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Before the  
House Appropriations Committee  

Subcommittee on Homeland Security  

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I am Susan Monteverde, Vice President of Government Relations for the American Association of Port Authorities. I am here today representing 85 of the leading public port authorities in the United States, all of which are members of the American Association of Port Authorities, or AAPA. Outside the U.S., our trade association also represents more than 75 member ports in Canada, the Caribbean and Latin America, for a total of more than 160 port authority members, together with more than 300 individuals, businesses and related organizations that support the port industry. In addition to serving as an advocate on issues related to seaport development and port operations, AAPA works to inform the public, media and policymakers about the essential role ports play within the global transportation system.

My testimony today will focus on protecting maritime port facilities from terrorism. I will discuss two federal programs that are critical to port facilities’ ability to harden their security – the Port Security Grant program and the Transportation Worker Identification Credential, or TWIC.

Since our nation was founded, ports have played a crucial role in America’s economic vitality and the quality of life we enjoy. Safe, efficient and accessible seaports help American farmers and U.S. commodities compete internationally and improve our standard of living by tapping into the goods, jobs and services that global trade brings. Ports propel our nation’s economy through the millions of people they employ, cruise passengers they board, the billions of dollars in business investments they make and encourage others to make, and by the approximately $2 trillion worth of goods that pass through them each year. And let’s not forget the importance of our commercial ports to our national defense. Commercial ports now handle virtually all of the equipment and substantial amounts of needed supplies that are shipped overseas in support of our armed forces. In short, our military depends on efficient, accessible public ports to defend this nation.
The U.S. has always relied heavily on international trade—both imports and exports—and that continues today, with international trade accounting for more than one-fourth of our gross domestic product. Today, however, port authorities are facing some big challenges in balancing funding for security with meeting the expansion needs of the future.

- By 2020, industry analysts predict overall cargo volumes through America’s ports will be twice as much as they were in 2000, while containerized cargo volumes will grow even faster.
- At the same time, the number of cruise ship passengers at U.S. ports, which was more than 9 million last year, will likely more than double to 20 million by the year 2020.

In response, seaports across the country are expanding to meet the increased demand for their services, spending $2.1 billion a year in capital expenditures for infrastructure, equipment, software and dredging.

While America’s ports must be able to accommodate today’s newer, larger ships so we can remain competitive as a trading nation, the ports must also remain safe and secure in the face of terrorist threats. One of the key things impacting the ability of ports to keep up with their growing trade volumes is the high cost of hardening their facilities against terrorism. When the nation’s ports have to divert their limited resources to pay for security measures, it can impact their ability to make the necessary investments to handle the rising volume of trade.

Port security is a shared responsibility, with the federal government taking the lead. Much progress has been made since September 11 in protecting our seaport facilities, and we must continue our focus in this area. The federal government has implemented a number of cargo security programs, but only the Port Security Grant program, administered through the Department of Homeland Security, is focused on port facility security.

This program was set up in 2002 to help protect marine facilities from terrorist attacks. From its inception, the Port Security Grant program has been dramatically under-funded. Only 20% of the requests for security enhancements at our nation’s ports have received funding.
This under-funding has left ports with the difficult choice of either delaying security improvements or paying the lopsided balance themselves, which, in some cases, requires shifting funds from other needed infrastructure improvement projects. Ports already spend millions of dollars on security in areas that are not paid for by grants. For example, additional security personnel and operation and maintenance of security systems have placed a large new financial burden on ports. They also now pay for 25%-50% of the cost of infrastructure received through the Port Security Grant program.

The Transportation Worker Identification Credential, or TWIC, requirements will place an even larger financial burden on ports. The TWIC program, currently being implemented, will provide federal background checks and an identity card to all workers and individuals who seek unescorted access to port facilities. AAPA is very supportive of this program and believes it will be another important tool in hardening port facility security. But it will be costly. Your subcommittee can help in two ways: 1) by providing strong funding for the Port Security Grant program and 2) providing staffing and funding for TSA and Coast Guard to test and provide oversight for the implementation of the TWIC program.

In an attachment to this testimony, you will find numerous examples of the types of security projects U.S. ports would like to undertake – many of which will have to delay security projects or shift funds away from infrastructure improvement projects to pay for security enhancements if adequate funds are not provided through the Port Security Grant program. Let me highlight a few that are in states with members on this subcommittee.

