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SECURING OUR PORTS: INFORMATION SHARING IS KEY TO EFFECTIVE MARITIME SECURITY

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE, AND ACCOUNTABILITY

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

JULY 10, 2006

Serial No. 109–253

Printed for the use of the Committee on Government Reform

Available via the World Wide Web: http://www.gpoaccess.gov/congress/index.html
http://www.house.gov/reform

U.S. GOVERNMENT PRINTING OFFICE

42–324 PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
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CONTENTS

	Page
Hearing held on July 10, 2006	1
Statement of:	
Kelly, Ray, police commissioner, city of New York	6
Maloney, Hon. Carolyn B., a Representative in Congress from the State of New York	20
O'Brien, Captain Robert, Commander, Coast Guard Sector New York and Captain, Port of New York and New Jersey; Bethann Rooney, Security Manager, Port Commerce Department, Port Authority of New York and New Jersey; and Stephen Caldwell, Acting Director, Homeland Security and Justice Issues, U.S. Government Accountability Office	25
Caldwell, Stephen	53
O'Brien, Captain Robert	25
Rooney, Bethann	35
Owens, Hon. Major R., a Representative in Congress from the State of New York	5
Towns, Hon. Edolphus, a Representative in Congress from the State of New York	4
Letters, statements, etc., submitted for the record by:	
Kelly, Ray, police commissioner, city of New York, prepared statement of	10
O'Brien, Captain Robert, Commander, Coast Guard Sector New York and Captain, Port of New York and New Jersey, prepared statement of	27
Platts, Hon. Todd Russell, a Representative in Congress from the State of Pennsylvania, prepared statement of	3
Rooney, Bethann, Security Manager, Port Commerce Department, Port Authority of New York and New Jersey, prepared statement of	38

SECURING OUR PORTS: INFORMATION SHARING IS KEY TO EFFECTIVE MARITIME SECURITY

MONDAY, JULY 10, 2006

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
FINANCE, AND ACCOUNTABILITY,
COMMITTEE ON GOVERNMENT REFORM,
Brooklyn, NY.

The subcommittee met, pursuant to notice, at 1 p.m., in Borough Hall, 209 Joralemon Street, Brooklyn, NY, Hon. Todd Russell Platts (chairman of the subcommittee) presiding.

Present: Representatives Platt, Towns, Maloney, and Owens.

Staff present: Mike Hettinger, staff director; and Tabetha Mueller, professional staff member.

Mr. PLATTS. There is a quorum present.

This hearing of the Subcommittee on Government Management, Finance, and Accountability will come to order.

Securing our Nation's ports against potential terrorist attack has become one of our Nation's security priorities since September 11, 2001.

Given the fact that the ports are large, sprawling enterprises, that often stretch across jurisdictional boundaries, the need to share information among Federal, State and local governments, as well as private entities, is central to effective prevention and response.

Today, the maritime system of the United States consists of more than 300 sea and river ports, with more than 3,700 cargo and passenger terminals, and more than 1,000 harbor channels spread across thousands of miles of coastline.

The Port of New York and New Jersey, the Nation's third largest port, is critical to the economic vitality of the New York metropolitan region, as well as the entire east coast.

The Port of New York and New Jersey brings together diverse, complex, and economically intertwined and competing interests serving not only the States of New York and New Jersey, but also Connecticut, Rhode Island, Massachusetts, and my home State of Pennsylvania.

Coordination between and amongst all of these entities is vital for national security.

The U.S. Coast Guard has been designated as a lead Federal agency, with responsibility of port security.

The Coast Guard, along with the New York Police Department and the Port Authority of New York and New Jersey, has made significant progress in providing effective training for port security here in this region.

There is more that needs to be done, however.

We are pleased to have with us today two panels; Mr. Ray Kelly, police commissioner for the city of New York, Captain Robert O'Brien, captain of the Port of New York and New Jersey, Ms. Bethann Rooney, security manager of the Port Authority of New York and New Jersey, and Mr. Stephen Caldwell, from the U.S. Government Accountability Office.

We appreciate all the witnesses being here today.

I will now yield to Mr. Towns for the purpose of an opening statement.

[The prepared statement of Hon. Todd Russell Platts follows:]

COMMITTEE ON GOVERNMENT REFORM

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY

TODD RUSSELL PLATTS, CHAIRMAN

Oversight Hearing:

"Securing Our Ports: Information Sharing Is Key to Effective Maritime Security"

Monday July 10, 2006, 1:00 p.m.
Borough Hall, Brooklyn, New York

OPENING STATEMENT

Securing the nation's ports against a potential terrorist attack has become one of the nation's security priorities since the terrorist attacks of September 11, 2001. Given the fact that ports are large, sprawling enterprises that often stretch across jurisdictional boundaries, the need to share information among federal, state, and local governments, as well as private entities, is central to effective prevention and response.

Today, the maritime system in the United States consists of more than 300 sea and river ports with more than 3,700 cargo and passenger terminals and more than 1,000 harbor channels spread across thousands of miles of coastline.

The Port of New York and New Jersey - the nation's third largest port - is critical to the economic vitality of the New York metropolitan region, as well as the entire East Coast. The Port of NY and NJ brings together diverse, complex, economically intertwined, and competing interests, serving not only the states of New York and New Jersey but also Connecticut, Rhode Island, Massachusetts, and even my home state of Pennsylvania. Coordination between and amongst all of these entities is vital for national security.

The U.S. Coast Guard has been designated as the lead federal agency with responsibility for port security. The Coast Guard, along with state and local entities such as the NYPD and the Port Authority of NY and NJ, has made significant progress in providing an effective framework for port security here in this region. There is more that needs to be done.

We are pleased to have with us today **Mr. Ray Kelly**, Police Commissioner of the City of New York, **Captain Robert O'Brien**, Captain of the Port of New York and New Jersey, **Ms. Bethann Rooney**, Security Manager of the Port Authority of New York and New Jersey, and **Mr. Stephen Caldwell** from the U.S. Government Accountability Office. Thank you for being here, and we look forward to your testimonies.

STATEMENT OF HON. EDOLPHUS TOWNS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. TOWNS. Thank you very much, Mr. Chairman.

Let me officially welcome you and the committee to the borough of Brooklyn.

I thank you for holding this hearing on port security, and its vital importance to the city of New York, and to our Nation.

I would like to welcome Commissioner Ray Kelly; also, Bethann Rooney, Security Manager for the Port Authority of New York and New Jersey; Captain Robert O'Brien, commander of the Coast Guard, and Captain of the Port of New York and New Jersey; and Stephen Caldwell, acting Director of Homeland Security.

Thank you all for coming here today to testify on the vital issues surrounding port security in the Nation's greatest metropolis, New York City.

This hearing could not be more timely or more important.

We New Yorkers really feel shortchanged by the current cuts in Federal funding. New York City will receive 40 percent less than the $207 million we received in 2005 to combat terrorism. How could that be, if we are terrorists' No. 1 target?

I'm sure that other cities have legitimate security needs, and obviously, there is only so much Federal money to go around. But September 11th happened here in New York, almost 3 thousand lives were lost. We have suffered the only foreign terrorist attack on American soil.

How much does this city have to take?

Do we have to sustain another terrorist attack before we get the money we need to protect our ports and our cities?

I sure hope not. I believe that we must have a firm commitment from our Federal Government to make sure that New York City gets the money it needs to protect our ports, and our city from the real threats of terrorism.

That leads us to why we are here today.

Since September 11, 2001, our Nation has been forced to confront the vulnerability of its ports. I applaud the Port Authority in its work to make our ports safe and secure.

Port commerce remains a vital component of our local economy. Cargo activity alone accounted for over 230,000 jobs. That's due to increased demand for imported goods. That's $132 billion that have passed through the Port Authority in only 1 year.

Certainly, the Federal Government has provided a key role in securing our ports. The Port Authority is working with the Federal Government to secure its terminals and improve its screening procedures, with help from the Department of Homeland Security.

This includes programs like the Container Security Initiative, and the Customs-Trade Partnership against Terrorism.

In addition, the Port Authority recently completed its second phase of Operation Safe Commerce that helps to secure products passing through Port Authority facilities.

But this is only a beginning. We need a more effective security clearance process, and a better worker ID procedures for port employees. We especially need the sharing of timely port security intelligence between the Federal, State and local governments.

We are not asking for the world, but we are asking for the dollars that we need as our New York City and New Jersey ports handle the world's good. We cannot continue to have less than the best possible protection of our ports.

They are very important to our city, our State, to our Nation, and the world.

That means that we must restore the budget cuts from the Department of Homeland Security as we continue to work together to ensure that the finest ports in our Nation are fully secured against the threats of terrorism.

On that note, Mr. Chairman, I yield back my time.

Mr. PLATTS. Thank you Mr. Towns. We appreciate your well-stated reporting. And we will be working with you on these and other ports around the country.

We are also pleased to be joined by Congressman Owens, and I recognize Congressman Owens.

STATEMENT OF HON. MAJOR R. OWENS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. OWENS. Thank you very much.

I would briefly like to welcome the committee, thank you for coming to Brooklyn, and applaud Congressman Towns' influence in getting you here today.

It is very important that you be here, and let the rest of the world know that New York City is not only Manhattan. Brooklyn is where most of the people live.

When the World Trade Center was bombed, the air pollutants and the wind was easily blown right across the river to Park Slope and parts of Brooklyn here. And the distance is quite small. We've had polluted air blowing in the wind.

And it's hard for me to get Washington to recognize that we have a problem with certain parts of Brooklyn as to contamination.

Of course, the Park Slope community had large numbers of people who worked in the World Trade Center. And a number of our families lost members there.

We are very much part of being on the front line in terms of homeland security and concerns.

I hope that you being here will help ease the burden that has been placed on the New York City legislators.

We should not be a burden. Every high school sophomore should look at the geography of New York City, and look at the richness of the monuments minutes, and kind of targets that we have here, and understand that we are vulnerable. Many terrorists would like to make a statement here. That's what happened with the World Trade Center.

It is unfortunate, and I apologize as a member of the Government, we should not have to fight our Government to make them realize the freedom. If you're going to officially distribute moneys for Homeland Security, they should certainly address New York City, in particular, in a special way. And our ports, of course, are the most vulnerable targets in our city.

Congressman Shuman has said it many times, loudly, intelligently, and others have said it. There is not much more to be said.

It is obvious that we need to address the port situation, and we need to do it right away.

The fact that there is pressure on Washington to distribute Homeland Security funds with some kind of special formula, in a Federal way, to everybody, gets a little bit, has been ridiculous.

New York City does not get the fair share of agriculture. We don't have farms, we don't ask for agriculture subsidies, and numerous other kind of distributions of funds that take place. It is ridiculous to talk about a fair share. We need to money to go where it's needed.

We know that this is on the minds of all elected officials. I can think of occasions myself. It's something that's a pressure.

In the area of Homeland Security, we are the front line. So this is strictly not biased, nondistrict. Let's distribute the money strictly based on terms of security and targets.

I'm hoping that you being here today will drive home the voice of the New York City delegation. It's common sense.

Thank you very much.

Mr. PLATTS. Thank you, Congressman Owens.

We will now proceed to our first panel, our witness, Commissioner Kelly.

It is our practice to swear in all witnesses.

I ask you to stand to take the oath.

[Witness sworn.]

Mr. PLATTS. Commissioner, we appreciate the written testimony you provided us, and the floor is now yours.

STATEMENT OF RAY KELLY, POLICE COMMISSIONER, CITY OF NEW YORK

Commissioner KELLY. Thank you, Chairman Platts, Congressman Towns, Congressman Owens, thank you for inviting me today.

Security of New York City's ports and waterways is a huge concern for the New York City Police Department.

Today I would like to discuss with you the range of maritime counter-terrorism activities that we engage in, including our collaboration with the Federal agencies that bear the primary responsibility for port security.

In general, information sharing between the Department and our Federal partners has never been better, and it is growing stronger every day.

That is a credit to the various interagency initiatives that I will discuss in a moment.

Without question, these have improved our joint efforts to protect the homeland certainly in New York City.

At the same time, the complex, diffused nature of port management and security leaves these facilities vulnerable to exploitation by terrorist cells or networks.

At the end of the day, we are still left with the question of who is really in charge of protecting our ports.

In actuality, it is a responsibility shared among the scores of public and private stakeholders present at the ports, a situation that creates its own set of challenges.

Two recent cases highlight why we should be concerned about the security of our ports.

In 2003, working through the Joint Terrorist Task Force, the Police Department took part in an investigation that resulted in the arrest of a Queens-based Pakistani national, Uzair Paracha, and his father, for conspiring to provide material support to Al Qaeda.

The family owned a clothing import business in Manhattan's garment district.

In Pakistan, they plotted with September 11th mastermind Khalid Sheikh Mohammed to use shipping containers controlled by that company to smuggle weapons and explosives into New York for delivery to Al Qaeda operatives.

Fortunately, they were arrested before that could happen.

We are not certain if Paracha's plan would have included recruiting operatives to pick up the deadly cargo at its port of entry. What we do know, this task probably would have been accomplished easily, given the lax security check in place in our ports.

As was reported in the media this past March, a recent Federal investigation exposed the minimal identification requirements for truck drivers seeking access to New York and New Jersey terminals. Many were revealed to have serious criminal records, and they were not required to disclose in their applications, including 21 individuals who had outstanding warrants.

The Federal Government has sought to address this problem with the creation of a secure, biometric "smart card" for workers at critical transportation facilities. However, that program has experienced significant delays and is not expected to be fully implemented until late 2007, at the earliest.

In contrast, progress in the area of information sharing has been far more expeditious.

As you know, the Police Department takes part in a number of interagency initiatives with the Federal Government to gather and assess potential terrorist threats against critical infrastructure.

They include the Joint Terrorist Task Force with the FBI. We currently assign over 120 New York City Detectives to that task force, up from the seventeen investigators posted there on September 11, 2001.

Any threat information received through the JTTF that is related to ports or waterways is shared and analyzed with the U.S. Coast Guard's Field Intelligence Support Team, or "FIST."

As part of our excellent working relationship with the Coast Guard, the Police Department assigns a detective to "FIST," which also includes liaisons from numerous other Federal and State agencies.

