysis and security effectiveness assessment, which will serve as our baseline for identifying and

recommending security upgrades, both in terms of operational concepts and in terms of technology. We will then help evaluate solution prototypes and oversee the implementation and integration of system solutions. The first phase of our work will focus on local port security; Phase II will involve the entire supply chain.

The Security Effectiveness Assessment process we use is derived from methodologies we developed over many years to help protect nuclear weapons and nuclear facilities. The technique has been adapted for the protection of other high-consequence assets in both the defense and civil sectors. For example, Sandia tailored a security risk assessment methodology for use by city water utilities. We have used similar strategies to evaluate risks for other critical infrastructures such as nuclear power-generation plants, chemical storage sites, and dams.

Based on the Security Effectiveness Assessment, we will assist and advise the ports in their selection of appropriate technologies and procedures for recommended security upgrades. Sandia will define a test plan and perform test oversight as an independent observer and evaluator. Federally funded research and development centers like Sandia have a long heritage of providing objective technical counsel to government entities facing a confusing assortment of available options.

There is some urgency to deploy enhanced security systems and operational processes as soon as practicable. Operation Safe Commerce is not a research and development program, but rather, an assessment and demonstration program to identify security enhancements that can be implemented in the near term. Other federally sponsored programs are underway that focus on longer-term research and development on advanced technologies that can be engineered and deployed to improve port and border security.

Sandia is deeply involved in a variety of research and development efforts targeted to the emerging threats that will challenge our nation's borders. We have already made significant contributions to homeland security with sensor systems for chemical, biological, radiological, and explosive materials. For example, we developed a portable sensor for first responders that is configured to detect toxins such as ricin and botulinum. And we are demonstrating systems for protecting against chemical or biological attacks in public facilities such as airport terminals and subway stations.

We also have had good success with the design and development of spectral sensor systems that can identify radioactive materials quickly and accurately as they pass through portals. We are hopeful that advanced nuclear sensor technologies currently demonstrable in the laboratory can ultimately be engineered into deployable systems that can be mass-produced by industry for border applications. In fact, as a result of our involvement with Operation Safe Commerce, Sandia has entered into discussions with private industry to license one of our software applications for nuclear material detection.

The world has indeed changed, and the challenge of securing our borders and ports against new threats—while not significantly impeding the free flow of commerce—is formidable. Operation Safe Commerce is an important component of the nation's response to this challenge. We at Sandia National Laboratories are pleased to be part of the team effort with the ports of Los Angeles and Long Beach, the U.S. Coast Guard, U.S. Customs Service, and the marine cargo industry to meet this challenge.

Thank you, Mr. Chairman, for this opportunity to submit a statement.

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