Chairman Price’s state of North Carolina is an excellent example. The North Carolina State Ports Authority has two ports – Morehead City and Wilmington – with a third under development. Although not a large port, they estimate their security needs are currently $4.24 million, including funds to improve access control and surveillance, communications, waterside and perimeter security and TWIC compliance. While some of these needs can be delayed, others, such as TWIC compliance, would have to be paid for even if port security funds are not available.

This subcommittee also includes five members from the state of Texas. In Texas, where AAPA has nine public port members, the Port Security Grant program is also critical to their ability to enhance security. Some of these ports, such as Beaumont and Corpus Christi, are strategic military ports, others like Galveston are large cruise ports, and the largest port, Houston, handles much of the petroleum imports and exports in the U.S. and is expanding its container operations. The needs are huge. The Port Security Grant program is critical to their enhancement of security. The lack of sufficient funds has meant delays in worthy security enhancing projects.

And then there is California, with three members of the Subcommittee. The ports of Los Angeles and Long Beach combined comprise the largest port complex in the nation, handling over 40% of the nation’s cargo by value. Much of the projected growth in containerized cargo will be handled by these two ports. Other ports in California include the growing container port of Oakland, the Port of San Diego and several other smaller niche ports. All are faced by challenges in paying for security during a time of trade growth. The Port of Long Beach has received about $32 million in federal grant funds for security enhancements and has spent over
$19 million of its own money. And then there is the costly TWIC implementation on the horizon. For Long Beach, the TWIC implementation estimate is $10 million and for its sister port, Los Angeles, the TWIC estimate for full implementation of TWIC readers is $12 million. There are many other security priorities the port has identified that will compete with the TWIC funding.

Last week we learned what the Administration’s proposed FY’08 budget for the Department of Homeland Security is for the Port Security Grant program. In this budget request, the Administration recommends that $210 million be appropriated for the Port Security Grant program. While this is the largest amount the Administration has ever recommended as a line item for this program, it is the same amount that Congress appropriated in fiscal 2007. At the same time the Administration is asking for an overall 8 percent increase in DHS’s fiscal 2008 budget, it is recommending that spending remain flat for port facility security. We find this troublesome, especially in light of new security mandates being implemented.

When the Maritime Transportation Security Act was enacted five years ago, the Coast Guard estimated that port facilities would have to spend $5.4 billion over a 10-year period to comply with the new regulations. In the first six rounds of the grant program, only $876 million has been made available out of the more than $4.3 billion identified as eligible port security expenses.

For FY’06, Congress upped the ante 20 percent and appropriated $210 million for port security grants. While we are appreciative of increases in past Port Security Grant program appropriations, we believe an even stronger federal partnership is necessary to help our public ports balance the pressure of competing priorities, such as infrastructure development, environmental initiatives, access improvements and promoting economic growth. Both the Administration and Congress acknowledged this fact in approving the SAFE Port Act legislation, which authorizes $400 million a year for port facility grants. This law was signed by the President only four short months ago. We applaud the congressional leaders and the President who supported and enabled this bill.

While the SAFE Port Act provides the authorizing legislation to support a $400 million appropriations level for the Port Security Grant program, that level of funding has yet to be realized. It’s now time for Port Security Grant appropriations to rise to the full authorization amount of $400 million provided in the SAFE Port legislation.

The next few years will be especially challenging for the grant program as the new requirements and program expansions go into effect. The program was expanded significantly this year to cover training and exercises. The exercise budget formerly was in TSA. A second pressure will be implementation of the TWIC reader requirements. By providing a strong level of appropriations, Congress can make sure that the financial toll of this new TWIC reader mandate is lessened. The Coast Guard’s original estimate, which we believe is low, was around $300 million just for TWIC readers. More funding is needed to meet this new mandate.

We also ask that the Appropriations Committee revise its language related to risk-based funding in regard to the TWIC readers. All facilities will have to get readers, although higher risk
facilities will need to implement this requirement sooner. TWIC money should be made available to all public port facilities and not mostly focused on the high risk facilities, since all must comply. Otherwise this TWIC equipment becomes an unfunded mandate for smaller facilities, many of which have the least amount of financial capital to invest in these security requirements.

