

J. L. Hamill

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C O P Y

THOMAS J. WHITE
Attorney at Law

907 Journal Building
Portland, Oregon

November 26, 1947

Mr. Hillman Lueddemann
Chairman, Port Development Committee
618 N. W. Front Street
Portland, Oregon

Dear Mr. Lueddemann:

You have requested that I examine and inquire into the problems of combining The Port of Portland and The Commission of Public Docks of the City of Portland, Oregon with the purpose of preparing a plan or plans which could be presented to the Port Development Committee for consideration by that body. In order to understand and evaluate practicable and workable plans, as contrasted with the bare legal mechanics, it was deemed necessary and desirable to analyze the legislative history, organization, powers and financial matters of each body. In this connection I have read and studied all of the material that was made available to me and that I would find since the inception of the two organizations. Hereinafter are set out in as simple language as the complexity of the problems permit, and in summary form, the basic facts which I deemed were advisable to include in order to understand intelligently the plans presented. I have eliminated for easy reading, all of the numerous codes, city charter and court authority references, but have them available upon your request. For convenience, an index is attached as the last page of this report.

THE PORT OF PORTLAND

HISTORIC BACKGROUND

The Port of Portland was the first port organized in the State of Oregon. It was created by an act of the Oregon Legislature in the year 1891, wherein the western part of Multnomah County was established as a port district and declared to be a corporation to accomplish its objectives. The original act set up a governing body of fifteen members, ten from Portland, three from East Portland and two from Albina (East Portland and Albina were then incorporated cities). The act named the original commissioners and provided for this group to be self-perpetuating, vesting in this board the power to fill vacancies and elect successors, keeping the same ratio of commissioners from each of the three cities. In 1899, sometime following the consolidation of the three cities, the number of commissioners was reduced to nine. In 1901 the Legislature amended the act by providing that thereafter, starting with the next session, vacancies on the Commission should be ultimately filled through elections by the Legislature, and further reduced the number of commissioners to seven. In 1911 the Legislature attempted to pass an act wherein the Governor would appoint the commissioners, but the act was then ruled unconstitutional for reasons that are not here deemed important, thus leaving the selection of commissioners with the Legislature. In 1921 the Legislature submitted a measure to the voters of the port district, which among other matters, provided for increasing the number of commissioners to nine and for their appointment by the Governor. The measure was carried. In 1925 provision was made for the selection of the commissioners by the Legislature. In 1931 the act was again amended to provide for the election of commissioners by the people of the port district at the general elections, with interim vacancies filled by appointment by the Governor until the next general election. The act was further amended in 1935 to provide for the

appointment of the commissioners by the Governor, subject to confirmation by two-thirds vote of the Senate, which is the situation as it stands today.

The principal object in originally creating the port was to construct and to permanently maintain a twenty-five foot channel in the Willamette and Columbia Rivers to the sea, and it was given broad, but limited, powers, including that of assessing, levying and collecting taxes to accomplish this, as well as other purposes. By reason of the original grant of powers and subsequent legislation, the port has, since its organization, built and operated drydocks, furnished pilotage service, operated a towing service, improved and made available lands for industrial purposes, built and operated airports and exercised such control over the harbor lines and uses of the river as rests with the state government.

EXISTING POWERS

A. Operational. It is important to understand and to keep in mind that the powers of The Port of Portland are derived solely from the State Legislature and cannot be added to or subtracted without the consent of that body (except in the event use is made of the initiative or referendum). Our Supreme Court has held that the people residing in the port district cannot themselves, by election or any other means, without a legislative enabling act, change any of the powers granted or laws pertaining to The Port of Portland. I stress this fact since in reading past historical references of efforts to merge the two commissions, the question of "home rule" proved to be one of the most important considerations.

I have below listed the operational powers of The Port of Portland as they exist today. It is somewhat difficult to do this in summary form because of frequent amendments and additional powers, some of which overlap, given by many prior legislative acts. The language used in describing these powers is not verbatim unless indicated by quotation marks:

1. To make contracts, hold, receive and dispose of real and personal property, sue and be sued, etc.

2. "****to promote the maritime shipping and commercial interests of the port of Portland in all manner as in this act set out and contained**".
3. To acquire lands through condemnation or otherwise for convenience of public and its shipping commercial interests; to construct and dredge canals, channels, etc. to the sea; to purchase or otherwise acquire, construct, operate, maintain, lease, rent and dispose of wharves, piers, docks, slips, warehouses, elevators, drydocks and terminals within the boundaries of said port; and to collect wharfage, storage and other charges for the use of such facilities; to own, acquire, construct, purchase, lease, operate, by steam or other motive power; and to maintain, within the boundaries of said port, such line or lines or (of) railroad, with necessary and convenient sidetracks, turnouts, switches and connections with other lines of railroad, as in the judgment of the commissioners of the port of Portland may facilitate or promote water commerce within or to or from the boundaries of said Port of Portland, and as the commissioners of the "Port of Portland may from time to time determine, and the Port of Portland shall have power to carry and transport freight and passengers thereon and thereover for hire, and to perform lighterage for hire; provided, that no lease or sale of any wharf, pier, dock, warehouse, elevator or dry docks shall be valid unless approved by the qualified voters residing in the territorial limits of the Port of Portland expressed at an election called and held within such district at which such question shall be submitted."
4. "****to so improve the harbor in the Willamette River at the City of Portland and in Oregon and Columbia Sloughs and the channel of the Willamette and Columbia Rivers between said harbor and the sea and the entire channel of the Oregon Slough and the Columbia Slough and the channel of the Columbia River between the lower ends of the Oregon and the Columbia Sloughs and the sea as to make and maintain in said Willamette River and in the Oregon and the Columbia Sloughs, in said harbor for such width and length and as for all or such part of said harbor as it may deem necessary or convenient for the use of shipping and as the means at its disposal will allow,****".
5. "To the full extent to which the State of Oregon might itself exercise such control or to which it can grant to the said The Port of Portland the right to exercise the same, the said The Port of Portland shall have and is hereby granted full control of the Willamette River in the harbor at the City of Portland and of the Oregon and the Columbia Sloughs and

