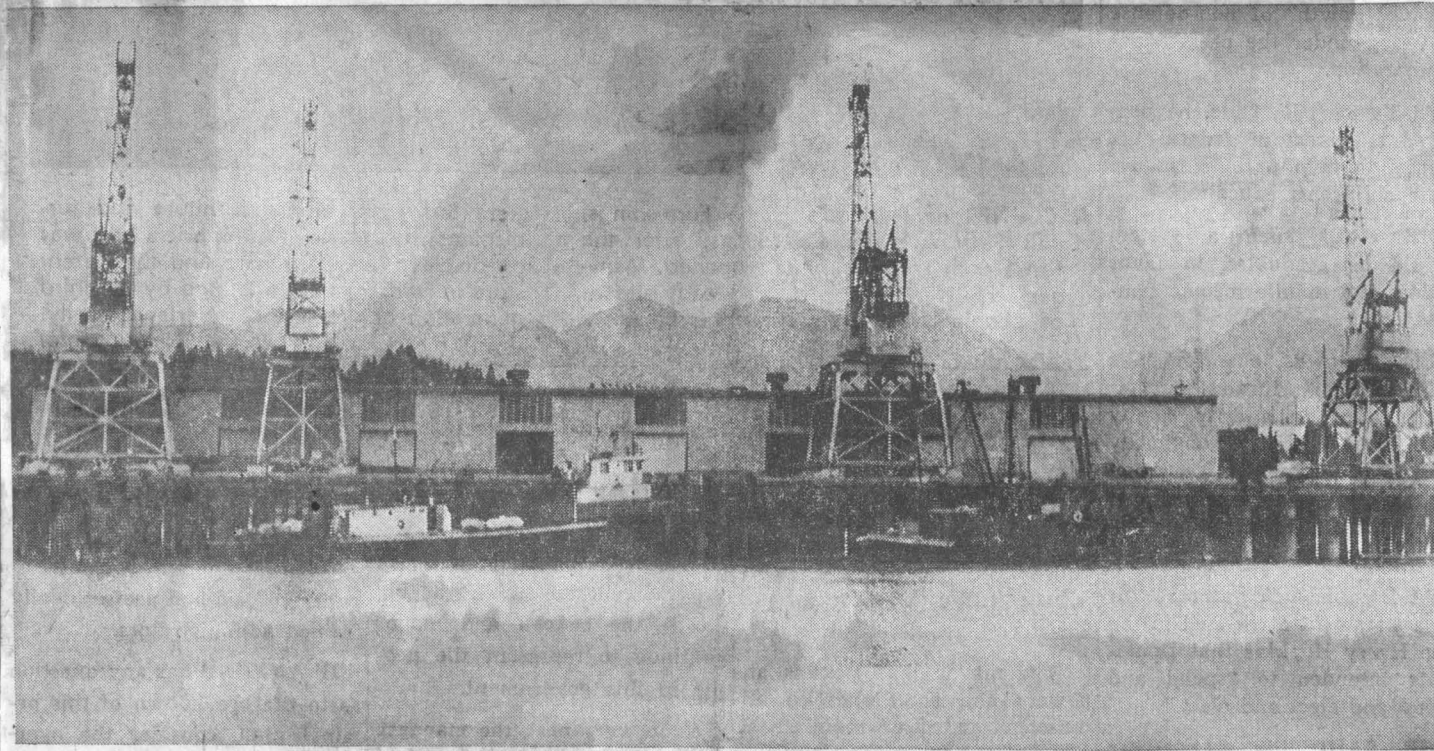


# PORT BOND ISSUE NEED SEEN

Anchorage Daily Times 15  
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THE PORT OF ANCHORAGE—A PROMISING FUTURE

Anchorage Daily Times Thursday, Oct. 8, 1964

## MSTS Asks Secret Session To Discuss Berthing At Port

A meeting of City of Anchorage and Military Sea Transport Service officials this afternoon was to be closed to the public, city officials said today. The meeting was planned to discuss MSTS's protest against the city's granting of preferential berthing rights to Sea-Land vessels. This shipping firm provides weekly carrier service to the Port of Anchorage municipal terminal.

City Manager Robert Oldland had previously requested that the press be present.

Woodman said the city still desired that the meeting be open.

MSTS representatives had asked that the results of the meeting be released after the parties concerned had arrived at some agreement or understanding of the issues involved, Woodman said.

Li. Cmdr. N. P. Chokas, MSTS commander in this area, said he "was not aware" of this afternoon's meeting until he read about it in the newspapers.

He said the visit of Adm. Frederick Hilles, MSTS commander, to Anchorage had nothing to do with the city-military meeting.

Admiral Hilles is on an operational visit to my command in Alaska," Chokas said. Chokas said Hilles was on an inspection tour of Alaska.

The protested berthing agreement covers a specified period of time each week when a Sea-Land vessel can be expected to require the use of the municipal terminal berth.

The preferential berthing agreement does not cover the petroleum dock.

Port of Anchorage records show that eight MSTS tankers used the port facilities to date this year.

