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WRITTEN TESTIMONY
OF
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ON
"ASSESSING THE STATE OF AMERICA'S PORTS"
BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON BORDER SECURITY, FACILITATION & OPERATIONS

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INTRODUCTION

Good afternoon Chairman Thompson, Ranking Member Katko, Chairwoman Barragán, Ranking Member Higgins, and members of the subcommittee. Thank you for the invitation to testify at this hearing.

I am Cathie Vick, Chief Development and Public Affairs Officer of The Port of Virginia. The Port of Virginia is fifth largest and one of the fastest growing ports in the country. Annually, The Port of Virginia is responsible for more than 400,000 jobs and \$100 billion in spending across Virginia and contributes more than \$47 billion to the Commonwealth's Gross State Product. The port's reach also extends throughout the Mid-Atlantic and into the Ohio Valley and Midwest, handling the largest rail volume on the East Coast and serving American farmers and manufacturers throughout the heartland of our nation. Of equal importance, Virginia is one of the nation's 17 strategic ports, handles more military support cargo than any port in the U.S., and is home to the U.S. Navy's Atlantic fleet – the only nuclear-carrier-capable port facility on the East Coast.

SUPPLY CHAIN PERFORMANCE

Last week we announced that 2021 was our most productive calendar year on record having processed more than 3.5 million TEUs (twenty-foot equivalent units). This represents a 25 percent increase over 2020, making Virginia the fastest growing major container port in the country. The increased volume was represented across all categories including loaded exports, and we handled these record volumes without congestion at our berths or gates. We have no ships waiting at anchor, and our truck turn times have remained consistently under 50 minutes.

Over the last 5 years, more than \$800 million has been invested at the port to add one million containers of annual capacity to our terminals. At the same time, in partnership with the U.S. Army Corps of Engineers, dredging is underway to deepen and widen our navigation channel to allow two-way flow of ultra-large container vessels, unrestricted by tide or channel

width. Upon completion, we will have the deepest channels on the U.S. East Coast at 55 feet deep and eliminate navigation restrictions on both commercial and military vessels.

In addition, the advantage of the *Virginia Model* – where we have a single terminal owner and operator across our four deep-water, multi-purpose cargo terminals and two inland terminals – keeps the port agile and provides measurable results to ocean carriers and cargo owners that are facing congestion and delays elsewhere. We own the terminals, and our operating company runs them. This is an important advantage because we are not beholden to multiple economic interests, especially when we need to be flexible in our operations to accommodate our customers and growing cargo volumes. The Hampton Roads Chassis Pool (HRCPII) is a great example of the advantages of being an owner-operator. We own and operate HRCP [II] and as a result, we can make decisions and take quick action to ensure we have an ample supply of chassis.

COVID-19

The past two years have not been without challenges, however we kept our focus and delivered a best-in-class performance with solid efficiency, customer service, and a record amount of cargo. It was truly collaborative effort between our entire team and all of our partners – including federal agencies and of specific relevance to this committee the United States Coast Guard (USCG), Customs and Border Protection (CBP), and the Federal Emergency Management Agency (FEMA).

Early in the pandemic, we established the COVID-19 Critical Cargo Initiative to identify critical import cargo needed in the effort to fight COVID-19 (including personal protective equipment (PPE) for the medical industry [face shields, gowns, gloves], test kits, virus-critical shipments like hand sanitizer, and raw materials going into PPE production) moving through Virginia, and allocated the equipment and personnel needed to get the container moving to its destination as fast as possible (often times in less than one hour after the ship docked).

The pandemic has revealed what those of us in the industry already knew: that supply chains are essential to our nation's economic success and security. Protection of our supply chains must necessarily be a key federal policy and funding priority, and ports are the keystone to the supply chain.

We are grateful for the \$4.4 million in reimbursements FEMA has approved to date as we have implemented robust measures to keep our colleagues, labor partners, motor carriers, and customers safe and healthy while we remained open throughout this pandemic.

CYBER SECURITY

Beyond the pandemic, cyber security remains a constant threat and one of our highest priorities. The Port of Virginia is the most technologically advanced port in the U.S. This technology allows us to maximize our land use efficiency – 20 to 30 percent better usage than a conventional container terminal – and better handle surges in cargo volumes. Our technology also allows us plan operations in advance and move containers to an optimal position to facilitate exchanges to and from vessels, rail, and trucks. We have implemented this technology in partnership with the International Longshoremen's Association (ILA). We have had no net loss of jobs; as positions have been eliminated those individuals have been retrained into new and better jobs. This has also resulted in a safer and more comfortable working environment.

