

Port Expansion Bond Proposals Show Dramatic Growth Possibilities

Ballot Includes Six City Bonding Measures

By ED ISENSON
Daily News Staff Writer

Operation and development of a modern city is a major financial undertaking. If there was any doubt in the past, the issues of next Tuesday's election should clear them up.

THE CITY COUNCIL has placed on the ballot six propositions calling for authorization to sell \$16.3 million in general obligation bonds.

A general obligation bond represents a debt which the city pledges to repay through use of all its taxing and other revenue producing powers. It is a liability against all the taxable property in the city.

Because of the municipality's pledge of its "full faith and credit," general obligation bonds are usually the easiest and least expensive types of municipal bonds to sell.

THE CITY'S bond requests run from the rather dramatic \$4,325,000 port expansion program (contained in two separate bond requests) to a \$1 million sewer bond proposition.

City finance director James

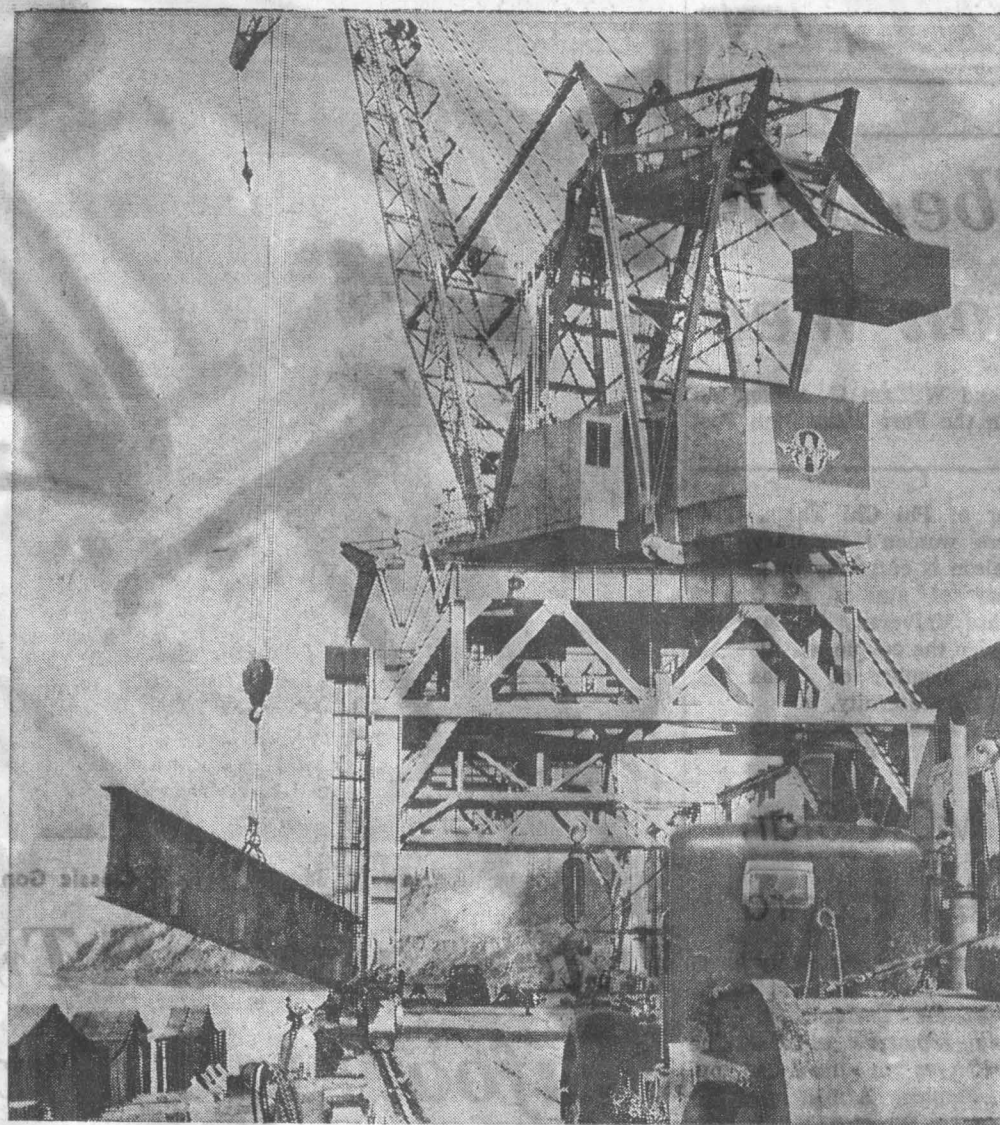
roadway connection to the industrial park area.