of the Willamette and Columbia Rivers between said harbor and the lower ends of the channels of the Oregon and the Columbia Sloughs, and the sea, with full power and authority to from time to time make, establish, change, or abolish wharf lines of, in, and for the harbor in the City of Portland, or on the Oregon and the Columbia Sloughs, and to make, establish, change, modify, or abolish such rules and regulations for the use or navigation of said harbor in said city of Portland or on the Oregon and Columbia Sloughs, or of the said Willamette and Columbia Rivers or Oregon and Columbia Sloughs between said harbor and the lower ends of the channels of the Oregon and the Columbia Sloughs and the sea, or the placing of obstructions therein, or the removal of obstructions therefrom, as it may deem convenient, requisite, or necessary, or in the best interests of the maritime shipping or commercial interests of the said the Port of Portland, and the said rules and regulations so made by it, to enforce "by such fines, penalties, and punishments as it in the exercise of a sound discretion, may deem necessary; and the fines and penalties so imposed or levied shall be recoverable in the name of the said The Port of Portland in any court of this state having jurisdiction of actions for the recovery of fines or penalties imposed by state laws, and shall inure and belong to the said The Port of Portland, to go to and form part of its general fund.**"

6. Power to contract with federal government to perform work of maintaining channels.
7. "****the Port of Portland is hereby expressly authorized and empowered to establish and maintain an efficient towage and pilotage service between the corporate limits of the Port of Portland and the open sea, upon the Columbia and Willamette Rivers, including the Columbia River bar; and to that end the Port of Portland is hereby authorized and empowered to purchase, lease, control and operate steam tug boats and steam and sail pilot boats upon such rivers and upon the Columbia Bar pilotage grounds, and to collect charges from vessels employing such tugs so operated and for pilotage services rendered by employees of said the Port of Portland,****"
8. Power to fill and reclaim any of the low, swamp or overflowed land within the territorial limits of The Port of Portland held in private ownership, and to fix the damages against or assess the benefits accruing to the land as the result of such work.

In addition to the powers above set forth, the Legislature passed a general act in 1917, wherein the following additional powers

were granted, a great many of which were already included in the powers then possessed by The Port of Portland. That part of the Act which pertains to this subject reads as follows:

"Municipal corporations designated as ports, by any special law of the state of Oregon, where said port embraces within its boundaries a city of a population of one hundred thousand or more, in addition to any power they may now possess under general or special law, shall have power:

- "(a) (Engage in transportation for hire). To transport, for hire, passengers and mails, express company matter, goods, wares, merchandise, animals, and other property and material of all kinds and nature whatsoever, and from any city or place within the territorial limits of the ports as the home port or principal terminus, to, from, and between the various cities, towns, seaports, and river ports or landing places of the world, by means of steam, sailing, or auxiliary vessels, steamboats, river boats and barges, and to purchase, sell, own, charter by becoming either party to a charter party, employ, operate, and maintain steam, sailing, auxiliary vessels, steamboats, river boats and barges, and to lease or rent such buildings, warehouses, wharves, piers, quays, and basins, or parts thereof, and to enter into agreements for assignment of space in any thereof, and to pay such pilotage, towage, wharfage, taxes, entrance, clearance, governmental and port charges, dockage, storage, light-erage, loading and unloading, handling and stevedoring charges as may be necessary or advantageous for carrying on business within the United States, any of its territories or possessions, or in any foreign countries, under any of the powers expressed or implied herein, or at any time hereafter conferred.
- (b) (Purchase of shipping.) To acquire, purchase, sell, charter by becoming either party to a charter party, own, employ, operate and maintain such lighters, steam tugs, steamboats, barges, and coal barges, as may be necessary or advantageous for carrying on business either in the United States, any of its territories or possessions, or any foreign countries, under any of the powers, expressed or implied herein, or at any time hereafter conferred.
- (c) (Acquisition of port facilities.) To construct, or cause to be constructed, acquire, purchase, own, hold, lease, rent, collect storage, dockage or wharfage, sell, operate and maintain, together with the necessary land therefor, such coal bunkers, ballast docks, oil docks and ore docks, in, upon, adjacent to any of the navigable waters of the state of Oregon as are within the territorial limits

of said port, or contiguous or adjacent thereto; provided, however, that the exercise of any power therein conferred shall not be construed to impair, revoke or cancel any right, franchise, lease or license now existing in any person, firm or corporation, upon such navigable waters.

- "(d) (Establishment of foreign offices.) To have such offices or agencies anywhere in the United States, or in any of its territories or possessions, and in foreign countries, as may be necessary or advantageous in carrying on the business under the powers, expressed or implied, hereby conferred, or at any time hereafter conferred, and to do all things necessary and desirable to secure and obtain cargo and tonnage for transportation lines owned and operated either by such port or by private transportation lines.
- (e) (Charter and affreightment contracts.) To procure contracts for, and the making of contracts of or for, employment, affreightment, and charter, as is usual or advantageous in the carrying on of the business of foreign, domestic, deep sea, coastwise or inland waterways transportation and commerce.
- (f) (Issuance of bills of lading, etc.) To issue bills of lading, warehouse receipts and such other documents of a like or different kind, as is usual or advantageous in the carrying on of the business under the powers expressed or implied hereby or at any time hereafter conferred.
- (g) (Purchase and sale of fuel.) To engage generally in the business of buying and selling of coal, fuel oil and all kinds of fuel, for steamboats, steam vessels, and power vessels, and vessels of all kinds."

The Port of Portland obtains its authority to own and operate airports from a general Oregon law which gives this power to all counties, municipalities, port districts and other political subdivisions of the state.

B. Taxation and Bonding Powers. The power of the port to tax and bond is highly technical but nevertheless most important and necessary to understand in order to render a considered decision on the desirability and manner of consolidating the two commissions. I have attempted to simplify the matter as much as possible, although in doing so have run the risk of not setting forth the full details.

