5-14-1954

Harbor Facilities Rehabilitation and Modernization Bonds

City Club of Portland (Portland, Or.)

REPORT

on

HARBOR FACILITIES REHABILITATION AND MODERNIZATION BONDS

Ballot Measure

AN ACT amending the City Charter to provide for a $6,500,000 bond issue to finance the reconstruction, construction and/or acquisition of property and harbor facilities, improvements and equipment by the Commission of Public Docks, creating a special fund.

Shall the Charter be so amended? Vote 54 Yes ☐ No ☐

TO THE BOARD OF GOVERNORS
THE CITY CLUB OF PORTLAND:

The purpose of this proposed amendment to the Charter of the City of Portland is generally stated in the above ballot title. Your committee wishes to point out that this amendment provides for the issuance of general obligation bonds of the City rather than revenue bonds, and that it gives almost complete discretion to the Dock Commission as to the issuance of the bonds, their maturity dates, their denomination, the rate of interest which they will bear, etc. It also leaves to the discretion of the Commission the manner in which this six and one-half million dollars will be spent.

I. — SCOPE OF COMMITTEE INQUIRY

In studying this ballot measure, your Committee attempted to obtain the views of as many interested groups as possible and to gather as much information as feasible regarding the need for this bond issue. Of necessity our primary reliance has been upon the Dock Commission itself, and the factual material which it made available to us. Your committee consulted at numerous times with Mr. Thomas P. Guerin, manager of the Dock Commission, and with Mr. H. M. Anundson, Chief Engineer of the Commission, as well as with other members of the staff. We also conferred with a committee representing the Steamship Operators' Association and obtained written answers to inquiries sent out to individual shipping companies, the members of the consular corps, foreign freight forwarders, stevedoring companies, employment offices and others. We have studied reports and sketches of the plans presently promoted by the Commission and have reviewed the report prepared by the Tudor Engineering Company of San Francisco, California, prepared as consulting engineers to the Dock Commission. During our study an inspection tour of the present Commission facilities, by land and by water, was made, through the courtesy of the Commission and the Harbor Patrol. In addition to study by your committee as a whole, individual members have interviewed representatives of the Port of Portland Commission, and the County Tax and Conservation Commission.

II. — INTRODUCTORY DISCUSSION

Portland owes its original existence and much of its succeeding growth to the fact that it was and is a deep-water port. At present it is served by fifty steamship lines, five major railroads, sixteen major trucking companies, five major barge lines and seven scheduled airlines. Portland is a commercial center for the Columbia Plateau area as well as the Willamette Valley and Southern Washington. A great deal of the production of these areas moves by water and Portland historically has been the seaport through which it passed. With the completion of McNary and The Dalles Dams on the Columbia, the last of the major rapids will have been eliminated in that river, and slack-water navigation will extend from the ocean to Lewiston, Idaho, and Wenatchee, Washington. Portland is already one of the nation's leading wheat export and milling centers, the world's second largest wool market, one of the great exporting outlets for processed foods, and is increasingly developing as an industrial port as new manufacturing plants are established to obtain the benefits of the hydroelectric power and raw products of this region.

This historical importance as a maritime center is not, however, to be continued and expanded unless our harbor is adequate to handle the available traffic. If the port facilities are allowed to decline and every effort is not made to capture this traffic, it will go elsewhere. If it is believed that maritime commerce is vital to the economic life of this city—and your committee so believes—the present conditions which exist in this harbor must be corrected and an aggressive program of physical improvement and business solicitation undertaken.

III. — THE PROBLEM FACING THE DOCK COMMISSION

In the year 1952 the Portland harbor offered 23 available berths for general cargo. Eleven of these were privately owned and operated, and twelve were owned and operated by the Commission of Public Docks. At the end of 1953 there were nine privately-owned and fourteen publicly-owned berths, the Commission having acquired the West Coast Terminal with its two usable berths in the meantime. In January of 1954, however, Waterway Terminal Company took over two of the remaining private terminals, Ocean Terminal and Interstate Terminal, and removed them from general cargo service. Henceforth they will be used by the Crown Zellerbach Corporation for storage purposes. This recent change in the status of these two terminals leaves the harbor facilities at present with a total of nineteen berths available for the movement of general cargo, five of these private, fourteen public.

