

**The Port Authority of New York and New Jersey  
Committee on Security Meeting Transcripts  
September 20, 2012**

[Comm. J. Rubin] Welcome to the Security Committee meeting. We have a good number of commissioners, I'm pleased to see. We have a public session followed by an executive session. For our public session, we're going to be discussing an issue related to ports, and we're pleased to have Richard Larrabee here to present the issue of radio frequency identification programs. Rick, I'm going to turn the floor over to you.

[R. Larrabee] Chairman, thank you. Before I begin my presentation, I'd like to introduce Bethann Rooney, who is the General Manager of Port Security for the Port Authority. Just to give you a little bit of Beth's background, she is currently Chairman of the Area Maritime Security who provides support for the Coast Guard. She's a member of the National Maritime Security Advisory Committee, providing advice to Homeland Security. She's chair of the Port Security Caucus for the AAPA and last week testified in front of the House Transportation Infrastructure Committee on needs for our port security programs, so we're very fortunate to have Beth working for us. She's going to answer a lot of questions this morning. [Chair J. Rubin] Thank you. Welcome, Beth. >>[B. Rooney] Thank you.

[R. Larrabee] Commissioners, good morning. To continue implementation of programs that handle security of our maritime terminal facilities is of utmost importance to all of us. Today, I'd like to discuss and propose a new program that would be launched in partnership with our major container terminal operators that would provide a secure and effective way of identifying the trucks that request access to secure areas of the Port Authority's container terminals for the implementation of a radio frequency identification system at the Port. Radio frequency identification, or RFID, is a generic term that's used to describe a wireless system that transmits information about the identity of an object using radio waves. The primary advantage of RFID is that it is an automatic data collection technology, meaning that no monitoring, intervention, or action is required on the part of the operator. As illustrated on this slide, a basic RFID system consists of three components: the RFID tag or transponder programmed with unique information, a reader or antenna, and a computer or transceiver. The antenna emits radio signals to activate the tag and read the data that's stored on it. When an RFID tag passes through the electromagnetics zone, it detects the reader's activation signal. The reader decodes the data encoded in the RFID tag and passes it to the computer for processing. Commissioners, it's important to note that RFID is a proven technology that is already in use in other ports, including Los Angeles, Long Beach, Oakland, and Seattle, Washington, to monitor and track trucks. All containers moving through our container terminal facilities, which have been designated as secure areas under the Federal Maritime Security regulations, are identified by information that's provided to the U.S. customs and border protection. All truck drivers servicing our container terminals are identified by using both a federally issued transportation workers' identification card, known as TWIC, and a Port Authority-issued sea-link truck driver identification card. However, the trucks they operate are not uniformly identified. In order to increase security and maritime demand awareness, a component of the national strategy for maritime security in the Port, an effective method of identifying and tracking truck traffic at our container terminals is

required. In order to achieve that, the RFID system will be established by the Sustainable Terminal Services Incorporated, a not-for-profit consortium comprised of our container terminal tenants. The cost of the system would be partially funded by the Port Authority. Under the proposed program, all trucks accessing our marine terminals will be required in early 2013 to be registered in the Port Drayage Truck registry and have a working RFID tag mounted on their side-view mirror. Trucks without with RFID tag would not be allowed to enter the port's container terminals. A series of RFID readers and exciters would be installed in each of the truck lanes at the container terminals to capture the information transmitted by the active, tamper-resistant tags installed on each truck. This information will be included in the location of the truck, the license plate number, the owner/operator of the truck as well as the time and date that their truck passes the RFID reader will allow the terminal operator to determine whether the truck requesting access is allowed to enter. Once installed, the RFID tags will be used to enforce the Port Authority's Truck Phaseout Program, which allows the Port Authority to deny access to its marine terminal facilities when the truck engines are older than required models under the rules and regulations of our marine tariff. Sustainable Terminal Services LLC has been awarded the Department of Homeland Security 2009 port security grant in an amount of \$4.8 million to offset the 75% of the \$6.5 million cost of implementing the RFID system at our port. Commissioners, today your authorization is requested for the Executive Director to enter into an agreement with Sustainable Terminal Services LLC to provide for the Port Authority and STS to each pay one-half of the required local sponsor cost share of \$1.6 million at a cost to the Port Authority of \$108,000 (sic). STS would award and manage the various contracts associated with the design, installation, maintenance, and operation of the RFID system. The Port Authority's financial exposure for the RFID project would be limited to the \$808,000, and STS would be responsible for additional costs over-and-above the \$6.5 million project cost. Under the terms of the agreement, each of the terminal operators would pay a pro rata share of the ongoing maintenance and operation of the system beyond September 30, 2014, which is estimated to be about \$400,000 a year. The Port Authority's ongoing support of the RFID system after its initial contribution would be limited to the provision of existing staff to issue and troubleshoot the RFID tags after the initial issuance is completed. Commissioners, the proposed RFID program represents our effort to work with our private partners at the Port to increase its situational awareness of the truck activity at our marine terminals and improve port security. I request that you advance this item to the full board for approval today.

