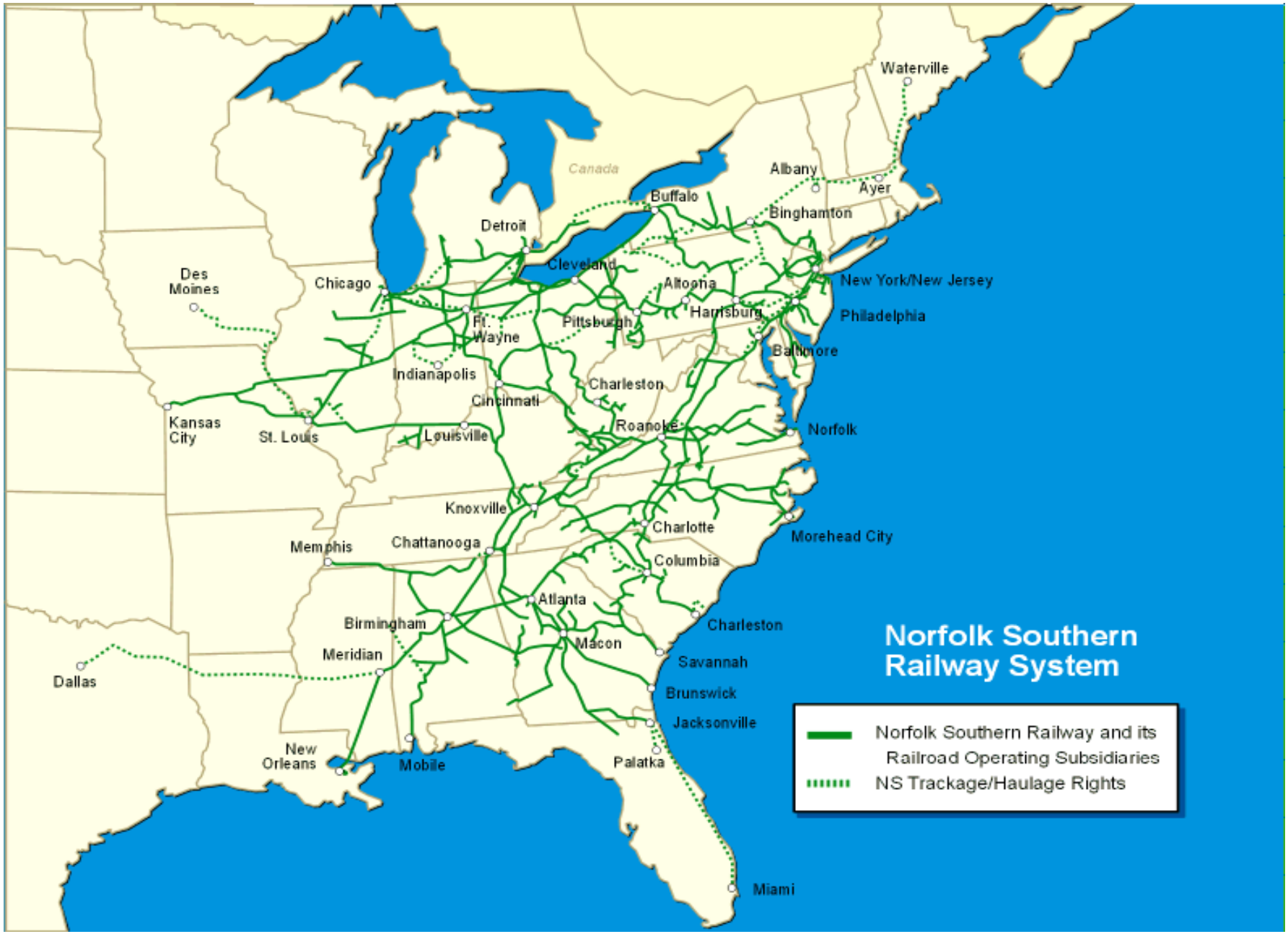
Safety Advisory and Transportation Committee Briefing

AGENDA

- Overview of Norfolk Southern Railway Company
- Formation and organization of the subsidiary Delaware Business Unit (DBU)
- Railroad safety
- Hazardous materials transportation by railroad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Canada
Albany
Ayer
Buffalo
Binghamton
Detroit
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Des Moines
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New York/New Jersey
Harrisburg
Philadelphia
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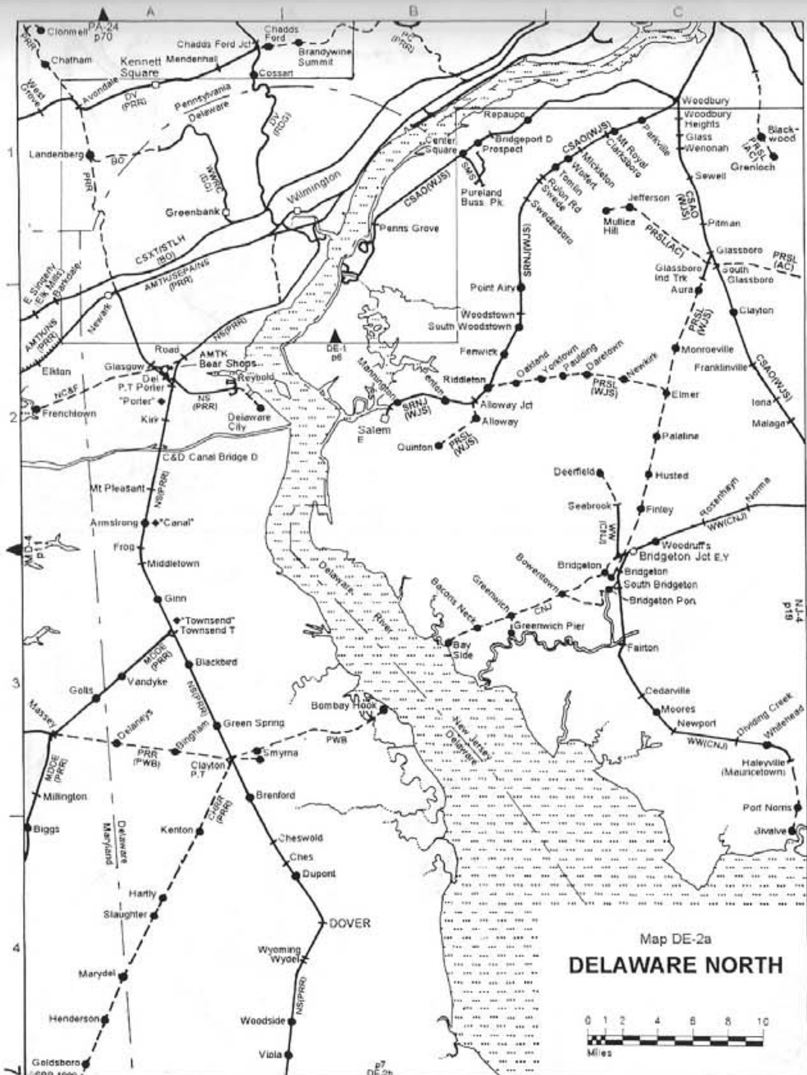
Ft. Wayne
Baltimore
Indianapolis
Charleston
Cincinnati
Kansas City
St. Louis
Louisville
Roanoke
Norfolk
Knoxville
Charlotte
Morehead City
Memphis
Chattanooga
Columbia
Atlanta
Birmingham
Charleston
Macon
Meridian
Savannah
Dallas
Brunswick
Jacksonville
New Orleans
Mobile
Palatka
Miami
Norfolk Southern Railway System
Norfolk Southern Railway and its Railroad Operating Subsidiaries
NS Trackage/Haulage Rights


Map DE-2a
DELAWARE NORTH
Miles
Clonmell
Chatham
Kennett Square
Mendenhall
Chadds Ford Jct
Chadds Ford
Brandywine Summit
Cossart
Avondale
West Grove
Pennsylvania
Delaware
Landenberg
Greenbank
Wilmington
Penns Grove
Newark
Road
AMTK Bear Shops
Reybold
Glasgow
Del P.T Porter
"Porter"
Kirk
Delaware City
Elkton
Frenchtown
C&D Canal Bridge D
Mt Pleasant
Armstrong
"Canal"
Frog
Middletown
Ginn
"Townsend"
Townsend T
Blackbird
Golts
Vandyke
Massey
Delaneys
Bingham
Green Spring
Smyrna
Clayton P.T
Millington
Biggs
Kenton
Brenford
Cheswold
Ches
Dupont
Hartly
Slaughter
DOVER
Marydel
Henderson
Goldsboro
Wyoming
Wydel
Woodside
Viola
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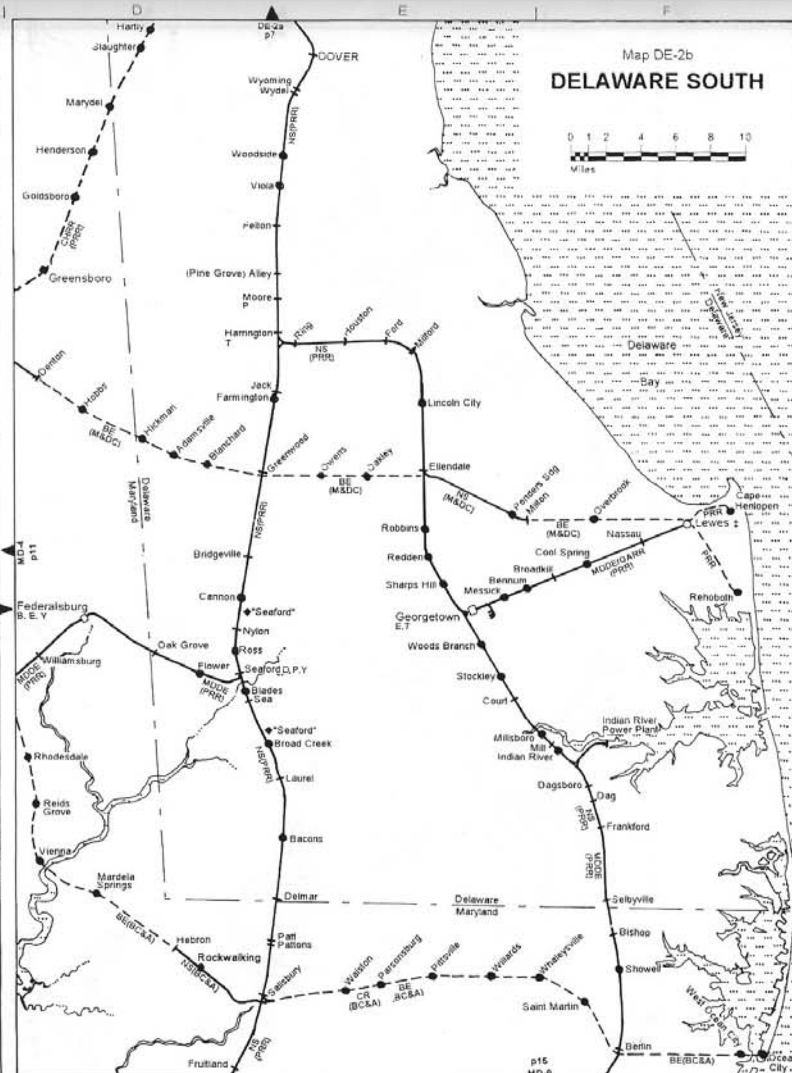
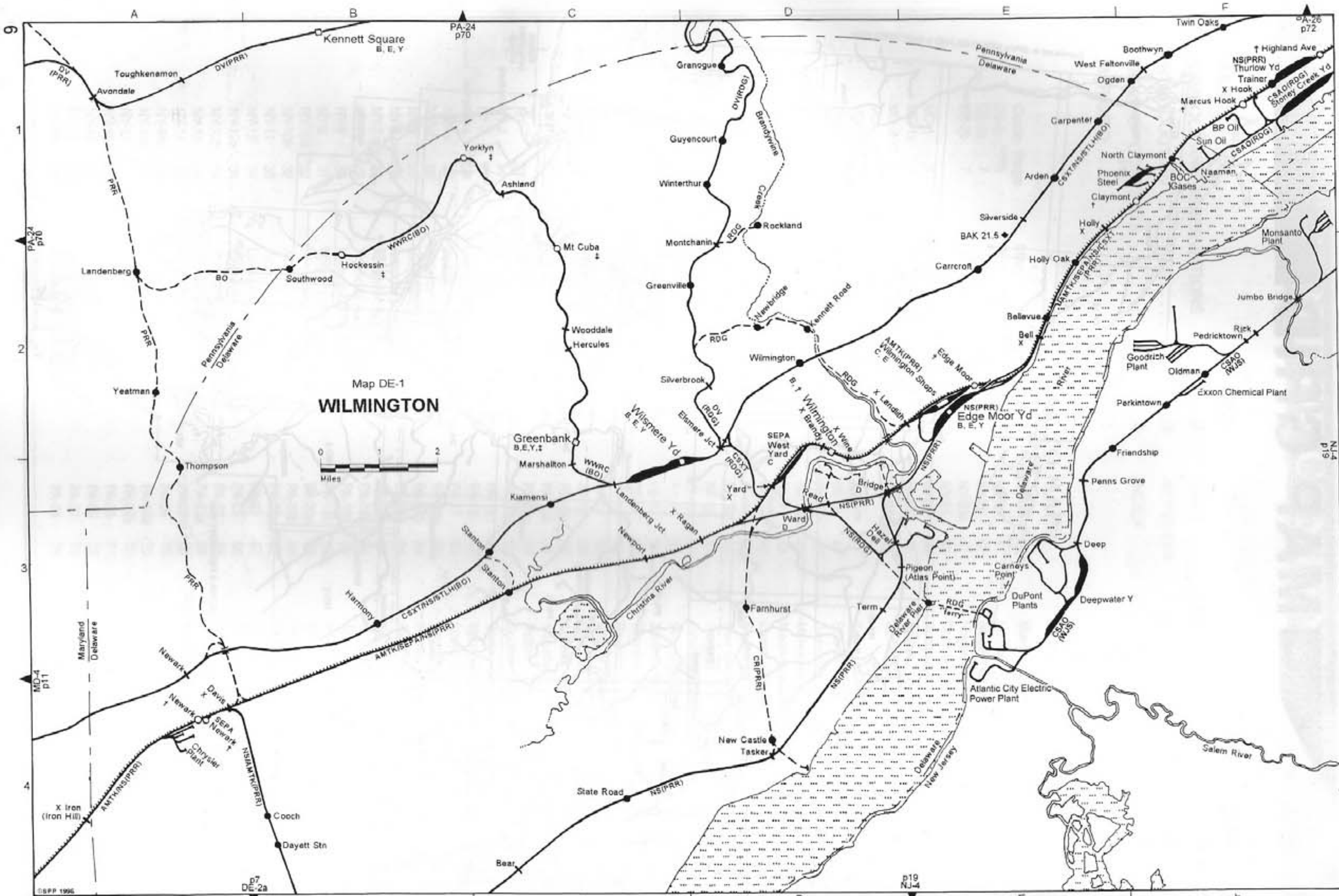
Jefferson
Mullica Hill
Pitman
Glassboro
South Glassboro
Glassboro Ind Trk
Aura
Clayton
Point Airy
Woodstown
South Woodstown
Fenwick
Riddleton
Alloway Jct
Alloway
Salem
Quinton
Monroeville
Franklinville
Elmer
Iona
Malaga
Palatine
Deerfield
Husted
Seabrook
Finley
Woodruffs
Bridgeton Jct E.Y
Bridgeton
South Bridgeton
Bridgeton Pon.
Greenwich Pier
Bay Side
Fairton
Cedarville
Moores
Newport
Bombay Hook
Haleyville
(Mauricetown)
Port Norris
Bivalve
Delaware River
New Jersey
Delaware