Another stress on this program has been the ability to get funds out quickly. For FY’08 this program will move to FEMA, as required by recently passed legislation. This program has been moved four times since its inception in 2002, and each move has resulted in an initial lack of grant staff to manage the grants and a slowdown in the release of the funds. Last year, the Appropriations Committee solved part of this problem by outlining a timetable for the grants. This was very successful and we hope you will continue this next year. It resulted in the grants being opening in January rather than in July. We also hope there will be a quick transfer of personnel to FEMA.

The Port Security Grant program is essential to port facilities’ ability to harden security. This program is the lifeblood of facility security enhancements at ports. We have made progress and with your support and growing levels of appropriations, we can continue to meet the goal of securing port facilities while expanding them to meet the trade demands of tomorrow. AAPA supports a funding level of $400 million as called for in the SAFE Port Act. With new TWIC mandates and expansion of the program these funds will be well used.

On behalf of the American Association of Port Authorities and its member U.S. ports, I thank you for your attention to this important issue.

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In January 2007, AAPA member ports in the U.S. were asked to respond to the following questions about their federal funding needs for security enhancements. Below are the questions and the answers AAPA received.

1. What seaport security-related projects does your port intend to apply for under the federal Port Security Grant funds program in the next 24 months (please include anticipated dollar costs) to improve facility security, and which of those projects will your port pursue even without federal funding?

2. What non-security projects or investments will your port likely have to delay or forego, if any, in order to pay for security-related enhancements in the next 24 months if you are unable to get funding from the federal Port Security Grant program?

Alabama State Port Authority

The Port Authority plans to submit applications to fund the following security-related projects in the next 24 months:

- TWIC Card Readers - $500,000.00
- CCTV for Rail Facilities - $3,000,000.00
- Mass Notification System - $500,000.00

No non-security projects or investments will have to be delayed or foregone in order to pay for security-related enhancements if the port is unable to get funding from the federal Port Security Grant program.

Port of Brownsville

The Port plans to submit applications to fund three security-related projects in the next 24 months:

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(1) funding for implementation of TWIC regulatory compliance programs; (2) increasing the Maritime Domain Awareness within the Rio Grande Valley of Texas by creating a linkage between local law enforcement entities, the Ports of Brownsville, Harlingen, Mansfield, and Isabel, and other regulated facilities within these regions to create an immediate reporting and notification capability that includes video, telephonic, VHF and UHF connectivity between locations and entities within the locals; and, (3) improving the capability to deter criminal and terrorist activity in the Port of Brownsville property (including AMFELS, Trans Montaigne, CITGO, and the stevedoring operations within the port) by upgrading the access control and monitoring capabilities with additional lighting, cameras (water and landside), and analytical video processing equipment.

No non-security projects or investments will have to be delayed or foregone in order to pay for security-related enhancements if the port is unable to get funding from the federal Port Security Grant program.

Port of Corpus Christi

The Port of Corpus Christi Authority has spent or is programmed to spend through the 2006 Seaport Security grant approximately $39 million over and above what we had been paying for seaport security before 9/11. Of that, $27.3 million has been or is being reimbursed through the Port Security Grant program. The Port has included $6.6 million as matching funds.

Additionally, since Port Security Grants only pay for new infrastructure, the Port has fully funded a new Police Department with an annual cost of $2,842,800 (2006 budgeted amount).

In the next 24 months the Port plans to request federal Port Security grant funds for several projects, most of which will be delayed if grant funds are not received. These include: (1) infrastructure hardening of access points and fence lines of restricted areas; (2) interface security enhancements in area of soon-to-be completed Joe Fulton Corridor (required with or without grant funds); (3) expanding the Security Center to include a multi-agency conference/training center to upgrade mutual assistance with Corpus Christi PD, Nueces County Sheriff, Texas Parks and Wildlife, Texas Department of Public Service and other law enforcement agencies tasked to assist the port in responding to both terrorist activity and natural disasters; (4) mutual training with regional first responders and law enforcement agencies to improve communication and cooperation both in preventing a TSI and recovery from a TSI; and, (5) implementing security requirements in the proposed La Quinta container and LNG Terminal.

Port of Everett

The Port of Everett anticipates participating in TSA Security Grant Round 7 with a focus of enhancing maritime awareness, prevention, response and recovery at a grant request range of $3.1 million or more. This will include the implementation of TWIC along with enhanced training and exercises, in support of the national preparedness stated needs. Without funding, less than $1 million will be used to pursue the security projects.
If no funding were provided via the TSA Round 7 Grant, the port would be required to delay and or forego rail upgrades, stormwater improvements and a paving/lighting project.