The reasons for the request and its justification are not as easy to outline.

Some background is necessary to understand the port's present \$3.2 million bond proposal. When the city dock was constructed beginning in 1958, the project was funded by a \$6.2 million revenue bond issue in combination with a \$2 million general obligation bond issue. The trust indenture, or conditions under which the revenue bonds were sold, placed tight restrictions on the operation of the port and limited flexibility of financing usually found in such ventures.

THE TIGHT rein placed upon the port by this trust indenture, coupled with the unusually high interest rate the city was forced to pay, has helped keep the port's financial position in the center of public debate since the facility opened for business.

UNDER TERMS of the indenture, the port cannot take on additional debts without first building up a bond debt



The Port of Anchorage

supplies nearly all the port's dry cargo revenue.

Capt. A. E. Harned, the port director, is fond of pointing to the future when the port will be able to carry its own weight financially. He says that the port can realize a savings of about \$100,000 annually when the port's revenue bonds are recalled and refinanced in 1968 or 1969. This will make it possible, he says, for the port to pay its keep — providing additional traffic is generated.

HARNED, and other authorities who have studied the port

situation, believe the potential for greater port business exists. They point to oil exploration vessels, the state ferry system, Japanese cargo ships and the possibility of another carrier joining Sea-Land as a regular user of the city dock.

Harned as well as other authorities say port facilities tend to generate business by virtue of just being available.

The port expansion project itself is not a \$3.2 million job. Its actual cost will be closer to \$3.9 million, according to Har-

ned. He adds to the \$3.2 million bond request, the \$750,000 bond issue already approved.

IN THE discussion about the port's profit potential, it must be remembered that a port facility generates substantial economic benefits which do not show up on the port's balance sheet.

There is the obvious economic effect of employment at the port. There is the less obvious, but very substantial effect which an efficient cargo facility has on prices and development.

With the introduction of weekly shipping services from Seattle, it has become less important for stores and other businesses to carry enormous stocks. This reduces overhead costs and, hopefully, serves to hold down or reduce consumer prices.

ASSOCIATED with the port expansion is Proposition No. 8. This calls for \$1,125,000 in bond funds to purchase and install a giant container van crane.

The container crane was requested by Sea-Land. And Sea-Land has agreed to pay for the crane, both principle and interest. In effect the company is seeking to make use of the city's ability to secure money at low interest rates.

Sea-Land will also pay the city a "profit" on the crane, although the exact amount of this sum over and above interest and principle payments has not been settled.

THE CRANE would enable Sea-Land to service Anchorage with two ships, except for peak demand periods in the spring and fall. At present, the company is running three vessels.

These three vessels now on the Seattle - Anchorage run would be converted to carry a larger number of container vans. The modifications would

be made if the special container van crane is installed.

Harned says the crane will allow Sea-Land to unload faster and more economically, in theory enabling the company to reduce freight rates. No commitments along these lines have been made.

Anchorage Daily Times
Tuesday, Oct. 5, 1965

PORT BOARD APPROVES BUDGET OF \$345,000

A budget calling for spending of approximately \$345,000 for the city port and industrial park has been approved by the Anchorage Port Commission.

The commission, meeting Monday night with City Manager Robert Oldland, gave its okay to the budget proposal which in final form will go to the City Council for approval.

The original draft of the budget called for port industrial park expenses totaling \$46,171, and an estimated profit of \$24,509 for the park. The budget also called for \$300,147 for operating expenses at the port and \$404,800 for debt service.

Cuts in the first draft of the budget were found in carpeting for upstairs offices, reduced from \$3,000 to \$900; the dropping of one new handyman position, and the lowering of convention travel pay to port staff members.