Map DE-2b
DELAWARE SOUTH
Miles
Hartly
Slaughter
DOVER
Wyoming
Wydel
Marydel
Henderson
Woodside
Viola
Goldsboro
Felton
Greensboro
(Pine Grove) Alley
Moore P
Harrington T
Ring
Houston
Milford
Denton
Hobbs
Hickman
Adamsville
Blanchard
Greenwood
Owens
Oakley
Jack
Farmington
Lincoln City
Ellendale
Milton
Overbrook
Cape Henlopen
Lewes
Nassau
Robbins
Redden
Cool Spring
Broadkill
Bennum
Messick
Sharps Hill
Georgetown E.T
Rehoboth
Woods Branch
Stockley
Court
Millsboro
Mill
Indian River
Indian River Power Plant
Dagsboro
Dag
Frankford
Selbyville
Bishop
Showell
Saint Martin
Berlin
Ocean City
Delaware Bay
Bridgeville
Cannon
"Seaford"
Nylon
Ross
Oak Grove
Flower
Seaford D.P.Y
Blades
Sea
Federalsburg B. E. Y
Williamsburg
Rhodesdale
Broad Creek
Laurel
Reids Grove
Vienna
Bacons
Mardela Springs
Delmar
Delaware
Maryland
Hebron
Rockwalking
Patt
Pattons
Salisbury
Walston
Parsonsburg
Pittsville
Willards
Whaleysville
Fruitland


Map DE-1
WILMINGTON
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1
2
Kennett Square
B, E, Y
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p70
Toughkenamon
DV(PRR)
Avondale
PRR
BO
Landenberg
Southwood
Hockessin
WWRC(BO)
Yorklyn
Ashland
Mt Cuba
Wooddale
Hercules
Yeatman
Pennsylvania
Delaware
Thompson
Greenbank
B,E,Y,‡
Marshallton
WWRC
(BO)
Kiamensi
Stanton
Harmony
CSXT(NS/STLH(BO)
AMTK(SEPA)NS(PRR)
Newark
Davis
SEPA
Newark
Chrysler
Plant
NS/AMTK(PRR)
Cooch
Dayett Stn
X Iron
(Iron Hill)
AMTK/NS(PRR)
Maryland
Delaware
MD-4
p11
p7
DE-2a
Granogue
DV(RDG)
Brandywine
Creek
Guyencourt
Winterthur
Montchanin
RDG
Rockland
Greenville
Newbridge
Kennett Road
Silverbrook
Wilmington
Elsmere Jct
Wilsmere Yd
B, E, Y
CSXT
(RDG)
SEPA
West
Yard
Yard
Landenberg Jct
X Ragan
Newport
Christina River
Ward
Read
Bridge
NS(PRR)
NS(RDG)
Hazel
Dell
Farnhurst
CR(PRR)
Term
Pigeon
(Atlas Point)
New Castle
Tasker
State Road
Bear
p19
NJ-4
AMTK(PRR)
Wilmington Shops
Edge Moor
Edge Moor Yd
B, E, Y
Delaware River
New Jersey
Bellevue
Bell
Carrcroft
BAK 21.5
Silverside
Holly Oak
Holly
Arden
Carpenter
Ogden
West Feltonville
Boothwyn
Twin Oaks
PA-26
p72
Highland Ave
NS(PRR)
Thurlow Yd
Trainer
X Hook
CSAO(RDG)
Stoney Creek Yd
Marcus Hook
BP Oil
Sun Oil
North Claymont
Naaman
Phoenix
Steel
BOC
Gases
Claymont
Monsanto
Plant
Jumbo Bridge
Pedricktown
Rick
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CSAO
(WJS)
Exxon Chemical Plant
Perkintown
Friendship
NJ-4
p19
Penns Grove
Deep
Deepwater Y
Carneys
Point
DuPont
Plants
Atlantic City Electric
Power Plant
Salem River
©SPP 1996

Railroad Service in

Delaware

2005

Railroad Service and Employment

Facilities	Number of Freight Railroads	5
	Miles Operated (Excluding Trackage Rights)	218
Traffic	Total Carloads of Freight Carried	526,935
	Total Tons of Freight Carried	23,615,974
Employment and Earnings	Rail Employees Living in State	1,415
	Freight Employees Only	202
	Total Wages of Rail Employees	$91,904,000
	Freight Employees Only	$12,446,000
	Average Per Freight Rail Employee:	
	Wages	$61,600
	Fringe Benefits	$23,600
	Total Compensation	$85,200
Railroad Retirement	Railroad Retirement Beneficiaries	1,870
	Railroad Retirement Benefits Paid	$27,127,000

Freight Railroad Traffic in Delaware

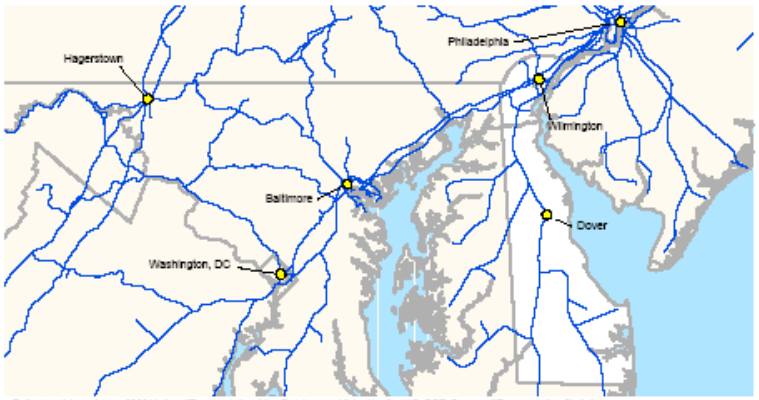
Tons Originated 2005

	Tons	%
Chemicals	384,680	30%
Transportation Equip.	216,920	17
Nonmetallic Minerals	202,500	16
Primary Metal Products	191,280	15
Coal & Petr. Products	146,684	11
All Other	144,648	11
Total	1,286,712	100%

Tons Terminated 2005

	Tons	%
Coal	2,149,782	35%
Nonmetallic Minerals	1,300,772	21
Chemicals	651,932	11
Food Products	520,100	9
Farm Products	387,726	6
All Other	1,054,052	17
Total	6,064,364	100%

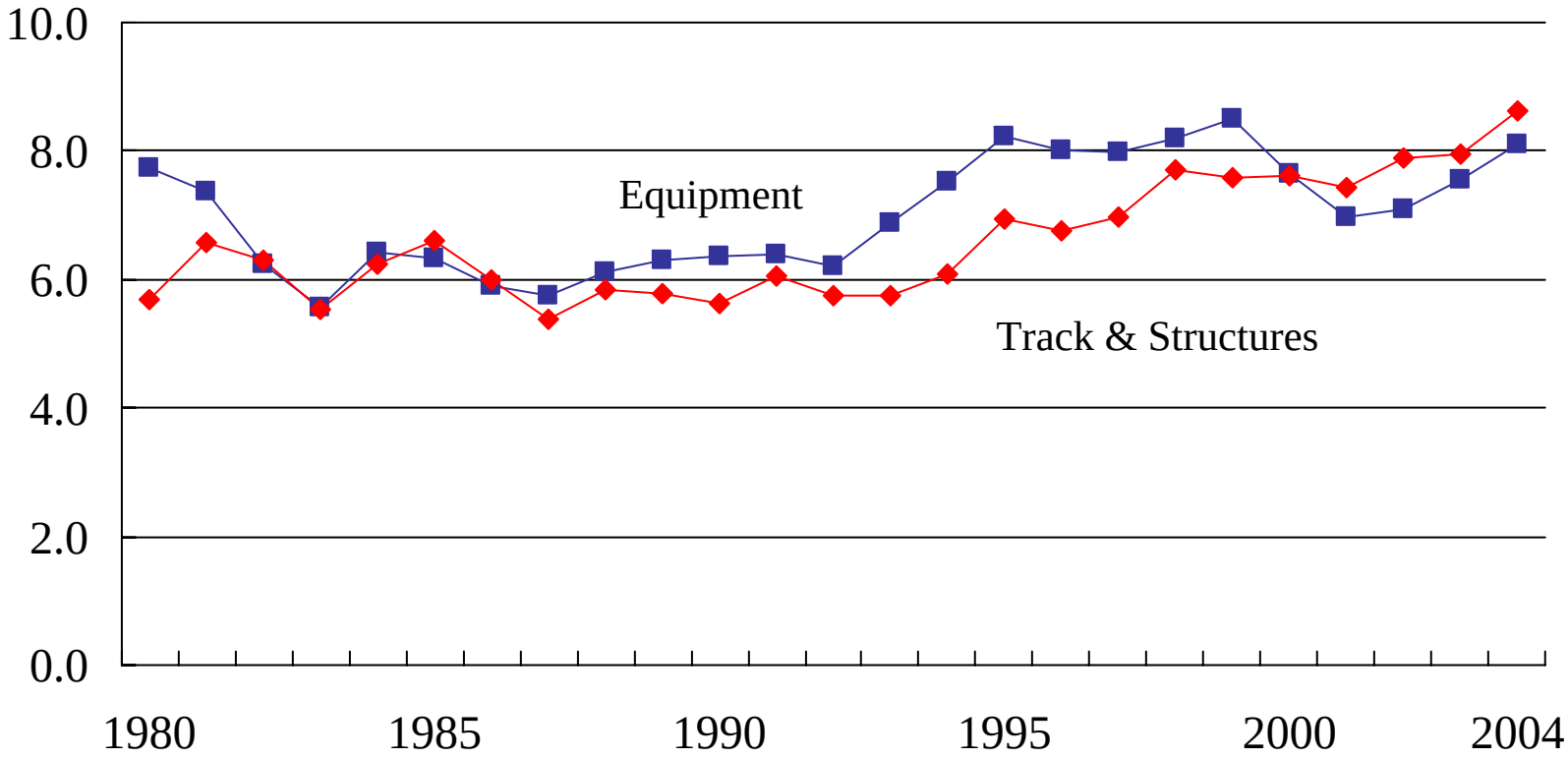
Railroad Map of Delaware



Rail network based upon 2006 National Transportation Atlas Database published by the U.S. DOT, Bureau of Transportation Statistics.