**Port Everglades, FL**

Since 9/11, Port Everglades has spent $44,934,340.90 for security-related capital infrastructure. The federal Grant Program has provided reimbursements of $9,244,071.00. In addition, the port received approval for $1.45M in grant funding in Round 6 for security boats and radios that will be executed in 2007.

Port Everglades will seek Round 7 funding, but is reviewing the grant criteria to determine the best use of limited federal dollars. Possible projects include installation of infrastructure for TWIC implementation, enhancements to our Security Operations Center and Public Safety Building to improve response and recovery capabilities, and upgrades to perimeter security; however, no cost estimates are available. If federal funds are not received, other non-security projects within the Port’s capital budget may be delayed to provide the offsets; however, no specific projects have been identified at this time.

In the next 24 months, Port Everglades will continue installing closed circuit cameras in the cruise terminals through funding already established through the Round 5 security grant (estimated installation cost to Port Everglades is $810,000). Round 5 provided funding for the 112 cameras at a cost of $470,000. This will also require the Port to invest another $200,000 for upgrades in the Port’s Security Operations Center.

Currently, Port Everglades is working to integrate the seaport’s security gates with a new ID Badge Office building to prepare for when TWIC becomes operational as well as implement the Florida Uniform Port Access Credential (FUPAC). The new ID Badge Office will have approximately 8,000 square feet of office space as compared to the current 2,000-square-foot office and parking to safely accommodate trucks and tractor-trailer units.

The Port provides an economic regional impact of more than 15,500 direct jobs and generates $2.8 billion in business activity and $865 million in personal income annually in Broward County. Statewide, Port Everglades provides 15,700 direct jobs, $3.2 billion in business activity, and $979 million in personal income. Federal taxes on business activity through Port Everglades related to the State of Florida amount to $45.7 million. In addition, more than $15 billion of waterborne commerce moves through Port Everglades annually.

**Port Freeport, TX**

In the next 24 months, Port Freeport intends to request additional security projects vital to growth. The projects are: (1) a new truck interchange access control gate supporting the new Velasco Terminal that will ensure that Port Freeport meets SafePort access control requirements at the new terminal; (2) a motor-assisted barrier for use across the entrance to the security zone;
(3) InfraRed Illuminators for the Port Security Zone and critical port locations; and (4) a self-
contained mobile command center. Total cost of these projects is expected to be approximately
$7.1 million. Port Freeport will pursue the Velasco Terminal access interchange even if funding
is not allocated.

Port Freeport will not delay or forego any other projects in order to pay for security related
enhancements. This may change based on a Security Master Plan expected for completion in
mid-2008 or as new technology is introduced. Security enhancements identified by this plan
may affect other Port-related projects if Port Security Grant funding is minimized.

**Port of Green Bay**

Green Bay until now has not been eligible for port security grants and has paid 100% of its
security costs. Minimal ($100-$200,000) security-related projects are intended over the next 2
years. No non-security projects will be delayed as a result.

**Port of Houston Authority**

The PHA has been awarded $33.286 million in security program reimbursements by the federal
government since 9/11, although not all of the projects eligible for reimbursement have been
completed.

The projects considered over the next 24 months will include TWIC implementation equipment
and connectivity with terminal access control systems, additional CCTV, access controls,
communication equipment, fiber connection for network interfacing with regional emergency
commands and USCG, a bunkhouse extension to the PCC, etc. Costs are being calculated and
how much will be requested from grant funds is unknown.

**TWIC Readers & Implementation:** We will be moving forward in implementing TWIC at our
Barbour Cut Container Terminal and at the Bayport Container and Cruise Terminal. This will
include the integration of the V2 TWIC readers into our access control systems at our highest
risk facilities (both container terminals and the new cruise terminal).

**Data Connectivity & Interoperability:** The continued development of the fiber back bone linking
our various terminals back to our PCC. This link also would serve as a redundant backup for the
USCG VTS. This new fiber link is part of our interoperability package linking the Port with the
USCG as well as to the county, (Transtar) and city (HECK center) emergency centers. The fiber
backbone allows for increased date transmission vs. our present wireless network.