The USS Kodiak, a MSTS cargo vessel, visited the port four times, according to port records.

Dates of call were May 20, June 12, June 26 and Aug. 26. The Kodiak loaded and unloaded a total of 41.7 tons in her four trips.

Until the completion of the new petroleum dock at the (Continued on Page 2)

## Expansion Costs Set at \$2 Million

Port of Anchorage director A. E. Harned said yesterday that \$2 million general obligation bond issue might be necessary to finance a port expansion program.

Harned told the Daily News yesterday that an expansion of the port facilities was essential, if the port was to continue attracting customers.

Harned said last year the port, for example, serviced all Pan American Petroleum Corporation's off-shore exploration needs.

**THIS YEAR**, the port had only 10 per cent of Pan American's business, he said. The reason for this was the lack of tie-up space when ships belonging to Sea-Land Service, Inc. were in port.

Harned said the contract with Sea-Land guaranteed the port a tidy annual sum, \$300,000 for the first 250,000 tons, in return for preference docking rights.

When one of the 525-foot Sea-Land ships, the S.S. Seattle and S.S. Anchorage, is in port, the 600-foot dock is virtually closed to other shipping.

**HARNED ALSO** said that the temporary Petroleum-Oil-Lubricant (POL) facility built by the Army Corps of Engineers following the March 27 earthquake must be replaced with a permanent facility.

A \$110,000 feasibility study is currently underway by the Tippecanoe-Abbott-McCarthy-Stratton (TAMS) firm to determine the cost and economic viability of expanded port facilities.

Harned said the interim reports from TAMS indicated a permanent POL facility would cost about \$1.8 million. It should be able to accommodate 575-foot tankers which have

been scheduled to replace the 525-foot ship now serving Anchorage, he said.

**IN ADDITION** to the POL facility, Harned believes an extension to the dry cargo dock would encourage additional business for the city-owned port.

He pointed out that with the State ferry system using the dock plus Sea-Land's available tie-up space was scarce.

The Port director said the port was operating in the black and that the amount of cargo and petroleum going through the port was continuously increasing.

**HE ROUGHLY** estimates the cost of an extension to the dry cargo space at \$300,000 plus.

The cost of the port improvements could be financed through a federal Community Facilities Administration loan at a 3 1/2 per cent interest rate, Harned said.

But such a loan must be secured through a general obligation bond, he added.

**THE PORT** director said that no firm decision had been reached on how to finance port improvements.

The TAMS report is scheduled for completion by Dec. 1.

Harned said he would like to see contracts let for port expansion by March so that work can start as soon as break-up.

## City Will Not Change Port Berthing Pact

Military Transport Objects To Sea-Land Preferential Rights

Anchorage Port Commission members have indicated they will not agree to a demand from the Military Sea Transport Service that the city cancel its agreement to provide preferential berthing to Sea-Land Service, Inc., which provides weekly service into the Port of Anchorage.

City Manager Robert Oldland said today that MSTS indicated it felt the preferential agreement with Sea-Land represents "potential interference with the MSTS operation."

Acting under the cloak of "national security," an MSTS representative Thursday afternoon proposed to the commissioners and city officials that MSTS be granted a preference for which it is not willing to pay.

The meeting was closed to the press at the request of Paul Niederman, MSTS attorney.

A representative of Sea-Land of Alaska and the Greater Anchorage Chamber of Commerce were present.

Niederman told the commissioners and city officials that the MSTS had filed "a letter of question" with the Federal Maritime Commission regarding the city's contract with Sea-Land.

The agreement between the city and Sea-Land provides that Sea-Land vessels will have the first call on berthing space at the municipal terminal Monday through Wednesday of each week. Sea-Land provides weekly service to the port.

Such an agreement "may be prejudicial to the national interests," Niederman reportedly told the group.

The MSTS operates tankers into the Port of Anchorage petroleum dock.

The preferential agreement with Sea-Land does not cover the petroleum dock. It applies only to space at the municipal dock.

Niederman reportedly indicated his agency feared loss of (Continued on Page 2)

## City Balks at MSTS Demand For Modification of Sea-Land Contract

The city and the Military Sea Transportation Service failed to reach an agreement yesterday on the granting of preferential docking rights at the Port of Anchorage to Sea-Land Service, Inc.

Representatives of the city headed by City Manager Robert H. Oldland met with MSTS deputy counsel Paul Niederman in a meeting closed to the press at Niederman's insistence.

Oldland said after the meeting that MSTS wanted the contract with Sea-Land modified.

**THE CITY-OWNED** Port of

Anchorage and Sea-Land have concluded a contract giving the two specially outfitted Sea-Land ships preferential docking rights on specified days each week.

The contract must be approved by the Federal Maritime Commission before it becomes fully effective.

Oldland said the city could justify the contract with Sea-Land.

"MSTS demands (if met) would seriously jeopardize the port's fiscal position and the position generally of shipping in the area," he added.

**BOTH OLDLAND** and Port Director A. E. Harned stressed that if the contract was not approved by FMC, the prospects for installation of a permanent petroleum dock would be substantially darkened.