With very few exceptions, ports in this country have exhibited this same trend away from privately owned docks, which is apparent in Portland. It seems to be generally recognized that under present economic conditions, a privately owned dock can only make a satisfactory earning if it is allowed to deteriorate and no depreciation is charged against it. It appears probable that if Portland is to continue as a major seaport, the primary burden of providing shipping facilities must be assumed by the Commission of Public Docks, a subdivision of the municipal government.

Your committee believes that the Dock Commission fully comprehends the situation which presently faces our harbor, and is preparing to meet the problems entailed with a bold and comprehensive program of development and improvement providing funds are made available by the people of Portland. Part of its present facilities are in good condition; some are woefully in need of repair. Approximately one-half of the money which the Commission requests in the present ballot measure will be used to correct maintenance problems which have been deferred for many years. Your committee did not feel it was within the province of this study to affix blame for this condition. The fact remains that the condition does exist.

In 1952 a survey of the general cargo facilities of the Portland harbor was prepared by Holbrook and Walstrom, property counselors, of Portland, Oregon, for the Commission of Public Docks. Based upon this survey the following schedule was prepared by the Tudor Engineering Company as a part of its report on Modernization of Municipal Terminal Facilities, issued in April, 1954:

TABLE I

PRESENT GENERAL CARGO FACILITIES BASED ON HOLBROOK-WALSTROM SURVEY

	No. of Berths	*Warehouse Area Sq. Ft.*	*Year Built*	*Additional Years of Expected Life (with no additional maintenance)*
Private Terminals				
Albina Dock	2	67,200	1923	5 to 7
Luckenbach	1	145,000	1913	20
Columbia Basin	2	304,200	1913	10 to 15
Subtotal	5	516,400		
Public Terminals				
1	5	370,000	1913-1915	15
2	2	203,900	1927	5 to 7
4	7	509,160	1917-1922	10
Subtotal	14	1,083,060		
Total Harbor Facilities.	19	1,599,460		

IV. — PROPOSED PLANS BY THE DOCK COMMISSION

To meet the demands of the Port of Portland as it views them, the Dock Commission has developed a long-range program of improvement and development which, on present estimates, will cost approximately $12,335,000 of which $600,000 will be supplied from current funds of the Commission, and it is hoping an additional $1,500,000 will be supplied from future revenues. It is anticipated by the Commission that the cost of the total long-range project to the taxpayer will not exceed approximately $10,200,000. This program has been analyzed and studied by the engineering department of the Commission and for it, that department has developed general plans and estimates. This total program has been submitted to the Tudor Engineering Company of San Francisco, California, and has been the subject of an independent study by the Tudor firm as a check upon the Commission's own engineer's figures. The report of this study has been furnished to your committee and has been of great assistance to it in preparing this committee report.

When the Commission had determined what it considered a proper project, it submitted its total proposal to the Multnomah County Tax and Conservation Commission for its advice regarding financing. The Dock Commission informed the Conservation Commission that it had divided the total project into three phases, in their order of importance. The expense of the construction included in the first phase amounted to about $7,095,000; that of the second, to $3,711,000 and that of the third, to $1,529,000. In the opinion of the Dock Commission the work listed as Phase I was of immediate and vital importance. Upon the advice of the Conservation Commission, it was decided that in view of the other finance measures on the May 1954 ballot, it would be advisable to limit the request at this time to the money required to complete only the first phase of the total project, the phase represented by the $6,500,000 bond issue. This phase is the primary subject of your committee's report, although of necessity the whole program must be considered in evaluating the present ballot measure.

In general, the second and third phases could be said to represent expansion to meet the demand of any future growth of maritime traffic, while the first phase represents an attempt to satisfy the present demand for berth and warehouse space, and retain the traffic now moving through this port. Phase I is detailed below. Phase 2, which the Commission believes should be undertaken in the very near future, consists of construction of a permanent sea wall at the "Wisco" tract and the making of a hydraulic fill behind it. The third phase would consist of building transit warehouses and facilities on this tract after the fill had settled, and would be undertaken as the demands of traffic dictated. (The "Wisco" tract is a parcel of land which the Commission acquired from the War Assets Administration as a part of the settlement made at the conclusion of the Army's lease of Terminal 4 during the war. It lies between the present Willamette Iron and Steel premises and the old West Coast Terminal. The "Wisco" tract and the West Coast Terminal now form the Dock Commission's Terminal No. 2.)