**Pipeline Mapping and TSI Response Enhancements:** There are estimated to be about 2000
individual pipeline that cross port property. There is a critical need to develop a geo-referenced
database to identify exactly where these pipelines are, who owns them, what are they carrying.
If we have a TSI involving a pipeline we would be able to pull-up the specific date on the
pipeline and provide the appropriate response and recovery.
The Port will not have to delay or forego any projects or investments in order to pay for security enhancements in the next 24 months if the Port Security Grant program does not reimburse us.

The most recent economic impact study done for the port shows the following economic impact for the year 2000:

- Jobs: 287,000
- Personal Income: $7.2 Billion
- Business Revenues: $10.9 Billion
- Taxes: $442 million per year federal plus $649 million per year in state and local tax revenues

The U.S. Coast Guard has estimated that if our port was closed for a month due to a storm or other event, it would cost the nation $60 billion. The Port of Houston comprises the second largest petrochemical complex in the world and handles over 64% of the US Gulf of Mexico Container Market.

**Jacksonville Port Authority**

Since 2002, the Jacksonville Port Authority (JAXPORT) has spent $9.2 million on capital projects in support of seaport security. Of this total, the federal government has reimbursed JAXPORT for $4.6 million, with JAXPORT funding the balance. Additionally, over this time JAXPORT has received $4.5 million in federal security grants for projects now under development.

This is in addition to the more than $4 million in annual operating costs JAXPORT incurs to maintain its security operations, including armed law enforcement personnel, private security guards and other expenses historically not reimbursable through grant programs.

Over the next 12-24 months, JAXPORT intends to apply for $4 million in security-related projects under the federal Port Security Grant funds program, primarily for a Mass Notification System to more effectively alert tenants and port users of an emergency; Continuity of Operations Planning; and continued technological build-out of a Security Operations Center, which is consolidating a network of security services currently located in multiple port locations. If federal funds are not provided, JAXPORT will make a determination whether or not these measures will be postponed until funding is made available.

**Port of Lake Charles**

The Lake Charles Harbor & Terminal District (Port of Lake Charles, Louisiana) has spent approximately $11,500,000 on security since September 2001, of which approximately $4,400,000 was federal grant funds for a vulnerability assessment and follow-on procurement of a state-of-the-art Harbor Management and Security System (HMS). In the 2006 Port Security...
Grant Program, the Port of Lake Charles was awarded $2,716,000 with a matching 25% or $905,333. These additional funds will be used to upgrade our current HMS.

The Port of Lake Charles will submit an application for the 2007 Port Security Grants. One of the predominant themes in the 2007 Port Security Grant Program is the detection of IEDs. Currently, the Port of Lake Charles lacks assets to evaluate this threat and one part of the 2007 application will request funding for a portable IED detector at an anticipated cost of $50,000-$75,000. Further, the upcoming compliance for TWIC will require a reconfiguration of the port’s vehicle entry sites, including additional truck ramps, inspection sites, and processing areas. DHS estimates the placement costs for each reader at $8,906-$11,093. The Port of Lake Charles will require 8-10 readers at an unreimbursed cost of $71,000-$110,000. Also, the anticipated costs associated with the reconfiguration of vehicle entry/exit points is estimated at $500,000 to $1,000,000.

Port of Long Beach

The Port of Long Beach is the nation’s second busiest seaport. Combined with its neighbor, the Port of Los Angeles (POLA), over 40% of the nation’s cargo by value passes through the San Pedro Bay Ports. In 2006, 7.3M TEUs were handled through Long Beach’s seven large container terminals. Over 15M TEUs were handled in both Ports.

The federal treasury receives the duties and tariffs collected in the Los Angeles Customs District from this trade. As a whole, California’s Ports provide the following annual benefits*:

- Create 1.6 million American jobs
- Result in $30.5 billion in personal income
- Are responsible for $57 billion in national output/GDP
- $10 billion in federal taxes and duties returned to the U.S. Treasury

*Source: Recent update of a 1997 San Francisco State University study

As the nation’s largest seaport complex, and responsible for most of the State’s trade, infrastructure and security demands outstrip the Port’s ability to fund improvements from local sources. Both Ports have incurred over $1B in debt. Both Ports have significant infrastructure development plans that will require additional borrowing. Given the national benefit derived from the Port of Long Beach, we believe federal support for critical security and dredging missions should be forthcoming.

The following is a summary of security funding needs. In many cases, security projects and funding are jointly handled with POLA.