Figures are to be re-worked to come up with the new total for the commission-approved document.

William Kroger, sales manager for the Anchorage Natural Gas Co., attended the meeting after presenting to the commission a new proposition for changing port heating facilities from oil to natural gas.

The commission, however, turned down a motion by commissioner William Besser to change to natural gas, and ten-

Anchorage Daily News, Tuesday, October 12, 1965

Southbound Cargo Seen Key To Rates

Development of more southbound cargo was suggested as one way to reduce water transport rates to and from Alaska, by the chairman of the Federal Maritime Commission last night.

Speaking before a joint meeting of the National Defense Transportation Association and the Greater Anchorage Chamber of Commerce, Adm. John Harlee suggested that water transport carriers assist various Alaska communities in the development.

The admiral added that the carriers should also endeavor to help the communities of Alaska develop a "less seasonal" transport pattern.

"WITH THE development of more southbound cargo, the service will be better and the rates will go down," he said.

Harlee, who arrived in Anchorage Sunday, made his remarks following dinner at the Anchorage Westward Hotel. A good-sized crowd was on hand to hear him speak.

The maritime official told the audience that the purpose of his visit was to gain "first hand" knowledge of state transportation problems from business leaders and maritime officials.

HE SAID observations will be incorporated into a "comprehensive over-all study" being conducted on ocean transport problems. The report will be released next February, he said.

The study will entail consideration of other subjects connected with Alaska transport rates including terminal facilities, the Alaska Railroad, and jurisdiction problems with the Interstate Commerce Commission, he said.

The desire of some communities to develop new industries and to better exploit their natural resources will be included in the report also, he advised.

HARLEE SAID that from observations made so far it would appear that there has been some problem with misclassification of commodities in containers.

He said there appeared also to be some confusion over the jurisdiction of various government agencies, resulting in unfair competition between carriers since some are regulated more than others.

The admiral advised that as a result of the study the Maritime Commission would take action in certain areas. In others, he said, it will be making recommendations to other appropriate government agencies.

Know Your Issues

Bell estimates that the general obligation bonds, if approved Tuesday, would eventually add from .83 to 1.35 mills to the city's tax rate. The 1.35 mill figure would be after all the bonds are sold, probably some time in 1970, he says.

At present, debt service on outstanding bonds represents about 25 per cent of the city's general fund expenditures.

IF, FOR THE sake of illustration, all the proposed bond projects were undertaken on a pay-as-you-go basis, the city's mill rate would have to be increased by 18 mills to pay for the \$5,875,000 of the \$16.3 million program which must eventually be repaid from taxes. This would put the city's rate at about 27 mills. The total city-borough tax on a \$30,000 home would be \$1,008, or 3.6 per cent of total value.

However, financing through municipal bonds enables a city to expand now and allow the taxpayers who benefit from the projects to pay throughout the useful life of the facilities.

So far Proposition No. 9, \$3.2 million for construction of Terminal No. 2 at the Port of Anchorage has received the most publicity. It is unquestionably the most dramatic of the city's capital improvement projects.

WHAT THE PORT is asking for is simple to explain: a 600 foot by 60 foot extension to the present city dock along with a

repayment reserve equal to one-and-a-half times the annual debt service requirements. For a new and developing facility, this is a practical impossibility.

Consequently, the City Council, on the recommendation of the Port Commission, placed on the ballot last spring two general obligation bond propositions to expand port facilities: \$1.75 million for a petroleum dock and \$750,000 to extend the city dock some 160 feet. Both measures were approved by the voters. The petroleum dock is under construction.

However, construction bids on the extension to the dock turned out to be higher than anticipated and the funds available were insufficient to cover the project. This led to a re-examination of the project.

THE PORT Commission and several city councilmen had originally favored the longer extension to the dock with the roadway connection to the industrial park area. The argument was that it would be more useful. Two large ships could be serviced simultaneously, necessary if port traffic was to be increased in view of the contract with Sea-Land, Inc.

Sea-Land has a preferential berthing agreement which ties up the port for about two days a week. The company also

Anchorage Daily Times
Friday, Oct. 1, 1965

Democratic Club Endorses Three Port Bond Plans

All three bond propositions calling for improvements to the municipal port area are being supported by the Greater Anchorage Democratic Club.