It should be mentioned that as a part of the redevelopment program the Commission has already added one new berth to the harbor which will go into operation this month. A transit warehouse, railroad facilities, etc., have been built on the north end of the lumber dock, a part of Terminal No. 1. It has also arranged through a contract and lease with Cargill, Inc. (Kerr, Gifford & Co., Inc.) for modernization and expansion of the grain handling and storage facilities at Terminal No. 4. Under present arrangements this latter improvement will be completed without cost to the city and will eventually provide the Dock Commission with over double its present grain storage facilities, a new railroad car dumper and faster loading and unloading equipment.

At the request of your committee the Chief Engineer of the Dock Commission supplied a summary of the expenditures which comprise the first phase of the total development and which are to be financed by this bond issue. In substance, using the Tudor Engineering Co. figures, this report made the following allocation:

TERMINAL NO. 1

Quay Dock

This section is generally in very good condition. Some minor repairs are necessary:

a. Repairing shed floor
b. Building up behind retaining wall where fill has sloughed out from underneath. This resulted from a condition now stabilized.
c. Repairs to wooden bulkheads under dock.

This portion of the work is estimated at..... $ 50,000

Pier "B"

Pier "B" is in bad condition. In substantial degree it dates back from World War I days, part of the buildings having been a section of the WISCO plant of that period.

The decking, or floor, of the cargo shed is on short pilings that are in an advanced stage of rot. The flooring is dangerous for loads, and constant vigilance must be exercised to prevent breaking through. It is actually dangerous.

The only practical solution is demolition of the present structure and rebuilding of the entire pier. The new pier would provide 3 berths, and would include a large cargo warehouse of approximately 158,000 sq. ft. No piling or timber supports would be used. Instead, a permanent bulkhead of steel sheetpile cellular cofferdam construction would be erected on three sides of the pier. This would be gravel-filled, as would the back fill behind the bulkhead. All gravel will be dredged from the river. This type of construction is relatively free of maintenance cost, and eliminates any problem of weight capacity.

The cargo shed would be built with concrete walls, with wide-span trusses and minimum interior posting. Double rail tracks would be on the aprons and interior trackage for car loading and unloading. A tail gate loading platform would exist for trucks. Lighting, fire protection and other normal fixtures would be provided. This complete job is estimated at.....$2,440,000

Lumber Dock

This dock is in very good condition. The addition of one cargo shed on the quay side is necessary to convert the berth to general cargo.

The cost complete is estimtaed at.....$ 200,000

TERMINAL NO. 1, complete, including 10% for engineering and contingencies ($269,000), is estimated at.....$2,959,000

TERMINAL NO. 2

This is the old West Coast property. It is basically sound and a very efficient terminal. However, the following repairs are necessary:

a. Rebuild and widen the south apron to accommodate a double track, with preservative-treated timber and piling.
b. Renew the caps, ties, stringers and decking on the north apron.
c. Partial reposting, retaining wall repairs and slope bulkhead renewal under the warehouse portion of the riverside berth. The apron portion of this berth is in good condition.
d. New roof and resurfacing of part of the floor of the transit warehouse, bulkheading and filling on the street side of the piers, resurfacing the yard area and track rehabilitation.

The cost complete at Terminal No. 2, including 10% for engineering and contingencies ($105,000), is estimated at.....$1,555,000

TERMINAL NO. 4

Pier No. 1

A considerable portion of this pier is in good shape. However, certain repairs are vitally necessary:

a. Remove lower level and repost House 4 and repair step bulkheads.
b. Repost a portion of House 5 and repair step bulkheads.
c. Repair step bulkheads under other Houses. Minor reposting, roof repairs, painting and some superstructure repairs.
d. Remove condemned wharf at head of slip and provide slope protection.

The cost at Pier 1 is estimated at.....$ 480,000

Pier No. 2

a. Repost and redeck the open area and apron tracks at the inshore berth of Pier No. 2. This area is now condemned.
b. Complete the rebuilding of the apron alongside the transit warehouse, along with considerable reposting under the warehouse itself.

