

# Audit secrecy angers Knowles

by E. O'Neil Robinson  
Times Writer

Anchorage Mayor Tony Knowles says a state audit criticizing the city's use of millions of dollars in Project '80s grant money was a misdirected attempt to discover problems that don't exist.

The audit concluded that the city "has not been in total compliance with the require-

ments of the Municipal Aid Program," under which more than \$138.2 million in Project '80s funds were allocated.

"Additionally, we have questioned certain expenditures charged to various projects and have recommended that the Department of Administration make a determination as to the allowability of the charges," wrote Legis-

lative Auditor Gerald Wilkerson in the audit's conclusions.

Knowles said he was upset by reports this weekend based on information leaked from the special study, which was kept secret until the mayor released it on Monday. Wilkerson said the grant report was kept under wraps because the legislature's joint Budget and

See Audit, page A-14

A-14 Tuesday, May 21, 1985, The Anchorage Times

## Audit kept secret

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Audit Committee refused to disclose it until the city had a chance to make a formal reply.

Knowles said the city replied in April to the issues Wilkerson raised, but none of the information his administration provided was included in the final audit handed to the committee on May 3.

"Our replies were nowhere to be found in the final report," Knowles said. "If you look at our initial letter on the audit and the one being hand carried to the state today, you'll find they are identical in many parts."

"We welcome all audits," he said. "This city has the best system possible to make sure that public funds are being handled responsibly — better even than the state's."

City Chief Fiscal Officer Barbara J. Steckel said that while the city concurs with some of the findings, it questions the document's "common sense."

She singled out a \$600,000 charge against the city's Gateway Drive grant. The audit said the money was improperly spent on reconstruction of 16th Avenue between C Street and Gambell, rather than on the International Airport Road, as planned.

"The \$600,000 charge described in the findings on this grant was erroneously coded against this grant," Steckel said. While every effort is made to assure proper coding, errors do occur; we correct them and adjust our billings to the state."

The audit also questioned the city's use of \$15.6 million in accrued interest gathered from Project '80s grants. The auditors said the city should "more closely review expenditures to ensure they are proper project charges," and that interest earned on grant funds remains with the original projects.

Knowles said the city attempts as closely as possible to keep interest money going into the accounts from which it is earned. He said, however, that on smaller projects, that was not

done because the money was pooled.

Another audit section questioned the city's addition of \$632,000 to its spending for the Sullivan Sports Arena. Wilkerson's audit said that the funds added to the sports arena account put it over \$1 million, which meant that the project should have been placed before Anchorage voters. The audit also questioned the city's use of more than \$2.6 million for the Mulcahy Parking Lot at the sports arena.

"According to the Entitlement Agreement, the sole purpose of this funding was to pave the parking lot which is bordered by the Sullivan Sports Arena, the Ben Boeke Ice Arena and the Mulcahy Stadium," Wilkerson's audit said.

The municipality instead charged the parking lot paving project almost \$1.5 million in land acquisition costs, Wilkerson said.

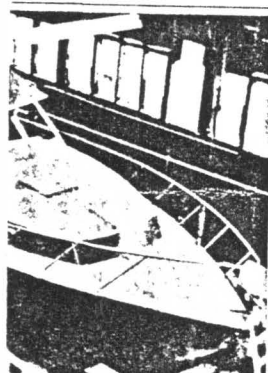
"Of the total \$2,600,000 in expenditures charged to the Mulcahy Parking Lot project, only \$1,105,302 were identified as paving costs."

Wilkerson said another \$361,000 in grant money was used on paving along 16th Avenue.

"We recommend that the Department of Administration, after reviewing the MOA's (Municipality of Anchorage) response to these findings, make a determination on the allowability of the questioned amounts," Wilkerson concluded. "The Department of Administration should seek recovery of the disallowed amounts."

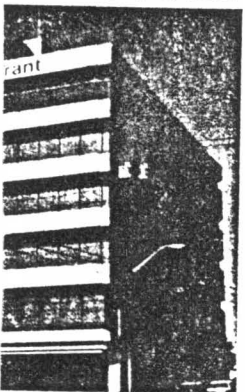
Steckel defended the city's use of grant funds to buy land for the Mulcahy Parking lot, explaining that "it is impossible to pave a lot without the land."

She also said the city properly spent all of its grant funds.



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### PROTECTIONISM AGAINST U.S. MAY HURT RELATIONS

THE HAGUE, NETHERLANDS — Continued trade protectionism against American goods on the part of her allies could damage international cooperation and lead to trade wars, said Joe Farrell, president of the American Waterways Operators, Inc., at a recent conference.

Speaking at the United States-European Coal Conference held at the Hague, Farrell told the international audience of coal importers and exporters of the high quality and reliability of American metallurgical coal, and of the cost benefits to importers that can be derived from healthy competition between the United States rail and barge industries for the shipment of coal.

