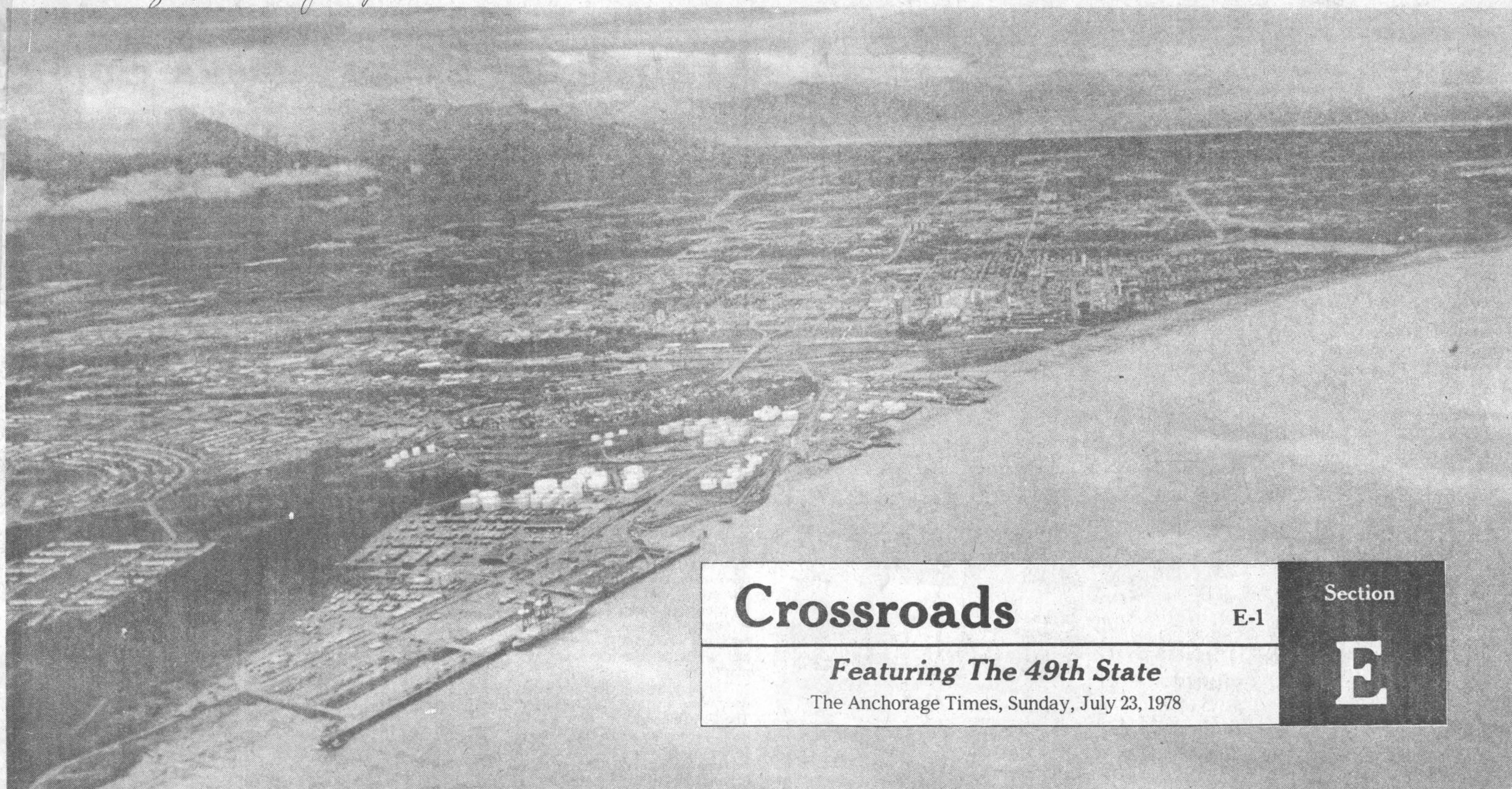


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Crossroads