In addition, we work with the Coast Guard and other agencies through the Area Maritime Security Committees. Members of our Intelligence Division, Counterterrorism Bureau and Harbor Unit regularly participate in meetings of the Intelligence and Response and Recovery Subcommittees.

I also want to note a new Port Intelligence Center concept that we are currently developing with DHS agencies.

The center, which will be housed at a DHS facility, will focus on intelligence collection within the Port of New York and New Jersey.

Turning to our physical protection of the waterways. The Police Department currently deploys more assets to protect New York Harbor than any other single agency. Our harbor units joint with

the Coast Guard in boarding high profile vessels, like the Queen Mary 2, so as to provide additional security when it enters local waters.

We also jointly enforce restricted zones for ships during events such as the U.N. General Assembly. In addition, police dive teams routinely inspect docking facilities and ship hulls for signs of tampering.

Our Special Operations Division has conducted drills in which police officers fast rope from helicopters onto ferries and party boats operating in New York Harbor. And we are prepared to do the same thing, if confronted with a real need.

Our Harbor, Scuba and Aviation units have also drilled in exercises with the U.S. Park Police in responding to mock incidents at the Statue of Liberty.

And under our "Nexus" program, detectives routinely visit port warehouses, trucking companies and importers. They work with employees in these businesses to train them to report any suspicious activity.

As much as the Police Department and its law enforcement partners are doing at the local level, I also want to highlight the critical need for an effective international program to pre-screen cargo.

The fact is the last place that we should be looking to intercept a container that has been co-opted by terrorists is in a busy, congested and commercially vital port.

Ultimately, we should see to it that every container that arrives in a U.S. port has been pre-screened.

In Hong Kong, the public-private partnership that operates the port has developed a prototype in which 100 percent of the cargo that passes through its facilities is inspected for radiation and density distortions.

The system guarantees that any container shipped to the port is thoroughly inspected for weapons of mass destruction.

I've been to Hong Kong and seen the incredible volume of cargo moving through that port. If it can be done there, it can be done anywhere.

We need to replicate that system locally.

A 100 percent scanning regime is doable. It is effective, and it's affordable, especially when compared to the disastrous cost of a weapon of mass destruction smuggled into the country.

In a little publicized port security war game conducted in 2002, terrorists attacked the United States with dirty bombs sent in shipping containers. One hypothetical bomb was detected. The other was not.

It blew up in Chicago, and closed every U.S. seaport for more than a week. It also caused the Dow stock index to drop 500 points, and resulted in $58 billion in damage.

This is the kind of nightmare scenario that we have to prevent.

Unfortunately, the fact that New York City's Federal counterterrorism funding was just cut by 40 percent isn't going to help.

The Police Department had intended, for example, to use that funding in the new initiative to secure lower Manhattan with a comprehensive new camera network and other technology. It is not clear now if we will be able to do that.

As if the decision to reduce the City's share of Federal dollars wasn't baffling enough, last week, the public learned of the latest terrorist plot to attack the Hudson River tunnels.

It is a further reminder of Al Qaeda's enduring obsession to target the world's financial capital, not just its ports, but also its bridges, its tunnels and its subways.

It is a wake-up call that more must be done to harden New York's infrastructure, across the board, if we are to prevent disaster, and defeat the terrorists.

Thank you for inviting me today, and I'll be happy to answer any questions you might have.

[The prepared statement of Mr. Kelly follows:]

Remarks of Police Commissioner Raymond W. Kelly
Hearing of the House Government Reform Subcommittee on Government Management, Finance and Accountability
Brooklyn Borough Hall - 209 Joralemon Street
Monday, July 10, 2006

Chairman Platts, Congressman Towns, members of the Subcommittee. Good afternoon.

The security of New York City's ports and waterways is of huge concern to the Police Department. Today, I'd like to discuss with you the range of maritime counter-terrorism activities we engage in including our collaboration with the federal agencies that bear the primary responsibility for port security.

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Mr. PLATTS. Thank you, Commissioner Kelly.

And we appreciate you being here, and also, the service of yourself and all the men and women in the New York City Police Department day in and day out, in the service to the citizens of New York City and the terrorists that come through the city of New York.

Commissioner KELLY. Thank you Mr. Chairman.

Mr. PLATTS. A couple of issues that I would like to touch on.

The funding issue, that is of real concern to New York and other urban areas.

And in some of the analysis regarding the urban area security initiative where now we look at both risk and effectiveness of the proposed use of grant funds.

And New York was ranked No. 1 in the risk assessment, but not ranked high in effectiveness.

I'm curious as to what, if any, feedback the City received in guidelines in preparing the grant applications, requests that have been submitted, or since the decision has been made as to why your proposals perhaps weren't scored by the peer review panel as high as others.

Commissioner KELLY. Well, first let me say that the application itself was prepared by Office of Management and Budget. The Police Department is only one agency that submits a plan, and submits a request.

I, myself, have not received what I would consider to be an adequate explanation of the analysis, or the evaluation process that has gone forward, and I haven't met anybody who has. I haven't met anybody who can explain it.

The explanation keeps changing, as far as the evaluation of our effectiveness is concerned.

So it's difficult for me to answer your question.

I know that we, as an agency, the Police Department, adhere to all of the Department of Homeland Security guidelines, as far as the requests were concerned.

I think there were some changes made in the application, the OMB application. I believe that was made after discussion with Homeland Security officials.

Mr. PLATTS. And given, as you reference, the disclosure this past week regarding the targeting of the tunnels, the importance of us adequately filling our commitments to New York as a No. 1 likely target, one of the other aspects besides funding is information sharing.

And in our second panel, we will get into a little detail as to how we stand in that.

From your perspective as police commissioner, how do you see information sharing with regard to port security as compared to other aspects of homeland security for the city of New York?

Commissioner KELLY. I think information sharing is good. And port security information sharing is part of a larger process of information sharing.

And all indications are that all agencies are willing to share information, and they have, obviously, there are some constraints as far as security clearances are concerned, but once that's addressed, the information is shared.

I believe that the area maritime security committees that have been set up are effective, and it's working well here in New York.

The information that I have, those are committees that have Federal, State and local representatives, and private sector stakeholders, as well.

I think that vehicle is effective. It's particularly helpful when we have major events here in New York. We have 146 square miles of water here in New York Harbor. We have many major events on the water. For instance, just on July 4th we had hundreds of pleasure craft, party boats—actually, big cruise ships here for the fireworks display.

And I'm told that the coordination was excellent.

Mr. PLATTS. On the security clearance issues, specifically, I know there has been some great improvements made in getting the security clearances through the pipeline.

Is the Police Department still experiencing problems, delays, in that area, or have changes been made to help to kind of speed up that process?

Commissioner KELLY. We still have some problems in that regard. Part of it is the fact that, of course, we are rotating people in and out. People retire, they have to go through the process again.

Unlike Federal agencies, where if you come on board in certain jobs, you're going to have a security clearance, that s a requirement for the job.

That's not the case in the Police Department. It depends on your specific assignment.

It's a bit of a challenge for us.

But you're right, the procedure has improved. I would like to see it even quicker than it is now.

Mr. PLATTS. In relation to the clearance issue, is there any intelligence information that you believe is available through the Federal entities that your department, even with clearances, doesn't have available access the way we should, or things that you working on?

Commissioner KELLY. I think that we are, as an agency, we have access to that information. Certain people in the agency may not have it, but we as, an agency, will have people with the appropriate clearance.

There are certain units that we have, that have the adequate clearances to receive the information.

So I can't think of any examples where we are not getting information that I think we should have.

Mr. PLATTS. One final question before I yield to my colleagues.

In your testimony you talk about the identity requirements on accessing the ports, truck drivers and long-term security, as the intent of the smart card, perhaps sometime in 2007, maybe best case scenario.

Where would you say we stand today to address the type of failings of identity checks in the past? Where is that identity check process?

Commissioner KELLY. I think we have a long way to go.

We do have a Waterfront Commission here in the Port of New York. They do a certain amount of vetting.

In fact, you have to have a waterfront clearance to work in the ports, or certain functions in the ports.

I think that procedure could probably be perhaps one that delves a little deeper, and done a little more effectively than it has so far been done.

So we have talked to the Waterfront Commission folks.

But I think that we could all be helped if that procedure was made more effective and more in-depth.

So we await the Homeland Security's initiatives. So the biometric card, I think, would be a big step in the right direction.

Mr. PLATTS. Are we at a stage where at least we are better vetting the criminals and those with known records?

Commissioner KELLY. Yes.

Mr. PLATTS. Actually, outstanding warrants. That's not defeating itself?

Commissioner KELLY. Yes. I think the background checks, the criminal background checks, are going forward. And yes, I think that's reasonably effective.

But I think we need more to be done in that area, more to be done, in a deeper examination.

Mr. PLATTS. Thank you, Commissioner.

I yield to the ranking member, Mr. Towns.

Mr. TOWNS. Thank you very much, Mr. Chairman.

Thank you, again, Commissioner Kelly, for coming.

There are always statements and rumors about the lack of communication.

Do you feel comfortable today in terms of communications between the various agencies that have responsibility for making certain that our ports are secured?

Commissioner KELLY. Yes, I do.

As I said before, Congressman, I believe these areas, the maritime security committees that have been put in place, are an effective vehicle to foster that communication and coordination.

I believe we are talking now, we are communicating now, better than we ever have before, and as far as the ports are concerned, that's a vehicle that we have facilitated.

Mr. TOWNS. If someone asks a question about who is responsible for the security of our ports, what would be the answer?

Commissioner KELLY. It's not an easy answer to give.

In 2000, I was the U.S. Customs Commissioner, I co-chaired a committee on security in our ports.

One of the conclusions that we came to is, if you see one port, you've seen one port. They all look different, they are all, the jurisdictions, there are multiple jurisdictions, no two ports look alike.

It's not easy to answer that question.

Certainly, the Coast Guard has a significant responsibility, but then you have multiple jurisdictions.

In New York, you have New York and New Jersey.

You have New York City, New York State. You have cities in New Jersey. You have a Waterfront Commission. You have Federal agencies that are involved, customs and border protection.

You have Immigration and Customs Enforcement.

Those are multiple agencies, multiple State, and local, Federal agencies that are involved.

There is no one agency that's in charge of security in the ports throughout the country.

Having said that, again, the communication, the improved communication that we have, and coordination, I think goes a long way to addressing some of the concerns that existed in the past.

We had no one in charge, we didn't have very good communication. Now we have much better communication than we've had in the past, much better coordination.

Mr. TOWNS. Now with the cuts, Operation Atlas, which everyone had so much hope for, is that in jeopardy now, without the money?

Commissioner KELLY. Which program, sir?

Mr. TOWNS. Operation Atlas.

Commissioner KELLY. Well. No, Atlas is a program where we take large numbers of uniformed officers and deploy them at sensitive locations throughout the city.

We are going to continue to do that program. We're using local funds to do it.

The Mayor has made it clear that he will find the money to enable us to do that.

But our counter-terrorism efforts in New York City, in the Police Department alone, averages about $200 million a year. And the Atlas program is a portion of that.

So we are going to continue to do it. We think it's very important to have booths on the ground, technology can only do so much.

Yes, we want additional cameras, we want license plate readers.

But there is nothing like having a uniformed police presence at locations that we are concerned about.

So we're going to continue to use our police officers in our Atlas program in a comprehensive way.

Mr. TOWNS. It seems unfair that we are cutting funds, knowing that the need is so great. That sort of bothers me, to be honest with you.

When we look at the formula, when you look at the risk factor, how do you feel about that?

It seems to me that money should be based on risk.

I think Congressman Owens is right when he said that we need to put the money where we know that the problems are going to be.

And the fact that New York has already been hit, it's not something that—we know about September 11th.

So it seems to me that being we are very much aware of what happened on September 11th, and knowing in terms of the fact that we have all these buildings and possible threats, a strong rumor about the Brooklyn Bridge, which you and your department did a fantastic job in avoiding that, and we appreciate that.

But don't you think that risk should be the key factor, if you're giving out money?

Commissioner KELLY. Absolutely.

There's no question about it.

If you look at all of the analysis, both the classified analysis, the public analysis, there is no city in America that is anywhere close to being at risk the way New York City is.

We are on top of the terrorists' targets, we're in the cross hairs, as we say.

And when we examined, or when there was a big public concern about the distribution of funds, or the reduction in funds, this came out when Congressman King and others talked about the fact, in closed door sessions, that it was obvious that no other city in America comes close to New York in terms of the risk factors, and the threat information that comes in.

There is no doubt in my mind.

Yes, there are other cities, there are other locations that are at risk, but you just can't, in good conscience, cut New York City 40 percent, when you're aware of, when you're given the information that New York is far and away the city that is most threatened by terrorism.

Mr. TOWNS. Thank you very much, Commissioner.

And thank you for your dedication to the city.

Mr. PLATTS. Thank you, Mr. Towns.

Mr. Owens.

Mr. OWENS. Yes. Commissioner.

I noticed you mentioned in your statement that you had not been apprised of the evaluation results, what things were found to be wrong in your evaluation that was done, the plan submitted by New York.

I have seen at least one article where the columnist said that part of New York's problem was the Homeland Security people in Washington didn't think that you had done anything new with the funds that were available. And a large percentage of the money was spent just on covering overtime, covering things that you always do.

So I wonder if you can address the situation in terms of, first of all, is the Police Department being asked to do too much in this situation in terms of taking on new responsibilities, when there are demands that are ongoing.

There are some things that only the police can do.

When it comes to certain other surveillance, some other types of things that can be done to secure our ports, there may be other agencies that can also do that, but the police can do it better.

The police have other things to do that only they can do, and they are police officers with weapons.

So is there a need for a clear distinction of what you can do, and what you do best, and a definition of what else is needed, and if more people are needed, Customs, whatever, or maybe there is a new set of divisions that are needed somewhere in terms of the ongoing need to maintain security in our ports.

This is going to be a thing with scanning machines and modern equipment, manpower. Manpower, human power, is low.

So should the police be having too great a portion of that burden?

Commissioner KELLY. Who else is there to do it?

Mr. OWENS. There are parts that only you can do.

Commissioner KELLY. Well, we have a city of 8.1 million people here.