The Port of Long Beach will be applying for security grants that increase maritime domain awareness and enhance prevention and response capabilities. The Port of Long Beach is an open port environment both on the land side and the water side. Port roadways and access routes are accessible to the public. Physical perimeter security fencing starts at the entrance to marine terminals. The waterside is also accessible to recreational and commercial vessels of all types.
In order to enhance security in this open environment we are developing security systems such as camera surveillance, sonar, radar, and other sensor systems to develop a virtual perimeter and increase situational awareness as well as prevention and response capabilities. The Port of Long Beach has received about $32 million in federal grant funds for all security enhancements. In addition, the Port has spent over $19 million of its own monies on security enhancements and continues to incur costs to maintain systems and operations now in place. Federal funding of the technology systems we are seeking to implement provide the base or starting point for these systems; after the initial funding, the Port assumes all future costs to operate, maintain, and upgrade the systems.

The Port of Long Beach is pursuing several security enhancement projects that are unfunded; such as: specialized counter-terrorism training for Harbor Patrol Officers; Security systems for the new Port Administration Building; an improved access control system for Administration Building visitors; a Business Continuity Program (including a software package); enhanced security at public meetings; shelter in place concepts including prophylactic medicine stockpiles; Maritime Domain Awareness Systems - $10M; Security System Integration - $2M; Waterborne Barriers:- $6M; TWIC Compliant readers for entire port - (in conjunction with Consortia being created by port Terminal Operators) - $10M.

POLB and POLA have a strategic plan for improving security throughout the port complex. Critical security projects requiring funding have been identified and prioritized. We are proceeding with these projects, in priority order, as funding is made available from all available sources.

**Maryland Port Administration**

The Maryland Port Administration (MPA) in the next 24 months intends to apply for $9.6 million in federal funds under the federal Port Security Grant funding program ($12 million total cost) for increased perimeter security and access control projects at the Helen Delich Bentley Port of Baltimore marine terminals. Project descriptions are listed below. The MPA, in order to address maritime facility requirements for the Transportation Worker Identification Credential, will still be left to pursue completion of its terminal access control system in the event additional federal Port Security Grant funding is not received.

- $3 million will be proposed to retrofit MPA terminal access control systems for South Locust Point, North Locust Point and Fairfield/Masonville Marine Terminals. Included will be new entrance gates equipped with access control system improvements for accepting the Transportation Worker Identification Credential to include biometric verification components.
- $3 million will be proposed for designing, engineering, and constructing buffer zones with protective barriers for entrance gates at Dundalk, Seagirt, North and South Locust Point, Fairfield, and Masonville Marine Terminals. This project includes installing, extending, or reinforcing gates to prevent vehicles carrying improvised explosive devices from entering or exiting terminal gates and to enforce changes in Maritime Security Levels.
• $2 million will be proposed for a visitor entrance gate and trouble resolution area equipped with an intelligent vehicle access control system at Dundalk Marine Terminal. Incorporated in this project is a vehicle traffic flow threat assessment.
• $2 million will be proposed for vehicle screening facilities to conduct physical screening of vehicles entering MPA terminals as required by the Maritime Transportation Security Act. This project includes the construction of screening canopies at all access and exit points to MPA facilities.
• $1.5 million will be proposed to automate and enhance the inspection and screening of inbound vehicles as well as the recordation of the security transactions between guards and drivers. This project includes intelligent video cameras and related infrastructure to monitor guard/driver interactions.
• $500,000 will be proposed for a 36’ aluminum patrol boat to enhance the MPA’s ability to react to waterborne intrusions and detected threats. This vessel will work in conjunction with the intelligent video system already under development.

At this time no non-security projects or investments will be delayed or foregone, if MPA is unable to get funding from the federal Port Security Grant program.

**Port of Miami**

The Port of Miami-Dade (POM) has several multi-million dollar seaport security projects that we plan to implement in the next 24 months. The first project is to install access control technologies in our new cruise terminals D and E, approximately $3M. The second project is another access control project to harden gates throughout the seaport. The projected costs for the gate hardening project are under development for submission in the upcoming Round 7 of the Port Security Grant Program.

The port may delay capital improvement projects in order to pay for security enhancement in the next 24 months. Some of them are: (a) extension of the finger pier to enable docking of larger cruise ships -- $2.0M; (b) Repair of the existing bascule bridge -- $2.0M; (c) Paving repairs to the Seaboard cargo yard -- $5.7M.