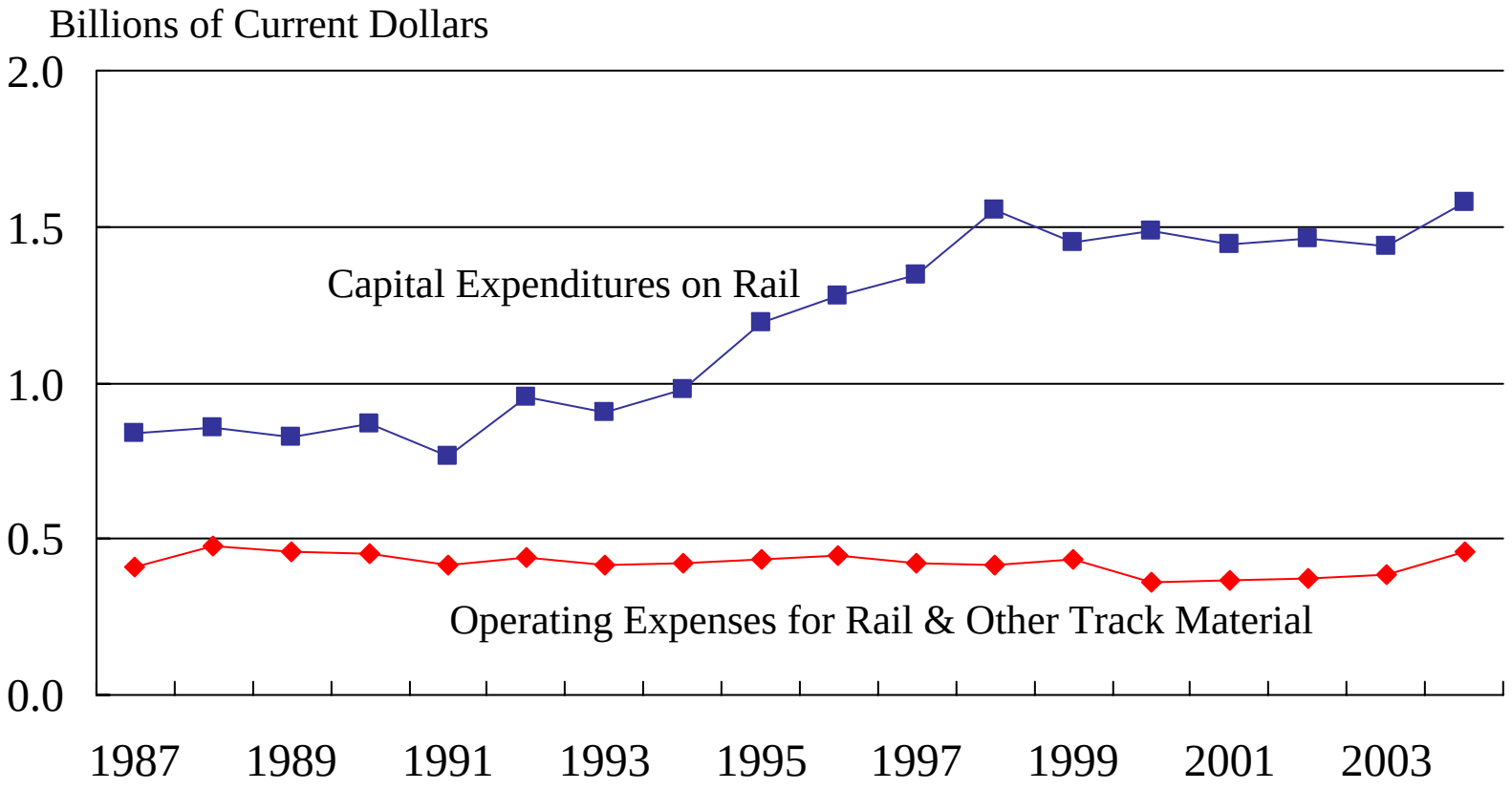
Since 1980, U.S. Class I railroads have spent $340 billion on track and equipment.

Capital Expenditures and Maintenance Expenses, Excluding Depreciation, in Billions of Dollars



Sources: AAR, Analysis of Class I Railroads, 1980 - 2004, based on R-1 Reports submitted by each Class I railroad to the ICC/STB. Equipment: Lines 382+158-151-154-157. Track: Lines 378+149-147.
Note: Current year dollars.

Since 1991, U.S. Class I railroads have accelerated capital spending on new rail.



Source: R-1 Reports submitted by each Class I railroad to the ICC/STB, 1987-2004.
Schedule 330, line 8, column e; Schedule 410, lines 1, 14, and 15, column h.

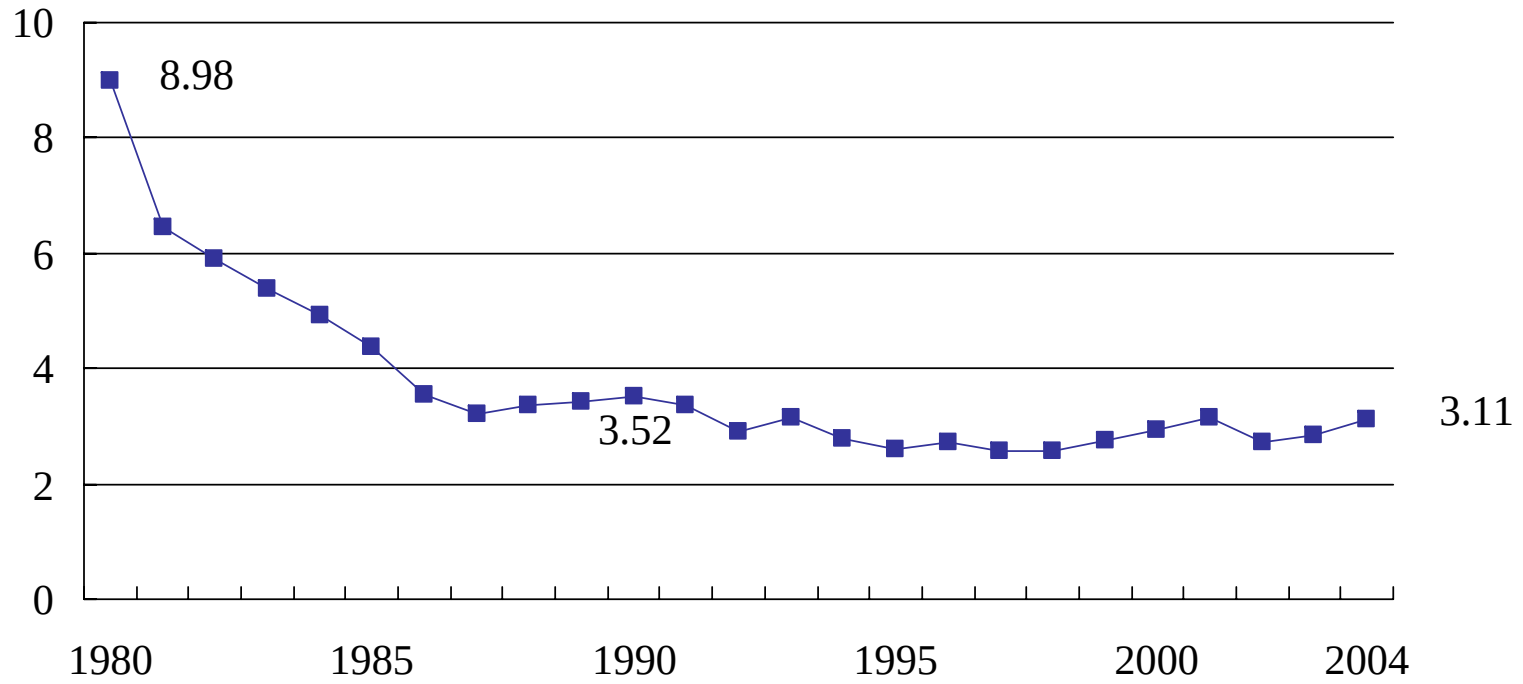
Delmarva Business Unit

- Created in 2006
- NS Eastern North Carolina parallels
- Capital budget challenges
- Amtrak Northeast Corridor Track Gateway
- Improved localized management

U.S. Railroad Safety Statistics: Main Themes

- Railroads have dramatically improved safety over the last two and a half decades.
- Railroads compare favorably with other industries & transportation modes.
- The most troubling railroad safety problems arise from factors largely outside railroad control.
- Railroads have implemented numerous and effective technological improvements and company-wide safety programs.

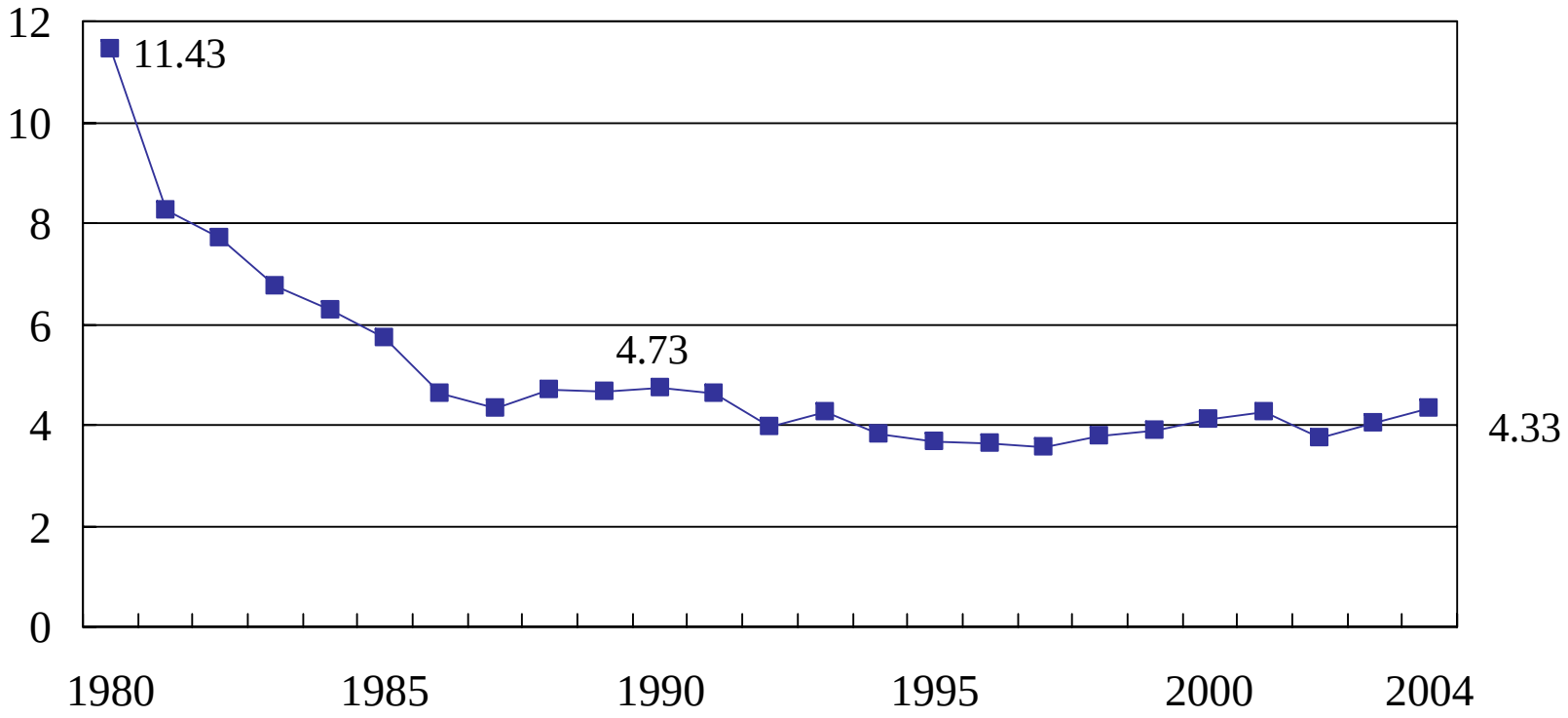
Derailments per million train-miles have dropped 65% since 1980 and 12% since 1990.