- (1) Bonding Powers: In order to carry out its powers, and for the purpose of operating and maintaining its properties, The Port of Portland, as its board of commissioners shall determine, has the power to borrow money and to sell bonds, which bonds shall never exceed in the aggregate five (5) percentum of the assessed valuation for state and county purposes of all property within the limits of the Port of Portland, (exclusive of City Dock bonds if the Port takes over the properties of the Dock Commission). This power is vested in the commission with the following exceptions:

The voters of the district must approve bonds for:

- (a) The purchase of lands not used for the improvement of the channel of the Columbia or Willamette Rivers.
- (b) For the construction of docks or wharves.
- (c) For the establishment or payment of bonuses to steamship lines.
- (d) Issuing an amount of bonds exceeding 5% of the assessed valuation of property within the district. Provided further that the total amount of bonds issued in any calendar year shall not exceed \$2,000,000.00 unless a greater amount is approved by the voters of the district. Further, during any calendar year shall any sum in excess of \$500,000.00 derived from the sale of bonds be expended to meet the operating expenses of The Port of Portland; operating expenses being defined as meaning maintenance of plant, structures and equipment and such maintenance dredging as may be required.

There are other statutes relative to the incurring of indebtedness for construction purposes such as a dredge, drydock, and concerning restrictions on and disposal of surplus investments, etc., which are largely of the past and not deemed important or applicable so far as the problems here under discussion are concerned.

- (2) Taxing Powers: The port now has power to assess, levy and collect taxes upon all property, real and personal, within its boundaries and which by law is taxable for state and county purposes for such amounts as are necessary to pay all sums due as principal and interest upon the bonds issued by it. (Also any City Dock Bonds in the event the Port took over the bonded indebtedness of the Dock Commission). For other purposes, it may levy taxes in any one year on property within its border up to three tenths of one (1) percentum of the assessed valuation for state and county purposes.

An analysis as to how the Port has, in the recent past, applied its bonding and taxing powers, is set out in the following table starting with 1929, which was its peak year in expenditures for all purposes and in taxes collected:

THE PORT OF PORTLAND TAX LEVIES AND BONDED DEBT

(Showing only every other year)

Year Payable	Debt Levy	General Levy	Total	Bonded Debt Year End
1929 Calendar Mills	\$433,670.00 (1.2)	\$549,967.00 (1.5)	\$983,637.00 (2.7)	\$4,384,000.00
1931 Calendar Mills	420,895.00 (1.1)	513,129.00 (1.4)	934,024.00 (2.5)	3,659,000.00
1933 Calendar Mills	346,155.00 (1.00)	207,739.00 (0.6)	553,894.00 (1.6)	3,076,000.00
1935 Calendar Mills	353,580.00 (1.1)	80,976.00 (0.3)	434,556.00 (1.4)	2,532,000.00
1937 Calendar Mills	231,949.77 (0.8)	176,616.46 (0.6)	408,566.23 (1.4)	2,157,000.00
1939 Calendar Mills	343,962.50 (1.2)	212,096.68 (0.7)	556,059.18 (1.9)	1,705,000.00
1941 Calendar Mills	332,857.50 (1.15)	211,879.14 (0.75)	544,736.64 (1.90)	1,147,000.00
1942-3 Fiscal Mills		208,635.12 (0.6)	208,635.12 (0.6)	551,000.00
1944-5 Fiscal Mills	165,118.75 (0.45)	250,454.81 (0.65)	415,573.56 (1.1)	229,000.00
1946-7 Fiscal Mills	69,811.25 (0.2)	248,535.75 (0.6)	318,347.00 (0.8)	30,000.00
1947-8 Fiscal Mills	30,675.00 (0.05)	295,838.59 (0.65)	326,513.59 (0.70)	

Note: It is interesting to observe that the "general levy" represents but a small part of the maximum permitted under the Port's maximum tax limitation of 3 mills. For example, in 1946-7, under the general levy which was used for operational expenses (as contrasted from debt retirement) the levy was 6/10ths of 1 mill or \$248,535.75. Based on an assessed valuation in 1946-7 for the Port District of \$397,933,800.00, the Port could, if it was legally able to do so, assess up to 3 mills which would amount to over \$1,000,000.00. The ability to do this at the present time, however, is restricted to the 6% constitutional limitation to tax, which is later discussed.

PRESENT ORGANIZATION AND STATUS

A. COMMISSIONERS

The Port of Portland is now administered by a group of nine citizens, all of whom must by law reside within the boundaries of the port district and are appointed for a term of four years by the Governor "subject to the advice, consent and confirmation of the Senate by the affirmative vote of two-thirds of the members thereof."

The commissioners presently serving are listed as follows:

<u>NAME</u>		<u>WHEN APPOINTED</u>	<u>TERM EXPIRES</u>
Henry L. Corbett,	President	November, 1924*	Jan. 1951
Edward F. Doyle,	Vice President	January, 1939	Jan. 1951
James H. Cassell,	Secretary	January, 1946	Jan. 1949
Robert H. Atkinson,	Treasurer	January, 1941	Jan. 1949
Clyde Raabe		May, 1943	Jan. 1949
Miles Standish		February, 1943**	Jan. 1951
F. N. Youngman		January, 1941	Jan. 1949
Edwin Dwyer		May, 1947	Jan. 1949
W. L. Williams		June, 1947	Jan. 1951

* Previous service 1921-1923

** Previous service 1934-1939

The Commissioners are required by law to meet at least once a month. They select their own officers and can receive no compensation for their services.

B. AREA.

The area of The Port of Portland is fixed by statute as follows:

"All that part of Multnomah County in this state which lies west of the east boundary line of range two East of the Willamette Meridian,--".

This legal description means all of that part of Multnomah County West of the general line of Barker Road (approximately N.E. 162nd Avenue). The area in square miles is 218. The total area within Multnomah County is 470 square miles.