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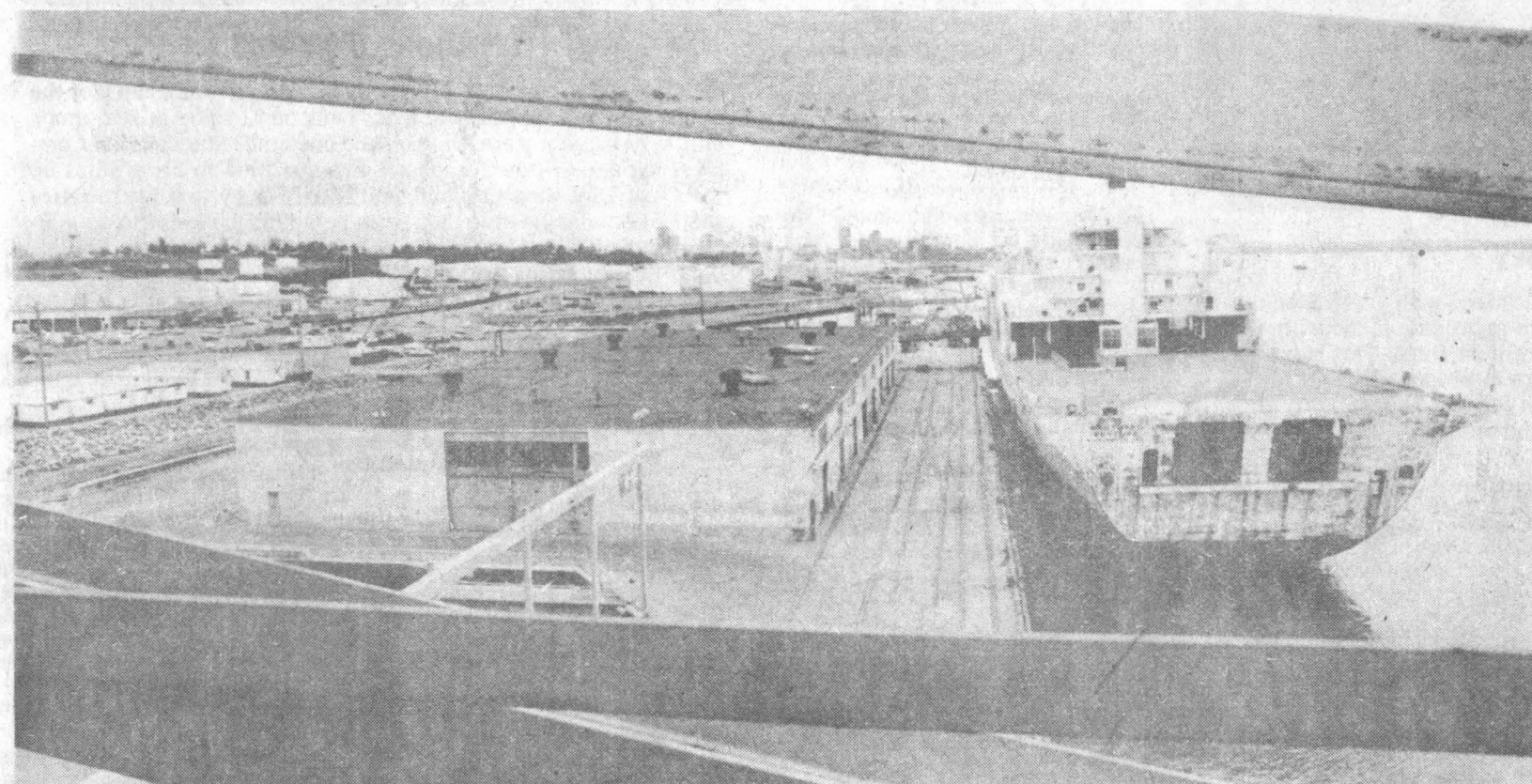
Featuring The 49th State