Mr. OWENS. But the ports is something new.

Commissioner KELLY. I'm sorry?

Mr. OWENS. Securing the ports is something new.

Commissioner KELLY. Securing the ports?

Mr. OWENS. That's something new added to your regular duties.

Commissioner KELLY. When you say securing the ports, there are other agencies. Obviously, the Port Authority has a major role in securing the ports.

We don't have a presence on the piers, you know, immediately at the piers.

What we are doing is patrolling the waterways here. We have 26 police launches. We are working closely with the Coast Guard.

There are other maritime agencies. The State Police has a presence here.

But nobody has an agency that comes close to us in size. There are no other resources available.

So we will take help from any quarter, and I would welcome your recommendation, or suggestion, as to who else there is out there to help us.

If you're talking about more resources to help us protect the ports, from Federal agencies, I'm all for it.

Mr. OWENS. I just wanted to clarify the situations.

Are you being asked to do more than you can do with your help, and then you're criticized because you use additional moneys, resources, to pay overtime, because you use the same people, but they are doing more.

How do you get out of that bind?

Can you work with the other agencies? Who can do what best, and how you should not be burdened.

Commissioner KELLY. We will take help from any quarter.

But we still have not had a coherent explanation as to why those funds were reduced 40 percent.

You said you've seen articles. I haven't seen an article.

One of the categories that said that we were insufficient in was sustainability.

We have been sustaining protection of the city since September 11th as far as our kind of terrorism programs are concerned.

We have the biggest counterterrorism bureau in the country. We are the first in a municipal police agency.

We formed our Intelligence Division. We have police officers funded by private sources, by the way, that are overseas.

I think the rest of the law enforcement world is coming to New York, to see what we are doing.

So I think we've done a lot of innovative things here, and I think we sustained it for almost 5 years now.

You just can't comprehend what their explanations are as to why New York shouldn't get money. It doesn't stand the light of day.

If you're looking at it in depth, as I say, nobody has explained it adequately.

We are doing what we believe we have to. If anyone else wants to come along and add resources here, more law enforcement personnel, in the harbor, protecting our ports, we welcome that.

Mr. OWENS. Well, how much are your precincts involved in training local citizens for preparedness?

Is that a city-wide policy with respect to all the precincts, one point or another, they are involved in local groups?

Commissioner KELLY. When you say local groups, we have several initiatives in that regard. We have auxiliary police officers in

our precincts. These are volunteers. We have about 5,000 of those throughout the city.

There are CERT's, there are citizen emergency response teams. We have some of them in our police precincts.

The overall obligation of training those CERT's is with the Office of Emergency Management.

We are also involved in training them, as well.

Then there are several volunteer groups, citizen patrol groups, that we work closely with.

Not every precinct has them. Some precincts in Brooklyn, and some in Queens, have citizen patrol groups that we work closely with.

We also welcome that. We welcome citizen involvement. We stand ready to train any group that wants to get involved in helping us protect the city.

Mr. OWENS. Thank you.

Mr. PLATTS. I'm pleased to be joined by Ms. Maloney, from New York. She might have a statement, as well as questions.

STATEMENT OF HON. CAROLYN MALONEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mrs. MALONEY. Thank you so much.

First, I would like to thank you, Chairman Platt, and Ranking Member Towns, for bringing attention to this terrorists threat area as No. 1 in our Nation.

And before my statement on port security, I would like to follow-up on the excellent questioning of Congressman Owens to our Police Commissioner Kelly.

With a cut of $123 million to the high threat area grant program, $83 million came out of the hide of New York City.

No matter how they sliced it or tried to explain how that happened, anyone with any common sense knows that it is just plain wrong.

And I would like to appeal to Chairman Platts and Ranking Member Towns to have a hearing back here in New York City with Federal people, and our Police Commissioner, and others, on that funding formula.

I find it highly ironic that people come from all across this country, literally across the world, to come to New York, to learn how to protect people.

By all categories, New York has the best, the brightest, the finest police department.

I can't tell you how many countries say, can you get the Police Commissioner to come over here and tell us how to defend people.

And in the formula, the City filled it out for what we needed. The 9/11 Commission said we needed intelligence, that it's a new type of war, that's very, very dependent on intelligence, on people, on having the police on the Brooklyn Bridge to foil the attacks that have been reported several times on that particular bridge.

Yet then they said that our application was wrong, because the best police department in the world that everybody studied how they defend against terrorism, said we are putting our resources into what we think we need, which is intelligence, people, people on the ground, people defending.

And they said that was wrong, it should have been a concrete item.

Well, how many scandals have we read in the papers about concrete items that have been spent all across this country to various places that they will never absolutely ever use.

And I would like to commission a GAO report on how this high threat money has been spent on concrete items, and whether they have ever even been used.

I think it is a scandal beyond words what happened in that formula. It was a disgrace to our country, it was a disgrace to anyone who is serious about Homeland Security.

It makes a mockery of the entire system.

New York City got roughly $2.15 per capita. Wyoming gets roughly $15 per person, and at rush hour, there are more buffalo in Wyoming than people.

So it really—I feel it really was not our finest hour.

After September 11th, this country came together, and we were determined to combat terrorists. That formula is an absolute disgrace. We are trying to correct it.

I really appeal to them to have a hearing on it.

But the topic of today is port security, which is really incredibly important. And one does not have to look far beyond the Dubai Ports world fiasco to realize that we simply have not been paying enough attention to the security of our ports.

I am very proud to have authored HR5337, the National Security First Act, which has been reported out of the Financial Services Committee with a unanimous vote, and we hope to pass that before we adjourn by August.

And this would reform the process that conducted the national security review of that deal, and we have a lot more work to do before our ports will be secured.

Especially when we consider that every year we have approximately 9 million containers entering our ports, that we only inspect a small fraction, 5 percent.

In Hong Kong they inspect every single container that goes into their port. We can do the same thing in our own country.

In the 9/11 Commission report, they stated that terrorists had the opportunity, this is from the 9/11 Commission report—"the opportunity to do harm as great or greater than maritime and service transportation" than the September 11th can.

Yet GAO has previously reported that staffing imbalances in seaports has resulted in 35 percent of high risk containers not being inspected overseas. If they were inspected overseas, the work of our people here in the city would be a lot less, yet it's not happening.

Since September 11th we have spent $780 million for Port Authority to strengthen port security activity, but port operators are on record stating that there is a $1.5 billion gap between what is required to implement security measures, and what the administration has been willing to support.

Incredibly, the administration sought to eliminate the port security grant program in their fiscal 2007 budget in favor of a targeted infrastructure protection grant, which would force ports to compete for very limited resources, with mass transit, rail, and other critical infrastructure.

I don't know about you, but this reminds my of the Homeland Security fiasco and the high threat grants.

First, the Homeland Security high threat grants went to seven cities. Then they expanded it to thirty cities. Now they've expanded it even more.

They are doing the same thing with the port grant program, putting it into a pot that will weaken the dollars that go to high threat ports.

And we all know the outcome of the "reform" of the high threat initiative, 40 percent of the cuts in high threat funding for New York and D.C., a 40 percent cut for the two cities that, by all accounts, are the highest threat in our country.

And I hope that your appearance today will set the groundwork for a new course when it comes to port security.

And my question that I would like to ask the Police Commissioner was a report that came out from GAO which really spearheaded this, that many of the people who should be getting clearances for port security were not getting clearances in the local area.

I know that's not your particular area, but as we know, the 9/11 Commission report said that intelligence, the feet on the ground, and our local communities are the first to respond, the first to hear of a threat, and play an important part.

So my question to you is, are your people getting the security clearance that you need to be fully informed of threats that the Federal Government, under the National Intelligence Division, or the FBI, CIA, or other intelligence-gathering organizations, are you within the loop? Are you being shared the threats that they are hearing? Are you hearing it firsthand, are you hearing it on the daily news shows at night?

Are you getting the clearances, are you part of that intelligence information setup?

Commissioner KELLY. Congresswoman, before you arrived, we addressed that issue.

And the answer generally is yes. I would like to see the procedure made a little bit more streamlined, a little quicker. But generally speaking, the system has improved.

It has become a little bit more efficient. I think it needs a way to go.

But we are getting our clearances.

Mrs. MALONEY. You're getting your clearances?

Commissioner KELLY. Yes.

Mrs. MALONEY. And you're getting the information?

Commissioner KELLY. Yes.

Mrs. MALONEY. Did you know about the threat down in Florida, where they went into a cell before it was reported on the news, or did you just learn about it from the news?

Commissioner KELLY. We knew of the investigation that was ongoing, yes.

Mrs. MALONEY. Thank you very much, and thank you for your public service.

Commissioner KELLY. Thank you.

Mr. PLATTS. Thank you, Ms. Maloney.

And I appreciate your participation.

On the issue of the distribution formula, the full committee did a hearing a few weeks back, it did lead into the broader issue of how this was being implemented.

I think you raised very legitimate concerns. And it is an issue that has been continued to be scrutinized.

And the Commissioner outlined the needs here.

Mrs. MALONEY. Thank you for bringing that up.

And I did attend the hearing that Chairman Davis had.

At that hearing, there were many Members of the Congress from the D.C. area, and they said publicly that the real threat was New York City.

And I would just like to respectfully request a hearing on New York City.

And specifically, the point that has been in the papers that New York City has spent high threat money in areas that they believe will best protect the American people, and New Yorkers and citizens visiting our city.

It was their determination, these grant makers decided that was not how the money should have been spent, they should have been buying oxygen tents, or something else. I don't know.

But I think that it goes to the core of good government. It goes to the core of protecting our people.

And I really would like to appeal for a hearing in the city, where the city professionals are, that can explain why they believe the high threat is what it is, and why they believe that is what should be funded.

But to me, the disconnect that people come to New York to study how to defend their local area, even their foreign countries, and then, when they say this is how we need to spend the money, and then this group—I don't know where they're from—comes in.

I read one report they were hired, they were advertising—comes in and said the money should not be spent that way.

I mean that is a fundamental question that I think needs to be answered.

And I want to say that I support the Police Commissioner for speaking up for what he thinks needs to be done to protect people, and for being honest.

He could fill out an application that talks about hardware that he doesn't need. He didn't do that. He said this is what we need to protect people, and that was turned down as not an appropriate answer.

Yet then everybody comes to New York, tells us how to protect ourselves.

So I'm very, very disturbed.

It's absolutely wrong.

And I think that the debate on the substance has never really taken place, and I think it needs to be.

Mr. PLATTS. All of us share the belief that Commissioner Kelly and those on the front lines are better prepared to make a decision on how best to invest the resources than others far removed from the front lines.

That is an issue we will take back to the committee.

Specifically to appeal here in New York to the house rule does not allow us to have one between now and February, because of

how close we are to the New York primary, and then the general election.

But perhaps we can have one sooner, or after November here in New York.

But it is an issue that certainly need to be investigated.

Are there any other questions?

Mr. TOWNS. No questions.

I would like to thank the Commissioner for sharing his expertise with us. I really appreciate it.

People come from all over to learn from our Commissioner and his staff.

It seems to me they should also listen when he says, "I need resources."

Thank you very much.

Mr. PLATTS. Commissioner, again, we appreciate your testimony.

And as one who is married to an upstate New Yorker, but who looks back with her 2 years here in the East Village, where she lived after college, very fondly, and it's always great, because I have my own personal tour guide when we come to the city.

I appreciate the effort of you and the uniformed members under your command, what a great job you do.

Thank you.

Commissioner KELLY. Thank you very much.

Mr. PLATTS. We will take a 2-minute recess, while we get the second panel set.

[Recess.]

Mr. PLATTS. We will reconvene.

We have Captain Robert O'Brien, Commander of the Coast Guard, and Captain of the Port of New York and New Jersey; Ms. Bethann Rooney, security manager, Port Commerce Department, Port Authority of New York and New Jersey; and Mr. Stephen Caldwell, Acting Director, Homeland Security Justice Issues, U.S. Government Accountability Office.

I ask the three of you, now that you are seated, I ask you to stand and raise your right hands to be sworn in.

[Witnesses sworn.]

Mr. PLATTS. Thank you.

The clerk will note that all three witnesses affirmed the oath. They we will go from right to left.

Captain O'Brien, the floor is yours.

And we do have your written testimony, and as I call it, my homework leading up to the hearing.

We appreciate all three of you sharing your testimony with us.

And if you would like to summarize it, however you see fit to present your oral testimony now.

STATEMENTS OF CAPTAIN ROBERT O'BRIEN, COMMANDER, COAST GUARD SECTOR NEW YORK AND CAPTAIN, PORT OF NEW YORK AND NEW JERSEY; BETHANN ROONEY, SECURITY MANAGER, PORT COMMERCE DEPARTMENT, PORT AUTHORITY OF NEW YORK AND NEW JERSEY; AND STEPHEN CALDWELL, ACTING DIRECTOR, HOMELAND SECURITY AND JUSTICE ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

STATEMENT OF ROBERT O'BRIEN

Captain O'BRIEN. Thank you.

Good afternoon, Mr. Chairman and distinguished members of the committee, fellow port partners.

It's a pleasure to be here today to discuss the Coast Guard's role and how information sharing between Federal, State and local authorities and private industry enhances our efforts to better secure U.S. ports, especially here in the Port of New York.

I serve as commander of Coast Guard Center, New York. Our service is the largest East Coast field command.

My mission is to focus on two major operational processes, prevention and response, in support of our services' five fundamental roles, national defense, maritime security, maritime safety, maritime mobility, and protection of natural resources.

This port is an economic engine. We cannot afford, as a Nation, to have it closed, even partially, for any extended period of time.

Effective information sharing allows us to plan not only for deterrence of attacks, and other unsafe happenings in the port, but also, a reopening strategy, and effective recovery of the port transportation system.

I use the term "port transportation system" because that really includes the air, land and the maritime.

The U.S. Coast Guard has taken on the 9/11 Commission's and the Department of Homeland Security's challenges for combatting terrorism in the maritime domain, especially in regards to improving our role in information sharing.

Reliable actionable information that is shared effectively is key to our ability to address threats, reduce vulnerabilities, become better risk-based decisionmakers, and manage the consequences of incidents, man-made or naturally occurring.