C. PRESENT FUNCTIONS.

At the present time the principal activities engaged in by The Port of Portland, as contrasted with its much broader existing powers, are the operation of drydocks, towage service, airports, reclaiming lands for industrial purposes, a limited amount of dredging, and certain promotional and administrative functions. It is well to keep in mind that dredging of the channel, which as has been pointed out above, was the principal reason for creating the Port, now represents a very small part of its program. This has been because the Federal Government through its Corps of Army engineers has assumed the responsibility (subject to Congress appropriating adequate funds) of maintaining the channel from the sea to the Broadway Bridge in Portland, thus leaving the comparatively small area above the Broadway Bridge to the Port of Portland, which area, at least in the past, has required very little dredging. The Port of Portland also has the further obligation of having available a dredge for use of the Army Engineers on a compensated basis if channel conditions should so require (or the Federal Budget so stand). In the past, the Army Engineers have very seldom, and then only for short periods (four times in the past ten years, or an average over this time of 25.54 days per year) made use of the dredge held available by The Port of Portland.

D. FINANCIAL STATUS.

The present financial position of The Port of Portland is presented in a specially prepared, descriptive statement of assets and liabilities attached hereto as Exhibit A. It is set forth not only to show the financial condition of the Port, but also to describe for information purposes the properties which the Port owns and administers. Since the book value of these properties does not reflect their true worth (due to depreciation, W. P. A. and other

Federal contributions towards construction projects, and present day values), an estimated appraised value is set forth. A statement of income and expense is also included.

E. ASSESSED VALUATION.

The assessed valuation for 1946-47 of the taxing area of The Port of Portland was \$397,933,800.00, which represents 96.6% of the assessed valuation of all of Multnomah County, which was \$412,150,755.00.

EXHIBIT A

THE PORT OF PORTLANDASSETS AND LIABILITIES STATEMENT AS AT JUNE 30, 1947 -
BOOK VALUES ADJUSTED TO CURRENT APPRAISALS AND ESTIMATES
AS NOTEDASSETSNotesCurrent:

(5)	Cash - Gen'l. Fund and Reserves	\$ 802,000.00	
	Invested Reserve Funds	1,586,000.00	
	Accrued Int. & Receivables	<u>40,034.00</u>	
	Total current or quick assets		\$ 2,428,034.00

Plant (Marine):

Dredge Plant (Clackamas):
(Deprec. Book Val. \$203,124.87) 785,000.00

Dry Dock Plant:
(Deprec. Book Val. \$366,546.99) 1,500,000.00

Towboat Portland:
(New value 1947) 500,000.00

(2)	Total Marine Plant	<u>2,785,000.00</u>	2,785,000.00
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Airports:

Portland: Realty 915 acres	750,000.00	
Improvements	4,000,000.00	
Troutdale: Realty 173 acres	75,000.00	
Improvements	275,000.00	
Equipment - portable	<u>20,000.00</u>	
Sub-total - Airports	<u>5,120,000.00</u>	5,120,000.00

(3)	<u>Real Estate - Non Oper.</u>		
	Swan Island - 250 acres	750,000.00	
	Waterfront-West side 65 acres	260,000.00	
	Tanker Basin - Leased 25 acres	225,000.00	
	Ramsey Lake - filled 245 acres	275,000.00	
	Ramsey Lake - unfilled 30 acres	<u>2,000.00</u>	
	Sub-total	<u>1,512,000.00</u>	1,512,000.00

	Total Visible Assets		\$ <u>2,845,034.00</u>
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Notes: (1) above disregards 4-2/3 million dollars of capitalized channel development on books.

(2) Plant values are based on current insurance appraisals. (3) Airport values include est.

of Federal (W.P.A.-C.A.A. and Army) expenditures.

(4) Real estate values based on recent sales and assessor figures.

(5) Cash bal. reduced to anticipate final bond payments 7/1/47.

LIABILITIES

Notes.

Current:

Accounts Payable for current month \$ 81,423.00

Bonded Debt

None - final payment of \$30,765 due 7/1/47 deducted from cash bal. in asset statement.

Reserves: (\$1,964,930)

Allocations of reserve funds (cash and invested) shown in Asset Statement, are as follows:

For Emp. Pensions - prior service - from savings on emp. liability 204,106.00

For Plant Ins. Reserve - for marine & dry dock liab. risks 792,975.00

(1) For Plant Maint. and replacements 846,640.00

(2) For Airport construction and expansion 121,209.00

Total Liabilities & Reserves \$2,046,353.00

Surplus - being accumulative net income and values gains, offset in assets items 7,798,681.00

Equals Assets \$9,845,034.00

Notes: (1) Towboat reserve adjusted to anticipate full payment for towboat val. at \$500,000 in Assets.

(2) Represents unexp'd recovery on Swan Island Airport to be applied to Portland Airport.

EXHIBIT A

THE PORT OF PORTLAND
Statement for Fiscal Year Ended June 30, 1947

Combining "Income and Expense" with "Capital Accounts Transactions"

RECEIPTSIncome Accounts

Dry docks, operations, gross		\$214,155.60
Towage Service - net rentals		15,330.11
Airports - gross earning:		
Portland Airport	\$34,089.28	
Troutdale Airport	<u>11,434.04</u>	45,523.32
Real Estate Rentals:		
Waterfront lands (except		
Swan Is. tract - see below)		20,028.38
Tax collections		
Current levy	299,188.98	
Delq. and recoveries	<u>58,678.37</u>	357,867.35
Interest and Discount:		
Plant Res. & Current misc.		<u>8,476.80</u>
Sub-total from "Income Statement"		<u>\$661,381.56</u>

Capital Accounts Receipts

Sales: Dredge Plant	25,000.00	
Real Estate	700.00	
Misc. Equipt.	<u>35.00</u>	25,735.00

Interest - Fixed Reserves:

a/c General Ins. Emp. Liab.		
and Drainage Lien Reserves		<u>29,192.18</u>
Sub-total Capt. Accts. Receipts		<u>\$ 54,927.18</u>

DISBURSEMENTSExpense Accounts

Dry docks Oper. Exp.		\$219,295.77
Airports Operation:		
Portland Airport	32,324.00	
Troutdale Airport	<u>14,461.67</u>	46,785.67
General Office, Adm-Tech.		
and Legal overhead		34,670.74
Interest - bonded debt		1,350.00
River Surveys		1,946.73
Misc. adjustments		130.44