**The Port of New Orleans**

The Mississippi River is the most vital and significant waterway in the United States. As such, access to, and security of, the ports that it encompasses are of prime national importance. Recognizing this, and recognizing that a coordinated, layered and integrated approach is essential in providing security within its maritime domain, the port authorities on the lower Mississippi River -- the Port of Greater Baton Rouge, the Port of South Louisiana, the Port of New Orleans, the St. Bernard Port, Harbor and Terminal District, and the Plaquemines Port, Harbor and Terminal District - are in the process of formulating a security-related coalition. The Lower Mississippi River Portwide Strategic Security Council will have as its mission to ensure that its ports become the safest and most protected maritime complex in the United States, utilizing
state-of-the-art technology, processes and training. Appropriate Department of Homeland Defense Port Security Grant funding is essential for this worthwhile initiative.

Over the next two years, the Port of New Orleans, in conjunction with its neighboring port authorities, will request Port Security Grant funding for (1) regional maritime command, control, communications and surveillance, (2) maritime domain awareness, (3) maritime counter terrorism operations. The Port of New Orleans’ portion of the request will likely surpass $30 million over the next two years.

Given the considerable fiscal constraints now facing the Port of New Orleans over the next several years resulting from Hurricane Katrina, the port will be hard pressed to provide the required 25% match for recently granted Round 6 funding. The same will hold true for Round 7 and beyond. We believe that no port should have to choose between rebuilding and security, but so far, we have not been able to get DHS to consider our requests to waive the match.

Insurance and FEMA-related proceeds from Hurricane Katrina-related damages to port assets will fall over $20 million short of repair estimates. Any capital available to the port will likely be expended on necessary infrastructure repairs and not on security-related projects for the foreseeable future.

The Port of New Orleans, its neighboring port authorities and, correspondingly, our nation are dependent on Port Security Funds for meeting necessary security imperatives. Adequate funding levels and an elimination of the matching component are vital.

**North Carolina State Ports Authority**

The North Carolina State Ports Authority intends to apply for federal Port Security grants to enhance security at its two existing ports in Morehead City and Wilmington, as well as to fund security measures for new port development on Radio Island, adjacent to Morehead City, and the North Carolina International Port, near Wilmington. The projects are listed as follows:

Security Projects at Morehead City and Wilmington:

- Upgrade equipment to meet TWIC's new requirement for identification cards. $200,000
- Access control and surveillance enhancements to critical infrastructure. $650,000.
- Port-wide emergency notification system. $125,000
- Communications recording system for all emergency services communications equipment. $32,000

Port of Wilmington:

- Port Police Department Command and Control Center. $1 million.

Port of Morehead City:

- Law enforcement response boat. $90,000.
Radio Island Terminal:
- Perimeter security fencing. $156,000
- Perimeter security lighting and emergency power backup. $700,000
- CCTV and access control system. $540,000

North Carolina International Port:
- Port vulnerability and security assessment. $750,000

The North Carolina State Ports Authority will pursue other funding sources through the State of North Carolina. Projects will be completed by port funds as funds become available.

If the North Carolina State Ports Authority does not receive federal funding for additional port security requirements and must fund security projects from its own revenues, the Authority could have to delay projects ranging from major dock rehabilitation, as well as initial planning, assessments and design for new port developments.

For example, the Port of Wilmington is facing a critical requirement to rebuild one of its major container berths at a cost of $16 million. The berth is an integral component of a 5-year, $143 million plan to expand Wilmington’s container terminal to accommodate customer requirements and forecasted business growth. At the Port of Morehead City, the Authority must spend $4.6 million on berth construction to support a new 178,000 square-foot breakbulk warehouse now under construction to accommodate customer requirements and forecasted business growth. An additional $4.6 million is required to construct a berth and for repairs on Morehead City’s other aging docks. $2 million is required to continue environmental work and design towards obtaining permits to build a new port on Radio Island. The capital projects will allow the North Carolina State Ports Authority to expand the economic benefits it brings the State through additional jobs and tax revenues.

Port of Oakland

Oakland has been working with the other ports in our Tier 1 area to put in projects that are area wide in nature, but for now they are collaborating and submitting projects that meet their highest individual port requirements. In some cases that’s fencing and surveillance cameras, and in some it's wireless communications backbones.