According to Oldland, Niederman based MSTS's objection on what he called "the national interest," saying the agreement interfered with MSTS operations.

Niederman made it clear that MSTS was not prepared to pay the city for what would amount to preferential docking privileges, Oldland said.

**UNDER THE** contract with Sea-Land, the city receives a minimum of \$300,000 a year covering up to 250,000 tons of cargo. Above that amount, of cargo, Sea-Land must pay an additional \$1 a ton.

According to the original feasibility studies of the port project, regularly scheduled freight service was considered necessary to keep port finances on a sound footing. Until Sea-Land decided to institute regular service, no cargo carrier used the port facilities on a regular basis.

The port had run a deficit each year since its opening in 1961. However, since the March 27 earthquake, traffic has picked up to a point where the port is now in the black for current operations, according to Harned.

**OLDLAND SAID** MSTS had filed a letter of inquiry with FMC concerning Sea-Land's preferential berthing rights.

If it desires, Oldland said MSTS could file a protest with the Maritime Commission. There would be a hearing or such action before the commission, he said.

## BERTHING PACT HIT BY STEEL SCRAP FIRM

A Seattle, Wash., firm which buys and ships scrap iron from the Anchorage area has protested the city's preferential berthing agreement with Sea-Land Service, Inc.

Louis Dullen, president of Dullen Steel Products, Inc., has objected to the city's preferential agreement in a letter addressed to the U.S. Dept. of Commerce Maritime Commission.

"For a great many years now we have, every year, chartered a ship and loaded out a cargo of scrap out of Anchorage for export," Dullen's letter to the commission said.

"This year we were unable to make a shipment as we were unable to get a promise of a berth without having to pull a chartered ship out every two or three days and wait for a couple of days while Sea-Land had their ships in loading and unloading," Dullen's letter said.

Port records show Dullen Steel shipped 178 tons of scrap on a Japanese ship which called at the port on Sept. 4.

In 1961, first year of operation for the municipal dock, Dullen Steel joined other shippers in making up a shipload of scrap for export, port records show. No shipment was made in 1962.

In 1963, according to port records, a full load of scrap was assembled and shipped by Dullen Steel.

A. E. Harned, port director, said the port received no request from Dullen Steel this year for berthing for a ship to load a large shipment of scrap.

He said he understood Dullen has been shipping scrap over the Alaska Railroad and through the Port of Whittier.

The port director said a berth is available at the municipal terminal each week Wednesday through Sunday.

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the petroleum dock, a temporary facility.

Oldland said Niederman sought assurance that any MSTS vessel would be permitted to dock first if it arrived in port first, assurance that no MSTS vessel would be required to leave the dock until it had finished unloading, that any agreement with Sea-Land be cancelled in the event of an emergency.

Wally Martens, chairman of the port commission, asked the MSTS attorney if his agency could not schedule arrival of MSTS tankers at a time when the Sea-Land vessels are not in port.

Niederman reportedly replied that arrivals could not be scheduled that closely.

Asked if MSTS was willing to pay the city for preferential berthing, Niederman reportedly said MSTS did not want a preference but wished to operate on the basis of "I come first, you take me first."

MSTS expects to send one tanker to the Port of Anchorage each month through the summer months.

The commission maintained it could not violate or change its preferential agreement with Sea-Land.

"I believe the city can substantially justify the current agreement and show, as a matter of fact, that the MSTS demands would seriously jeopardize the port's financial condition and shipping in the area," Oldland said today.

## Only Seven MSTS Vessels Docked Here

A military Sea Transport Service spokesman today verified that only seven MSTS vessels had used the Port of Anchorage this year.

Anchorage Daily News,

## Four Ships Due at Port

Four vessels are scheduled to call at the Port of Anchorage this week, according to Port officials.

Sea-Land Service's SS Seattle is due in today with general cargo. The Sea Transport, owned by Shell Oil, is due Wednesday and Texaco's California is expected to arrive Saturday.

Also due in Friday is the MV Tustumena, the Alaska state ferry on the Homer-Seward-Kodiak run.

Last week one cargo ship, three oil tankers, five oil exploration vessels and the Tustumena berthed at the municipal terminal.

## Tanker Slated To Dock Here

The Texaco tanker California is due in at the Port of Anchorage municipal terminal Friday. This is the first vessel to supply Texaco's nearly completed storage terminal in the port's industrial park.

S. M. Rottrup, Texaco's district sales manager, said the vessel would carry diesel and stove oil. A second tanker, the North Dakota, is due in about two weeks and will carry a full line of fuels, he said.

Rottrup and Capt. J. W. McCulley, California's captain, will entertain Anchorage business leaders and city officials at a luncheon Saturday.

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October 15, 1964



**REBIRTH OF A HARBOR:** The Port of Anchorage, Municipal Terminal is pictured for the first time with two deep draft vessels at berth—Sea-Land's SS Seattle and Richfield's tanker Frank A. Morgan. The Morgan is the first tanker to use the recently completed P.O.L. facility constructed by the U.S. Corps of Engineers following the March 27 earthquake, which destroyed all P.O.L. facilities in Southcentral Alaska.