[Comm. J. Rubin] Thank you, Rick. For our audience and others interested, would it be safe to say that essentially this tagging system lets us know that trucks entering are already inspected, are already safe before they get to our port and limit the amount of inspections we therefore would have to do? [R. Larrabee] It gives us the ability to identify that truck before it enters into that secure area, so it's an absolute means of doing that. And the advantage of RFID, as I said, is that it requires no human intervention. The computer, the system, and the database that's in place is queried, and it in real time allows that terminal to either prevent the truck from coming in or identify the truck as a prescreened and approved vehicle. So, now we've got the truck as well as the driver and the container all captured in a system that not only works in real time, but allows us to go back after an incident occurs and determine the history of all of that activity.

[Comm. J. Rubin] Got it. We're lucky to have with us John Drobny who's going to be addressing us in the executive session. John, have you been working with the Port Department on this

program? [J. Drobny] Very close coordination, and I fully support their reference. This is a good breakthrough for the Port. It can capture up to, I think, 10,000 trucks is the plan, and I fully support it. It's been a close working relationship.

[Comm. J. Rubin] Terrific. I see Chairman Samson has walked in. We've been getting a briefing on the new identification system for trucks entering our port. [Chair D. Samson] I want to make a point. I was on the telephone with somebody from New Jersey whom I am had to speak with. [Comm. J. Rubin] That happens. [Chair D. Samson] It was the only reason I would be late for your meeting, Chairman.

[Comm. J. Rubin] Okay, Pat. >>[Ex. Dir. P. Foye] Thanks. Chairman, I just wanted to add that Rick Larrabee and Bethann Rooney had a series of conversations and meetings Chertoff Group issues were raised and addressed, and I just wanted you to note that that part of the process occurred. >>Thanks.

[Comm. J. Rubin] And as a result of that consultation were some adjustments made or some questions answered? What was the interaction? [R. Larrabee] I think all we needed to do was to make sure that the entity that we were going to be doing business with was valid, and they are, as I said, a consortium of our terminal operators who we've been working with very closely on this program for the last two years. So, I think we've satisfied all of the questions that were raised.

[Comm. J. Rubin] Good. Just for informational purposes, how does this system compare to other ports around the country? Does anyone know? [R. Larrabee] As I mentioned, some of the ports on the west coast have already adopted RFID. It's going to give us great advantages from a security standpoint, but it really becomes the basis for having situational awareness of, as John said, the ten thousand trucks that visit our port everyday. It's an element of the port that really will give us a tremendous advantage for our environmental programs, for traffic management, for doing investigations after an accident. It really is going to be sort of the foundation of a transportation system that needs to be modernized, and this really helps us out in that way.

[Comm. J. Rubin] Terrific. Are there--yes, please. [Comm. R. Bagger] This really sounds like a excellent system and very good use of technology, and the financial aspects of the deal seem to have-- the project seems to have been very well-designed. A question I have just for clarification is will this initiative do anything to change how trucks are registered and the background checks that are done? Or are we through this putting RFID on the trucks that are already going through the background check and registration process to be permitted to enter on the Port property? [R. Larrabee] Commissioner, today we have something called a Truck Drayage Registry, and it requires any operator to register their vehicle. We use it primarily for environmental concerns. You may be aware that we have recently banned older trucks from the Port. Pre-1994 trucks have been banned. In 2017 we'll ban any truck built prior to 2007. It really is going to allow us to have the most modern diesel technology in the Port, and trucks are a big factor in terms of air emissions. This is a positive way of making sure that any truck that enters the Port is in compliance with that program. In addition to the ability to now have a database where we know all of the players on any given day in terms of those trucks and the activity that they're creating in the Port. I think from our perspective, as I said before, it really becomes a foundation for a much better awareness of that truck activity. [Comm. J. Rubin] An inventory system. >>[R.

Larrabee] Absolutely. In that Truck Drayage Program we're requiring a certain amount of information, and the nice thing about this program is that if a truck is not in compliance we can go back and change the database at any point and that truck is denied access to the terminals. So, it's a very positive system.

[Comm. R. Bagger] From a security perspective, if there's a truck that you don't want in the Port then it needs to be off the Truck Drayage list. [R. Larrabee] Correct. [Comm. R. Bagger] And whatever criteria are used for that registration and background checks becomes your screen that's then 100% enforced by this terrific technology solution. [R. Larrabee] Exactly. Now we do the same thing with the truck driver. Through the TWIC Program and through our sea-link Program we've now captured both the driver and the truck. >>

[Comm. J. Rubin] Commissioner. [Comm. P. Schuber] Mr. Larrabee, two questions. Number one, the company itself--does it have a track record in this area that we can look at some other location? [R. Larrabee] The STS is the consortium that was created. Under the rules of the Federal Maritime Commission under the Shipping Act, terminal operators are not allowed to sit down and talk to each other unless they get the okay from the Federal Maritime Commission, so they're under a Federal Maritime Commission talking agreement, which is what allows them to come together and talk about this issue. So, that's the entity that's created. They're going out in a competitive way and have done that to get the design and the system built. And so it's all done in a competitive process.