Sources: FRA website: http://safetydata.fra.dot.gov/Prelim/2004/r01.htm & r02.htm (preliminary 2004 data)
FRA, Railroad Safety Statistics Annual Report, 1997-2004, Tables 1-1, 5-6.
FRA, Accident/Incident Bulletin, 1980-1996, Tables 19, 36.

Note: Excludes grade crossing accidents.

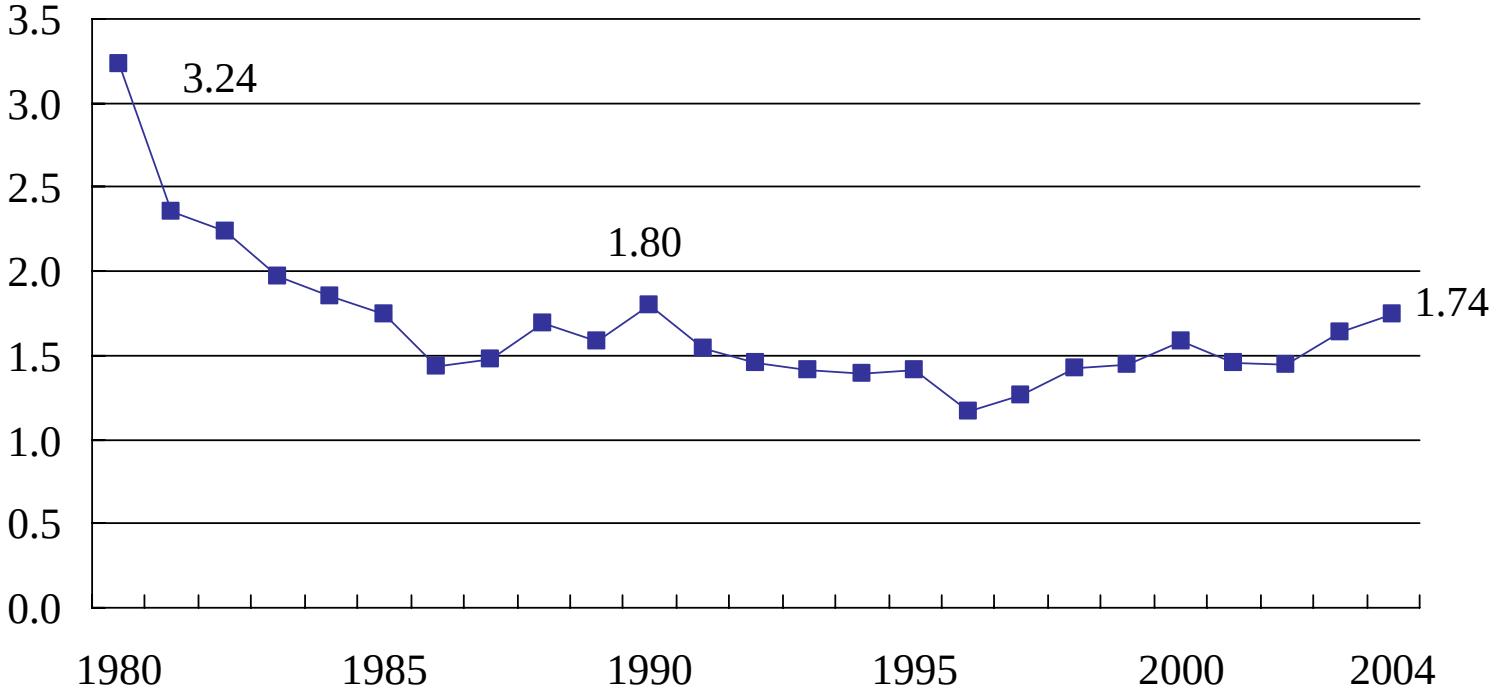
Train accidents per million train-miles have dropped 62% since 1980 and 8% since 1990.



Sources: FRA website: http://safetydata.fra.dot.gov/Prelim/2004/r01.htm (preliminary 2004 data).
FRA, Railroad Safety Statistics Annual Report, 1997-2004, Tables 1-1, 1-2.
FRA, Accident/Incident Bulletin, 1980-1996, Tables 19, 36.

Note: Excludes grade crossing accidents.

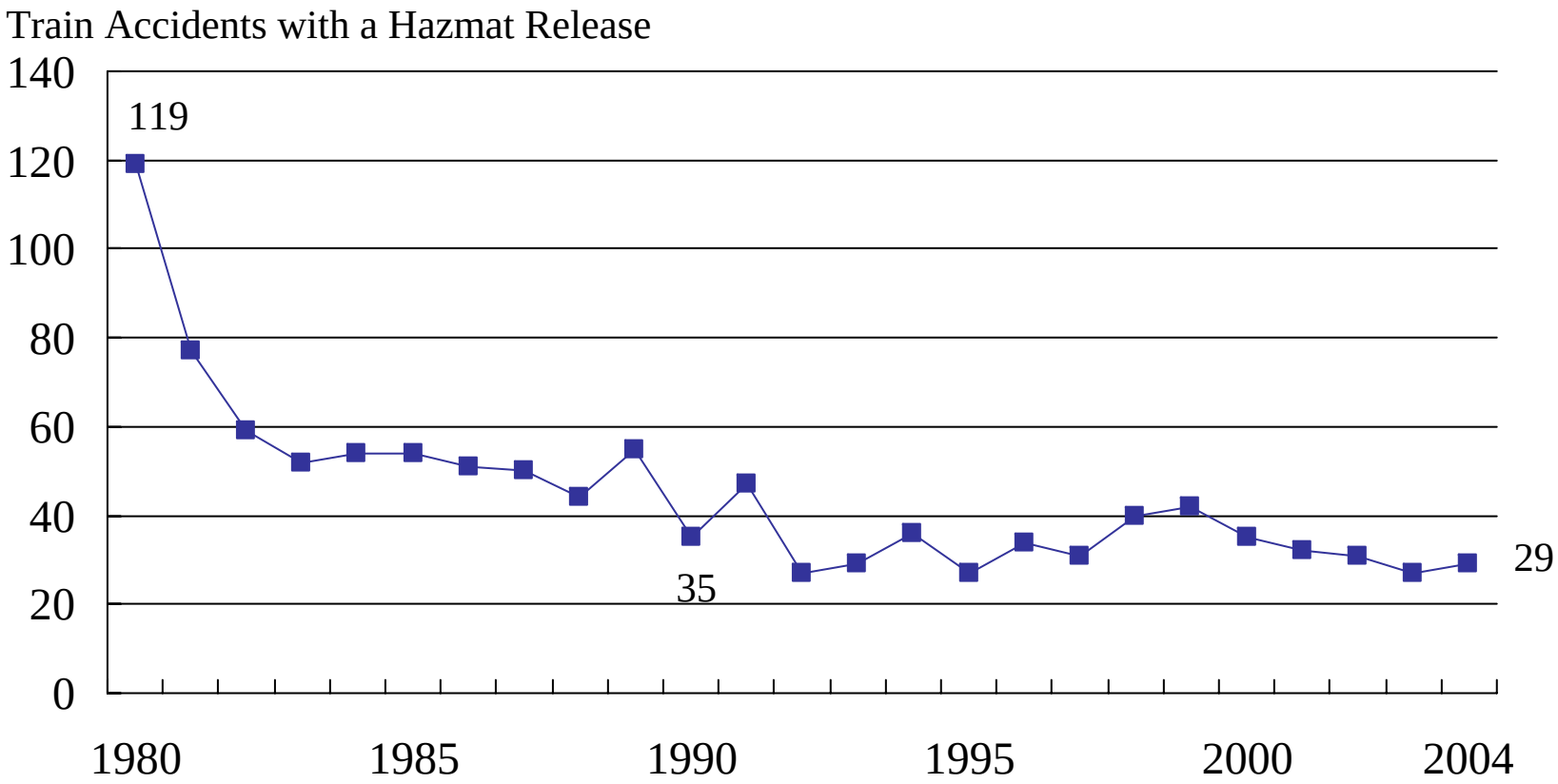
Human factors-caused accidents per million train-miles have dropped 46% since 1980 and 3% since 1990.



Sources: FRA website: http://safetydata.fra.dot.gov/Prelim/2004/r01.htm & r02.htm (preliminary 2004 data)
FRA, Railroad Safety Statistics Annual Report, 1997-2004, Tables 1-1, 5-9.
FRA, Accident/Incident Bulletin, 1980-1996, Tables 19, 36.

Note: Excludes grade crossing accidents.

Accidents with a hazmat release have declined 76% since 1980 and 17% since 1990.

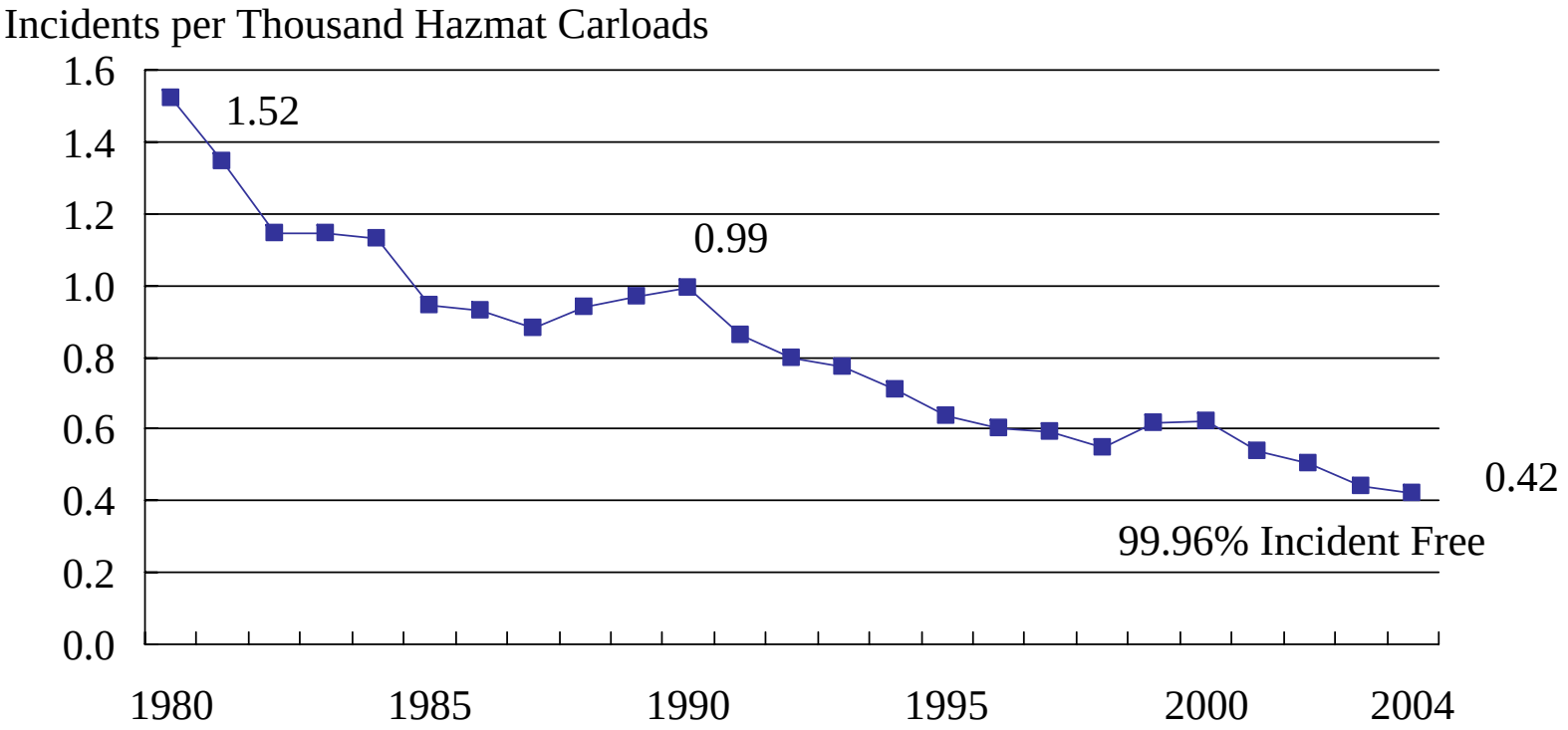


Sources: FRA, RR Safety Statistics Annual Report, 1997-2004, Tables 6-1. FRA, Accident/Incident Bulletin, Table 26. Note: An accident may involve releases from more than one car.
AAR Analysis of FRA Train Accident Database through 2004.