We place a premium on the information sharing to identify and intercept threats well before they reach U.S. shores by conducting layered, multi-agency maritime security operations, and by strengthening the port security posture of our strategic economic and military ports.

I can think of no other model of interagency cooperation which has adapted, overcome and persevered through the attack on our own soil on September 11, 2001, through the varied challenges we face today.

Like the partnerships here in New York, and the Port of New York and New Jersey, thanks to the cooperation, dedication and hard work of Federal, State, county, city and borough agencies, as well as the Port Authority and various levels of government, and many, many other private sector port partners, we have increased

transportation security in our port by air, water and on land, both surface and subsurface.

And we have protected national treasures and icons, such has the Statue of Liberty and the United Nations, unique to this international gateway port.

We have enhanced information sharing through the use of interagency fusion centers, security committees, increased maritime domain awareness, and the daily routine of information exchanged with port partners that has been implemented and refined to mitigate and prevent threats, while also being mindful of maritime safety, since safety and security are really two sides of the same coin.

As an example, our Coast Guard Field Intelligence Support Team here in New York, as mentioned before by Commissioner Kelly, is a one-stop interagency maritime intelligence center, including coordination and deconfliction of intelligence-based operations, as well as tracking of investigations with a maritime nexus.

Essentially, fusion centers are force multipliers for all participants.

The overall successor of the FIST partnership largely depends on the relations between individual representatives of each agency.

In New York, these are strong relationships, have been essential in ensuring that all affected parties have been notified of a significant incident, even if the agency notified is not a participant in a fusion center.

The Area Maritime Security Committee, Harbor Operations Committee, and Army Corps of Engineers Senior Partners Program Group are three more examples in my written testimony of the tools by which the information and operational coordination takes place here in the port.

Mr. Chairman, as you know, the efforts and leadership of this very committee have played a significant role in all of these improvements and achievements for our entire military, civilian, and volunteer auxiliary Coast Guard team.

We thank you for the opportunity to testify before you today.

And we thank all of our port partners for everything they do in concert with us as equal partners to meet our daily challenges as a unified force.

We will be happy to answer any questions that you may have.

[The prepared statement of Captain O'Brien follows:]

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DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF

CAPTAIN ROBERT R. O'BRIEN, JR.

ON

"HOW INFORMATION SHARING BETWEEN FEDERAL, STATE AND LOCAL GOVERNMENTS ENHANCES EFFORTS TO BETTER SECURE OUR NATION'S PORTS"

BEFORE THE

COMMITTEE ON GOVERNMENT REFORM

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY

U. S. HOUSE OF REPRESENTATIVES

JULY 10, 2006

Introduction

Good morning Mr. Chairman and distinguished members of the Committee. It is a pleasure to be here today to discuss the Coast Guard's role and how information sharing between federal, state and local governments enhances our efforts to better secure U. S. ports, and specifically the port of New York/New Jersey.

Military, Multi-Mission, Multi-Agency Partner for Maritime Port Security

The Coast Guard's "world of work" includes our oceans, seas, lakes, rivers, bays, sounds, harbors and waterways. Distinct from land borders characterized by clear legal boundaries, our ports represent commerce, trade and international supply chains which ebb and flow in a continuous stream of productivity from many different points all over the world. We live in an interconnected world. Nowhere is this fact more evident than in a port like New York. The port is fundamental to our nation's and the world's economic prosperity. As a result, the maritime safety and security of our ports are not just a concern of U.S. national interest and security, but of global stability. The port of New York is enormously complex and critical, with an unparalleled variety of users from large cruise ships to fishermen and recreational boaters. The profiles of maritime users and neighbors are as varied as the jagged coastlines surrounding our country and significantly impact the world's economy everyday. Within a short distance of the shipping lanes you can find Wall Street, landmarks of national significance, intermodal highways, international airports, and historic bridges and tunnels. It is due to the close proximity of these various modes of transportation that the Port of New York and New Jersey is the destination for eighty-five million metric tons of cargo annually, serving over eighty million people or 27% of the entire U.S. population.

While the nature of the Coast Guard's world of work is clear, the missions are ever changing with new threats emerging as others are mitigated. However, working with our maritime partners to combine our capabilities and competencies we have been able to adapt our responses and change accordingly. I can think of no other model of interagency cooperation which has adapted, overcome and persevered through the attack on our own soil on September 11, 2001 like the partnerships here in the port of the New York. Thanks to the dedication and hard work of the New York Police Department (NYPD), New York Fire Department (FDNY), New Jersey State Police and Fire Department, Federal Bureau of Investigations/Joint Terrorism Task Force (FBI/JTTF), Customs and Border Protection (CBP), Central Intelligence Agency (CIA), Immigration and Customs Enforcement (ICE), Naval Criminal Investigative Service (NCIS), Port Authority, and the Office of Naval Intelligence (ONI) we have increased security in our port and protected national treasures such as the Stature of Liberty and the United Nations.

As Captain of the Port New York and Commander of Coast Guard Sector New York I serve as the Federal Maritime Security Coordinator; the Officer in Charge, Marine Inspection; the Federal On-Scene Coordinator; and the Search and Rescue Mission Coordinator. Sector New York is the Coast Guard's largest East Coast field command responsible for activities from Sandy Hook, NJ, north through the Port of New/New Jersey, up the Hudson River to just south of Lake Champlain, and up the East River to the Long Island Sound/Connecticut border. The command integrates missions to focus on two major operational processes: **PREVENTION** and **RESPONSE**, in support of our service's five fundamental roles: **Maritime Safety, Maritime Security, Maritime Mobility, Protection of Natural Resources,** and **National Defense**.

Information Sharing and Partnerships

Interagency information sharing has been critical to the effectiveness of response to threats or potential threats here in New York and New Jersey. Interagency fusion centers, security committees, and the daily routine of information exchange with partners have been implemented to mitigate and prevent threats while also being mindful of maritime safety. The following is just a brief overview of several partnerships that are in place locally:

- *Coast Guard Field Intelligence Support Team (FIST) New York:*

  The FIST is a one stop, interagency maritime intelligence center located at Sector New York on Staten Island. Information is shared for both informational and operational purposes, to counter terrorism, narcotics trafficking, maritime smuggling, and illegal maritime migration. The FIST and also develops a vessel intelligence matrix to help determine which vessels entering port should be boarded. Core membership includes active duty and reserve members from the U.S. Coast Guard working with ICE, ONI, CGIS, NYPD, and NCIS. The FIST also has CG and CGIS liaison officers at partner intelligence fusion centers including JTTF New York, JTTF Newark, NYPD Counter-Terrorism and the NYPD Regional Intelligence Center (RIC), where information can be easily disseminated.

  Joint-agency vessel intelligence matrices are developed twice a week using information exchanged among FIST partners. Information for vessels of interest come from a variety of sources, including classified data bases and required advanced notice of arrival information for every incoming ship to the port of New York/New Jersey and Long Island. The information gathered facilitates the 'board or no board' decision by Coast Guard and other operational law enforcement partner agencies in the port. This matrix also serves to identify vessels for further intelligence collections. Many benefits have been derived from the FIST exchange, including coordination and de-confliction of intelligence based operations as well as tracking of investigations. A lead investigating agency on a case can now receive assistance and/or input from another agency, yet still maintain operational control over the case. Essentially, "fusion" centers are force-multipliers for all participants. The overall success of a partnership largely depends on the relations between individual representatives of each agency; in New York these relationships have been essential in ensuring that all affected parties are notified of a significant incident, even if the agency notified is not a participant in a "fusion" center.

- *Maritime Security Committees:*

  As a result of the Maritime Transportation Security Act of 2002, the flow of information among stakeholders has been improved and enhanced. A big part of MTSA was the establishment of the Area Maritime Security Committee (AMSC). The AMSC advises, consults, reports and makes recommendations to the Federal Maritime Security Coordinator (FMSC) on matters relating to maritime security. The mission of the AMSC is to further the security operations for the Captain of the Port by assisting the FMSC in Maritime Homeland Security missions, coordination of planning and information sharing. This is done by charging stakeholders with the responsibility to observe, monitor and report questionable or inappropriate activity, and to develop an Area Maritime Security Plan - including awareness, prevention, and response and recovery capabilities for port partners.

  AMSC meetings take place quarterly and have facilitated face to face meetings with representatives of a multitude of agencies, and have encouraged participation among AMSC member peers and contacts. Overall, AMSCs provide a forum which enables those new to the port to get "up to speed" on current and ongoing port security/intelligence matters, while

allowing founding members to continuously monitor projects, share intelligence/training, and make new contacts.

Also required under MTSA is the security exercise program. These annual local exercises help to assess the effectiveness of the Area Maritime Security Plans and the port community's preparedness to respond to security threats and incidents. The New York Area Maritime Security Committee's Port Recovery Working Group recently completed revisions to Section 6300 of the Area Maritime Security (AMS) Plan based on the lessons learned from the DHS Economic War-game held in February 2005. Our current plan is now being vetted against the guidance provided by DHS in the Maritime Infrastructure Recovery Plan, published in April 2006.

- *Harbor Operations Committee*

The Harbor Safety, Navigation, and Operations Committee provides a wealth of Maritime Domain Awareness information, in addition to improving both the mobility and safety of the Maritime Transportation System (MTS). Harbor Operations committee and subcommittee informational exchanges provide tremendous visibility from hundreds of public and private port stakeholders with whom we directly interact in a wide variety of activities, including:

- Annual coordination and scheduling of over 500 construction projects and over 375 regulated Marine Events;
- Development of expanded safety and security zone regulations;
- Refinement of Hurricane and Severe Weather Plan protocols; and
- Development of a "Port Coordination Team" to address pre and post incident procedures for both predicted and no-notice events that impact the MTS.

- *The State, Local, Private Sector Security Clearance Program.*

The majority of information received at the field level is unclassified. In some cases, however, it may be necessary to share classified information at the SECRET level. Accordingly, Coast Guard Headquarters has implemented a program (the State, Local, Industry Security Clearance Program) that allows for 7-10 members of each Area Maritime Security Committee across the nation to be recommended by the Federal Maritime Security Coordinator to receive a SECRET clearance. Members of command centers may also be processed for SECRET clearances. Several of these clearances have been completed to date, and the Coast Guard is committed to providing security clearances to these officials in a timely manner.

- *Standardizing protocols / Strengthening partnerships*

Much has been done to standardize protocols related to information sharing and thus improve port partnerships, security, and safety. For example:

- Nationally, established a National Maritime Security Advisory Committee in order to provide a strategic public-private forum on critical maritime security topics;

- Launched *America's Waterways Watch*, a citizen involvement program that leverages the Coast Guard's relationship with the maritime public by asking them to report suspicious activity and explaining what constitutes suspicious activity; and

- Deployed the *Homeport* information sharing web portal, which allows for collaboration and communication in a controlled security environment (for sensitive but unclassified material) among Area Maritime Security Committee members and port stakeholders at large. This system enables rapid distribution of:

    - sensitive threat warning products to vetted partners;
    - MARSEC level change notifications to the maritime community;
    - tracking of MARSEC attainment for vessels and facilities in the AOR; and
    - will soon host an advance notification system to issue immediate alerts via a number of communication channels to port users.

In the Port of New York/New Jersey, the AMSC has established numerous sub-committees to strengthen port protocols and exchange of information. These sub-committees include:

- The Communications Sub-committee, which implements new methods and technologies to improve contact with vessels, facilities, law enforcement personnel, committee members, maritime stakeholders and service providers, as well as the media.

- The Response and Recovery Sub-committee which is comprised of stakeholders within the maritime response community which are responsible for outlining the resources in the area available to respond to and investigate maritime security incidents. Likewise, this committee is responsible for developing strategies to aid the port in recovery from a maritime security incident.

- The Planning and Preparedness Sub-committee will reduce the port's risk to terrorism by planning and coordinating mitigation strategies to detect, prevent, and interdict transportation security incidents. The committee will also establish procedures and protocols for operating under different threat levels or security specific events.

- The Intelligence Sub-committee is composed of local, state and federal law enforcement agencies. This Sub-committee is responsible for maintaining current maritime threat assessments and improving the collection and dissemination of law enforcement and security information. This sub-committee will also establish and coordinate training to provide law enforcement knowledge regarding operating in a maritime environment.

- The Training and Exercises sub-committee's purpose is to assist the FMSC in conducting or participating in an exercise at least once each calendar year, with no more than 18 months between exercises. The purpose of the exercises is to test the effectiveness of the AMS Plan as described in 33 CFR 103.515 and create and maintain documentation on each exercise. This committee is also responsible for making both classroom and tactical training available to relevant stakeholders.

- The Grants and Legislative Activities Sub-committee is responsible for tracking federal and state legislation and regulations that may have implications on regional maritime security.

The committee is also responsible for identifying port wide projects that may be eligible for various grants and advising support to the COTP when appropriate.

These strengthened protocols have also facilitated maritime commerce and complement maritime safety. They have:

- kept shipping channels and harbors open to navigation during the New England winter shipping season; and

- ensured safe passages of commercial, high capacity passenger vessels and recreational vessels through congested harbors, with New York's Vessel Traffic Service (VTS). The VTS annually controls 360,000 vessel movements within the port and over 60 million passengers transiting on commuter ferries.

The Sector New York Vessel Inspections Division, which responds to over 500 pollution cases and 600 marine casualties each year, offers a great example of how the daily exchange of information with a port partner helps with vessel inspections and containerized cargo. This division shares its vessel, container and facility inspection schedule with the Customs and Border Protection (CBP). CBP's automated Manifest System helps identify and target hazardous materials in containers before their arrival in port, as well as monitoring the movement of 30 billion gallons of oil annually. The CBP, on a moment's notice, can help mitigate a particular concern about a container and provide VACIS, radiation detection, and ion scans.

The use of *Homeport* for exchange of information with partners has been helpful in sharing sensitive information to a large network of stakeholders. Our three-way notification system (notifying our partners via cell phone, office phone and email) is another good example of how we're using information and technology to break down barriers for quick relay of information in real time environments to reach people in multiple ways and places, even at home.