[Comm. P. Schuber] So, this is kind of--for us is-- although I understand it's operating on the west coast, for us this is going to be the first time we've done this. >>[R. Larrabee] Yes.

[Comm. P. Schuber] Let me ask you a question just out of curiosity. Supposing--like my EZ Pass--supposing somebody takes one of these things and puts it on their truck or finds one of these things and puts it on their truck and then starts to use it to come into the Port. What would happen under those circumstances? >>[R. Larrabee] Beth? [B. Rooney] The RFID tag in the database is programmed with everything that identifies the truck, including the registration and the license plate number. In most of the terminals today, the system will be working in concert with license plate recognition technology. So, it will be reading the license plate number and comparing that to the number that's stored on the tag. [Comm. P. Schuber] And then it will issue what? A warning or something? [B. Rooney] It'll be denied. If it doesn't match, it'll be denied access. [Comm. P. Schuber] Oh, it would be denied. Okay. My concern here, obviously, sometimes we can get the greatest of technology, and I think this is, by the way, and then all of a sudden we become complacent because we rely upon it. Then something happens underneath it. So, that answers my question with regard to it. Thank you.

[Comm. J. Rubin] Thank you. Please. [Comm. R. Pocino] Just a follow-up question. I see that STS is responsible for the operating and maintenance costs. Who's actually responsible for oversight and review of whether it's operating or not? We know we have cameras installed in places for safety reasons, but then what happens when some of them aren't working? [R. Larrabee] Beth, do you want to address this? [B. Rooney] Each of the terminal operators will be responsible for operating and maintaining the technology that is installed in their individual terminals. The system, the technology, is smart enough to alert the terminal operators through the

master database that a particular reader or a particular exciter is no longer in operation, so there will be proactive messages if a particular reader is out of service.

[Comm. J. Rubin] Yes, please. [Comm. A. Sartor] Where does STS get their funding from? [R. Larrabee] Well, the first portion of it is going to come from the federal government. That's the \$4.7 million grant that the federal government has issued. They will be paying for half of the local match out of their own operating funds, and we'll pay for the other portion.

[Comm. A. Sartor] How do they get operating funds if there is a group of terminals? [R. Larrabee] It's all of the terminal--it comes out of each terminal. So, Maher Terminals puts them--right. They're making a contribution.

[Ex. Dir. P. Foye] STS is an entity set up to afford an exemption from antitrust and federally required and recognized. >>[R. Larrabee] Right. [Comm. Rechler] I think the question was do they--is there a fee, like a membership fee or something? [Ex. Dir. P. Foye] Yeah. The container terminal operators and the Port Authority are going to be obligated to pay for it. >>[R. Larrabee] Right. We have the initial obligation to fund the system to put it in place. Then the terminal operators of the obligation to continue to fund at about \$400,000 a year the maintenance and upkeep of the system. The other advantage that the terminal operators will have is that this will then afford them the ability to begin to think about using appointment systems. Today, a truck is coming to the terminal at an unknown time from a terminal operator's perspective. The truck driver knows that box that he or she wants to pick up is available, but they come at their own discretion. We have busy times in the Port, and I'm sure you're all aware that at times we have significant truck congestion in the Port. This, for the first time, will allow that terminal operator to begin to create an appointment system whereby that truck will come when the terminal operator says the box is ready and they're ready to receive the truck. It's the beginning of a much smarter system in our Port for managing that congestion. So, it's another one of those benefits that this fundamental system will allow us to be able to start advancing.

[Comm. J. Rubin] Other questions? Well, let me just say that this is the first public meeting of the security committee and technology is always a bit of a question, but in this case I must say it seems like a terrific piece of work-- well-organized in terms of the cooperation of other ports and the federal government and a good example of how a security technology can help make the Port more efficient and the operator more effective, so it's a real synergy. Although we use that word a lot, it looks like it applies in this case, so thank you for your presentation, and if someone will put a motion forward. I'll make a motion. >>Second.

[Comm. J. Rubin] Okay, the motion has been carried. With that, let me just make a brief remark before we go to our executive session. I think all of you know we've been spending a lot of time with the Chertoff Group, working on security matters. August, especially for Mr. Foye, has been a busy, busy month with some errant jet skiers and other matters like that. But I'm pleased that we have so many commissioners here focused on this and that all of us are committed not only to maintaining the security of our facilities but also seeing that the necessary reforms take place. We're going to be talking in the executive session about another program but in further conversations today about the urgent need to develop a new security department in the Port. It's going to be a lot of hard work for a lot of us-- for Pat and Bill--to work security into the system

in a fundamental way so that we can have the kind of reform and success that we need. So, thank you all for your participation. With that, I move us into executive session. Will the public please give us confidentiality?