The club went on record Thursday supporting the three port propositions, scheduled for a vote Tuesday, after Capt. A. E. Harned, port director, addressed the group.

In a second unanimous action, the club members directed that a letter be written to Gov. William A. Egan asking that a gift of \$20,000 be sent to the people of the Philippines from the state's earthquake emergency fund to help victims of the eruption of the Taal volcano.

Anchorage Daily News, Monday, October 4, 1965

To the Editor:

Let's give flowers to the living.

Any man who works as hard as Captain Bill Harned telling the story of the Bond needs of the Port of Anchorage deserves a vote of confidence from the citizenry.

It is most encouraging to have the story told honestly and with complete candor. The Port of Anchorage should grow into a splendid success with Bill Harned at the helm.

Herb Hilschu Anchorage

Democrats Back Port Expansion Bond Issues

The Anchorage Democratic Club yesterday went on official record in support of three port bond issues scheduled to go to the voters at the municipal election Oct. 5.

THE CLUB voted unanimously support of all three issues following a motion by club member Ruth Callan at a luncheon meeting yesterday.

The motion was made in response to a talk on port expansion plans by Port Captain A. E. Harned.

Harned said "We feel these bonds for improvement and expansion are essential for the growth we know will come."

ACTING UPON a suggestion by Sen. Yule Kilcher of Kenai, the club in a second action unanimously agreed to support a motion by Walter Keith that Gov. William Egan authorize an expenditure of

\$20,000 from the earthquake disaster fund to provide relief to victims of the recent volcanic disaster in the Philippines.

Capt. Harned was introduced by first vice-president Fred M. Selkregg as an old-time Alaskan—one who was at Barrow when Wiley Post crashed near there in the early 1930s.

HARNED, WHO a Coast Guard aviator in Alaska for many years and also chief of staff for the Coast Guard in Juneau, said that there had been a "fantastic amount" of new construction in the port area in the past two years.

Action Promised On All Fronts

Bond Money Will Go To Work Immediately

It will be "immediate action on all fronts" if city voters approve all nine bond issues on today's ballot, city department heads reported.

Design work on the \$3.2 million north dock project at the port will begin Wednesday, Port Director A. E. Harned said.

The Port Commission and the City Council already have approved a \$252,000 design contract for the job with Lounsbury - Sleavin - Kelly and Associates, contingent upon voter approval of the bond issue (Proposition 9).

Harned said "Sea-Land has probably jumped the gun on

constructing the container crane that will be financed originally with the \$1.125 million issue in Proposition 8."

Sea-Land probably will want to use the crane immediately after break-up this spring, he said.

Bill Duynslager, water utility chief, said design work would begin immediately to put water lines into the Port Industrial Park if proposition 3 is passed. "Right of way and easement problems exist in the area," he said. He anticipated \$300,000 would be spent on the project next year.

With public approval of Prop-

osition 5 for \$5.3 million in water revenue bonds, designers also will take to their drafting boards immediately. The major portion of next year's part of the five-year project the bonds will cover is an expansion of the city's new 36-inch water main.

The main presently runs from the city's water treatment plant on the Seward Highway to Muldoon Road. New work will extend it along Muldoon Road to DeBarr Road and down DeBarr to Boniface Road.

Early bids on the construction are anticipated, Duynslager said, so that work can begin soon after break-up.

Design and engineering to install telephone feeder distribution cable will be the first order of business for the telephone utility if voters approve the \$7 million described in Proposition 6.

"People probably will see work throughout the winter on anything that isn't buried," manager Jack Harris said.

The new work will allow expanded possibilities for success, fully placing calls in various directions and will allow for the addition of new customers, he said.

Most of the work, calling for about \$3.2 million of the bond issue in 1966, will be outside the city.

A review of petitions for street paving and design work on streets to be paved are in line for the Public Works Department, with voter approval of the \$10 million in street improvement bonds in Proposition 1.

Survey crews will take to the field immediately, Public Works Director Jack Easley said, so that designs can be made and work begun after break-up next spring.

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