Additionally, Coast Guard watch standers have been provided to multiple Office of Emergency Management (OEM) centers, including during the December 2005 transit strike. During this event, information sharing between the Coast Guard, NYC DOT, and NYOEM was critical to the safety and efficiency of temporary passenger ferry operations and the modification of drawbridge operation.

Improving the Nation's Maritime Domain Awareness

Coast Guard assets and systems are required to operate across a diverse operating area, including within our ports, in the littoral region and far offshore. Thanks to the strong support of the Administration, Congress and this Committee, a number of initiatives are underway to transform Coast Guard capabilities. With regard to Maritime Domain Awareness we have made great strides, but we have much more to do.

Partnerships

We are establishing new partnerships to share information and better leverage resources. We are working with local port authorities and other entities to share information from cameras, radar and other sensors to capitalize on existing capability. Since December 2003, the Information Sharing Initiative

(ISI), as part of the Newark Division's Joint Terrorism Task Force (JTTF) and recently its terrorism threats and leads squad (Squad CT-3), has been utilizing a heavily customized Excel spreadsheet to track lead information and investigative assignments. The ISI is responsible for the management of all threat and lead information that is generated within New Jersey.

This information is sourced and presented to the ISI in a wide array of formats to include, but not limited to, bureau-generated information; information from federal, state, county, and local law enforcement; and public correspondence. The ISI averages an intake of 6,000 leads per year.

The ISI tracking system has been provided to Field Intelligence Support Team (FIST) New York in order to facilitate and coordinate leads and threats concerning the port area. This allows for a seamless transfer of critical information between the ISI and FIST NY, enhancing understanding of the bi-state port environment as it pertains to joint counterterrorism efforts. This sharing of information promotes for a more substantive joint ISI / FIST NY briefing at AMSEC intelligence subcommittee meetings to agencies that have a vested interest in port security matters.

Conclusion

Mr. Chairman and members of the Committee, the Coast Guard continues to execute all of its missions, while continuing to improve maritime domain awareness. As Vice Admiral Cross reported to you in March of this year, the Coast Guard's response to Hurricane Katrina gave the nation a renewed appreciation of the value of having our Coast Guard ready and able to bring the full force of its military and multi-mission, maritime assets to bear at a moment's notice. Likewise, our Commandant, Admiral Allen has emphasized the interconnected nature of the safety, security and defense issues successfully being managed every day by our Coast Guard and DHS partners in the maritime environment.

Here in New York, Coast Guard Sector New York has worked very hard to improve its processes, cultivate its partnerships and learn how to apply new technology and personnel in new ways as we move forward to keep our port safe and secure. I'd like to share with you a few examples of our success with port partners who I am proud to work with both in times of great need and everyday Sector New York has:

- Conducted continuous MARSEC II Operations when the Iraq war began in 2003. As a result there were no terrorist incidents or disruption to war/security efforts in the port. During this time we conducted routine, daily interactions with multiple law enforcement and intelligence agency sources which became the first major integration by the FIST.

- Held additional MARSEC II Operations for heightened security posture during the 2003 and 2004 holiday season. The CIA reported that an incident was prevented due to overt LE presence of joint agencies. We found that the FIST/JTTF linkage was crucial to validating operational strategies & tactics.

- Coordinated successful, multi-agency response at the state, local and federal levels for VIP Yacht threat in July 2005. Due to these joint efforts, planned commercial activities were permitted to continue despite the real threat without incident. These operations were developed as part of the AMSC Operations sub-committee membership and coordination.

- Provided security and response assets to the Republican National Convention (RNC), held in August of 2004. Six months of planning prior to the convention took place with multiple states, local and federal agencies. This included the standing up of several multi-agency command posts and intelligence centers as well as supporting the Multi Agency Coordination Center at Madison Square Garden. A consolidated daily intelligence summary of all threats & incidents relevant to the RNC was developed and exchanged with all stakeholders.

- Strategically focused MARSEC II efforts from July 2004 thru Jan 2005. Our men and women responded to a combination of events and threats culled from multi-agency informational processes for a seven month period which encompassed not only the Convention, validated threats to New York, New Jersey financial districts, the Macy's 4th of July Fireworks, the third 9/11 anniversary, a UN General Assembly and our country's elections. This period included a heightened security need over the November to end of year holiday as well as the New Year's presidential inauguration in 2005. This was followed by the Iraqi elections that same month. I'm proud to say there were no major incidents throughout that period.

- Responded to a call for focused MARSEC II during July and August of 2005 after the tragic London Bombings. Concerned about threats to our own mass transit systems, and working with our partners, we maintained a presence aboard maritime mass transit which includes passenger ferries. This was an opportunity to utilize Hudson County's new Rapid Deployment Force (a result of Urban Area Security Initiative grant money and joint training initiative with Coast Guard and local law enforcement agencies) in providing substantial and overt law enforcement presence aboard commuter ferries, (approximately 1,000 daily transits).

- During the 60th Anniversary of the United Nations General Assembly, worked with port partners to secure the maritime environment for over 171 Heads of State – the most ever in one location. Again, this went off without incident.

Mr. Chairman, the efforts and contributions of this very committee played a significant role in all those noteworthy achievements. For our entire military, civilian and volunteer Auxiliary team, we thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Mr. PLATTS. Thank you, Captain O'Brien.
Ms. Rooney.

STATEMENT OF BETHANN ROONEY

Ms. ROONEY. Chairman Platt, Ranking Member Towns, members of the committee, thank you for the opportunity to testify on the important issue of Homeland Security, particularly with regards to our Nation's ports.

95 percent of international goods that come into the country come in through our Nation's 361 ports. 12 percent of that volume alone is right here in the Port of New York and New Jersey.

We support 232,000 jobs, $12.6 billion in wages, contribute $2.1 billion in State and local tax revenues, and transport cargo valued at over $132 billion.

Perhaps most importantly is that the cargo that moves through this port serves approximately 80 million people, which equates to 35 percent of the entire U.S. population.

Considering all this, it's easy to see how a terrorist incident in our Nation's ports would have a devastating effect on our country and its economy.

As a result of significant legislative action, capital investments, and operational improvements on the part of public and private sectors in the nearly 5 years since September 11th, the maritime transportation system is more secure today than ever before.

But enhancing maritime security is a complex problem, which requires a multifaceted and layered approach.

Maritime security is so much more than just the physical security of our ports and terminals, and the vessels that use them, but also enhancing cargo and supply chain security.

In addition to preventing another terrorist attack, we must also work on developing comprehensive programs that address not only prevention, but awareness, response, consequence management and business recovery, as well.

As Congresswoman Maloney mentioned earlier, one of the principal outcomes of the work of the 9/11 Commission was a determination that information sharing and collaboration at all levels of government was less than adequate.

Therefore, I'd like to briefly describe a number of initiatives that enhance communication and coordination among all of the Federal, State and local partners, as well as our private sector members.

Immediately after September 11th, the Port Authority formed two committees in order to facilitate the exchange of critical security information and best practices between and among our customers, and the Federal, State and local law enforcement and emergency response communities that serve them.

Our tenant security working group meets a minimum of monthly, and more often, as the threat level increases. This working group provides a forum for port users to exchange lessons learned, share best practices, develop programs, and solicit feedback from our Federal and State partners on issues of concern.

This environment ensures that port security is not a competitive issue, but rather, an all hand evolution.

The Port Authority also sponsors a Law Enforcement Security Committee. This Law Enforcement Security Committee brings to-

gether the approximately 25 Federal, State and local law enforcement and emergency response agencies that have responsibilities within our port region.

Also held monthly or as often as the threat dictates, this forum provides an opportunity for the exchange of intelligence, discussion about discrete security programs and initiatives, and planning of joint drills, exercises and training.

In addition to these two forums, both Commissioner Kelly and Captain O'Brien have mentioned the Area Maritime Security Committee, the objective of which is to continually assess security risk to the ports, determine appropriate risk mitigation strategies, and to develop, revise and implement the area maritime security plan.

The Area Maritime Security Committee here in the Port of New York and New Jersey is made up over forty Federal, State and local private organizations that have a stake in port security.

Executive leadership from each of these organizations gets together on a monthly basis to coordinate port wide activities and initiatives, receive intelligence briefings, and help the Captain of the port develop security policies and procedures.

Our Area Maritime Security Committee has recently completed the development of a 2-year strategic plan, and a structural reorganization, to ensure that we are proactive and able to address the myriad of goals and objectives that were identified in the strategic plan.

Of particular note to this committee is that we have a number of subcommittees specifically focusing on communications and intelligence, and are a good example of how well things are working.

While it has not yet been an issue in the Port of New York and New Jersey, the lack of proper security clearances for key State, local and private stakeholders has the potential to be a significant barrier to an effective response to a credible security threat.

The Area Maritime Security Committee was allocated about 10 security clearances in early 2005. That's 10 security clearances for the second highest risk port in the Nation.

In the event of a credible threat, there is no way to communicate above the security sensitive information level to many of the AMSC executive members, and the vast majority of the 197 facility security officers in the port.

Congress and the administration must find ways to expedite the processing of security clearances, especially for those individuals that have previously held clearances, and to cross honor clearances that were issued by another department or agency.

In order to help with coordination and communication, we also support the concept of a joint operation center, to enhance collaboration, coordination and communication.

While we would do not currently have such a center here in New York and New Jersey, the Port Authority is working on an innovative virtual alternative to a physical joint operation center called the Regional Joint Awareness Network, or RIJAN.

RIJAN would tie together individual agencies, disparate operation centers virtually, as opposed to requiring everybody to sit in one particular building.

Finally, in the area of supply change security, the Port Authority is involved in the Operation Safe Commerce pilot project.

Operation Safe Commerce is a public-private partnership that responds to the twin imperatives of facilitating legitimate international commerce and increasing security, while minimizing the impact on commerce.

The goal is to develop dependable arrangements for verifying, securing, monitoring and sharing information about cargo from the point of origin throughout the supply chain to its final destination.

We have identified some very promising and cost effective solutions in the last 3 years of this project.

Unfortunately, Operation Safe Commerce is just one of a number of federally and privately funded supply chain security projects that are currently under way.

While many of these individual projects show great promise, true progress and results are hampered by the fact that they are not tracked, managed and coordinated by a single department or agency.

Additionally, under the guise of sensitive security information classification, findings and lessons learned are not being shared among the projects, results are not being leveraged, and funds are being wasted.

We believe that all cargo security research and development projects should be managed by a single organization within DHS that acts as a central repository and clearinghouse for all studies, and the focal point on supply and security issues.

Chairman Platts, the attacks of September 11th were not directed at a maritime facility, but those terrible events provided the impetus to focus attention at our maritime transportation system, which is so essential to our national economy and defense.

You and your committee are to be commended for helping to bring focus to such a daunting task.

I would be happy to answer any questions.

[The prepared statement of Ms. Rooney follows:]

STATEMENT OF BETHANN ROONEY
MANAGER, PORT SECURITY
PORT COMMERCE DEPARTMENT
THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

ON MEETING THE CHALLENGES OF PORT SECURITY
INFORMATION SHARING

BEFORE
US HOUSE OF REPRESENTATIVES
COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND
ACCOUNTABILITY

BROOKLYN, NEW YORK
JULY 10, 2006

Chairman Platts, Ranking Member Towns, members of the Committee, thank you for the opportunity to testify on the important issue of homeland security as it relates to our nation's ports. I am Bethann Rooney and I am the Manager of Port Security at the Port Authority of New York & New Jersey.

I appreciate the invitation to speak on port security and the steps that we have taken since 9/11 to secure our ports and maritime industry from terrorist acts and how federal initiatives like the Maritime Transportation Security Act (MTSA) of 2002 are positively impacting port security. The tragic events of September 11th have focused our collective attention on the need to protect our borders at major international gateways like the Port of New York and New Jersey and small ports alike.

This morning I would like to discuss four key points: 1) the vital nature of our ports and Maritime Transportation System; 2) the terrorist risk to those ports; 3) what we have done since 9/11 to address that risk with special focus on the area of information sharing; and finally 4) what the Committees can do to help us.

THE VITAL NATURE OF PORTS

Ninety-five percent of the international goods that come into the country come in through our nation's 361 ports; twelve percent of that volume is handled in the Port of New York and New Jersey alone, the third largest port in the country. The Port generates 232,900 jobs and $12.6 billion in wages throughout the region. Additionally, the Port contributes $2.1 billion to state and local tax revenues and $24.4 billion to the US Gross National Product. Cargo that is handled in the Port is valued at over $132 billion and serves 80 million people, or thirty five percent of the entire US population. In 2005 the port handled over 5,300 ship calls, 4.792 million twenty-foot equivalent units (TEU's) or 2.8 million containers, which is approximately 7,600 containers each day, 722,411 autos and 85 million tons of general cargo. Today international trade accounts for 30 percent of the US economy. Considering all this, it is easy to see how a terrorist incident in our nation's ports would have a devastating effect on our country and its economy.

THE TERRORIST RISK

When describing the potential impact of a terrorist event, the words "risk", "threat" and "vulnerability" have generally been used interchangeably. The fact however is that in the standard risk equation, risk is a factor of threat, vulnerability and consequence. Therefore, any discussion of the terrorist risk to ports must include each of those three areas.

The most difficult concept to understand is threat, mostly because it is a moving target and terrorists are devising new tactics everyday. There are however a number of threat concerns that are believed to be more likely and therefore are the ones that most maritime security programs today are built around. These include the use of ports or vessels as a means to smuggle weapons of mass destruction or terrorist operatives into the United States, the use of ships as a weapon to attack critical infrastructure, the scuttling of ships in major shipping channels and terrorist attacks on ships such as ferries or oil tankers. Since 9/11, we have seen a number of these tactics used around the globe with events such as suicide bombings using containers in the Port of Ashdod, small boat attacks on an

oil platform in Al Basra and the French oil tanker Limberg, and the transportation of suspected terrorist operatives via containers in Italy.

The maritime transportation system's vulnerability or the likelihood that the safeguards will fail is complicated by the general nature and openness of ports, with hundreds of miles of shorelines and facilities that have historically been public access areas. Additionally, the movement of cargo has been built on the tenets of speed, reliability and cost, not security. Therefore, the sheer volume of containers that move through US ports on a daily basis makes them each one of them a potential Trojan Horse.