Promotional and Civic

Port Traffic Dev. Bur.	5,514.33	
Ptld. Transp. Assn. Frt. Rate Ser	2,499.96	
Merchants Exh. Ship Statis.	1,100.00	
Port Director (half)	8,712.72	
Map Project C & G Surv.	3,000.00	
Inland Emp. Waterw. Ass. 2 yr.	1,000.00	
China-America Council	750.00	
Barge-Rail Rate Case	<u>1,416.00</u>	23,993.01

	<u>REC.</u>	<u>DISB.</u>
<u>Industrial Lands</u>		
Survey - Vanport Area		\$ 12,190.30
<u>Publicity</u>		
Brochure-report		<u>4,202.04</u>
Sub-total "Expense Statement"		<u>344,564.70</u>
<u>CAPITAL ACCOUNTS DISBURSEMENTS</u>		
<u>Channel Development - widening</u>		
Lower Willamette Channel		396,356.59
<u>Plant and Property</u>		
Towboat Construction		
Cost new str. Portland to date		361,340.17
<u>Dredge Plant</u>		
Tender and equipment impr.		3,927.93
<u>Airports Improvements</u>		
Portland Airport	\$11,410.89	
Troutdale Airport	<u>3,950.74</u>	15,361.63
<u>Real Estate Purch.</u>		
Ross Is. parcel, etc.		1,369.72
<u>Bonded Debt</u>		
Retirements		67,000.00
<u>Fixed Reserves Disbts.</u>		
Re-ins. prems.	\$42,401.81	
Emp. Liab. Claim	360.00	
Drainage Debt Levy	<u>750.60</u>	<u>43,512.41</u>
Sub-total "Capital Accounts Disbursements"		<u>\$888,868.45</u>
Combined Totals	<u>\$716,308.74</u>	<u>\$1,233,433.15</u>

EXHIBIT B

THE COMMISSION OF PUBLIC DOCKS OF CITY OF PORTLAND
ASSETS AND LIABILITIES STATEMENT AS AT JUNE 30, 1947. BOOK VALUES
OF PHYSICAL PROPERTY ADJUSTED TO CURRENT APPRAISALS
AND ESTIMATES

REAL ESTATEASSETS

Terminal No. 1, on N. W. Front Ave., consisting of 47.18 acres with a harbor frontage of 3,357 feet with depth ranging from 381 feet to 790 feet, average being about 636 feet. . . .	\$1,977,960.00	
Terminal No. 2, foot of S. E. Washington St., area 3.65 acres with a harbor frontage of 526 feet.	355,562.00	
Terminal No. 3, foot of North Alta Street, area 1.06 acres - harbor frontage 173 feet. . .	44,965.00	
Terminal No. 4: Area 212.3 acres. Harbor frontage 4125 feet.	320,770.00	
Public Levee - Foot of S. W. Jefferson, Municipal Boat Landing.	<u>743.00</u>	\$ 2,700,000.00

PLANT

Terminal No. 1 - Consisting of Piers "A" and "B", Quay Dock, Units 1, 2, and 3, Lumber Dock, a 100 ton Sheer Leg Derrick, Warehouse #1, Automobile and Machine Shops and Slips #1 and #2.	2,908,110.00	
Terminal No. 2 - A two-level dock suitable for Riverboat traffic and coastwise ships. Quay type, 526 ft. long. Dock space 106,370 sq. ft., open area 50,000 sq. ft. . . .	499,500.00	
Terminal No. 4 - Consisting of Piers #1, 2, and 5 with 2 deep water slips, one 1500 feet long and the other 950 feet which with the Harbor face of Piers 1, 2 and 5 affords berthing area of 5546 lineal feet. Total shedded area 586,360 sq. ft. and 211,140 sq. ft. of open wharf area.	6,616,883.00	
Public Levee	<u>20,877.00</u>	10,045,370.00
Has a Grain Elevator built of reinforced concrete with a capacity of approximately 2,000,000 bushels of bulk grain. This is equipped with smutters, washers, separators and bulk scales and has a bulk ship loading capacity of 30,000 bushels per hour. Has a ventilated fruit storage warehouse and a cold storage unit with capacity for storage of 110,000 boxes apples. Has a bulk vegetable oil or molasses storage plant consisting of 14 tanks with a capacity of 1,486,800 gallons. Has coal bunkers with storage capacity of 10,000 tons,		

Plant - Terminal No. 4 contin'd.

equipped with car tipper and conveyor belts for in and out movement to ships. Has hoppers and a loading tower capable of delivering 250 tons of coal per hour to ships berthed in Slip #3. Has rail trackage for direct transfer to or from ships and a working capacity of 425 cars, with total space for 800 cars. Has track scales regularly tested by the State.

Other facilities are Administration Building, Welfare Building, Lunch Rooms, Power Plant, Repair Shop and sundry miscellaneous buildings.

EQUIPMENT - (6/30/47)

\$ 325,000.00

Consisting of Diesel Locomotive Cranes, Wagon Cranes, Lumber Carriers, Lift Trucks, Dock Autos, Dock Tractors, 2 and 4-wheel Dock Trucks, Light Pick-and Heavy Duty Trucks, Passenger Automobiles, Dock scales and 2 20-ton Diesel and Gas Switching Locomotives.