"Surely, having the option to use more than one type of shipping system is of direct, demonstrable and, in the case of coal transportation, universal benefit to the consumer all along the market line," Farrell said.

"I exhort you to consider your options in this area. I suggest that in dealing with your brokers or suppliers, you make it known to them that you are aware of a range of available transportation options within the United States is in your economic interest and that you want to avail yourself of the best possible, most cost effective option," Farrell told the conference.

At the same time, however, Farrell suggested that "European politicians make a sober examination of their consciences concerning the establishment of trade barriers."

"One of the primary reasons the United States recorded an international trade deficit of \$123.3 billion in 1984 is the anti-free market, protectionist policies of many of her trading partners," Farrell said.

Farrell cited the slim margin by which the June 20, 1984 United States Senate resolution to decrease troop strength in Europe was defeated, as indicative of "the frustration many Americans feel with our trading partners."

"I assure you that I am against protectionist barriers of all kinds."

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MARINE DIGEST

### ERIC MORRISON APPOINTED TO PORT OF ANCHORAGE



Eric Morrison

ANCHORAGE, AK — Eric Morrison has been named assistant port director for Anchorage.

Morrison fills the post vacated by Tyler Jones, who became port director when Bill McKinney retired. He will be responsible for the Port's external affairs, management of its real estate and development for greater public access.

"This appointment is essential for the continued growth and development of the Port and will serve to fulfill a vital need for our community," said Anchorage Mayor Tony Knowles.

Before his appointment, Morrison was housing manager for the North Pacific Rim Housing Authority and executive director for the Baranof Island Housing Authority in Sitka. He also served as an assistant in Alaska affairs for the United States Department of Interior, Office of Indian Affairs. A native to Sitka, Morrison earned a Bachelor of Arts degree from the University of Washington and a Juris Doctorate in Law at the University of New Mexico.

### NEW JAPANESE CONSUL

PORTLAND, OR — Kunio Kanoshida, Japanese consul-general here for two years, has been transferred to Calcutta, India, and will be succeeded here by Shosaku Tanaka at the end of May, the consulate announced. Tanaka is now director of the passport division of the Ministry of Foreign Affairs in Tokyo. He served as a consul in New York about 15 years ago. The Portland consulate covers Oregon and parts of Idaho and Wyoming for Japanese matters.

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Thursday, May 23, 1985, The Anchorage Times



Times photo by Alice Puster

### On the good ship . . .

The Sagafjord, a cruise ship, makes an Anchorage port-of-call this morning as the first cruiser arrival of the summer season. The 425-passenger Sagafjord, which exclu-

sively cruised Southeast Alaska before this year, will make seven more Anchorage stops this summer. The cruise originated in Vancouver and stopped in Seward.

Anchorage Daily News

Wednesday, May 8, 1985

## Freight line to link state to Europe

By HAL BERNTON  
Daily News business reporter

A 17,000-ton Panamanian freighter is scheduled to leave Rotterdam, Holland on May 17 on a voyage that signals the start-up of a new monthly shipping service between Europe and Anchorage.

Promoters of the new service say it will offer a cheaper, more direct and faster shipping service than anything now available between Alaska and Europe.

Most cargo between Europe and Alaska now is shipped to Seattle and then transferred to other ships.

The new service — introduced by the Holland-based P.V.C. Lines — plans to link seven European cities with Anchorage and Valdez, according to Bengt Henriksson, a San Francisco agent for the shipping company.

The service will cut Alaska-Europe shipping costs by as much as 40 percent and cut shipping times by about 15 days. It will feature vessels able to handle containers and bulk cargo, Henriksson said.

P.V.C.'s first Alaska-bound freighter will carry oil field equipment, heavy equipment, pilings for port construction and furniture to Anchorage. It is scheduled to arrive in Anchorage on June 19 after two brief port stops in California.

On its return to Europe, the freighter is scheduled to haul salmon, bottom fish and some halibut, Henriksson said.

"We have talked with (seafood) processors and fishermen about our service and they have been very excited," Henriksson said.

"Prior to our service, cargo really had to find its own way between Alaska and Europe. There were so many chances for delay and mishandling."

Hiroshi Arai, a marketing official for Whitney-Fidalgo Seafood Inc., a Seattle-based processor that handles Alaska seafood, said the shipping fees for the new European service sounded "very cheap."

But Arai said the strong American dollar has made Alaska seafood an expensive item in Europe and difficult to market.

Benny McFather, a transportation official for Sohio Alaska Petroleum Co., said the cost of the P.V.C. shipping service sounded very competitive. But his company rarely needs to import anything from Europe, he said.