The consequences of a terrorist attack by means of the maritime industry would have an overwhelming and lasting effect. Not only could there be significant death and destruction but the national and global economies would be devastated. It is estimated that for every day that a port is shut down, it takes seven days for recovery. As evidenced by with West Coast labor strikes last year, a ten-day shut down is estimated to have cost one billion dollars a day.

While we can't do anything to address the threat, we can use our understanding of the threat, to make infrastructure improvements, and create policies, programs and procedures that can help reduce our vulnerability and consequences to mitigate our overall risk.

OUR PROGRESS SINCE 9/11

As a result of significant legislative action, capital investments and operational improvements on the part of the public and private sectors in the nearly four and a half years since 9/11, the Maritime Transportation System (MTS) is more secure today than ever before. While significant progress has been made and much has been accomplished, work still remains to be done.

A Multifaceted Approach

Enhancing maritime security is a complex problem, which requires a multi faceted and layered approach. Maritime security is so much more than just the physical security of our ports and terminals and the vessels that use them, we must also enhance cargo and supply chain security. Furthermore, while much of the focus in on preventing another terrorist attack; we must also work on developing comprehensive programs that address not only prevention but awareness, response, consequence management and business recovery as well. This requires the full participation and cooperation of the federal, state and local government as well as the private sector and our international partners.

Roles and Responsibilities

While there are dozens of federal, state and local agencies and private sector partners that share responsibility for port security, the primary players are the United States Coast Guard (USCG), the Bureau of Customs and Border Protection (CBP) and vessel and terminal operators. The USCG is the lead federal agency for maritime security. As such, the Coast Guard is responsible for security of our nation's channels and waterways and enforces the Maritime Transportation Security Act of 2002, which all vessels and port facilities must comply with. The Coast Guard has a number of programs and initiatives in their toolbox to uphold their maritime security mission. CBP is the lead federal agency for cargo security. As such, CBP administers a number of cargo security regulations and programs including the 24 Hour Rule, the Automated Targeting System (ATS), various Non Intrusive Inspection equipment, the Customs Trade Partnership Against Terrorism (C-TPAT) and Container Security Initiatives (CSI) among other things. Each of the terminal and vessel operators are required to comply with federal security regulations and operate in accordance with their USCG approved Facility and Vessel Security Plans. The terminal operators also coordinate and cooperate with the USCG and CBP on their various security programs.

Physical Security

The Maritime Transportation Security Act of 2002 or MTSA and the implementing regulations are a groundbreaking development in the area of port, terminal and vessel

security. Effective July 1, 2004, the MTSA required that security assessments be conducted, security plans written and adhered to, security officers appointed and all personnel trained in security. In most cases, compliance required an investment in physical infrastructure as well as operational adjustments.

There are 197 regulated facilities here within the Captain of the Port zone. Of those 197 facilities, just 13 of them are located on Port Authority property. While they may be located on Port Authority property, by regulation, the facility operators such as American Stevedoring, Inc. at the Red Hook Container Terminal here in Brooklyn and New York Container Terminal, Inc. at Howland Hook in Staten Island are responsible for compliance with the regulations. Although the Port Authority is responsible for law enforcement and emergency response at all of our port facilities, under MTSA we are only responsible for the security at our public berths and other critical infrastructure at the port facilities such as the roadways and utilities.

Multi Agency Coordination

Good security is not merely a function of what you do within your fence line but rather a factor of what neighboring facilities are doing, or not doing, and how the public sector works with you to develop your security program. Immediately after 9/11, the Port Authority formed two committees in order to facilitate the exchange of critical security information and best practices between and among our customers and the federal, state and local law enforcement and emergency response communities that serve them. The Tenant Security Working Group meets a minimum of monthly, and more often as the threat level increases. This Working Group provides a forum for port users to exchange lessons learned, share best practices, develop programs and solicit feedback from the federal, state and local government partners on issues of concern. This environment ensures that port security is not a competitive issue but rather an all hands evolution.

Similar to the Tenant Security Working Group, the Port Authority also sponsors a Law Enforcement Security Committee. The Law Enforcement Committee brings together the

approximately 25 federal, state and local law enforcement and emergency response agencies that have responsibilities within the port region. Also held monthly or as often as the threat dictates, this forum provides an opportunity for the exchange of intelligence, discussion about discrete security programs and initiatives, and planning of drills, exercises and training.

In addition to these two forums that the Port Authority sponsors for our facilities, the Coast Guard heads up an Area Maritime Security Committee (AMSC), the objective of which is to continually assess security risks to the ports, determine appropriate risk mitigation strategies, and develop, revise, and implement the AMS Plan. The AMSC also serves as a mechanism by which security threats and changes in MARSEC Levels are communicated to port stakeholders.

The relationships that have been established through a variety of real life situations such as the CSAV Rio Puelo, the "lemon ship" that called in our Port in the summer of 2004 are fostered and further developed through these committees and have been beneficial in preparing for our response to and recovery from future incidents. Just as the Department of Homeland Security has "One Team and One Fight" so too do the partners in the Port of New York and New Jersey.

Cargo and Supply Chain Security

America's consumer-driven market now depends upon a very efficient logistics chain, of which the nation's ports are just a single link. US ports provide the platform to transfer imported goods from ships to our national transportation system—primarily trucks and trains—that ultimately deliver those products to local retail outlets or raw goods to manufacturing plants. Historically, that goods movement system has had one overall objective: to move cargo as quickly and cheaply as possible from point to point. Today, a new imperative —national security—is imposing itself onto that system. As such, we know that ports themselves are not the lone point of vulnerability. Rather, the potential

for terrorist activity stretches from where cargo is stuffed into a container overseas to any point along the cargo's route to its ultimate destination.

Our goal should be to increase our confidence that we know exactly what is in each container *before* it is off loaded in a US port. It is not possible to physically examine the contents of each of the 7,600 containers that arrive each day in the Port of New York and New Jersey. The key is finding a way of separating high-risk cargoes from the vast majority of legitimate containers and then dealing with the exceptions. This approach requires a systematic understanding of the logistics chain that now moves that container from any place in the world to the distribution system in our country.

A typical container movement includes 14 different nodes and 30 organizations, and generates from 30-40 different documents with over 200 data elements. This is a complex process but the physical movement of a container is only one dimension of the system. There are three other components that must be understood. There is the flow of money, the flow of information and data on the shipment, and, finally, the transfer of accountability that all must occur in order for the cargo to be delivered.

Today, there are no mandatory security standards when loading a container at the manufacturer or consolidated in a warehouse, often well inland of a seaport. There are no security standards for the seals that are put on containers. Cargo is transferred from one mode of conveyance to another and there are neither standards for how that is done nor accountability for the integrity of the container as it changes hands.

We believe that efforts must be taken to verify the contents of containers before they are even loaded on a ship destined for a US port. The process must include certification that the container was packed in a secure environment, sealed so that its contents cannot be tampered with, and transported under the control of responsible parties. A chain of custody must be established that ensures the cargo's integrity and requires that complete and accurate data be provided to Customs well in advance of a ship's arrival in the United States.

The many programs that the Bureau of Customs and Border Protection have implemented in the last four years—the 24-Hour Rule, the Customs-Trade Partnership Against Terrorism (C-TPAT), the Container Security Initiative (CSI), the increase in Non-intrusive Inspection (NII) exams and the deployment of Radiation Portal Monitors (RPM's) at terminals are all valuable elements of a layered security system and must be supported with the necessary resources and funding.

Operation Safe Commerce (OSC)

We believe however that a program like C-TPAT should not be voluntary but rather minimum supply chain security standards should be required of each party in the supply chain. To demonstrate the validity of this view, the Port Authority of New York and New Jersey, in cooperation with the Department of Homeland Security Office of Grants and Training (OGT), state agencies and numerous private sector partners, is participating in an initiative called Operation Safe Commerce (OSC). OSC is a public – private partnership that responds to the twin imperatives of facilitating legitimate international commerce and increasing security while minimizing the impact on commerce. The goal is to develop dependable arrangements for verifying, securing, monitoring and sharing information about cargo from the point of origin, throughout the supply chain, to its final destination. This will be accomplished through the identification and evaluation of new technology, business processes, policies and procedures that could improve supply chain security, and minimize disruption to commerce. The solutions must also be economically and commercially viable. Private companies have volunteered to join with us to construct prototypes of a secure international supply chain.

We believe that the ideal system would allow us to:

- Know ahead of time that the container is free of false compartments;
- Have assurances that the cargo and shipper are legitimate and that reasonable care and due diligence have been used in packing, securing, and manifesting the goods in a container;

- Verify at any point along the route that neither the container nor the cargo has been tampered with; and,
- Verify that the integrity of the information and information systems associated with the movement of the cargo has not been compromised.

The first phase of OSC for which the Port Authority received $13.8 million was completed in November 2004. We studied a total of 155 containers across six supply chains and evaluated such things as electronic seals, radio frequency identification tags, indicative tape, chemical, biological and radiation detection devices, third party inspection companies, and employee training.

Unfortunately, the OSC findings and recommendations are considered Sensitive Security Information (SSI) and I am not at liberty to discuss them in a public forum such as this. I will however say that we identified some very promising and cost effective solutions and generally found that supply chain partners are eager to increase security in their operations. In most cases, however, they are hesitant to make any investment until final regulations are promulgated.

In April 2005, we received an additional $5.2 million to conduct important follow on work to OSC, which includes more strenuous lab testing of the "best of breed" technologies from OSC Phase II and a longer deployment test phase using a high volume of containers. We are currently monitoring the status containers that are moving from Europe and the Middle East to the Port of New York and New Jersey with a Container Security Device (CSD) that has a number of sensors capable of detecting various types of security breaches or risks When the testing concludes in October 2006, it is our collective hope that we can provide constructive and tested recommendations on how to secure the supply chain without burdening commerce with unnecessary costs or delays to the detriment of our region and the national economy that could be implemented by the federal government and the International Maritime Organization.

Operation Safe Commerce is just one of numerous federally and privately funded supply chain security projects that are currently underway. While many of these individual projects show great promise, true progress and results are hampered by the fact that they are not tracked, managed and coordinated by a single Department or Agency and as a result lessons learned are not being shared, results are not being leveraged and funds are being wasted. We believe that all cargo security research and development projects should be managed by a single organization within DHS that acts as the central repository and clearing house for all studies and the focal point on supply chain security issues.

Radiation Test Bed

As yet another line of defense, the Port Authority has been working with the Department of Homeland Security on a very productive program of testing radiation sensor technologies at locations at our river crossings, aviation and port facilities including the New York Container Terminal on Staten Island. Our facilities are being used as a test-bed to see how the various technologies and products operate in environments like tunnel portals and on the waterfront. We hope to build expand the test-bed operations to increase radiation sensor coverage at the region's critical infrastructure and to advance the capacity of technology to be reliable and of practical use.

Communications and Information Sharing

One of the principal outcomes of the work of the 9/11 Commission was the determination that information sharing and collaboration at all levels of government were less than adequate.

While we support the implementation of regional or port-wide Joint Operations Centers, we do not support the development of operations centers exclusively for maritime and cargo security as currently outlined in the proposed legislation. The maritime industry does not operate in a vacuum but rather is largely dependent on surface transportation (road and rail) and requires the involvement of multiple levels of government and public safety agencies. Each of these agencies have information networks and operations centers of their own that must be staffed and supported which are expensive to maintain

in both personnel and infrastructure. A new port Joint Operations Center would require personnel from agencies already stretched to the limit. Therefore, any new Joint Operations Center created through future legislation should not be limited to maritime and cargo security alone but be a single focal point and provide for the integration of all Homeland Security related functions among local, state and Federal agencies in a given region. It must also not just be a single center but a coordinating node in a regional and national information sharing and collaboration network linked to other operations centers.

Over the last several years, hundreds of millions of dollars in Federal Homeland Security funding has been spent to develop and implement disparate information sharing networks and joint operations centers at the local, state and federal levels without the benefit of a coherent federal vision on a national homeland security architecture. Absent such a vision and a set of guiding standards, we run the significant risk of local, state and federal operations centers that need to work together in an emergency not being compatible with one another in technology, operational methods or both.

There are three promising efforts now underway that we recommend Congress consider. The first is the National Command Capability Working Group, a Joint DHS / DoD program to set direction for a national information sharing and collaboration network. The second is a program called Joint CONUS Communications Support Enterprise (or JCCSE), a joint project of US Northern Command and the National Guard Bureau. The third effort is the Regional Information Joint Awareness Network or RIJAN. RIJAN is a DHS funded, DoD managed and Port Authority led multi-agency project to build an information sharing and collaboration network among key operations centers in the New York and New Jersey port region. Regional partners include the States of New York and New Jersey and the City of New York. DHS sponsorship is via the Domestic Nuclear Detection Office (DNDO). Our DoD program manager and developer is the US Army's Communication Electronics Development and Engineering Command from Fort Monmouth New Jersey.

Although the creation of formal Joint Operations Centers in ports around the country is still in the earliest stages of discussion, there are other initiatives and activities underway to help improve information sharing among stakeholders. The most significant of these initiatives is the creation of Area Maritime Security Committees (AMSC) that were required to be established in each port under the Maritime Transportation Security Act of 2002. While the structure and function of these committees varies from port to port, by and large they facilitate coordinated planning and the exchange of information among various port stakeholders. The AMSC here in the Port of New York and New Jersey is made up of over 40 federal, state, local and private organizations that have a stake in port security. Executive leadership from each of these organizations get together on a monthly basis to coordinate port wide activities and initiatives, receive intelligence briefings and help the Captain of the Port develop security policies and procedures.

In the past month, the AMSC completed the development of a 2 Year Strategic Plan and a structural reorganization to ensure that we are able to address the myriad of goals and objectives that were identified in the Strategic Plan. The AMSC is organized into six sub committees as follows: Communications, Planning & Preparedness, Response & Recovery, Intelligence, Training & Exercises and Grants & Legislative Activities. There are a number of initiatives that the Communications Sub Committee will be working on in the next two years including maximizing the use of the Coast Guard's Homeport Website and the 3N Notification System. Both of these systems have helped to vastly improve communications with the private sector players, wherein hundreds of entities can be simultaneously informed of breaking news and important information.