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Nestled Between Land And Sea, The Port Of Anchorage On Knik Arm Berths Ocean-Going Vessels Carrying Vital Materials Beneath The Cloud-Capped Chugach Mountains

The Port: Anchorage's Link To The Sea

By HELEN GILLETTE
Times Staff Writer



THE VIEW FROM THE TOP OF THE CRANE

Perched midway up a crane, Times photographer David Predeger, looking southward up Turnagain Arm, sights in on the Totem Ocean Trailer Express vessel Westward Venture as it prepares to depart the Port of Anchorage. The 790-foot-long Tote vessels make the trip north from Tacoma, Wash., ports twice a week. The port now has two major scheduled cargo carriers, Tote and Sea-Land Service Co. Both have been awar-

ded preferential berthing at the port. However, other ships can tie up at these berths when they are not using them. A new mooring dolphin and twin ship-to-shore trestles now under construction will make the port more efficient, port director Bill McKinney says. Arrival and departure from the Anchorage port depends on tides, since the bigger vessels can navigate the port's approaches only during the flood tide.

Down hill from the town, along a muddy gray waterfront, lies Anchorage's link to the sea.

It's not glamorous and it rarely draws the casual visitor. The traffic is thick and fast, the roads narrow and driving can be scary.

One tends to forget that Anchorage is a seaport city.

But what happens here affects this whole state.

Most of the supplies that we use come across these docks, and living is cheaper because Anchorage has a port.

Within this two-mile stretch of mud lies the \$40 million Port of Anchorage plus an assortment of small private docks. Ships from the Orient steam in here, as well as ocean-going freight ships from Seattle and Tacoma, oil tankers from California, tug and barge outfits from Seattle, local freight haulers and fishing boats from the Cook Inlet.

This working waterfront is a fairly new development for Anchorage.

The city, which is only about 60 years old, didn't have a municipal dock until 17 years ago. Local shipping before that time had been on the casual side, with small private docks developed by two private individuals. The big ships from Seattle always quit for the winter.

In 1961 the Port of Anchorage opened for business and four years later Sea-Land Service Co. inaugurated year-round service, changing the whole freight supply picture for the state.

Until a few years ago, the entire port area was just muddy tide flats. But individual businessmen have hauled fill to make footing for substantial buildings. All of the port area land is owned by either the municipality of the railroad and leased to private individuals.

It's valuable property these days.

The city-owned and operated Port of Anchorage, with a depreciated book value of \$18 million, is actually worth at least \$40 million.

Its 2,750-foot dock, equipped with half a dozen cranes, provides berths to two scheduled major carriers, Sea-Land and Totem Ocean Trailer Express.

These carriers each bring two ships a week to Anchorage. Unscheduled traffic such as concrete and general freight barges also use the port.

An adjacent city-owned petroleum dock provides room for a variety of oil tankers.

The port pays its own way, with a net income of about \$1 million a year that's being used to pay off indebtedness ahead of schedule, thus saving interest. Right now it owes bonds totaling about \$16 million.

This town, started because the Alaska Railroad was going in, had a hard time getting a city port.

The Alaska Railroad opposed it, fearing shipping competition. Since they claimed ownership to waterfront land, the opposition was important. Other federal agencies dragged their feet on the matter.

Finally, in the '50s, when Anchorage was still a little town, taxpayers decided to finance it themselves. They voted two bond issues totaling \$8.2 million, managed to sell them in New York City and got the project in motion.

Besides the municipal port, the Anchorage waterfront is home to several private docks: Pacific Western Lines, Anderson and Kaiser Cement and Oceanering.

The earliest, built in the late '40s and early '50s, were the PacWest Dock started by Ken Hinchey for his cement and aggregate company, and Capt. Jack C. Anderson for his freight and passenger boat service.

The waterfront is also headquarters for five petroleum companies. All have tank farms storing a variety of fuels.

The city has a minimal launching area for small boats.

The Alaska Railroad, which originally occupied the entire Ship Creek and tidelands area, has its buildings and yards and runs spurs all over the waterfront area.