OTHER ASSETS (as of 6/30/47)

Cash (Construction and various purpose funds)	1,408,117.64
Securities (Various)	3,587,530.00
Sinking Funds:	
Cash	34,716.44
Securities	62,800.00
Accounts Receivable:	
Customers accounts	200,380.87
Taxes	<u>45,660.50</u>
Total Assets	18,409,575.45

LIABILITIES

Accounts Payable (6/30/47)	33,626.86
Uncalled for Checks	92.42
Bonded Debt	<u>4,149,800.00</u>
	\$ 4,183,519.28
Balance	<u>14,226,056.17</u>
	\$18,409,575.45

EXHIBIT B

REVENUE & EXPENSE - YEAR ENDING JUNE 30, 1947
OPERATING ACCOUNT

REVENUE

TERMINAL NO. 4

Services Furnished Others	\$314,172.81	
Wharfage	181,253.09	
Berthage	7,880.44	
Wharf Demurrage	11,079.05	
Equipment Rental	13,810.77	
Space Rental	97,579.48	
Water	1,646.44	
Electricity	11,385.70	
Scales	<u>125.00</u>	\$ 638,932.78

Floating Crane BD799

2,796.15

Miscellaneous:

Sundry	6,628.32	
In Lieu of Taxes	<u>10,240.16</u>	16,868.48

Interest Earnings:

General Fund	60,250.00	
Special Fund	<u>1,332.50</u>	61,582.50
		<u>\$1,243,445.12</u>

DEBT ACCOUNT

Receipts for Debt Purposes

\$ 660,516.00

SINKING FUND ACCOUNT

Interest Earnings

\$ 3,156.00

EXPENSE

Terminal No. 4:

Services for Others	\$181,270.38	
Personal Service	61,964.18	
Office Supplies	637.73	
Dock Supplies	6,108.04	
Tel., Elec.Cur., Water, Heat	18,834.31	
Fire Protection (A.D.T.)	1,412.01	
Sundry	7,301.89	
Insurance	<u>23,217.48</u>	
Sub-Total	300,746.02	
Maintenance	119,414.74	
Equipment Depreciation	<u>6,064.08</u>	426,224.84

Floating Crane BD 799

Operation	495.55	
Insurance	<u>5,544.43</u>	
Sub-Total	6,039.98	
Maintenance	1,255.56	
Depreciation	<u>2,408.06</u>	9,703.60
Office of Port Director	8,260.80	
Traffic Development	13,187.17	
Emergency Expense	770.00	
Retroactive Pay Adjustments	<u>12,717.76</u>	34,935.73
Balance		<u>315,888.60</u>

1,243,445.12

Interest on Bonded Debt

110,516.00

Serial Redemption

320,000.00

Sub-Total

430,516.00

Balance for future Redemption

230,000.00

660,516.00

Balance to Sinking Fund Acct.

3,156.00

EXHIBIT B

THE COMMISSION OF PUBLIC DOCKS OF THE CITY OF PORTLAND, OREGON
REVENUE & EXPENSE - YEAR ENDING JUNE 30, 1947
OPERATING ACCOUNT

REVENUETax Receipts:

Delinquent Rolls	\$ 84,409.28	
1946/1947 Tax Roll	<u>647,771.09</u>	
	732,180.37	
Required for Debt Purposes	<u>660,516.00</u>	\$ 71,664.37

Operating Revenue:Terminal No. 1:

Service furnished others	238,423.35	
Wharfage	109,898.45	
Berthage	24,868.08	
Wharf Demurrage	13,037.26	
Equipment Rental	28,364.37	
Space Rental	15,933.83	
Water	1,223.87	
Electricity	1,437.13	
Scales	<u>117.50</u>	433,300.84

Terminal No. 2

Rental of Space		18,000.00
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Terminal No. 3

Rental of Space		300.00
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EXPENSEAdministration:

Personal Services	\$ 89,801.60	
Office Supplies	5,992.03	
Subscriptions	3,925.96	
Travel Expense	2,915.30	
Building Supplies	1,329.46	
Engineering Supplies	2,467.20	
Sundries	8,921.65	
Legal and Sundry Adm. Assistance	717.86	
Insurance	<u>532.23</u>	
Sub-total	116,603.29	
Maintenance	2,985.23	
Equipment Depreciation	<u>694.78</u>	120,283.30

Terminal Operation:Terminal No. 1:

Services for others	144,192.82	
Personal Services	61,219.63	
Office Supplies	628.96	
Dock Supplies	2,893.77	
Fire Protection (A.D.T.)	589.00	
Tel. Elec. Cur. Water, Heat	10,709.46	
Sundry	4,068.87	
Insurance	<u>18,951.46</u>	
Sub-total	243,253.97	
Maintenance	81,314.02	
Equipment Depreciation	<u>6,967.07</u>	331,535.06

Terminal No. 2:

Sundry	3.01	
Insurance	<u>1,058.77</u>	
Sub-total	1,061.78	

THE COMMISSION OF PUBLIC DOCKS

HISTORIC BACKGROUND.

The Commission of Public Docks was created in 1910, when on November Eighth of that year the voters of the City of Portland by a charter amendment authorized the creation of this Commission as a separate and autonomous department of the City of Portland to be governed by a body of five.

The principal object in creating a Dock Commission was to construct and maintain public docks and terminals, which the Port Commission at that time appeared to be unwilling or unable to do. The Commission, although it has broader powers, has confined its principal activities to the operation of docks and terminals. However, in 1920 the Dock Commission did build and operate a drydock. This was done for financial reasons in cooperation with The Port of Portland, and was later sold to that body in 1923. It is interesting to note in examining the legal history of the Dock Commission that the original provisions are substantially the same today. In fact, no amendments of material consequence, other than one additional power granted, have been made to the original charter amendment approved by the people in 1910.