While it has not been an issue yet in the Port of New York and New Jersey, the lack of proper security clearances for key state, local and private sector stakeholders has the potential to be a significant barrier to an effective response to a credible security threat. The AMSC was allocated just 10 security clearances in early 2005. That's 10 security clearances for the second highest risk port in the Nation. In the event of a credible threat, there is no way to communicate above the Sensitive Security Information (SSI) level to many of the AMSC Executive Members and the vast majority of the 197 Facility Security

Officers in the Port. Congress and the Administration must find a way to expedite the processing of security clearances, especially for those individuals that have previously held clearances and to cross honor clearances that were issued by another Department or Agency.

FEDERAL FUNDING

Clearly there is an on going debate over whether port security is a federal government or private sector responsibility. While that debate continues, the Port Authority and private terminal operators throughout the country have willingly taken significant steps to protect our seaports from the new terrorism threat, because the consequences of not doing so are grave. Since September 11th, ports such as ours have instituted heightened security measures and spent significant amounts of money to increase security, both with capital improvements and additional security and law enforcement personnel. However, for every dollar that is spent on security, there are ten fewer dollars that can be spent on the capital infrastructure that is required to accommodate the increasing volume of cargo that our ports are expected to handle.

In an attempt to provide you with a sense of the scope of the challenge we face, I offer two possible indicators of local port needs.

Since June 2002 when the first round of Port Security Grants was made available, terminals in the Port of New York and New Jersey have applied for over two hundred million in Federal assistance. Of the $707 million that has been appropriated for port security grants across the country, a total of $53.7 million, which is just 7.5 percent of the total, has been awarded to entities in our Port. The Port Authority alone has submitted requests totaling $42 million, but has been awarded only $10.5 million, including $2.3 million for technology demonstration projects which the Port Authority sponsored on behalf of the federal government, or twenty five percent of the identified need.

In the Coast Guard rulemaking, they estimated that the cost for port facilities throughout the country to implement the MTSA over the next decade would be $5.4 billion. Given the required cost share for federal grants of twenty–five percent, by the Coast Guard's own estimate, it would require $400 million a year in federal assistance in order for ports and terminals to adhere to the MTSA. Despite this, only $175 million was allocated nationwide for port security in FY 2006. That is significantly more than was requested in the President's budget, but still far short of the need that America's ports have identified.

While these grants help defray that cost of physical security measures, such as access control, intrusion detection, fencing, lighting, identification systems, CCTV and gates, there has also been a significant increase in the operational costs associated with maritime security as well. It is estimated that the annual operations and maintenance costs associated with the new security systems is on the order of magnitude of fifteen to twenty percent of the purchase price. Additionally, ports and terminals have spent significant sums of money on personnel related costs, including the hiring of new security officers, overtime, upgrading security forces to use more professional services and for providing extra training. The Port Authority's port security operating costs have doubled since 9/11. This does not include the extra police that are required at all Port Authority facilities every time the threat level increases, which amounts to approximately $500,000 per week.

WHAT CAN THE COMMITTEES DO TO HELP?

Chairman Platts, the attacks of September 11th were not directed at a maritime facility, but those terrible events provided the impetus to focus attention on our marine transportation system, which is so essential to our national economy and defense. You and your committee are to be commended for bringing focus to such a daunting task.

As the Committee moves forward this year, we would ask that you:

1) Accept an open invitation from the Port Authority to the Committee members and your staff to visit the port and become more educated about our issues and concerns;

2) Use your influence to promote such issues as the development of multi modal Joint Operations Centers, the allocation and expedient processing of security clearance and the imperative for supply chain security standards.
3) Support legislation that would give the federal agencies that are responsible for port security the resources they need to do their important jobs.

Addressing the issue of port and maritime security is an enormous challenge given the complexity of the international transportation network. Devising a system that enhances our national security while allowing the continued free flow of legitimate cargo through our ports will not be solved with a single answer, a single piece of legislation, or by a single nation. It will require a comprehensive approach with coordination across state lines and among agencies of all levels of government and the cooperation of the private and public sectors and the international community. Importantly, it will require additional resources for the agencies charged with this awesome responsibility and for the public and private ports and terminals where the nation's international commerce takes place.

I hope my comments today have provided with you some helpful insight on this complex matter. We at the Port Authority of New York & New Jersey are prepared to offer any additional assistance that you may require. Thank you.

Mr. PLATTS. Thank you, Ms. Rooney.

Mr. Caldwell, I think your written testimony, you summarized it well. The challenge here would say that the task here is how to deal with the demands of delivery in a world that has much-heightened security needs.

So your testimony is certainly well appreciated.

Mr. Caldwell.

STATEMENT OF STEPHEN CALDWELL

Mr. CALDWELL. Thank you very much.

Mr. Chairman, I'm very happy to be here. Also Representative Towns and Representative Owens, and Representative Maloney.

I'm pleased to be here to discuss sharing in the maritime environment.

My testimony today is a summary and an update of a 2005 report we did which Representative Maloney had already mentioned.

And I'll get to the issue of security clearances in a moment.

But the 2005 report was based on visits to several ports, but not including New York and New Jersey.

So while I can't comment too much on the situation here in New York, I am going to need a lot from my colleagues, and as you know, there seems to be a consensus that maritime sharing, at least within the port, is pretty good.

But I do want to say that on some of the larger issues of information sharing, those that go beyond maritime security, the news is not all good, and I'll talk about that, as well.

Generally, on the positive side, our findings on the area of maritime security committees in another locations other than New York are also very positive, and we found that they are helpful structures sharing maritime information.

In addition, inter-agency operational centers, the three that we visited in 2004, appear to be another positive venue for sharing information.

And it sounds like there are initiatives here in New York that have very similar types of facilities here, or at least to link existing facilities to this technology.

One of the key barriers to information sharing, that is the lack of security clearances by non Federal officials is being addressed by the Coast Guard.

There are a couple of new issues that perhaps have come up today. One Commissioner Kelly mentioned, and that's the fact that there is not always a continuity of staff among State and local officials, and as those officials shift, the clearances don't transfer with them, so a new person would have to apply for those.

And another issue that was brought up by Ms. Rooney is the issue of how many people actually have been deemed to have a need to know by the Coast Guard, and perhaps is that number too low.

But what we have found is the Coast Guard has taken a number of steps since our 2005 report, and there has been considerable progress in the numbers of area maritime security people that have clearances, not just applications in, but actually having been granted interim clearances.

I actually have a chart on that in my written statement.

But still, nationwide, only 36 percent of those committee members that have been deemed to have a need to know actually have those security clearances.

So there is still a ways to go, and so we would expect the Coast Guard—and I think they are committed to giving this area additional and continued attention.

While my comments on information sharing for maritime security, as I've said, are generally positive, GO has some much broader concerns about information sharing and Homeland Security, as a whole.

Last year designated this topic a high risk area, because the Federal Government faced formidable challenges in terms of identifying, analyzing, and sharing key information among us, more than 4 years after September 11th brought tragedy to this city and to America.

The national still lacks comprehensive policies and procedures to improve information sharing that is critical to protecting our homeland.

Mr. Chairman, and members of the subcommittee, I'll be happy to answer any questions.

Mr. PLATTS. Thank you, Mr. Caldwell.

I have a question really for all three of you, just on the formal structures of these maritime security committees, the international operational centers.

Your opinions from your various backgrounds, whether that formal structure is the right and necessary approach, or should we be giving more flexibility to each port entity to better structure their needs based on their own situation?

Captain O'BRIEN. Well, I guess I'll start.

My experience has been in this port, as well as the port in Hampton Roads, where I was the commanding officer for the last 3 years before coming here, the Area Maritime Security Committee works really well.

And to have different structures of different ports means that as people move from port to port, not just military folks, but people who deal with ports, the consumers, the persons who are in the shipping industry, the people who are having to deal and trade with each port, they really need a consistent entity to deal with. And so having a structure that is duplicated port to port works really well from an economic standpoint.

Certainly, there are adjustments that can be made to the structure based on what type of port you're in.

I would say I had very little trouble with security clearances in the port of Hampton Roads, because everybody was a retired Navy officer, or were active duty Navy officers that we dealt with in the port.

So those clearances transferred quite well.

There are procedures in place to accept security clearances from other agencies, and I have found it to be very easy to transfer those security clearances in my dealings with both—well, the area of maritime security, membership.

Do we always need more? Yes.

Is a limited amount of resource available to conduct background checks? Yes. And there are also going to be people who refuse to have they're background checks.

That happens on a not routine basis.

So that's my answer to that question.

Ms. ROONEY. I would agree that the structure as it is today works very well.

In addition to the Area Maritime Security Committee, of importance to the Port Authority is that we also sit on the Drug Terrorism Task Force, both in New York and in New Jersey.

And that forum, as well, not only in the maritime industry, but in road, rail, and aviation, provides that structure for intelligence sharing and coordination that is necessary.

We have a number of groups, there are a number of opportunities, and what we value as most important is that before an incident occurs, it's because of these forums that we all know each other.

So that God forbid if we have to show up at an incident, the police officers and the emergency responders actually know each other ahead of time, and have those preestablished relationships, and the understanding of what resources and capabilities are available.

And that's all because of this preplanning and coordination.

Mr. CALDWELL. Thank you.

In terms of our work outside of New York, at the other ports, we did find actually a lot of variation among how these committees were set up, but we didn't find it was onerous in any way.

We actually found, as Commissioner Kelly had said here, when you've been to one port, you've been to one port. So you obviously have to have some flexibility.

We did find slightly different structures, but all of them seem to be doing the main thing they were intended to do,share information.

And I think one of the other important things to note, and I doubt New York is an exception to this, but a lot of these port committees have been around in one form or another for many years.

In Charleston, it went back to 1926, where there was a Port Committee set up to discuss any variety of issues. And I think in those ports where there was an existing structure, nobody kind of rammed the new structure down their throat, they pretty much absorbed to the structure that was in place.

So I think that we have a good balance now between flexibility and being yet able to carry out their function.

Mr. PLATTS. A followup on this same issue, and then I'll yield to my colleagues.

The safe port act, which recently past the house, it calls on the Secretary of Homeland Security to establish a maritime security command center.

How do you view that requirement, if that were to go forward as currently written, in comparison to the Maritime Security Committees, or centers?

What, if any, changes or similar type requirement, or adapt to what's in place to determine something different?

Captain O'BRIEN. Well, I would I say the Coast Guard already has command centers in every port. We are building them out to make them more robust already.

Any assistance in that area would be more than appreciated.

But the concept of a central command center is a partnership arrangement with the local, State and Federal entities in the port to carry out operations within the port.

So it kind of hits right on the nail of where the Coast Guard is heading.

We are just not there yet.

It's time, money and people.

Mr. PLATTS. Your view is you see a requirement of really emulating what the Coast Guard is doing now with the sector command centers?

Captain O'BRIEN. Yes, that's the goal of the sector command centers, to reach that point.

Ms. ROONEY. I would agree.

I think the sector command center is providing a lot of the functionality that we would expect in a joint operation center, as envisioned in the legislation.

My understanding of the proposed legislation in safe port is to take it a step further to similar to what we have in Charleston, with Project Sea Hawk, and in San Diego, and some other places around the country.

Mr. PLATTS. Where it's operational?

Ms. ROONEY. Where it's day to day operational of all of those Federal, State and local partners in one location.

We have talked about the need for a similar setup here in the Port of New York and New Jersey among our players, and we are, through the Coast Guard, have begun to sketch out exactly what that would look like.

In the interim, we would caution in the legislation that we not jump immediately to buildings, and having everybody send staff to a single location, but creating the kind of activity through virtual operations among the NYPD, operation center, Coast Guard, Port Authority, and everybody else's operation centers, that the idea of building a building, and outfitting it with all the technology, is a huge undertaking.

I submit it will be $40 to $45 million to build that structure, but with some virtual connectivity and technology, we can be coordinating much more closely on a day-to-day basis.

So we would caution not to require a building, but to allow flexibility for virtual connectivity, as well.

Mr. PLATTS. Mr. Caldwell.

Mr. CALDWELL. The issue has been around a couple of years, and the issue actually came up when we were doing our earlier study.

We did actually visit Project Sea Hawk, in Charleston, Project Jay Hawk, in San Diego, as well, as Charleston, which had a pretty similar set up to the Jay Hawk.

And the Coast Guard was actually directed by Congress to come out with a report on what these centers might look like.

In our view, in that report, they took a very minimalist approach to that.

I think there is kind of something that could be added to the analysis.

One of the issues that came up right then is that the Department of Homeland Security had an overall project to look at its regional offices and its command centers among all its different agencies.

What they wanted to try to see is now that they have all these agencies under their purview is can they set up some kind of command centers that can work across the different agencies within the HS, within Federal agencies, and then obviously on a local basis with the State and local officials, as needed.

Around that time, Secretary Chertoff came on board and had announced in July 2005 a reorganization of the Department.

So I think that issue is not really resolved yet. I think to some extent Hurricane Katrina has also taken some of the focus of the Department away from what it wants its long-term regional structure to look like.

I think there's a couple of areas to look at.

And in our report I can go into details, but it's in the report.

We have identified five issue that we think need to be addressed if we're going to go forward with these.

At that point, the sector command centers were generally Coast Guard, but everyone was asking if they could participate.

So let me just go through some of those issues.

One is to really clarify the mission and purposes of these centers. They can serve a variety of purposes, whether it be for overall harbor activities, or whether it would be just for security.

The second issue is the leadership and organization. If you are going to build a building, if you are going to put someone in charge, at least of that physical space, you will have to figure out who that is, how you're going to share costs.

The third issue was membership. Would membership be open to, obviously, Federal State and local, but then it's a little trickier if you want to get the private sector in there, particularly with some of the clearance issues.

And then there is also an issue with the private sector, is if you give one private company access to these facilities, but not others, then are you giving one a competitive advantage.

You can understand some of those things.

Then the fourth issue we had was what kind of technology would be deployed. I think the Coast Guard has a backbone system they call Hawk Eye, if I am correct, which I think would serve a lot of these purposes.

