Maryland Department of Transportation
The Secretary's Office

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

Beverley K. Swaim-Staley
Secretary

Harold M. Bartlett
Deputy Secretary

December 8, 2010

The Honorable Thomas V. "Mike" Miller, Jr.
President of the Senate
H-107 State House
Annapolis MD 21401

The Honorable Michael E. Busch
H-101 Speaker of the House
State House
Annapolis MD 21401

Dear President Miller and Speaker Busch:

Please see the attached annual report concerning *Funding to Address Vulnerability Concerns* which was prepared by the Maryland Port Administration (MPA) in response to SB 18, Chapter 78, Acts 2004. The language directs:

> "...on or before December 1 of each year, the Administration, in accordance with §2-1246 of the State Government Article, shall provide an annual report to the General Assembly based on the vulnerability assessment information concerning public terminals submitted by the Administration to the United States Coast Guard under the Federal Maritime Transportation Security Act of 2002.
>
> (b)   with respect to any vulnerability concerns reported by the Administration to the United States Coast Guard, the report to the General Assembly required under this section:
>
> (1)   shall provide an estimate of the costs of addressing the vulnerability concerns;
> (2)   shall state the amount of any grants or other federal funds received or required by the Administration to address the vulnerability concerns and shall include information on the status of any pending requests for federal funds; and
> (3)   may not include the specific details of any vulnerability concerns the disclosure of which could compromise, in any way, transportation security."
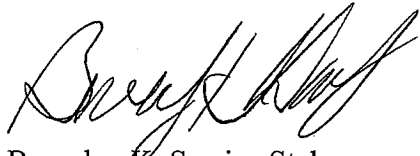
If you have any questions or concerns, please do not hesitate to contact Mr. James J. White, Executive Director for the Maryland Port Administration at 410-385-4400. Of course, you should always feel free to contact me directly.

Sincerely,

Beverley K. Swaim-Staley
Secretary

Attachment

cc: Mr. James J. White, Executive Director, Maryland Port Administration

A Report to the Maryland General Assembly

Senate Budget and Taxation Committee

and

House Appropriations Committee

regarding

Funding to Address Vulnerability Concerns
(SB 18, Chapter 78, Acts 2004,
Transportation Article, § 6-210 (a))

December 2010

The Maryland Department of Transportation

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Background

The Port of Baltimore (POB) consists of both the MPA's public terminals and a large
variety of private terminals. For the whole Port (public and private terminals), calendar
year 2009's tonnage reflected the poor economic conditions worldwide with a 37% drop
in bulk commodities (especially coal and iron ore), and a 20% drop in general cargo. The
total foreign cargo in 2009 was 22.4 million tons, a decline of 32% compared to 2008.
This gave the Port a national ranking of 15th for foreign tonnage, and 12th for value of
foreign cargo ($30.2 billion).

MPA's general cargo tonnage for FY2010 was 7.6 million tons, a decline of 2.4% over
FY2009. The greatest declines were with Roll-on/Roll-off equipment (-31%) and
imported Paper (-27%). However, several commodities showed increases - container
tonnage was up slightly at 1.6%, autos were up 26%, and wood pulp was up 13%. It
appears that international trade is starting to pick up; the first nine months of calendar
year 2010 are showing an 11% increase in tonnage over the same period the previous
year.

Maryland Port Administration Security Measures

The MPA continuously strives to meet all the challenges and requirements as listed in the federal Maritime Transportation Security Act (MTSA), and the SAFE Ports Act. Additionally, as one of the Modes in the MD Department of Transportation, the MPA works with other transportation sectors to meet the coordinated goals for transportation security.

During 2010, the MPA continued to update procedures, identify new technology and improve upon its ongoing security measures. Safe and secure facilities remain a high priority for the MPA. Some of the improvements during 2010 are:

- Credentials continue to be issued for all MPA terminals. The MPA credentials are color coded to signify employee status on terminals and contain an electronic chip housing employee reference data. Although Transportation Worker Identification Credentials (TWICs) are federally required for identification, they do not establish a purpose for coming into the terminal as required by the federal Maritime Transportation Security Act. The MPA credential establishes this purpose and creates a redundant manual means for access in the event of total electronic system failure. The MPA began an annual renewal of credentials to meet current recommendations for security procedures. Additionally, annual Security Awareness Training and TWIC Escort Training has begun which will ensure employees are kept abreast of current policies, procedures, and potential threats.

- The MPA visitor access system (mVisitor) launched in late 2008 continues its refinement and improvements. This internally developed computer operated system accounts for visitors and vendors entering the MPA terminals and facilities. Further expansion of mVisitor is used for vessel crew lists, tours, and other events thus moving to a complete paperless system. Also, the system is now used at all MPA public terminals. Additionally, the ability for conducting audits of the system by MPA Security ensures compliance of regulations and mandates. Expansion of the system into the World Trade Center security process began in October, 2010.