For the Port of Oakland, the current priorities for grants are two projects:

1. TWIC infrastructure for its 8 marine terminals to be in compliance with expected federal regulations, and improve MDA. ($4M project)

2. Wireless Backbone Network infrastructure in the Port will improve the reliability and interoperability of our security and monitoring systems across the 900 acres of maritime facilities. ($3M project)

There are other projects on tap as well, including an Intrusion Detection System upgrade ($3M),
RFID Truck Tracking System ($1.5M), Multi-Agency Port Coordination and Monitoring Center ($7M). There are others projects down the list that will require more coordination with CBP and USCG before being proposed.

**Port of Shreveport-Bossier**

The port has a need for fencing, guard shacks and additional surveillance equipment. These projects will not be able to be pursued without security funding.

No non-security projects or investments will have to be delayed or foregone in order to pay for security-related enhancements if the port is unable to get funding from the federal Port Security Grant program.

**Toledo-Lucas County Port Authority**

The Port of Toledo would like to have a single ID card usable at any terminal (depending upon how it is programmed), so it will need readers at all vehicle and pedestrian gates to our terminals. The estimated cost for having readers at all entry points at port terminals is $1.2 M. Ultimately, in time, the port expects to be required to have the readers whether or not they are paid for by federal funding.

If the Port Authority is called upon to pay for the readers, or to cover a significant part of the cost, it will have to defer its currently planned fendering program at Facility 1 (one mile of fender) and the dock restoration planned for the upriver end of the Facility 1 dock face. These are very important projects as one is a very much overdue preventative program and the other is a project that gives us greater berth and upland storage capacity to meet our tenant’s urgent needs for expansion. In addition, the TWIC reader installation will itself be delayed significantly as it will have to spread over a number of years to allow the port the time to fund the installation in phases due to limited funding being available.

**Port of Vancouver, USA**

Seaport security-related projects the Port intends to apply for under the federal Port Security Grant funds program in the next 24 months:

**Projects relating to:**

- TWIC Infrastructure - @$150,000 (will pursue without federal funding)
- Improve Maritime Domain Awareness - @$750,000
- Harden Maritime Facilities - @$2.5 million (will pursue without federal funding)
- Update Security Communications – @$50,000
Non-security projects or investments the Port will likely have to delay or forego in order to pay for security-related enhancements in the next 24 months if the Port is unable to get funding from the federal Port Security Grant program:

- Marine Terminal upgrades – both facilities and equipment
- Improvements in industrial areas to attract additional jobs to local community

**Virgin Islands Port Authority**

The Virgin Islands Port Authority (VIPA) intends to apply for funding through the Port Security Grant Program 2007 – Round 7. The category of primary focus of VIPA for funding will be Maritime Domain Awareness (MDA) seeking funding which supports physical security enhancements of the territorial marine facilities such as CCTV surveillance systems and support lighting, some security fencing, communications, access control and credentialing system in anticipation of TWIC; as mandated via 33CFR Section 105, in preparation for the future we will also be applying for funding in support of training and exercises.

An estimated projected amount which the VIPA will be applying for through the 2007 PSGP ranges from 2.75 to 3.25 million dollars.

The projects deemed most critical to the VIPA are the physical security enhancements/surveillance which will greatly contribute to the protection of the essential territorial assets of the territory.

If the port is unable to get funding from the federal Port Security Grant program, it will have to delay or forego marine terminal and supporting infrastructure projects.

**Virginia Port Authority**

Future Port Security Grant Projects:

- TWIC Implementation – Projected cost $1.0 million.
- POV off-terminal parking – Projected cost $5.1 million.

If federal funding assistance is not received, the port will pursue these projects at either a reduced rate or through downsizing of the project scope.

Since 9/11, the Virginia Port Authority has invested over $40 million on seaport security. $11.4 million has been reimbursed through federal PSG rounds 1 through 4. The Port of Virginia did not receive any funding in round 5 and received $2.3 million from round 6.

Over the next 24 months, the Virginia Port Authority will implement the following security projects funded by PSG round 6 which require a 25% cost share:

American Association of Port Authorities
February 13, 2007
• Communications upgrades – The projected cost for this project is $1.6 million.
• Port Police Operations Center – The projected cost for this project is $2.3 million.

No non-security projects or investments will have to be delayed or foregone in order to pay for security-related enhancements if the port is unable to get funding from the federal Port Security Grant program. The Port of Virginia will continue to meet security mandates through increased borrowing over the next 24 month period.

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