One of the things they had in Charleston was not only Hawk Eye, but they had access to customs and border protections, automatic targeting systems, so that when ships came in, not only could they look at all the information the Coast Guard had on the high interest vessel list, but they could actually do a scan of, or an analysis of, the containers on there, and what was the average risk level of those containers, and why was there a high risk for those containers.

Technology costs money, and sometimes it's hard to make existing technology and new technology work together, so that's also an issue.

And then the fifth issue was resource requirements.

Obviously, it's going to cost money in terms of people. Some of these agencies have their own constraints.

And one of the issues in terms of resources is which agency will fund them.

One of the issues, I mean, one of the advantages that they had in Sea Hawk in getting such robust participation of the State and local governments, they had sixteen different State and local agencies involved, is they are actually paying salaries of those.

And this is a very large question for Congress to address, are we going to start paying salaries of all of the security-related personnel that are not Federal.

So those five issues, I think, are fairly large issues to address in terms of moving forward with that.

At a minimum level, Commander O'Brien is correct, the Coast Guard has set up sector command centers, and hopefully, they set these up in a way that they are expandable as needed, and as an ad hoc, or even on a continuing basis.

Mr. PLATTS. And Commissioner Kelly challenges the resources, whether it would create a new structure.

Ms. ROONEY. If I can add just one thought to that.

We would also caution that we not create maritime-specific command centers.

As Captain O'Brien said, the maritime industry is dependent upon road, rail and air in some regards, and here in New York and New Jersey especially we are a multi mobile network.

If we have maritime operation centers, it is likely that we will see air operation centers, and road and rail operation centers.

So we would caution that we think in terms of transportation operation centers, because in many cases, the same agencies or organizations are involved in multiple modes of transportation, and because of resource issues, because of space constraints, and any number of other things, we need to think in terms of transportation, not mobile specific.

Mr. PLATTS. Thank you.

Mr. Towns.

Mr. TOWNS. Thank you very much, Mr. Chairman.

Let me begin with you, Mr. O'Brien.

Commissioner Kelly just stated that a cut would definitely affect his ability to perform his ability to do things. Would these cuts in the New York City Police Department create a burden for you, his ability to protect the Port Authority?

Ms. ROONEY. I don't believe it will cause drastic concerns.

Commissioner Kelly said the NYPD is not on the port facility, is not out on the piers, themselves, but in a support role through the intelligence community, and things like that.

The Port Authority Police, we have our own police force. These cuts do not affect the Port Authority's personnel or resources directly.

I don't anticipate that there will be a drastic impact on Port Authority operations.

Mr. TOWNS. Would that affect your ability to be first responders? It would not interfere with that?

Ms. ROONEY. Well, the NYPD are certainly one of our support agencies in terms of response. But again, at our facilities, airports,

tunnels, bridges, the PATH train, and our seaports, the Port Authority are the first responders.

We rely very heavily on NYPD, on New Jersey State Police, Newark and Elizabeth city and fire departments to assist us as necessary.

But we are the primary first responders on our facility.

Mr. TOWNS. I guess I would like to ask all of you this. For port security, is human intelligence more important than technology-based intelligence?

Let's go right down the line, starting with you, Captain.

Captain O'BRIEN. I don't know if it's more important, but it's equally important.

Ms. ROONEY. I would agree. We have 25,000 people approximately on our port facilities every day, and we count those 25,000 people among our partners in law enforcement, just as we rely on the citizens of the city of New York to provide information to the NYPD on things that don't look right.

We rely on our longshoreman, our truck drivers and our port workers to report things to the Port Authority Police.

Those men and women know better than anybody else when something is awry.

Mr. TOWNS. Yes.

Mr. CALDWELL. I don't have that much at the local perspective in terms of the national.

As you know, a lot of our national intelligence infrastructure was set up with a very heavy technological perspective, and so that is one thing that they are trying to improve, the transition from that to more emphasis on the human intelligence side.

And I think if you look at who our enemies were that we were trying to spy on before, versus who we are trying to spy on now, obviously, when you have a huge country, and a military industrial complex like the Soviet Union, it's a lot easier to use technology to do it.

The problem we're having, the intelligence community is having, with the terrorists is they are set up in a lot of disparate little cells. A lot of them are, obviously now Al Qaeda-affiliated, or Al Qaeda-related.

But these aren't real strong links that you can use traditional intelligence technical means to always track down.

Mr. TOWNS. Let me ask, what is being done about the enforcement of trucking security with regard to truckers' qualifications, background, all of that?

What is being done in that area? This seems to be a real concern of people, because they are in and out of the ports.

Ms. ROONEY. Under the current regulations, under the current maritime security regulations, anyone with access to a marine terminal is required to have the basic minimum in terms of identification.

That has recently changed with an interim program that the Coast Guard has put in place, where the Coast Guard and TSA will be conducting checks at least of the terrorist watch list, and immigration status of individuals who need unescorted access to marine terminals.

The TWIC program, the transportation workers identification card, that smart biometric card will, in fact, address the background, the criminal background checks of all port workers, including truck drivers.

But today, under current regulations, only truck drivers who have a hazardous material endorsement are required to have a full background check.

Mr. TOWNS. When will that be instituted, the new program? When will it actually start do? Do we have a date for it?

Ms. ROONEY. The TWIC program is a Coast Guard and TSA program.

Captain O'BRIEN. The Coast Guard will be a participant in homeland security for the maritime sector.

The port workers, and truckers, and other folks in the transportation industry will be checked in various different programs.

But a date certain, I do not have.

Mr. CALDWELL. I have a date, but I'm not sure it's the one you're looking for, Representative Towns.

We have done a study of the TWIC program. In the fall of 2004 we found that program was not well managed, and was far beyond schedule.

Mr. TOWNS. Repeat that.

Mr. CALDWELL. We found that the TWIC program was not well managed and far beyond schedule.

I just want to alert all of you that in July, later this month, I think it's July 25th, one of my colleagues will be testifying or our current review of the TWIC program.

So we will have more for you later in the month on the status of that.

Captain O'BRIEN. I think we could reply later, if you would allow us to submit a written reply to that.

Mr. TOWNS. I would ask you to allow the record to be open, so they can provide that statement.

Mr. PLATTS. We can get a formal response later, yes.

Ms. ROONEY. There was a public comment period on the new TWIC rules that just closed last week. So it's in motion, which is a good sign.

Mr. TOWNS. That would establish a permanent security program based on risk.

Would you agree that risk is the most appropriate way to allocate funds?

Captain O'BRIEN. Well, I would agree that it's certainly a very important factor in how we allocate funds. But that's really a decision that Congress will make.

Mr. TOWNS. Maybe with your advice, and your counsel. I think you need to speak up on it.

Captain O'BRIEN. The Coast Guard has adopted a risk-based decisionmaking process for our methodology for making all our decisions.

And so risk has to be a very high factor in what we choose to do, and what we choose to fund.

Risk can be defined in many different ways. So it's very, very difficult to give you a clearcut answer until you really define what risk you're talking about.

In the Port of New York, the risk factors are going to be significantly different than they are in another port in the United States.

Mr. TOWNS. I hear you.

One thing we should not lose sight of is that New York City has already experienced September 11th, and of course, I think that this is a fact to be considered, and every assessment, every report, has indicated that New York City is a target, everybody says that.

Of course, there have been situations that have been aborted as result of intelligence.

So I really applaud the Police Department, and others who have done that.

But I just think that we are taking this whole thing of risk very lightly, and I don't think we should take it lightly.

I think that risk is the key, and that based on protecting people, if we are talking about security, I think the risk has to be No. 1.

Captain O'BRIEN. I can say for certain that everything we do in this port, that the Coast Guard does injunction with our partners, is all based on risk.

Every decision we make about what we are going to do with our assets every day is based on risk at the port level.

Mr. TOWNS. Thank you.

Mr. PLATTS. Thank you.

Ms. Maloney.

Mrs. MALONEY. Thank you.

Are there any plans to create an inter-agency operational center in New York?

Anyone?

Captain O'BRIEN. I can tell you that you're talking about inter-agency operational center. We certainly have that capability in the maritime sector, the sector command centers.

I'm not privy to everybody's plans. So I don't have an answer to that for a wide multi-modal operations center.

Mrs. MALONEY. The port will be used in lieu of operational center, due to the fact that we don't have one in New York.

Captain O'BRIEN. I would say that during incidents, the Coast Guard, as well as all of its port partners, we have adopted what we call a unified command approach, a unified command system, that all of us are schooled in that are in the response and the law enforcement communities.

And we exercise that very often. And we do a pretty good job of it.

So we do exercise command and control by looking at all the different agencies that have different jurisdictional responsibilities, and we get together and try to provide for everyone's jurisdictional responsibilities in every response that we make.

Mrs. MALONEY. How many containers are screened coming into the New York/New Jersey ports? It has been reported that 5 percent of the containers are screened.

Can you elaborate on that?

Captain O'BRIEN. I'll be happy to give you an answer to that, but I can't give it to you know.

Mrs. MALONEY. Pardon me?

Captain O'BRIEN. I can certainly give you the answer to that later in writing.

Mrs. MALONEY. Can anyone respond to that?

Ms. ROONEY. It's certainly within customs and border protection's domain to screen cargo. They would say that 100 percent of all cargo is screened, and that 100 percent of all high risk cargo is inspected.

But as Captain O'Brien stated, I think it's best that we get together with our port partners in order to provide you with an answer to that question.

Mrs. MALONEY. It has repeatedly been reported in various reports that only 5 percent of our containers are screened.

With the technology that was described earlier, being able to go in and screen it.

Ms. ROONEY. And I think our partners in Customs would that say that 5 percent number is the overall quantity which are deemed to be high risk, and that 100 percent of all high risk containers are screened.

It happens to be perhaps 5 percent, but they're using a risk profile.

Mrs. MALONEY. But roughly 5 percent of the cargo coming into the United States is screened?

Ms. ROONEY. 100 percent of high risk are screened. It equates to 5 percent on average in the country. But it's 100 percent of all high risk containers.

Mrs. MALONEY. Do you say 5 percent in the country, or 5 percent in the New York ports?

Ms. ROONEY. It's in the country.

Mrs. MALONEY. Do you know about the New York ports, what percentage is screened?

Ms. ROONEY. We can get back to you with the current numbers.

I believe the numbers today are between 7 to 9 percent in New York and New Jersey.

Mrs. MALONEY. Seven to 9 percent?

Ms. ROONEY. Yes.

Mrs. MALONEY. I want to thank you for your hard work.

I've been told by the chairman that he has a plane to catch. Thank you.

Mr. PLATTS. Thank you, Ms. Maloney.

I do have two quick followup questions, if I could.

One is just on the number of security, 10, that have been allocated to the Port of New York and New Jersey.

Captain O'Brien, I know you're only 3 weeks here.

Are you able to, as far as your understanding, how that number, you got 10, or these are the only 10 we acknowledge as having a need to do know, per port?

Captain O'BRIEN. Well, the 10 per port is really sort of a round number.

My experience up until arriving here 3 weeks ago was that I had no trouble at all getting additional quotas for screening of personnel.

And so I don't know what the limits—Bethann has been here for a considerable amount of time longer period than I have. She might be able to tell you.

But I never had a request turned down to have someone screened.

Mr. PLATTS. But the issue here is not those with transferring within.

Captain O'BRIEN. I'm talking about putting names in to have them screened.

I'm not sure exactly how quickly they will get to them, but nobody has ever me that he couldn't turn in more than a certain number.

Mr. PLATTS. I was told there are currently only 10 allocated for the area.

Ms. Rooney.

Ms. ROONEY. Yes, that's correct.

My share of the Area Maritime Committee was given 10 security clearances.

And at an Executive Steering Committee, we identified who from our Federal, State and local partners had them, who needed them, and then looked at the private sector members in terms of who needed them.

And we prioritized, as you stated, as to who those first 10 applicants were going to.

We have gone back, we did at the time go back, as Captain O'Brien suggested, and asked for additional clearances, because, as I stated before, we have over forty-six agencies or organizations that are on the AMSC.

I actually don't know the current status of that, but again, it's something that we can get back to you on.

Mr. PLATTS. That's something, Captain O'Brien, coming from a different scenario, is to look at the uniqueness of New York, this port, the volume, the risk, as Commissioner Kelly said, the No. 1 risk they identified in the country.

If there was a standard type 10 per port, that really doesn't take into account the challenges here.

So that dialog that's ongoing with you and your partners, we would encourage you to expedite as best as you can.

Captain O'BRIEN. Yes.

And, as you know, it's a long, drawn-out process to get clearance.

One of the problems that I've seen in the past is that not only sometimes the person moves on after they get the clearance, but sometimes they move on before the clearance even comes through, which is a significant problem.

But when you're talking about looking at someone's entire life history, it gets to be a pretty long and drawn out process.

I know it took me about 2 years to get my clearance.

Mr. PLATTS. A final question before we do need to wrap up.

With the Port Authority, Ms. Rooney, not being real familiar with the port operations, I assume that there's a fee based on tonnage that comes through the port, the processing of the freight.

Is there, in response to September 11th, and the tremendous demand on security now, was there an imposition with the Port of New York and New Jersey as to surcharges, security, similar to like airline tickets?

Is there anything in that you would suggest be incorporated into the operating costs of the port?

Ms. ROONEY. All of our security expenses have been completely incorporated into our operating expenses.

By the end of this year, we will spend close to $85 million on port security, capital and operating.

Mr. PLATTS. Since September 11th?

Ms. ROONEY. Since September 11th.

And that's the incremental increase since September 11th.

The Port Authority has absorbed all of those expenses.

We have gotten $10.5 million of that through the Federal port security grants in the past.

Many of our port partners around the country have instituted surcharges, or port security user fees.

It's certainly something that we are beginning to look at, but have not done so far.

For every dollar that we spend on security, because we raise money through bonds, and government bonds, there is $10 less that we have for capital improvements that we need for productivity, and efficiency, and roadway and railway capacity.

So it is critical that we have some security funding, as well.

Mr. PLATTS. I want to thank each of you again for your testimony, and your work day in and day out, and your service.

We will keep the record open for 2 weeks for additional followup information.

This hearing stands adjourned.

[Whereupon, at 2:55 p.m., the subcommittee was adjourned.]

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