EXISTING POWERS

A. OPERATIONAL

The powers of The Dock Commission are derived solely from the voters residing within the City of Portland and can be added to or subtracted only with the consent of the people. Below are listed the principal powers of The Dock Commission:

- (1) "To cause to be prepared a comprehensive plan for the reconstruction of the harbor front of the city of Portland, making provision for the needs of commerce and shipping and providing for the reconstruction of such docks, piers, slips, wharves, basins, cranes and dock apparatus as they may deem necessary for the convenient and economical accommodation and handling of watercraft of all kinds and of goods and passengers; and they may modify such plans from time to time as the requirements of commerce and shipping and the advance of knowledge and information on the subject may suggest."
- (2) "And as a part of such plan to provide for public owned docks of such number and character, and in such places as the Commission may deem feasible and proper."
- (3) "To purchase or acquire by condemnation,***or other lawful means, such lands, or rights, or interests therein as may be proper or necessary for use in the construction of any public owned docks, wharf, pier, slip, basin or other structure as may be provided for in such plan." Title to all lands to be taken in the name of the City of Portland. May lease for industrial uses any lands not immediately needed for docks, basins, etc. for not over 30 years. Rent must be not less than 5% of the market value to be determined every fifth year.
- (4) Commission shall have exclusive control and charge of slips, waterfront, ***** structures thereon, and of all wharf property belonging to the City of Portland, and water adjacent thereto, and all cleaning, dredging and deepening necessary in and about the same.
- (5) "The commission is also vested with exclusive government and control of all wharf property, wharves, piers, bulkheads and structures thereon, and waters adjacent thereto, and all the basins, slips and docks with the land under water of said city not owned by said corporation. The powers conferred by the law of 1862, being sections 4042 and 4043 of Bellinger and Cotton's annotated codes and statutes of Oregon, in respect of piers and wharves, the same being sections 5201 and 5202 of the laws of the state of Oregon, as prepared and annotated under the supervision of William F. Lord, code commissioner, and published in the year 1910, (Sections 121-201 and 121-202, O.C.L.A.) are hereby vested in the said commission.

"The said commission shall further have and exercise all the powers, rights and duties in respect of the subject matter herein provided for and that are now had or enjoyed

by the City of Portland or by any of its departments or officers, and especially the powers and duties conferred by subdivisions 76, 77 and 78 of section 73 (2-105 (a)) of the charter of the city of Portland (1903); provided, however, that the grant of power herein contained shall in no wise limit, modify or restrict the powers conferred upon and exercised by the municipal corporation known as the port of Portland, by its charter and several amendments thereto. Said commissioners, in addition to a general control over the harbor front of the city, as aforesaid, shall have authority to use for loading and landing merchandise with the right to collect dockage, wharfage and tolls thereon, as hereinafter provided, such portions of the streets of the city of Portland ending or fronting upon the Willamette river in said city as may be used for said purposes without materially obstructing the use of the same for access to the river."

Note: The state powers set forth in Bellinger and Cotton's Code refer to the right of a municipality to regulate and prescribe the mode and extent that the owner of land bordering a navigable stream may construct a wharf and extend the same into the water.

Commission may perform construction of docks, or "of other work" itself, if bids excessive. If it does work itself, all purchases over \$100.00 are subject to bid, except in extreme emergency cases.

Gives Commission power to set general rules for erection, alteration or repairing of docks, etc. in accordance with general plan.

Commission has power and authority over the streets of Portland from the harbor line and the first intersecting street, measuring backward from highwater mark to the extent necessary to carry out powers elsewhere vested in the Commission.

In addition to these specific powers, the Act provides that the Commission shall have and exercise powers now had or enjoyed by the City of Portland in its charter. An examination of pertinent powers in the charter of the City of Portland shows that the City has the power:

- (a) "To regulate the building of wharves, and the driving of piles in the Willamette River within the limits of the city, and to establish lines beyond which wharves shall not be built nor piles be driven." (Note: This power is subject to maximums set by the United States Army Engineers as determined from a navigation standpoint.)
- (b) "To provide for the construction and regulation of landings at the foot of streets terminating at the Willamette River."
- (c) To appropriate money for the deepening, widening, docking walling, altering or changing channels, waterways or water courses within the City, and to provide for the construction and maintenance of canals, slips, public landing places, wharves, docks and levees, and all such other work as may be required for the accommodation of commerce.

The city charter also requires all proposed franchises, grants and public improvements affecting common transportation terminals, both land and water, and which concern property rights and jurisdiction of the city within 1,000 feet of meander line of the Willamette River, (the State recognizes same principal and requires approval of both the Port and City within 5000 feet) shall be submitted to both the city engineer and the official or officials in charge of the public docks for approval. Otherwise it would require four-fifths vote of the council to pass such a measure, and the Mayor must submit the measure to the voters. The Commission of Public Docks, in conjunction with the City Engineer, under the charter provision is charged with the duty of drawing plans for such transportation terminals and to extend the same from time to time to meet the purposes of the act as need develops.

B. BONDING AND TAXATION POWERS

- (1) Bonding Powers. The Dock Commission has no power or authority to create a general bonded indebtedness unless approved by vote of the people. It has the power, however, to issue Public Utility Bonds (self-liquidating revenue bonds which are not a charge against the property within city subject to levy).

- (2) Taxing Powers. The Commission can levy by taxation on all property within its boundaries sufficient sums to meet annually its bonded debt and interest requirements, plus 1/10th of 1 mill of the City's assessed valuation for general purposes.

An analysis of how the Dock Commission in the past has applied its bonding and taxation powers, is set out in the following table:

TAX LEVIES AND BONDED DEBT, THE COMMISSION OF PUBLIC DOCKS
(Showing only every other year)

Year	Debt Levy	General Purpose Levy	Total Levy	Millage Rate	Bonded Debt
1929	\$718,904.25	\$29,653.12	\$748,587.37	2.20	\$8,280,000.00
1931	649,579.45	33,318.25	682,897.70	2.02	7,839,800.00
1933-34	489,289.28	28,900.00	518,189.28	1.80	7,299,800.00
1935-36	635,971.00	-	635,971.00	2.27	6,759,800.00
1937-38	621,071.50	26,800.00	647,871.50	2.41	6,219,800.00
1939-40	592,740.00	26,600.00	619,340.00	2.34	5,579,800.00
1941-42 (6 mos.)	426,448.50	13,100.50	439,549.00	1.44	4,989,800.00
1943-44	428,455.00	29,350.00	457,805.00	1.40	3,379,800.00
1945-46	418,419.00	32,977.00	451,396.00	1.30	4,789,800.00
1947-48	647,913.00	37,052.00	684,965.00	1.66	4,149,800.00

- Note (1) The amounts set forth under "General Purpose Levy" have been in recent years the maximum permitted under the Commission's tax limitation of 1/10th of 1 mill for general purposes.
- (2) The highest bonded debt of the Commission occurred in 1922 when the total reached \$10,200,000.00.

