

Commissioner warns of lean times ahead for Alaska port development

By ROBERTA GRAHAM
Daily News business reporter

Because of declining oil revenues, the state can no longer afford to fund port expansion and development, Commissioner of Transportation Dan Casey told a group of state port directors Wednesday.

He urged them to begin looking to the private sector for future development and expansion money.

"What we're discovering here is that the state has no policy on port development, but we're moving towards developing one," he said. "Specifically, we're moving more aggressively to bring private enterprise into port development."

"In light of the declining oil revenues, it is politically impossible and not very smart for the state to invest millions of dollars in port development and expansion,"

he said.

"And so as a matter of policy, you are going to see this administration look at every dollar in the general fund and look at how that money can be leveraged for equity investments in those projects," he said.

With the exception of a commitment to develop a recreational port at Latouche Island, Casey said port directors from Nome to Homer should plan on funding port development using revenue bonds.

"We're going to be looking at how to leverage state money through those equity investments," he said.

Casey said port directors also should plan for an end to the Army Corp of Engineers dredging program. He said the program has become too expensive for the state to continue.

For example, he said the

Port of Dillingham will need to be dredged at an increasing rate every year in order to keep depths at adequate levels for ship use.

Instead of financing the increased dredging, he said, the port most likely will be relocated to an area where no dredging is needed.

If the cost for dredging and erosion control programs continues to escalate at other ports around the state, those operations might also be relocated, he said.

Regarding other transportation issues, Casey said he has given all regional deputy commissioners autonomy to decide issues in their respective areas.

Casey has relinquished his seat on the Anchorage Metropolitan Area Transportation Study group, a joint municipal-state policy making body.

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Ports due for lean times

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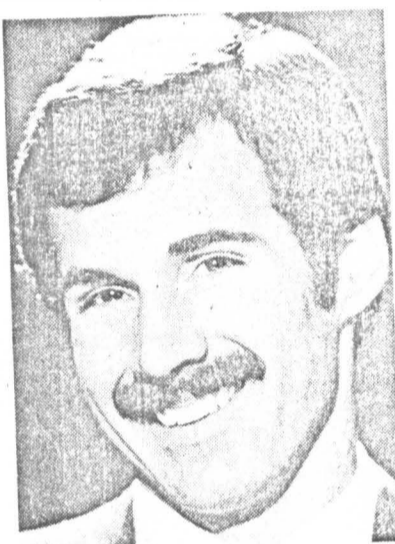
to Dave Haugen, central region deputy commissioner.

Casey said the department is currently assessing all assets of the Alaska Railroad; is planning to be more creative with state highway design; and is studying the Seward coal loading project to see if it could be used for other products such as grain and gravel.

When asked why the state would fund the development of the port at Latouche Island and not other state ports, Casey said Alaskans could benefit from having a safe harbor in Prince William Sound.

But more to the point, he said, the administration feels it should carry out the project because it was signed into law by the administration of Gov. Jay Hammond.

"If we had our druthers as an administration, we'd not



Dan Casey

have introduced the Latouche project. But it's on the books.

"We want to distinguish ourselves as an administration that gets on about its business once the charge has been given," he said.

Work under way to expand port

By ROBERTA GRAHAM
Daily News business reporter

Anchorage Dredge and Dock Co. plans to complete a commercial wharf near the Alaska Railroad yard within the next several years to increase the amount of usable waterfront real estate, according to a company spokeswoman.

The Anchorage dredging company was formed several months ago by York Steel Co. Inc. president Duane Henson to build the \$40 million project, said Pat Johnson, York Steel office manager.

The name on the Army Corp of Engineers wetlands permits and the railroad lease has been changed from York Steel to Anchorage Dredge and Dock Co. for purposes of completing the project.

Henson was unavailable for comment last week, and Johnson referred further questions to Ed Mack with Tectronics Inc., project engineers. Mack said a portion of the 61.4 acres leased from the Alaska Railroad already has been backfilled.

In addition to filling in the causeway from the mainland out several hundred yards into Cook Inlet, Mack said the first phase also will include the construction of a warehouse and ship repair facilities on that backfilled

acreage.

During subsequent phases, Mack said the company will develop office buildings and possibly shops, restaurants and marine-related businesses for lease.