Railroad Industry Safety Programs: Hazardous Materials

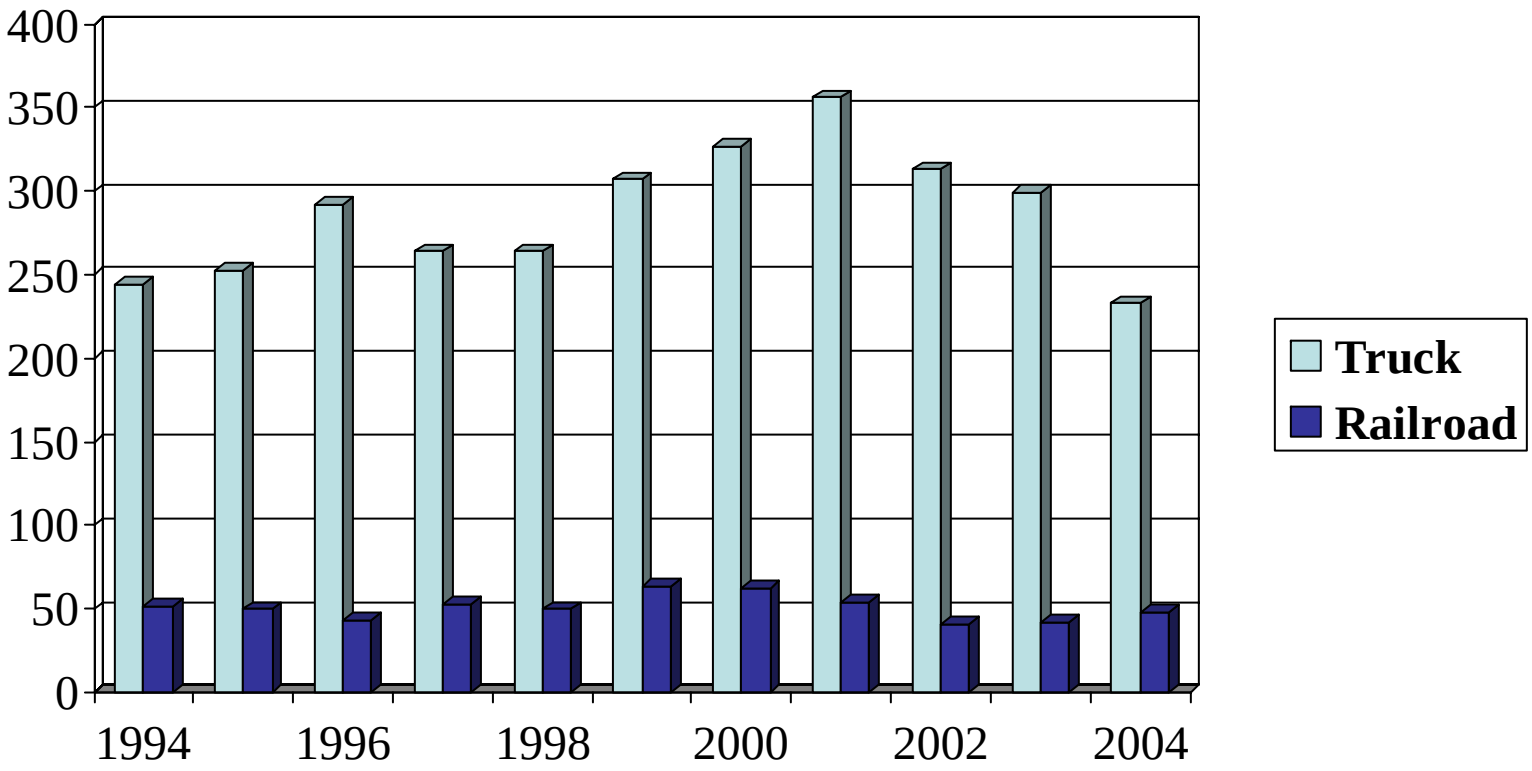
- AAR North American Non-Accident Release (NAR) Program
- Transportation & Community Awareness & Emergency Response (TRANSCAER)
- ACC Responsible Care
- Operation Respond
- TTCI's Emergency Response Training Center
- TTCI's BOE Hazmat Inspections
- TTCI's BOE Hazmat Safety Information

Hazmat incident release rates have declined 72% since 1980 and 58% since 1990.



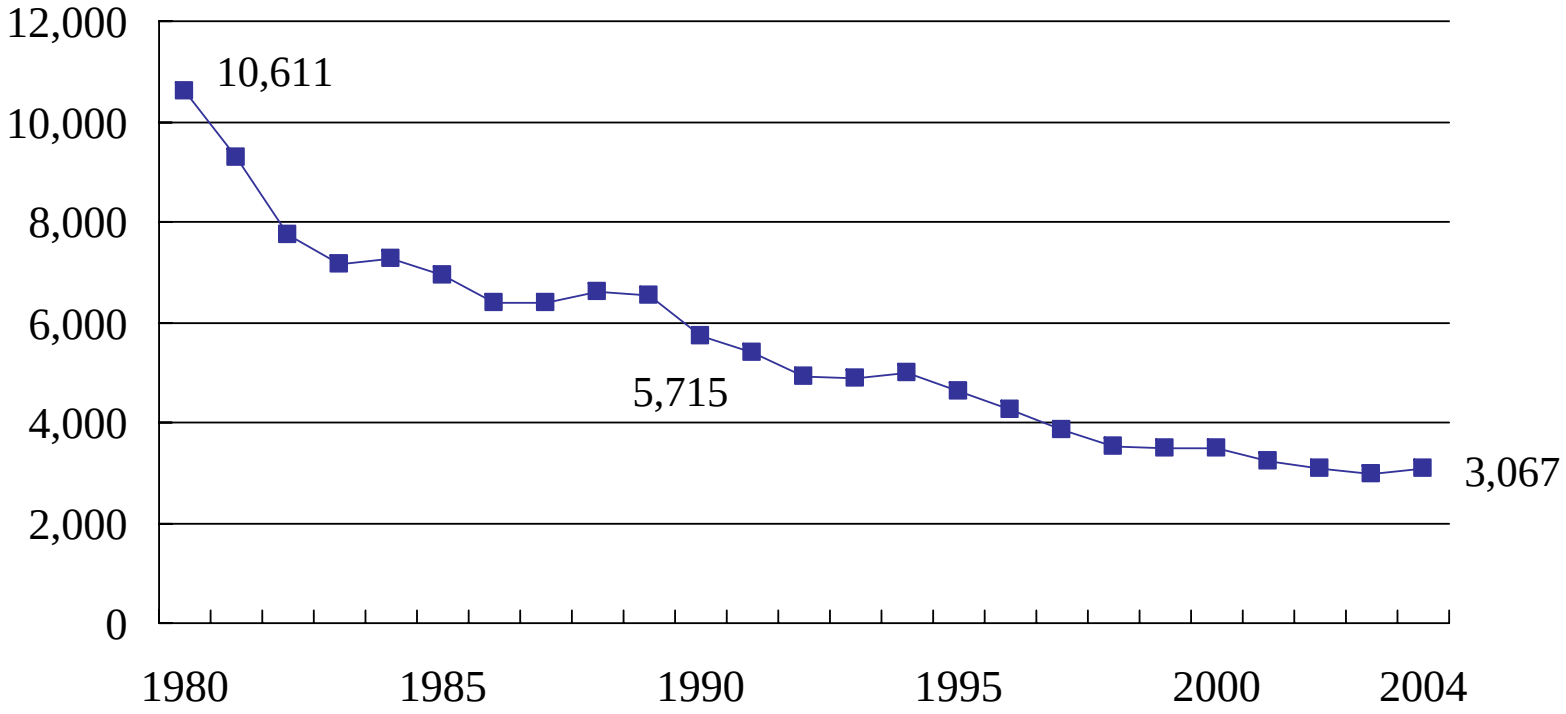
Sources: USDOT, Pipeline & Hazardous Materials Safety Administration, Hazardous Materials Incidents by Year & Mode. http://hazmat.dot.gov/files/hazmat/10year/10yearfrm.htm for 1995-2004.
Includes releases in train accidents as well as non-accident releases. ICC/STB Waybill Sample. 1995-2004. Carloadings adjusted to counter known hazmat underreportings of hazmat designations.

Railroads now have less than 1/4 of the hazmat accidents that trucks have, despite roughly equal hazmat ton-mileage.



Sources: USDOT, Pipeline & Hazardous Materials Safety Administration, Hazardous Materials Incidents by Year & Mode, from http://hazmat.dot.gov/pubs/inc/data/tenyr_accd.pdf. 11/14/2005
In 2003, both the truck and rail modes hauled an estimated 110 billion ton-miles of hazmat.

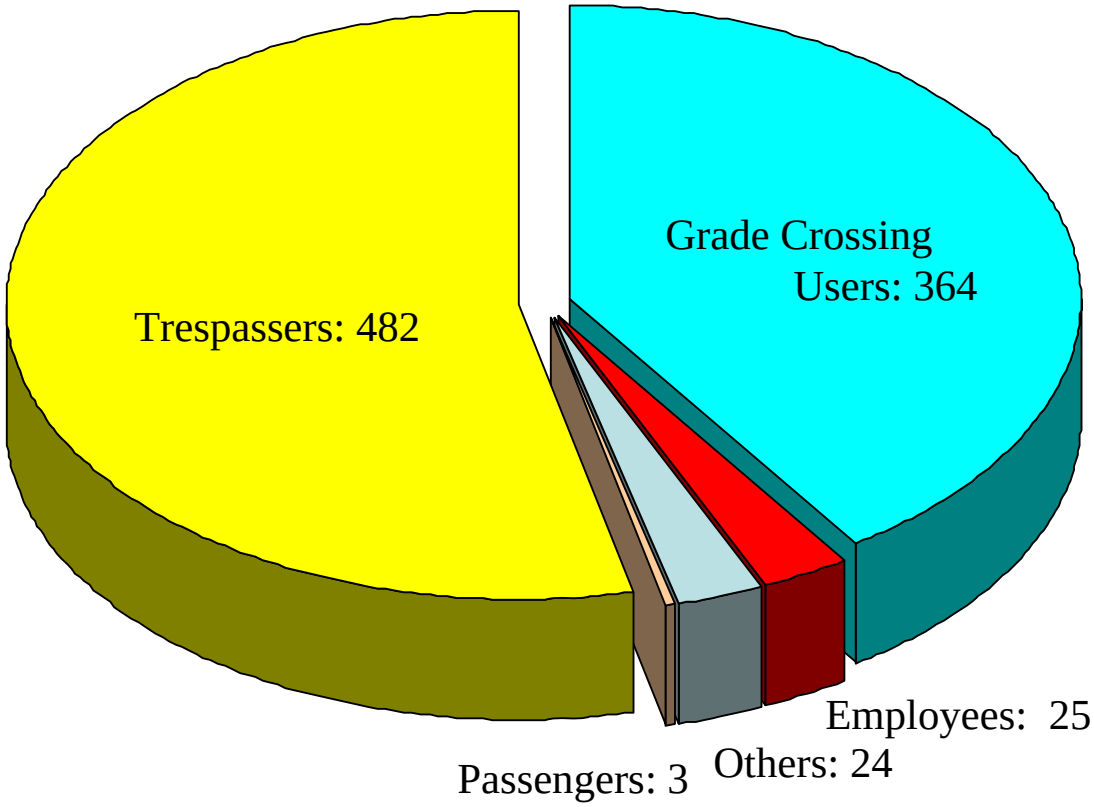
Grade crossing collisions have declined 71% since 1980 and 46% since 1990.



Sources: FRA, Railroad Safety Statistics Annual Report, 1997-2004, Table 1-1.
FRA Highway/Rail Crossing Accident/Incident & Inventory Bulletin,Table S,
FRA website: http://safetydata.fra.dot.gov/Prelim/2004/r01.htm (preliminary 2004 data)

Note: Includes accidents involving pedestrians. Includes accidents at private crossings.

In 2004, 94% of rail-related fatalities were grade crossing users and trespassers.



Sources: FRA website: http://safetydata.fra.dot.gov/Prelim/2004/r03.htm (preliminary 2004 data).
FRA, Railroad Safety Statistics Annual Report 2004, Table 1-3.

Railroad Security

- After the 9/11 terrorist attacks, the AAR & its member railroads voluntarily conducted a comprehensive risk assessment and implemented a security action plan with four alert levels.
- The Security Plan encompasses over 1,300 critical facilities (tunnels, bridges, yards, dispatch centers, etc.) over a 142,000-mile nationwide rail network.
- The plan evolves in response to classified information obtained through DHS and FBI.
- DHS has cited this plan as a model for other U.S. industries.