The cost at Pier 2 is estimated at.....$ 695,000

Pier No. 5

Pier No. 5 has a nucleus of a good bulk handling plant, but certain repairs and expansion are necessary.

a. New deckings, stringers, ties and caps on the slip berth, including reinforcement of the substructure to accommodate additional material handling equipment.

b. Complete rebuilding of the harbor side berth of a design capable of supporting bulk handling equipment.

c. Provide additional cargo handling facilities, consisting of a steel line crane type bucket unloader on the slip side for discharging cargo. A gallery and Gantry spout on the harbor side for loading cargo, and provisions for open stockpiling and use of existing bunkers.

The cost at Pier 5 is estimated at $1,535,000
The cost complete at Terminal No. 4, including 10% for engineering and contingencies ($271,000), is estimated at $2,981,000

Thus, the total estimated cost of repairs and improvements at Terminal Nos. 1, 2 and 4 is $7,095,000

The Commission has on hand $437,000 earmarked for expenditure at this terminal which, subtracted from cost of the above items, brings the estimated requirements of Phase I, including engineering and contingencies, to $6,558,000

V — THE NEED FOR THE PROPOSED IMPROVEMENTS

Your committee is convinced that the public docks are in need of repair and improvement. This problem is genuine. Your committee is also aware that this port has presently available four less berths than it had in 1953. We have been assured by both the Commission and the steamship operators that the proposed construction of additional public berthing space encompassed in the present plans represents the minimum improvement of facilities that will enable Portland to continue to provide adequately for current traffic. It was the opinion of some of our advisers that unless the port replaced the four lost berths and repaired the present public facilities, the port would probably suffer loss of traffic to other North Pacific ports. Although your committee was not completely satisfied with the facts made available to it in support of this claim, it believes that its advisors were well informed. A report of a study for the Commission made by Mr. Arthur H. Abel, retired manager and Chief Engineer of the Port of Oakland and a recognized national authority on shipping problems, states that in 1953 Portland's docks handled an average of 80,500 tons per berth per year; Oakland averaged 100,000 tons per berth per year; San Francisco averaged 25,000 tons per berth per year; Seattle averaged 43,000 tons per berth per year. This at least indicates that Portland's total berths, including those now lost, were worked to good capacity in 1953.

In regard to future traffic demand, your committee was unable to obtain much concrete evidence. Predictions were offered from various sources concerning population trends and increased agricultural and industrial production in the area served by the Port of Portland. Your committee did not feel justified in using these unsupported predictions in its study. However, all of our advisors agreed that the volume of traffic moving through this port could be increased by an active promotional campaign, by obtaining adjustments in presently unfavorable freight rates, and in making available to shippers the type of port facilities which can handle the products for which they require transportation.

Your committee in this study has presumed that its port is an asset to the economy of this city. This presumption is based not only upon the generally expressed opinion of reputable economists, such as Mr. E. C. Sammons, but also upon the recognized fact that shipping directly or indirectly makes possible many of a seaport's industrial and service establishments. According to figures compiled by the Pacific Maritime Association, the payroll in Portland of longshoremen and checkers alone has averaged approximately $6,500,000 per year over the last three years, and the total payroll of Portland's direct maritime industry has been evaluated at over $16,000,000 for 1953. Your committee is aware of only one comprehensive study which has been made of the benefit of a port to a city. The Port of Houston, Texas, concluded that the average expenditure in that city for each ton of general cargo was $17.20, for each ton of bulk grain, $4.91, and for each ton of petroleum products, $0.98. It is worth noting that wages paid in the southern ports are less than in Portland. On the basis of the per ton value of cargo computed by the Port of Houston, Portland's maritime traffic for 1953 would be over $35,000,000.

CONCLUSION AND RECOMMENDATION

Your committee believes that the $6,500,000 requested by the Dock Commission at this time is required to protect and preserve the $18,000,000 investment which the people of Portland have in their port facilities and to assure the continued economic development of this area.

We have noted in our research that the Dock Commission of Seattle is empowered to levy a tax of not to exceed two mills, whereas Portland's Dock Commission is presently limited to 1/10 of one mill tax levy. We are firmly of the opinion that the millage limit permitted the Dock Commission of Portland should be increased by the voters of the City of Portland some time in the near future to a figure comparable to that of Seattle, a comparable port.

It is the conclusion of your committee that the proposed amendment to the charter of the City of Portland should be approved by voting

54 Yes

Respectfully submitted,

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Received by the Board of Governors May 10, 1954, and ordered printed and submitted to the membership for discussion and action.