"It's strictly a commercial endeavour. There will be facilities for commercial vessels — fishing and smaller boats. Eventually there might be a small-boat harbor," he said.

"But what we do will depend a great deal on who wants to be there," he said.

The cost of the completed project could be as much as \$40 million, he said.

Currently, Anchorage Dredge leases 61.4 acres from the railroad, but less than one-third of it is usable, Mack said. "The company will backfill about 55 acres so that the elevation isn't tideland anymore," he said.

The lease runs a maximum of 43 years. Jeanne Riley, real estate attorney for the railroad, said the lease allows for improvements.

Because the tidewater property technically is federal land, some people have questioned whether there could be problems with the lease once the railroad is transferred from federal to state ownership.

But Riley said the lease and subsequent improve-



An Anchorage firm is using the 'Chinook' to dredge and fill in the Port of Anchorage area.

ments have been approved by the state as well as by the Army Corps of Engineers.

But the land has been eyed by the Port of Anchorage for future expansion. While the port still has three years left

on its five-year option to buy the lease if Anchorage Dredge and Dock decides to sell, port director Bill McKinney said general improvements to the land may put the price of leasing out of the port's finan-

cial range. "We knew they had a general plan for development and we did know they intended to backfill," McKinney said. "The more improvements they make, the more we

would have to pay for the area. But we don't have any immediate plans to do that. And we'd have to justify our needs to the municipality for taking it over. It just may get too expensive."

Anchorage Daily News

Thursday, July 14, 1983

New barge service begins

A new barge line Wednesday announced that it is beginning service to Anchorage from Seattle. Central Alaska Marine Lines, Inc., said it will be offering barge freight service to Alaska with connecting service to Central Alaska and Prudhoe Bay. The company, whose first barge will sail north Aug. 5, is specializing in container and break bulk commodity shipments. Raymond S. Thompson is the president of the new firm, while Charles Hommeland is vice president and Jack Cummings, vice president in charge of marketing. Information on the service can be obtained by calling 206/767-4401.

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Jones Act promotes stability

There are two issues which need to be addressed; the Jones Act and the Third Proviso. I will address the Jones Act first.

The Jones Act is an amendment to the Merchant Marine Act prohibiting the use of any but American-built, American-owned vessels in the carriage of cargo between points in the United States. This provision — Section 27 of the Merchant Marine Act of 1920 — together with cabotage laws covering fishing, passenger and cargo transport are today commonly referred to as the 'Jones Act.' Cabotage is defined as the trade or transport in coastal waters or between two points within a country.

Many other nations beside the U.S. have laws restricting cabotage to vessels sailing under their national flag. This list includes three of the top four maritime nations in the world. The principal reasons for passage of the Jones Act in 1920, namely heightened security and economic welfare, are still valid today.

The U.S. economy has greatly benefited from the Jones Act. In 1975 more than 185,000 American workers owed their livelihoods to the domestic waterborne transportation industry protected by the Jones Act. The use of U.S.-flag vessels in domestic shipping keeps billions of dollars in wages, taxes and shipping revenues at home. Were the Jones Act not in existence, our country would experience a

large increase in its federal budget deficit. The maritime industry contributes to the State of Alaska's economy \$800 million a year and employs some 8,800 people with earnings of \$235 million.

The domestic waterborne fleet has maintained an enviable record of reliable service to its customers. It goes without saying that the absence of the Jones Act could jeopardize the availability of adequate, reliable service in all areas of domestic waterborne commerce.

At the present time the Third Proviso allows for foreign-built vessels to haul cargo from Canadian points to Alaska. While lowering cost in the short run it would prevent stability in the shipping industry in Alaska, therefore causing the current American carrier to reassess its investments. Also, foreign flag vessels have tax advantages not given to American flag vessels. Therefore, the American flag carrier would again be unable to compete. While in the short run, the consumer might benefit, this unfair competition would in all likelihood drive the present American carriers from the market, and at that point those foreign flag carriers could raise tariffs to any level they chose.

For the reasons given above, I support continuation of the Jones Act and closure of the Third Proviso loophole.

— Doug W. Tipton

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Anchorage Daily News/David Binder