Railroad Security: Countermeasures include:

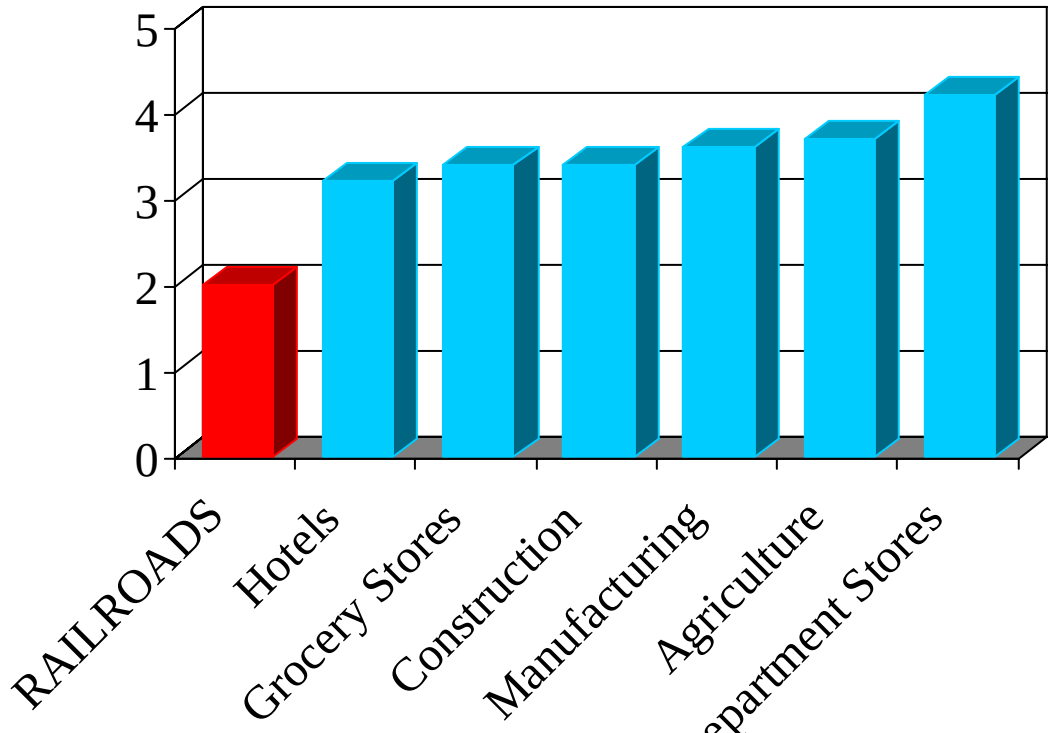
- Employee and customer awareness and training: e.g. to thwart terrorist intelligence gathering, facilitate warning & recovery.
- Sharing of Intelligence on Threats:
  - AAR Operations Center (24/7) collects, evaluates, and disseminates information to railroads thru the Railway Alert Network (RAN)
  - The Surface Transportation Information Sharing & Analysis Center (ST-ISAC) collects, analyzes, and disseminates information on physical and cyber-security threats to providers and users of surface transportation.
- Vetting employees & contractors.
- Controlling access to critical facilities and shipment info.
- Securing communications and data and ensuring message integrity and best IT practices.

Security and Hazmats

- Municipal legislation on routing
- 2006 DOT DHS TIH Security Action Items for Railroads
- 2006 TSA and FRA Railroad inspectors for verification of compliance
- 2007 DHS TSA notice of action on TIH routes

Railroads have lower employee injury rates than do other major industry groups.

Lost Workday Injuries & Illnesses per 100 Full Time Employees, 2004



Source: Bureau of Labor Statistics, http://www.bls.gov/iif/oshwc/osh/os/ostb1487.pdf


NS
NORFOLK
SOUTHERN
DBU
Delmarva Business Unit

NORFOLK SOUTHERN™

Norfolk Southern Corporation
Government Relations
1500 K Street NW, Suite 375
Washington, DC 20005
202-383-4166
202-383-4018 (fax)

Fax

To: KEN HOGAN From: Scott

Fax: 302-736-5068 Date: 7 March 2007

Phone: Pages:

Re: CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

•Comments:

Councilman —

A question about the "48 hour" rule during our meeting:

Attached fax contains description of rule. As info there is a Congressional hearing today.

Scott

U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

James L. Oberstar
Chairman

David Heymsfeld, Chief of Staff
Ward W. McCarragher, Chief Counsel

John L. Mica
Ranking Republican Member

James W. Coon II, Republican Chief of Staff

March 7, 2007

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Highways and Transit, and
Members of the Subcommittee on Railroads, Pipelines, and Hazardous Materials

FROM: Subcommittees on Highways and Transit, and Railroads, Pipelines, and Hazardous Material Staff

SUBJECT: Hearing on Transit and Rail Security

PURPOSE OF HEARING

The Subcommittee on Highways and Transit and the Subcommittee on Railroads, Pipelines, and Hazardous Materials are scheduled to meet on Wednesday, March 7, 2007, at 10:00 a.m. to examine current issues in transit and rail security, including the roles and responsibilities of the Department of Homeland Security, the Federal Transit Administration, and the Federal Railroad Administration; the state of preparedness in the transit and rail industry; and federal programs and activities that help meet the security needs and funding priorities for mitigation of security threats against the Nation's transit and rail systems.

BACKGROUND

Throughout the world, transit and rail systems have long been targets of terrorist attacks, causing thousands of deaths and injuries. Recent events make it clear that the threats continue. On March 11, 2004, a coordinated terrorist attack against the commuter train system of Madrid, Spain, killed 191 people and wounded more than 2,000 others. The attacks consisted of a series of ten explosions that occurred onboard four commuter trains. On July 7, 2005, four bombs exploded on the London transit system – three in the Underground and one on a city bus. The explosions killed 52 people and resulted in over 700 injuries. It was the deadliest bombing in London since World War II. Two weeks later, on July 21, 2005, another group of terrorists unsuccessfully attempted to attack London's mass transit system. On July 11, 2006, a series of seven bomb blasts that took place over a period of 11 minutes on the Suburban Railway in Mumbai, capital city of the Indian state of

Maharashtra and India's financial capital, killed 209 people and injured over 700 others. On February 19, 2007, at least 66 persons were killed and approximately 13 were injured when twin explosions of improvised explosive devices caused two cars of the Pakistan bound Attari Express to catch fire near Panipath in India.

Transit and rail systems are popular targets of terrorist attacks worldwide – from 1991 to 2001, 42 percent of all terrorist incidents were carried out on rail systems or buses. Certain characteristics of domestic and foreign passenger rail systems make them inherently vulnerable to terrorist attacks and therefore difficult to secure, according to the Government Accountability Office (GAO). By design, rail systems are open, have multiple access points, are hubs serving multiple carriers, and in some cases, have no barriers so that they can move a large number of people or freight quickly. In contrast, the U.S. commercial aviation system is housed in closed and controlled locations with few entry points. Transit and rail systems have open access with stops and transfer points and are thus difficult to protect. In addition, high volume (passengers and freight), expensive infrastructure, economic importance, and location also make them attractive targets for terrorists because of the potential for mass casualties, economic damage, and disruption.

According to the GAO, some of these same characteristics make passenger rail systems difficult to secure. For example, the numbers of riders that pass through a subway system—especially during peak hours—may make the sustained use of some security measures, such as metal detectors, difficult because they could result in long lines that disrupt scheduled service. In addition, multiple access points along extended routes could make the cost of securing each location prohibitive. Balancing the potential economic impact of security enhancements with the benefits of such measures is a difficult challenge.

TRANSIT AND RAIL SECURITY NEEDS

In the United States, there are 6,000 public transportation agencies that provide 9.5 billion transit trips annually. The over-the-road bus industry, which provides intercity bus service and charter service, transports 774 million passengers annually. Amtrak serves approximately 25 million passengers annually. Every day, more than 14 million people use public transportation to get to and from work and school, go shopping, visit medical facilities, or go out for entertainment. By comparison, the U.S. aviation industry serves 1.8 million passengers daily. In one month, public transit moves more passengers than U.S. airlines transport in a year.

Commuter railroads and Amtrak often interact with each other and the freight railroads. On the Northeast Corridor, for example, the busiest corridor in the nation, seven commuter railroads, Amtrak, and several freight railroads interconnect, and many of them operate on the same rail lines. Seventy percent of the miles traveled by Amtrak trains alone are on tracks owned by the freight railroads.

There are 562 common carrier freight railroads operating in the U.S., which are divided among three classes based on annual revenues. Class I railroads are the largest railroads. They account for 68 percent of the industry's mileage, 89 percent of its workforce, and 93 percent of its freight revenue. Some 40 percent of all intercity freight, measured in ton-miles, moves by rail, including 64 percent of the coal used by electric utilities to produce power. Over 1.7 million shipments of hazardous materials are shipped by rail annually, including materials that could be used in attacking the public such as toxic inhalation hazardous materials, flammable liquids and gases, explosives, radiological materials, and poisonous materials.

Maintaining safe and secure transit, railroad, and bus systems is essential. However, there has been very little federal investment in improving the security of these systems. Last year, the Federal Government invested $4.7 billion in aviation security improvements, while spending only $136 million on transit and rail security, even though at least five times as many people take trains as planes every day.

In 2004, the American Public Transportation Association (APTA) conducted a survey of U.S. transit system security needs and funding priorities. From a sample of 120 transit agencies that participated in the survey, APTA estimated that total security needs industry-wide are $6 billion – $5.2 billion for security-related capital investment and $800 million for security-related personnel and operating expenses. The highest priority capital investments the survey responders listed were radio communications systems, security cameras on-board vehicles and in stations, controlled access to facilities, and automated vehicle locator systems. The highest priority operating needs listed were funding for current and additional security personnel, training and drills for security personnel and law enforcement officials, and security training for other system employees.

The American Bus Association (ABA), which represents 3,800 carriers in the over-the-road bus industry, has testified in front of the Committee on the security needs of its member companies. ABA cited security training for personnel, drivers, dispatchers, and mechanics as the highest priority. Additional equipment for operators is also needed to enhance security, including cell phones and other communications systems between drivers and their "home base" and emergency first responders; driver shields; cameras for bus facilities, staging areas and garages; and upgrades to bus passenger terminals in major cities. Information systems that provide companies real-time information on the status and location of buses will also enhance security.

Amtrak's Inspector General reports that the railroad needs an additional $70 million annually for security upgrades and $35 million annually for fire and life-safety improvements to tunnels on the Northeast Corridor in New York, Maryland, and Washington, D.C.

DHS TRANSIT AND RAIL SECURITY GRANTS

DHS' Office of Grants and Training provides funding, training, and technical assistance to States and local governments to help prevent, deter, and respond to terrorist acts. This office manages security grant programs for transit and rail systems, over-the-road bus carriers, ports, and other non-aviation transportation systems and facilities. Since Fiscal Year 2003, DHS has managed a transit security grants program. The grants total $387.5 million over four years: $67.8 million in FY 2003; $49.7 million in FY 2004; $134 million in FY 2005; and $136 million in FY 2006 ($9 million of which was reserved for Amtrak). Since Fiscal Year 2003, DHS has also administered an Intercity Bus Security Grants Program. Grants total $48.8 million over four years: $19.8 million in FY 2003; $9.9 million in FY 2004; $9.6 million in FY 2005; and $9.5 million in FY 2006. DHS has announced the availability of $11.6 million in grant funds for FY 2007. The Department of Homeland Security Appropriations Act (Public Law 109-295) provided $175 million for such grants in FY 2007.

The basis on which funds are allocated and the procedures for making funds available to transit agencies have changed significantly over the years the program has been in existence. For example, in FY 2003, transit security grants were made directly to transit agencies, but in FY 2004, the funds had to be passed through a State Administrative Agency. In FY 2005, the transit security grant funds were made available to regional transit security working groups, which have to reach a

local consensus on funding allocations within an urban area before applying for security grant funds. The transit industry has been frustrated by changing grant application procedures, the relatively small amount of security funding, and the long wait to receive funds that are appropriated (FY 2006 grants were not made until September 2006). Amtrak has raised similar concerns. In the FY 2007 Department of Homeland Security Appropriations Act, Congress included a timeline for distribution of FY 2007 grant funds. Despite clear direction, the Department released the FY 2007 grant guidance seven weeks late. The grant application deadline is March 6, 2007. In the FY 2008 DHS Budget request, another new office has been established to handle infrastructure security, including transit and rail, the National Protection and Programs Directorate.

