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The following is a report on the San Jose harbor project
by Mr. Paul Amundsen, Port Consultant

1. Port Authority Organization

Proposal indicated port authority would own and operate 2 airfields and surface ports. Port authority would be the landlord and open operations to private contractors to operate. Indicated a group of 5 to 6 local contractors have the ability to operate under the port authority and would form an association for harbor improvement. Contractors would collect wharfage and dockage fees to pass on to port authority. Stevedore and other cargo handling fees would be on a contract. Tugs and other equipment required would be furnished by the port authority either by their ownership or a contract if firms are available to furnish the service. To develop the port for military use the GOM is short on engineer, layout and construction supervision. Under the proposal they indicated they must have a long term contract and the costs for the specialists required to rehabilitate and operate the port would be should the military and the GOM. They also indicated a shortage of local qualified labor to work in the ports.

Comment: It appears all specialists required to rebuild the port and operate the port authority would be brought in under a long term contract at a high cost. If the U.S. military were to develop and operate the port necessary specialists to accomplish the task are available and the project could be completed at a much reduced cost.

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2. Ujii.

Berthing assignment would be in the hands of the port authority with usage parcelled out on a first come first served basis. Berths can be assigned on a preferential basis or an exclusive basis on a negotiated rate. If berths are assigned on a preferential basis they will be used by other parties when free and can also become public if not used. Proposal indicates commercial operations at berths 3, 4, and 5 (berths 4 and 5 for small interisland ships) with the military using berths 1 and 2. They visualize conducting all port operations for the military and provide equipment to the "extent possible." Equipment will be provided on an hourly rental basis except on any equipment for military special needs which will be furnished by the military. If there is not enough volume of cargo to amortize the equipment the military will be required to furnish. This question and rates charged is "open for discussion."

COMMENT: Under the proposal rates charged for equipment and wharfage and dockage : could be excessive and the burden imposed for a long period of time. Most likely the military would end up furnishing all equipment for both military and commercial operations. Although unlikely (based on projected 5 or 6 ships per week for commercial cargo) delays in obtaining berthing space may occur if the frequency of sailings and volume of military cargo is heavy during the base construction period. May lead to excessive demurrage costs to the U.S. The proposal for use of berths 4, 5 and 6 would be contrary to the DOD plans for land acquisition in that the base extends into the area indicated as public port operations and recreation and fishing (on attached drawing). The

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public area would also split the U.S. occupied areas as they propose. Problems are inherent in security of cargo, legal problems in damage to structures and equipment and injury or death of personnel. These problems must be agreed upon to have an open operating area as proposed by the GOM. Since the frequency of sailings (commercial) types of ships to use the harbor (mostly small interisland ships) and type of cargo they anticipate (80-90 percent containerized) berths 4 and 5 would not appear to be required. An alternative to their proposal is to utilize berth 1 where two small ships can be berthed simultaneously in an area somewhat removed from military operations. This would allow the DOD planned land acquisition to proceed as scheduled. In addition the public port operations area (13.4 acres) to be used as a container yard, break bulk intransit shed and open storage as well as administrative buildings should be located adjacent to berth 1 and the public warehouse area as proposed. This would allow a physical separation of all operations reducing security and other legal problems considerably. They expect the commercial area to be tied up with cargo from 3 to 5 days waiting for consignee pickup. If the present proposal for the public operating area is accepted cargo may be stored or remain on the wharf interfering with military discharge and clearing operation. Although not addressed in the discussion in any detail the POL discharge and storage area may be required in the area proposed as the recreation, fishing and port operations. The maintenance and joint use of roads in this area may also lead to complications and additional costs.

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3. Reconstruction requirements.

The channel area dredged to 30 feet in 1945 and berthing area dredged to 28 feet in 1945 will have to be dredged to possibly 36 feet to accommodate military shipping. The GOM proposal indicates the channel and turning basin area is a federal function (Corps of Engineers) as well as the breakwater. They admit the berthing area dredging is their responsibility. They propose the U.S. Government accomplish all dredging with that portion in the berthing area reimbursed by the port authority to the U.S. Government. With regard to the wharfs they indicate the structures appear to be sound with some minor deterioration on berths 1 and 2. They plan to use sheathing and tie back along the stringpiece and reconcrete the stringpiece and apron. They admit new pilings may be required in the area of berth 1 and around the corner. They propose one or two sections of this reconstruction be accomplished by a contractor at the same time training their maintenance crews who will complete the job. They propose that if piling is required that this be accomplished by the Corps of Engineers (reimbursement was not directly discussed but they indicated the costs would be amortized through rates charged). They estimated the cost to drive pilings and rehabilitate #1 berth as \$1 million (less if piling not required). Maximum cost of renovations is estimated as \$2 million (see specific costs submitted to U.S. negotiators).

COMMENT: This analysis does not cover the costs of land acquisition, lease or construction requirements since they are to be submitted in more detail. It would appear however that the GOM is not

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considering the rehabilitation job as a major effort and it is unlikely that the facilities built under wartime conditions in 1945 would not require major renovation. It was implied that any costs would be borne by the U.S. Government either directly (with our personnel and equipment) or amortized over a few years with excessive usage rates.

OVERALL COMMENT: The port authority proposal is not feasible in that the GOM does not have the specialists required to operate nor to rebuild the facility. Equipment is also lacking. The commercial use of the post would be minor and all costs would be borne by the U.S. government. It appears that military operation and reconstruction can be accomplished at a much reduced cost and increased efficiency.

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