- The Enhanced Perimeter and Area-Wide Remote Video Surveillance System became fully functional adding improved perimeter monitoring capabilities to all terminals.

- The MPA continues the Fence Line Enhancement and Repair Program on a regular and routine basis, ensuring industry standards are implemented.

- The MPA determined the need to update and computerize all Post Orders for Access Control Points, procedures, forms, etc., to ensure continuity with our Facility Security Plan. This labor intensive process enabled consistent and validated security processes to occur with the ability to make continuous refinements as needed.

- The use of eModal Trucker Check for all cargo was implemented at both Dundalk and Seagirt Marine Terminals. This commercially available system requires all companies and drivers transporting cargo to pre-register in the system prior to coming to the terminals. This adds another layer of security by verifying the driver/company is approved to conduct business at MPA terminals.

- Annual Table-Top Exercise for MPA Administrators occurred to test the MPA's Emergency Operations Plans, Procedures, and Policies. This exercise ensures that the actions taken during emergency or crisis situations work as stated, and allows administrators to identify any gaps or concerns that may exist before any real-life situation occurs.

As a direct result of these activities, for the second year in a row the MPA received a "near perfect rating" from the USCG during our annual security inspection.

Coordination of Security Measures

The Maryland Area Maritime Security Committee, formed after the attacks of September 11, 2001, coordinates security efforts between its members consisting of the MPA, USCG, Maryland Transportation Authority Police, CBP, Federal Bureau of Investigation, municipal law enforcement agencies and maritime personnel from the private and public sectors. This Committee oversees Area Maritime Vulnerability Assessments and Security Plans for the Port of Baltimore (POB), plans annual security exercises to evaluate POB security measures and addresses "lessons learned" for POB security improvement. This coordination led to a Strategic Plan for security measures which the MPA uses to identify security goals and justify requests for federal Port Security Grants.

Funded MPA Security Improvements

Since the creation of the federal Department of Homeland Security (DHS) in 2002, Congress has appropriated funds for projects related to securing the nation's ports. Since 2002, the MPA has been successful in receiving grants totaling $19.5M, including a Port Security Grant under the American Recovery and Reinvestment Act of 2009 (ARRA), to

address federal regulations and initiatives that have helped to further secure MPA public terminals.

By using a thoroughly reviewed planning process, security needs have been identified and a phase-in style has been implemented. This allows for a "building blocks" approach to take logical steps and identify funding needs/resources particularly through federal grants. Also, this enables the modification of plans when new or improved technology is identified or becomes affordable.

During the 7th Round of the Port Security Grant Awards in 2007, the MPA was awarded $1.8M to construct Security Access Control Centers at Dundalk Marine Terminal and South Locust Point Marine Terminal. As a result of business practices changing and required TWIC procedures, areas of South Locust Point terminal were re-configured to allow for a truck drop-area that did not need TWICs. This, coupled with new access control procedures and audits of the mVisitor System, validated the fact that an Access Control Center in North and South Locust Point was no longer required. Additionally, reviews of physical and industrial security measures identified certain other physical security barriers to be inefficient or impractical. Due to these findings, a grant modification to the 2007 Port Security Grant was requested and eventually approved by the Federal Emergency Management Agency (FEMA), who disseminates and manages the grant awards.

Although this modification process has slowed the completion of projects, it has refined expenditures to better serve the goals of MPA Security and best practices for maritime security procedures. Additionally, this modification will allow for the completion of unfunded projects identified in this report dated December 2008.

The MPA continues to implement security capital improvement projects, some of which were underway prior to September 11, 2001. The grant awards as well as other DHS-funded programs have been catalysts in facilitating the following completed or budgeted security improvements:

MPA Security Projects Completed 2002-2008:	$ Millions	Status
Dundalk Marine Terminal (DMT) Perimeter Security	$0.65	Completed
DMT High Mast Lighting, Phase I	$2.39	Completed
World Trade Center (WTC) Initial Waterside and Landside Physical Barriers	$0.05	Completed
North and South Locust Point Perimeter Fencing	$0.10	Completed
Dundalk Marine Terminal High Mast Lighting, Phase II	$1.31	Completed
WTC Building Security	$1.32	Completed
Patrol Boat	$0.30	Completed
Explosive Detection Equipment	$0.45	Completed
Portable Side-Scan Sonar for Patrol Boat	$0.04	Completed
DMT 330' Tower Connection	$0.22	Completed
800 MHz Radios	$0.02	Completed
Microwave Link at Point Breeze for Interoperability	$0.10	Completed
World Trade Center Antenna's for Interoperability	$0.45	Completed
Dundalk & Seagirt Terminal Access Control Gates	$15.66	Completed
New and Current Security Projects in FY 09:	**$ Millions**	**Status**
Cargo and Information System Security	$0.22	Completed
Area-wide Remote Video Surveillance System	$7.18	Completed
SLP Gate Improvements	$0.70	Underway
TWIC Interface	$0.25	Completed
Dundalk-Seagirt Visitor Center	$1.00	In procurement to build
South Locust Point (SLP) Access Control Canopy	$0.37	In procurement to build
Closed Circuit Television (CCTV) Monitoring Center	$0.33	In procurement to build
Monitoring Center Infrastructure Modifications	$0.41	In procurement to build
Monitoring Center Emergency Back-up Power	$0.39	In procurement to build
Total MPA Security Projects	**$33.91**	