DEPARTMENT OF HOMELAND SECURITY INITIATIVES

The Department of Homeland Security (DHS) houses the Transportation Security Administration (TSA), which was vested in section 114(d) of the Aviation and Transportation Security Act (P.L. 107-71) with lead responsibility "for security in all modes of transportation, including ... security responsibilities over other modes of transportation that are exercised by the Department of Transportation."

On December 17, 2003, the President issued Homeland Security Presidential Directive-7, which required the Department of Homeland Security to develop a National Infrastructure Protection Plan (NIPP) covering 17 critical infrastructures and key resources. The plan was supposed to be completed by December 2004. It was not completed until the summer of 2006. The Department was supposed to complete a Transportation Sector Specific Plan as part of the NIPP. This plan was also due in December 2004. It was never completed.

In 2004, Congress mandated the development of a National Strategy for Transportation Security in the Intelligence Reform and Terrorism Prevention Act (Public Law 108-458), more commonly known as the 9/11 Act. The Act required the Secretary of Homeland Security to develop, prepare, implement, and update a National Strategy for Transportation Security and transportation modal security plans. The Secretary was required to work jointly with the Secretary of Transportation in developing, revising, and updating the documents.

The strategy was to include: (1) an identification and evaluation of the transportation assets of the United States that, in the interests of national security and commerce, must be protected from attack or disruption by terrorist or other hostile forces, including modal security plans for aviation, bridge and tunnel, commuter rail and ferry, highway, maritime, pipeline, rail, mass transit, over-the-road bus, and other public transportation infrastructure assets that could be at risk of such an attack or disruption; (2) the development of risk-based priorities across all transportation modes and realistic deadlines for addressing security needs associated with transportation assets; (3) the most appropriate, practical, and cost-effective means of defending those assets against threats to their security; (4) a forward-looking strategic plan that sets forth the agreed upon roles and missions of Federal, State, regional, and local authorities and establishes mechanisms for encouraging private sector cooperation and participation in the implementation of such plan; (5) a comprehensive delineation of response and recovery responsibilities and issues regarding threatened and executed acts of terrorism within the United States; and (6) a prioritization of research and development objectives that support transportation security needs, giving a higher priority to research and development directed toward protecting vital transportation assets.

The strategy and the transportation modal security plans were due by April 1, 2005. TSA did not finalize the strategy until September 2005. According to the 9/11 Discourse Project, it failed to meet many of the requirements that Congress set forth in the law and gave TSA a C- for its efforts. Moreover, TSA failed to complete most of the modal security plans, including the ones for transit and rail security, as required in the 9/11 Act. Under the Act, the Department was also supposed to provide updates to the strategy and model security plans by April 1, 2006. TSA has not yet provided those updates.

On December 5, 2006, the President issued Executive Order (EO) 13416 on strengthening surface transportation security, recognizing the security of the nation's surface transportation systems as vital to the economy and security of the nation. In the EO, the President stated that Federal, State, and local governments and the private sector share responsibility for surface transportation security. The EO calls for implementation of a comprehensive, coordinated, and efficient security program. It also states that the Secretary of Homeland Security is the principal federal official responsible for infrastructure protection for surface transportation.

The Department of Transportation (DOT) also has a major role in securing our nation's transit and rail systems. The overall Department of Transportation, the Federal Transit Administration, the Federal Railroad Administration, and the Pipeline and Hazardous Materials Safety Administration have all signed Memorandums of Understanding with the DHS to clarify their roles and responsibilities relating to security.

THE FEDERAL TRANSIT ADMINISTRATION

The Federal Transit Administration (FTA) is a federal grants-in-aid agency. FTA, however, has explicit statutory authority to oversee and regulate safety through making grants conditional upon meeting certain requirements. The broadest authority for security oversight of federally-funded transit properties and assets resides in 49 U.S.C. 5329, which authorizes the Secretary of Transportation to conduct investigations into safety hazards and security risks associated with transit equipment, facilities and operations and to withhold financial assistance until a corrective action plan is approved and carried out. In addition, the State Safety Oversight program under 49 U.S.C. 5330, requires States to establish and conduct a safety program plan for each fixed guideway system operating within its borders and to establish a State authority to monitor safety performance, investigate accidents, and require corrective action. Each system safety plan includes a security plan component and emergency response plans. (This requirement excludes commuter rail operations, which are under the safety oversight of the Federal Railroad Administration). Federal transit funds are required to be expended on security improvements, as well. Under 49 USC 5307(d)(1)(J), transit systems in urbanized areas (areas of more than 50,000 in population) are required to expend at least one percent of their Federal formula grant funds each fiscal year for transit security projects, including camera surveillance, communications, improved lighting, or any project that increases the security and safety of a public transportation system.

SAFETEA–LU (P.L. 109-59) included three new explicit transit security provisions. Section 3004(b) amended 49 USC 5302(a)(1)(J) to make security and crime prevention expenses eligible for federal capital transit funding, including operating costs for transit employee security training and drills. Section 3028(c) directed DOT and DHS to issue a joint final regulation to establish the characteristics of and requirements for public transportation security grants. The legislative deadline for the issuance of the final rule was 180 days after enactment of SAFETEA–LU, or February 10, 2006. Section 3028(b) directed DOT and DHS to execute an Annex to the Memorandum of

Understanding (MOU) between DOT and DHS that defines and clarifies the respective roles and responsibilities of the Departments relating to public transportation security. The Annex was directed to be issued within 45 days of enactment; the Annex was issued on September 8, 2005, ahead of the deadline.

Under the MOU, the FTA and DHS agreed to coordinate their programs and services (including risk assessments, grants, training, exercises, and technical assistance) in order to better assist transit agencies in prioritizing and addressing their security-related needs. In addition, the agencies agreed to establish and implement an annual plan that will coordinate their transit security grant programs, consistent with the National Strategy for Transportation Security. The FTA and DHS also agreed to consult with one another in establishing security standards for transit systems, emergency regulations, and security directives as they are being developed, and to solicit input from transit stakeholders, as appropriate, throughout the process.

THE FEDERAL RAILROAD ADMINISTRATION

The Federal Railroad Administration (FRA) has authority over every area of railroad safety (including security). The FRA administers the Federal railroad safety laws, issues and enforces a substantial body of safety regulations, investigates railroad accidents and incidents, and has authority to address emergency situations involving hazards of death or injury in the railroad industry. The FRA also enforces the Federal hazardous materials laws and regulations issued by DOT's Pipeline and Hazardous Materials Safety Administration. [Note: The Surface Transportation Board, which deals with railroad economic matters, has statutory authority to take summary emergency action to deal with any rail transport emergency that threatens rail service, including according preferences and priority to military traffic, such as the transportation of war material, at the President's request.]

On September 28, 2006, the FRA and TSA signed a Memorandum of Understanding (MOU), which clarifies the agencies' roles and responsibilities. Under the MOU, the parties agreed to coordinate, to the maximum extent practicable, their programs and activities in order to improve passenger and freight railroad security in the United States while minimizing disruptions to railroad operations to the extent practicable. The FRA and TSA agreed to hold regular coordination meetings; coordinate training for their field inspectors; coordinate inspections and enforcement actions to leverage knowledge and expertise, avoid duplication of effort, and minimize demands on stakeholders; and to discuss emerging security threats based on intelligence indicators and other matters as warranted.

The MOU further provides that TSA inspectors hold lead authority and responsibility in conducting security inspections and reviews to ensure compliance with TSA security directives, identify security gaps, develop and share security best practices, and monitor the state of awareness and readiness throughout the rail mode. TSA inspectors are not supposed to initiate or conduct safety inspections. FRA inspectors have the authority and responsibility in conducting safety inspections of railroad passenger and freight operations, ensuring safety compliance, and providing safety guidance and information to stakeholders. FRA inspectors also conduct hazardous materials security inspections to ensure compliance with DOT security regulations and inspections as requested by TSA. FRA inspectors are supposed to refer significant security problems they observe to TSA, and TSA is supposed to inform FRA of any significant rail safety issues observed. TSA has 100 rail security inspectors. FRA has 421 rail safety inspectors and utilizes an additional 160 State inspectors to carryout the agency's safety mission.

With respect to vulnerability assessments and security reviews, TSA must coordinate with FRA on observations or recommended measures derived from the results of criticality and vulnerability assessments to ensure they do not conflict with or adversely affect current or planned safety requirements. In addition, TSA must consult with FRA in the development of procedures that impact the facilities or operations of rail passenger and freight carriers or rail shippers.

In emergencies, the Secretary of Homeland Security is the principal Federal official for domestic incident management. However, DOT is responsible for the emergency management of the transportation system, coordination of alternative transportation services, the restoration and recovery of transportation infrastructure, and other functions. FRA has the lead role in investigating rail accidents and for reporting and coordinating accident response until it is determined that the accident may have been deliberately caused, at which time TSA gets involved.

When prescribing a security regulation or issuing a security order that affects the safety of railroad operations, current law requires the Secretary of Homeland Security to consult with DOT. The MOU further provides that the DOT will consult with DHS prior to disseminating safety requirements (including regulations and orders) and voluntary standards and guidelines that impact security to the public. The FRA and TSA agreed to "seek early and frequent coordination in the development of regulations, other requirements – such as orders and directives (including security directives) and guidelines and standards affecting rail security. In most cases, these will be TSA actions, with FRA having the opportunity to provide input, but DOT and FRA will have the same obligation to consult with TSA on any such proposals and actions relevant to rail security, including safety measures with security implications."

HAZARDOUS MATERIALS TRANSPORTATION

The Pipeline and Hazardous Materials Safety Administration (PHMSA) governs hazardous materials safety in all modes of transportation. With respect to rail transportation, the FRA is responsible for enforcing PHMSA's Hazardous Materials Regulations (HMR). HMRs promulgated by PHMSA under the mandate in section 49 U.S.C. 5103(b) govern safety aspects, including security, of the transportation of hazardous material the Secretary considers appropriate. Consistent with this security authority, in March 2003, PHMSA adopted new transportation security requirements for shippers and transporters of certain classes and quantities of hazardous materials and new security training requirements for hazardous materials employees. The security regulations require shippers and carriers who offer for transportation or transport certain materials (and quantities) to develop and implement security plans and to train their employees to recognize and respond to possible security threats. The security plan must include an assessment of possible transportation security risks and appropriate measures to address the assessed risks. It must also address personnel security, unauthorized access, and en route security. To address personnel security, the plan must include measures to confirm information provided by job applicants for positions involving access to and handling of the hazardous materials covered by the plan. To address unauthorized access, the plan must include measures to address the risk of unauthorized persons gaining access to materials or transport conveyances being prepared for transportation. To address en route security, the plan must include measures to address security risks during transportation, including the security of shipments stored temporarily en route to their destinations. Shippers and carriers in all modes were required to have these security plans in place by September 25, 2003.

With respect to delays in transportation, rail carriers are currently required to expedite the movement of hazardous materials shipments. Each shipment of hazardous materials must be

forwarded "promptly and within 48 hours (Saturdays, Sundays, and holidays excluded)" after acceptance of the shipment by the rail carrier. If only biweekly or weekly service is performed, the carrier must forward a shipment of hazardous materials in the first available train. Additionally, carriers are prohibited from holding, subject to forwarding orders, tank cars loaded with Division 2.1 (flammable gas), Division 2.3 (poisonous gas) or Class 3 (flammable liquid) materials. The purpose of § 174.14 is to help ensure the prompt delivery of hazardous materials shipments and to minimize the time materials spend in transportation, thus minimizing the exposure of hazmat shipments to accidents, derailments, unintended releases, or tampering.

48 hours

With respect to routing, the HMRs do not include specific routing requirements for rail hazmat shipments, e.g., to route shipments around or away from particular geographic areas. But in promulgating its March 2003 security regulations, PHMSA specifically required rail carriers to address en route security; however, PHMSA deliberately decided to leave the specifics of hazardous materials rail routing decisions, and other en route security matters covered by transportation security plans, to the judgment of rail carriers. According to PHMSA, these security regulations therefore preempt, among other things, any state, local, or tribal laws and regulations prescribing or restricting the routing of rail hazardous materials shipments.

On December 21, 2006, PHMSA and TSA issued Notices of Proposed Rulemaking to expand their regulations on hazardous materials transportation security. PHMSA proposed requiring rail carriers to compile annual data on specified shipments of hazardous materials, use the data to analyze safety and security risks along rail transportation routes where those materials are transported, assess alternative routing options, and make routing decisions based on those assessments. PHMSA also proposed clarifications of the current security plan requirements to address en route storage, delays in transit, delivery notification, and additional security inspection requirements for hazardous materials shipments. The TSA rule proposes to require regulated parties to allow TSA and DHS officials to enter, inspect, and test property, facilities, and records relevant to rail security. TSA further proposes that freight rail carriers and certain facilities handling hazardous materials be equipped to report location and shipping information to TSA upon request.