Given our reliance on technology, we do a lot to protect ourselves. In addition to our internal efforts, we have participated in a number of advanced cybersecurity programs and have close working relationships with the USCG, CBP, and Federal Bureau of Investigation (FBI). These include being the maritime test case for the Principles-based Assessment for Cybersecurity Toolkit (PACT) project conducted by Naval Sea Systems Command (NAVSEA) and Indiana University Center for Applied Cybersecurity and supporting maritime sector technology exchanges with key government groups like the National Security Agency (NSA)

and U.S. Cyber Command. Collaboration amongst federal agencies and industry will help those agencies fulfill their missions and keep us all safer.

But we know more can be done. Ports are critical infrastructure, yet federal agencies are slow to share information and actionable intelligence with us directly or through industry sharing and analysis groups in a timely manner. We need our federal partners to actively engage and provide two-way communication in order to allow us to prepare for and respond to threats and prevent any compromise of our systems.

We recently received a FEMA Port Security Grant to establish a Cyber Security Operations Center. The design and implementation are being done in a manner so as to make it a template for other ports and provide working space for other government agencies to occupy in case of an event. Despite our success with this grant, federal funding often does not seem to recognize the nature of technology dependence and rather allocates money based on criteria other than risk and need.

CBP STAFFING

Traditional threats remain as well, and CBP is on the front line of protecting our nation's trade and economic prosperity. Ensuring that the hiring and allocation of CBP officers and agricultural specialists keeps up with the growth in trade is essential to avoiding unnecessary delays to our supply chain. In Virginia we have benefitted from two initiatives to alleviate staffing shortages: Veterans Hiring and 559 Reimbursable Services.

The Veterans Hiring program has allowed our local CBP Area Office to hire qualified, transitioning military members through an expedited process and keep those officers in the local area where they have already established roots. This is a win-win for the agency and the officer by recruiting from a well-qualified talent pool, maintaining local CBP staffing ahead of the rate of attrition, and allowing officers to remain in an area they know and enjoy.

The 559 Reimbursable Services program additionally has allowed us to pay for CBP officers' overtime at our facilities. We originally entered into the 559 agreement in 2015 prior to the expansion at our facilities when volumes dictated that we operate extended gate hours – as long as 21 hours per day. At its peak, we were paying \$1.5 million annually. However, nearly seven years later, we continue to pay more than \$750,000 annually, and it remains unclear when or how what was designed to be a temporary supplement becomes established as part of the baseline workload for CBP and incorporated into their staff and allocation model.

American businesses already pay Customs duties and fees in conjunction with these services, and while we are fortunate to have the financial wherewithal to absorb these costs, others are not as fortunate, creating disparity and inequity, and the supply chain suffers. This is not a sustainable model for ports or for CBP officers where the additional hours risk burn out.

Ensuring the consistent use of best practices nationally – like remote and onsite inspections – could also increase efficiency and alleviate some of the staffing pressures.

CBP FACILITIES

CBP also needs adequate facilities and equipment to perform its mission. While CBP's authority to require free space from ports is clear, in recent years, CBP's demands in this area have increased significantly. Specifically, we have been presented with demands not only for space but to pay for CBP equipment and systems. These demands often exceed six figures and come without notice or discretion. We do not have the opportunity to review or negotiate the need; the demands are not coordinated with our capital budget timing or processes; and we have no discretion in how to fulfill the needs. We do not begrudge CBP for the equipment and systems requirements, but these need to be addressed within the agency's budget and not foisted upon industry. We encourage this Committee and Congress as a whole to exercise oversight in this area to ensure CBP operates within its authority; to clarify that authority if necessary; to properly identify the facilities, equipment, and systems required for CBP to

perform its mission; and to provide the resources for those needs through the annual Appropriations process.

CONCLUSION

Thank you again for the opportunity to testify and share The Port of Virginia's perspective as you assess the state of America's ports. I appreciate the work of this committee to ensure the continued protection of our ports and supply chains and look forward to working with you, your colleagues, and our federal agency partners to continue to deliver – and exceed – the service our customers and cargo owners expect and deserve. Safe, secure, and fluid ports are essential to our nation's economic success and security.