There's Cannery Row, with Whitney Fidalgo Company canning salmon and processing salmon eggs for export to Japan.

Until this spring, there was a boatyard for small boats and fishing vessels. The operator gave up his leases when rents were raised.

Two local companies have announced tentative plans for building big waterfront developments.

Facility Pays As It Goes Along

The Port of Anchorage, which opened here in 1961, is paying for itself as it goes along.

Its revenues are meeting daily expenses and making payments on outstanding indebtedness.

The port got its start when taxpayers decided in the late '50s to borrow \$8.2 million to get a port started.

Just this year fiscal officers paid off what remained of that loan, about \$1.2 million, ahead of the due date in 1998. The prepayment saved taxpayers \$823,716 in interest.

Starting in 1969, the port's cash flow became great enough that excess revenue could be used to start retiring debt ahead of schedule. Since then, says the municipality's chief fiscal officer Robert M. Nelson, a total of around \$3.8 million in revenue bonds was recalled before maturity and about the same amount transferred to the city general fund for defraying general obligation bond debt service.

If the port doesn't continue paying bonds off ahead of schedule, it has 20 years left to retire roughly \$16 million in general obligation bonds.

Besides that original \$8.2 million debt, arranged in two bond issues, the city through the years has sold a total of \$21 million in general obligation bonds to finance various port and industrial park additions and improvements.

Of this, \$16 million is outstanding. There's other good financial news about the 17-year-old port. Its depreciated book value is only \$18 million, but it would cost at least \$40 to replace it, Nelson said.

"It's a good position to be in," said Municipal Department of Transportation director Ron Garzini, "definitely a going concern."

Actually, it's been years since taxpayers have been subsidizing the port.

The port is making around \$2 mil-

lion a year minus operating expenses, Garzini said. The net income last year was \$1.2 million.

Pessimists had predicted the bottom would fall out of the port business when the oil pipeline was finished.

But last year saw only a little drop from the pipeline construction boom years — 1974 to 1976. The peak year, 1975, saw 2,851,820 tons come across the dock. In 1976, it totaled about 100,000 tons less. Last year's figure was 2,208,225, or about 600,000 tons under the peak year. So far this year, the accumulated total of general cargo amounts to 527,488 tons, 6 percent higher than same period in 1977.

However, when all cargo is taken into account, there's a 3 percent drop from 1977. This is due to a 12 percent drop in petroleum products volume. Tesoro put a pipeline under the Cook Inlet from Nikiski to the Anchorage port bringing in oil previously shipped here via tanker. Also, the

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new refinery in Fairbanks probably has some effect.

Total tonnage of all cargo handled to date this year is more than 1 million tons.

Total revenue to the port is down 13 percent from 1977 for the first six months this year.

These figures indicate, Port Director Bill McKinney says, that general un-pipeline related freight into Alaska is increasing.

Port income is basically from three fees charged shippers and vessel owners doing business at the dock. Wharfage is charged against the goods, with tonnage rates varying according to type. It's paid by



Municipal Port Director W.D. 'Bill' McKinney

companies shipping goods.

Dockage, charged on basis of vessel length, is paid by shipping companies. Then there's a service charge paid by vessel owners, which meets services like electricity, telephone and other services. It's a low charge, only running about a dollar a ton.

The city supplies four cranes, and these are rented by the company contracting with the longshoremen for ship handling and unloading.

Other income is from rental of staging areas where off-loaded goods are held, and from the 51 acres of leaseholdings occupied by various companies.

Last year these leases produced \$614,000 in gross income, with \$70,000

expenses and a net income of \$548,000.

Right now the city plans a marketing study to figure out what direction the port should take. McKinney thinks it will meet needs for the next five or six years. There's room, following the shoreline to the north, for substantial additions to its 2,740-foot length.

"We need to figure out where the future is — big vessels, smaller boats, a small boat harbor, whatever — and stay on top of that," Garzini said.

The municipality currently has about \$30,000 in planning funds on hand and has asked the state for another \$30,000. It hopes for a federal grant for the same amount.