The railroads have also taken steps to strengthen the safety and security of hazardous materials transportation. For example, the rail industry developed on August 26, 2005, a detailed protocol on recommended railroad operating practices for the transportation of hazardous materials. The Circular designates trains as "key trains" containing five tank car loads or more of poison inhalation hazard materials (PIH); 20 or more car loads of a combination of PIH, flammable gas, Class 1.1 or 1.2 explosives, and environmentally sensitive chemicals; or one or more car loads of spent nuclear fuel or high level radioactive waste. The Circular designates operating speed and equipment restrictions for key trains; designates key routes for key trains; and sets standards for track inspection and wayside defect detectors, yard operating practices for handling placarded tank cars, storage, loading, unloading and handling of loaded tank cars; assists communities with emergency response training and information; and provides procedures for shipper notification and the handling of time-sensitive materials. According to PHMSA, the recommended practices have been implemented by all of the Class I rail carriers and the shortline railroads.

In addition, the railroads provide local emergency officials with information on the types of hazardous materials transported through their communities, upon request. Railroad companies are also active participants in the American Chemistry Council's TRANSCAER (Transportation and Community Awareness and Emergency Response), a nationwide effort to assist communities with

emergency response plans, as well as CHEMTREC® (Chemical Transportation Emergency Center), the ACC's 24-hour emergency response operation.

LEGISLATIVE ACTIONS

There are a number of bills pending Congressional action to address transit and rail security. S. 4, the 9/11 Commission Recommendations bill, includes a bill to strengthen transit and rail security. On the House side, on March 1, 2007, Chairman Oberstar, Congressman DeFazio and Congresswoman Brown introduced H.R. 1269. Committee on Homeland Security's Transportation Security and Infrastructure Protection Subcommittee has marked-up a rail and public transportation Security bill.

In the 109th Congress, the Transportation and Infrastructure Committee reported H.R. 5808, legislation to enhance public transportation security, on September 15, 2006. No legislation was considered on rail security.

WITNESSES

PANEL I

Mr. Norman J. Rabkin
Homeland Security and Justice
U.S. Government Accountability Office
Managing Director
Washington, D.C.

Mr. William Millar
American Public Transit Association
President
Washington, DC

Mr. Peter Pantuso
American Bus Association
President and Chief Executive Officer
Washington, DC

Mr. Fred Weiderhold
Amtrak
Inspector General
Washington, DC

Michael Siano
Amalgamated Transit Union
International Executive Vice President
Washington, DC

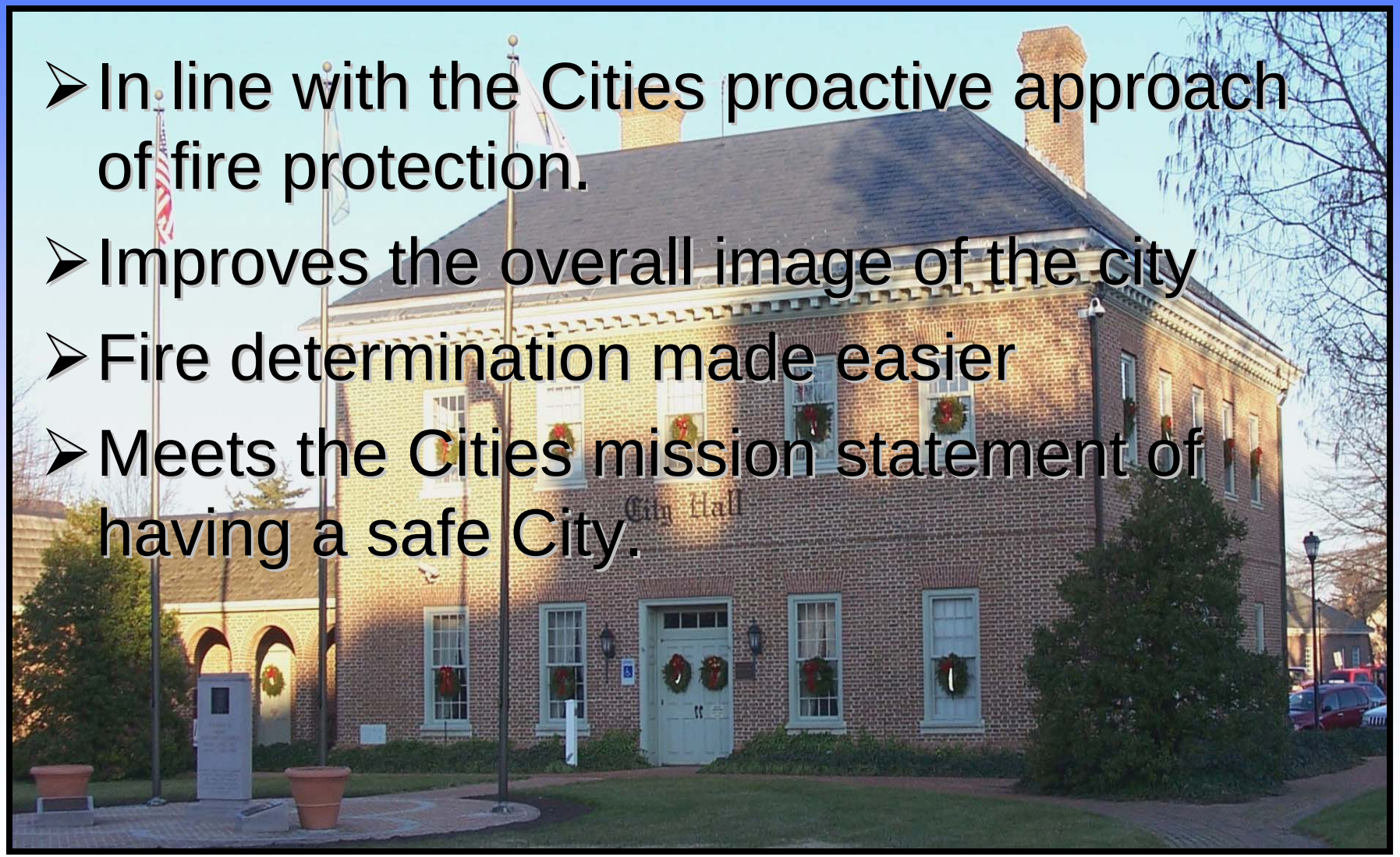
PANEL II

Mr. Ed Hamberger
Association of American Railroads
President and Chief Executive Officer
Washington, DC

Mr. John P. Tolman
Brotherhood of Locomotive Engineers and Trainmen
A Division of the Teamsters Rail Conference
Vice President and National Legislative Representative
Washington, DC

Mr. Marty Durbin
American Chemistry Council
Managing Director of Federal Affairs
Arlington, VA

Why Sprinkle townhouses



- In line with the Cities proactive approach of fire protection.
- Improves the overall image of the city
- Fire determination made easier
- Meets the Cities mission statement of having a safe City.

Benefits to the public

- 5 to 10 percent discount on homeowners insurance.
- Faster recovery for fire victims.
- Fewer displaced families and less of a drain on support services.
- No standby fees for fire protection water.
- Allows the City to make amends and trade off for new construction

Benefits to the public

- Fire protection remains intact even if the property is sold or the occupant changes
- Increases the survivability of the occupant.
- Less potential for the loss of family heirlooms and personal belongings.
- Protection from fire spread from other units.
- Assists individuals unable to initiate self preservation in surviving a fire.

Benefits to the public

- Even when you are not at home the Sprinkler System will be. Ready to stop the fire and alert the Fire Department at a moments notice. Yes, there is a cost, but for the peace of mind that the Sprinkler System gives us knowing that our home is protected, it's more than worth it.

Why Sprinkle Townhouses?

- Good Fire Protection
  - Early detection and suppression.
  - Incorporates Technology as part of the Cities Fire protection program.
  - Less in service time for the Fire Department.
  - Reduces the hazards to the Firefighters.
  - Reduces Firefighting costs.
  - Helps maintain a volunteer Fire Department.

Other considerations

- Sprinkler systems need to be installed during construction.
- Cost of installation ranges from $2.00 to $2.25 per square foot.
- Equal to or less than installing carpet in the same area

Less Fire Damage

- **There is far less damage in the homes with sprinklers!**
  - Average fire loss with sprinkler activation, **$2,166**
  - Average fire loss without sprinkler activation, **$45,019**

Communities that currently sprinkle townhouses

- Newark, Delaware
- Camden, Delaware
- Silver Lake Blvd. Dover
- City of New Castle, Delaware
- Belfonte, Delaware
- Beach area.

Why do we sprinkler buildings?

- To avoid this


STACY ADAMS
09/23/2006


09/23/2006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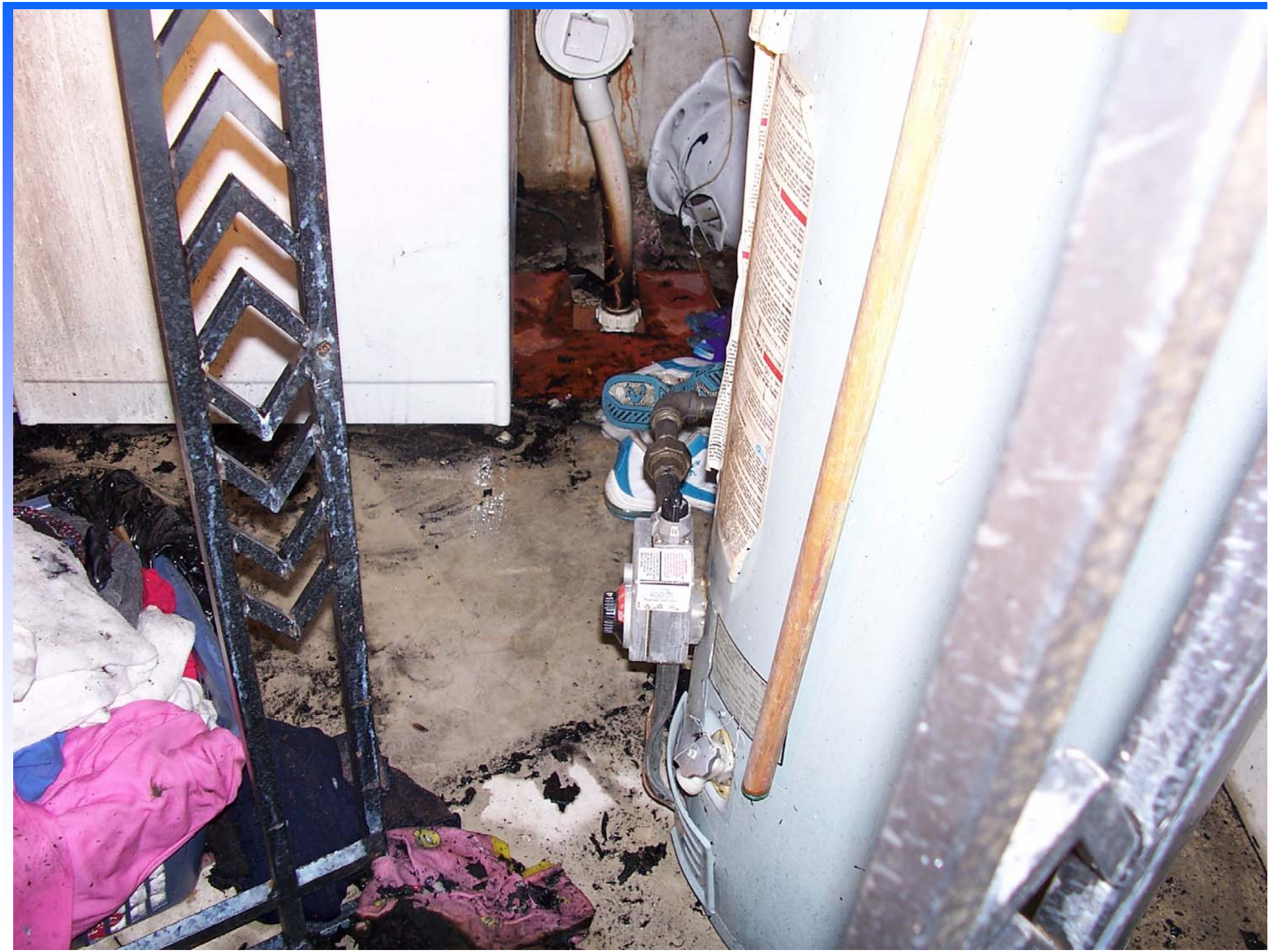


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