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**Testimony before the  
House Committee on Homeland Security's Subcommittee on Oversight,  
Investigations, and Management hearing entitled**

**“Preventing an Economic Shock Wave:  
Securing the Port of Houston from a Terrorist Attack”**

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Mr. Chairman and Members of the Committee:

I appreciate the opportunity you have provided me today to discuss port security in Houston from an industry perspective.

As President of the Greater Houston Port Bureau I work with our 130 member companies to facilitate commerce in the maritime community. These companies include the ports, terminals, longshoremen, line handlers, agents, and others. The Port Bureau also provides administrative services to the Houston Customhouse Brokers and Freight Forwarders Association (roughly 100 companies), and to the Houston Ship Channel Security District (124 companies). This means we work a lot with the companies who depend on the Houston Ship Channel.

Chairman Edmonds discussed the significance of the port and I agree it has huge value to our nation and economy. I may be biased, but I see maritime transportation as the most important mode of transportation to our country. Think about it, roughly 1/3rd of our GDP is tied to global trade and 95% of that tonnage moves through our nation's ports, so keeping commerce flowing is critical to us as a nation. President Obama set a goal of doubling U.S. exports by 2015. The only way we are going to get there is through our ports. To keep our ports vibrant we need trade agreements, reliable intermodal transportation (i.e., roads, rail, & barge infrastructure) and dredging. Of these three, dredging is the most pressing. We are choking our global competitiveness by not maintaining our ship channels. Currently 8 of our 10 largest ports are not at their authorized width or depths. We can talk today about securing our ports, but if we cannot get ships in or out, then that conversation will not mean much. Needless to say, at the Port Bureau, we are dedicated advocates for the immediate passage of the Realize America's Maritime Promise (RAMP) Act (H.R. 104) and the corresponding Senate bill S. 412.

As I transition to my security comments I want to be very clear from the start that industry is not looking to supplant the responsibility of DHS, but rather to work with them to gain the maximum security practical for our port. Houston is the busiest port in the nation and the centers of the petrochemical and break bulk industries for the United States. Our speed and efficiency are what make us successful. What we like as industry is a stable, predictable business environment. This can sometimes be a challenge along a ship channel: ship collisions, allisions, and groundings, hurricanes, oil spills and now security incidents can threaten our ability to conduct business. Like any liability to a business, one puts plans and procedures into place to reduce the risk and to mitigate the effects when these incidents do occur.

When I was with the Coast Guard we talked about Safety, Security and Environmental Stewardship; I can tell you that industry gets it, for without an operating ship channel we go out of business. For safety and environmental response, most companies found co-ops as an effective way to pool resources, and utilize more expertise at less cost than going it on their own. When 9/11 happened they looked to this successful co-op approach. However in this case, forming co-ops turned out to be a bit more challenging because of the inherent

law enforcement framework of security. Private security guards have no jurisdiction on the channel. Put simply: when an event occurs, you need someone on scene with a weapon and the authority (badge) to take action and resolve the situation.

To address this post 9/11 security liability a group of industry leaders from the East Harris County Manufacturers Association sat down with the law enforcement officers from Harris County, the City, Coast Guard, the Port of Houston Authority and others to discuss ways to help. Under the Area Maritime Security Committee they furthered communications and prioritization of the port security grant process to maximize the benefits to the entire community. This successful interaction grew and besides elevating their own facility security, these leaders, with the guidance of Pat Bellamy from the University of Houston, pushed the idea of using technology to coordinate a regional security approach to protecting the ship channel. Because a governmental agency could best deliver security across many facilities, Harris County stepped forward to be the sponsor for the project. When large matching funds were required industry backed the plan by championing the formation of the Houston Ship Channel Security District. With industry, state, and local authority support, legislation was passed, so that the District could assess its members.

The Security District concept of industry assessing themselves and then deciding how to allocate the funding works because it is run by industry. Of the eleven members of the Houston Ship Channel Security District Board of Directors, eight are industry representatives who work as senior plant managers. The other three Board members represent local municipalities, Harris County and the Port of Houston Authority, comprising a governing body in which everyone is vested in stimulating cargo movement and protecting commerce. If government were to assess a significant security tariff on industry and then allocate that funding without industry prioritization, I doubt that it would be as well supported as it is. When board members are obligated to interact with their fellow plant managers and justify their decisions you get better industry participation and support of the security initiatives.

As a result of this work, we now have a unique public-private partnership that improves security for facilities, employees, and communities by providing increased preparedness and response capability. The first year's assessment raised over \$4.5 million dollars in support of the Harris County Security Project which has had an immediate impact on local law enforcement. The District's infrastructure improvements include wireless and fiber-optic wired communication systems with integrated analytics and intelligent video software, surveillance and detection cameras, night vision, motion detection technology and additional detection components such as radar, sonar and security sensors. With specially trained law enforcement personnel using marked cars, patrol boats, and enhanced communications systems, the district not only works to deter terrorism, but is able to impact theft and aid with other safety and security issues. We have added 112 cameras, 69 handheld radiation detectors, two marine side-scan sonar units, 4 patrol boats, 7 patrol trucks, five radar sites, and an underwater remote operated vehicle to our regional security picture. We have another patrol boat, 14 land vehicles, and communications infrastructure under construction.

We've seen two dividends emerge from the Security District: resiliency and coordination. Bolstering resiliency, this equipment will help mitigate disruption of business during events such as hurricanes, evacuations or plant upsets, and help district members recover and restore normal operations quicker. For coordination, we know that during a security incident, everyone in the area will be called upon to contribute. What we're doing now is ramping up so that during an incident, our response is brought to bear seamlessly and coherently.

I do have one suggestion that would help us utilize grant funding more efficiently. We need the grant process to either be faster or more flexible. Right now, the grant process only generates money several years after it has been awarded. This time delay is aggravated by the substantial constraints on the way funds are spent. Because of the lag between grant approval and receipt of funds, we have a situation where agencies that, several years ago may have needed boats and cameras, now have different infrastructure or are unable to staff (due to budget cuts) previous rounds' equipment. If we have the ability to address our needs when we receive

the grants instead of after years of wading through a bureaucratic process, we can use the money more efficiently by addressing current concerns. Businesses allocate large sums of money for long term projects, but as they move towards the completion they don't put them on autopilot. They are continually modifying or completely changing them to give them the best return for the investment. Currently, we lose that with this slow and rigid grant funding process.

I will close by saying that we see the Security District as a learn-as-you-go process, no different than what all of us are experiencing as we grow into this post 9/11 security world. We know that by working together we move more ships in this port than any other port in the United States. Moreover, we know the main reason that this industry-led Security District works is because at the end of the day, we're all focused on keeping the ship channel open. Our Security District decisions must compliment our effective, productive businesses and keep traffic moving. Industry wants to be involved and wants to be a part of the solution. We understand security is expensive. We think that by bonding together – by using this model – we are getting better security with less cost.

Mr. Chairman, thank you for allowing me to appear before you today, and I look forward to any questions that you or the Committee members may have.