The MPA Office of Security continued its quest of identifying funding sources to achieve the goal of improving security and safety at all MPA terminals and facilities. Fortunately, 2009 was a successful year and two grants were awarded to the MPA. The first was

Round 8 of the Port Security Grant Awards. The MPA will either receive or manage, through a joint consortium, almost $4M in federal grant funds. This grant includes additional closed circuit television cameras, infrastructure, WiFi system video sharing, and network integration. Also, a public-private consortium was created for the purposes of purchasing TWIC readers throughout the Port area. This was done to enable consistent security practices to occur across terminal lines and meet goals of the TWIC program. Funds have also been allocated to enable the MPA to be part of the first phase of implementing the statewide voice-data interoperability plan. This will enable communications to occur for daily response to safety and security issues as well as during emergency situations across jurisdictional boundaries. Unfortunately, these federal funds have not been released yet, but are anticipated to be released for expenditure by January, 2011.

The MPA's bid to receive funding from ARRA was successful and will receive $1.3M in funds with no state or local match required. A portion of these funds will be utilized to construct permanent guard booths to replace temporary booths needed as a result of changes to access control procedures with the implementation of TWIC. Additionally, funds will construct covered vehicle screening areas at entrances to the terminals. These covered areas will allow for more precise vehicle screening to occur to increase security procedures. Also, funds will provide for the purchase of additional CCTV equipment to further enhance the capabilities of the system in place and allow for video-sharing to occur. Finally, funds will be used to purchase equipment and technology to furnish an Emergency Operations Center to be built at the Dundalk Marine Terminal. Currently, the MPA does not have a permanently identified location for key personnel and emergency response partners to muster in the event of a critical or emergency situation that enables established incident command procedures to be followed. The funds for these awards have just recently been released, and design/procurement processes are ongoing to expend these funds as soon as possible.

Unfunded MPA Security Initiatives

The costs of some system designs typically decrease as technology improves. Security systems once thought to be cost prohibitive may soon be within reach of the MPA Security. Access Control Systems that improve security while at the same time increasing productivity are a sought-after innovation that many system developers are trying to improve. Enhanced CCTV systems to include biometric software such as fingerprint reading capabilities, facial recognition, and iris scanning could lead to improved security. Also, underwater and above water surveillance and detection systems could improve port-wide security. Joint ventures for grant funding shared by many could enable these systems to be developed in the POB area further enhancing the security posture of the Port. The MPA will continue to work with Port partners and the Area Maritime Security Committee (AMSC) -USCG Sector Baltimore, to achieve these goals.

Future Grant Awards

Currently, the Port Security Grant program divides eligible ports into three groups, based on DHS perceived risk assessments. The Port of Baltimore (POB) is a Group II port. As part of DHS's plan to make the grants more regionally based, future grant funding provided for ports will be based proportionally on a risk analysis basis. In addition, a "fiduciary agent" will be assigned to each port area and selected through its respective AMSC process overseen by the respective USCG Captain of the Port. The MPA has completed investment justifications for the 2009 and 2010 Port Security Grant Program with the hope of being awarded additional grant funding to continue addressing MPA security needs. Awards for these grants have yet to be announced by DHS.

MPA Operational Budget for Security

For FY2010, the MPA Office of Security was appropriated $8,097,346. Of this amount, $5,369,867 is projected for Maryland Transportation Authority Police services and $2,000,000 is budgeted for the remainder of the existing guard service contract.

Due to inflation and increased security requirements, the MPA established security fees to generate revenues to help offset security costs. MPA's security fee is set at $1.50 per passenger on cruise vessels for embarking, debarking or "in transit" passengers, $6.50 per loaded container-on-container and $2.50 per foot for length overall on non-containerized cargo vessels.

Summary

The aforementioned projects and initiatives are being utilized to improve security at MPA facilities. The funding is obtained based on a high priority risk-assessment basis. The AMSC and the Maryland Maritime Security Task Force work closely with the Governor's Office of Homeland Security, to address the overall maritime needs of the POB. As a member of both the AMSC and the Maryland Maritime Security Task Force, the MPA works in collaboration with each entity to address the POB security concerns. Additionally, the MPA continues to work with all modal administrations in the Maryland Department of Transportation to ensure a coordinated security effort occurs to protect all transportation systems as they intertwine throughout their daily activities.

The security at MPA facilities is constantly evolving based on needs, threat, vulnerability, risks, intelligence, and technology. The MPA continues to work on improving security at MPA facilities in order to make its facilities among the safest in the nation.