PRESENT ORGANIZATION AND STATUS

A. COMMISSIONERS

The Commission of Public Docks is administered by a group of five citizens, all of whom must by law reside within the boundaries of the City of Portland and are appointed by the Mayor of Portland for a term of five years. The Commissioners now serving are listed as follows:

<u>NAME</u>		<u>WHEN APPOINTED</u>	<u>TERM EXPIRES</u>
George H. Buckler	Chairman	Jan., 1946	Dec. 7, 1949
L. R. Teeple	Vice-Chairman	Dec., 1937	Dec. 7, 1948
Chester Moores		May, 1947	Dec. 7, 1947
Homer T. Shaver		Dec., 1946	Dec. 7, 1951
John Shuler		Sept., 1947	Dec. 7, 1950

The Commissioners elect their own officers (that of chairman is rotated) and serve without remuneration.

B. AREA

The area of The Dock Commission coincides with that of the City of Portland. In square miles it totals 66.85 out of the total for Multnomah County of 470.

C. PRESENT FUNCTIONS

Other than its administrative functions, which have been set forth previously under existing powers, The Dock Commission's main activity is the operation of docks and terminals. It also participates in promotional activities and maintains its own traffic department. It should be kept in mind that the Dock Commission only owns and operates part of the facilities found in the port, the extent of which as to general cargo docks is shown by the following figures:

	<u>Number of Docks</u>	<u>Berths</u>	<u>Shedded Area (Sq. Ft.)</u>	<u>Open Area (Sq. Ft.)</u>	<u>Trackage Capacity</u>
Dock Commission	7	18	1,062,730	430,510*	1,007
Privately owned	<u>8</u>	<u>15</u>	<u>1,214,200</u>	<u>85,100</u>	<u>468</u>
Total	15	33	2,276,930	515,610	1,475

*The Dock Commission's lumber dock will have a total area of 1,196,953 sq. ft. when completed.

In addition, there are 22 docks operated by industrial concerns in connection with their various businesses. Six of these are lumber wharves and nine are owned by oil companies.

D. FINANCIAL STATUS

The present financial position of The Dock Commission is set out in specially prepared statements (similar to that of The Port Commission) which are attached hereto as Exhibit B.

E. ASSESSED VALUATION

The assessed valuation for 1946-47 of the taxing area of The Commission of Public Docks (City of Portland) was \$356,035,970. This represents 86.4% of the entire assessed valuation of Multnomah County.

FORMER ATTEMPTS TO EFFECTUATE CONSOLIDATION

With a knowledge of the organization, functions and financial powers of the two commissions, it would next appear advisable to examine as a precedent former attempts in previous years to effect a consolidation. The highlight of civic efforts to accomplish this purpose occurred in 1920 and 1921, which I desire to briefly discuss since it has a direct bearing on the subject here under consideration.

The move was instigated by the Portland City Council when on April 25, 1919, the Mayor was authorized to appoint a committee of fifteen to formulate plans for waterways, public terminals and water sites. A committee was then appointed which entered into its deliberations and in due course came forth with its report which recommended two main points:

- (1) The dredging of a new channel west of Swan Island (the old channel was to the East of Swan Island);
- (2) Favored the following plan of consolidation of The Port and Dock Commissions:
 - (a) An amendment to the city charter be submitted to the voters of the city authorizing the transfer of the City's dock property to the Port of Portland in consideration of the Port assuming the bonds of the city issued for dock purposes.

- (b) That an initiative measure be submitted to the voters of the state at large authorizing The Port of Portland to acquire the dock property of the city and assume the bonds, and that the membership of the two commissions be consolidated.

After considerable public discussion and debate, which was largely centered around the proposed new channel West of Swan Island and its anticipated cost, the City Council on October 4, 1920, by a vote of 3 to 2 submitted the charter amendment to the voters of the City of Portland, which appeared on the ballot as follows:

"To Amend Charter Authorizing Council, with approval of The Dock Commission, to sell and convey to the Port of Portland substantially all of its property under such terms as shall be determined by the council."

By initiative petition, a measure was simultaneously submitted to the voters of the state for the purpose of determining whether or not to authorize The Port of Portland to take over the properties of The Dock Commission and assume its bonded indebtedness.

These two measures were submitted to the people at the General Election held November 2, 1920. The voters within the City of Portland approved the provision for the charter amendment by the following vote: Yes 30,955, No 25,869. The voters of the state at large in a very close vote defeated the initiative measure by approximately 2,000 votes, although within the Port District itself the proposal was approved 34,270 for - to 28,653 against.

Following the election the status was then that the voters of the City of Portland had approved the consolidation but the voters of the State had refused to amend the Port's legislative act in order to permit it to be accomplished. The sponsors of the measure, however, after eliminating some of the objections, prepared and presented a bill at

the next session of the Legislature to amend the Port Act to enable The Port of Portland to take over the properties of The Dock Commission and assume its bonded indebtedness. The bill was passed, signed by the Governor, and became law. It reads as follows:

"In addition to any power it may now possess under general or special laws the said Port of Portland shall have power:

"***To purchase or otherwise acquire all or any of such docks, wharves, elevators, terminals, drydocks, and other properties of the City of Portland as are now or which may hereafter be under the charge and control of the dock commission of said city; and in the event that the said the port of Portland shall purchase or otherwise acquire all or any of such docks, wharves, elevators, terminals, dry docks or other properties of the City of Portland, the said the port of Portland shall have power in payment therefor to assume the payment of all or any part of the bonds, debentures, and other obligations of the city of Portland issued, sold or incurred for the purpose of acquiring funds to construct, purchase or otherwise acquire such docks, wharves, elevators, terminals, dry docks, or other properties; provided, that the aggregate amount of bonds, debentures and obligations so assumed shall not exceed a sum determined by the commissioners of the said the port of Portland to be the fair value of the property so acquired by the port; and provided further, that such property of the city of Portland shall not be acquired nor such bonds, debentures or obligations assumed without the approval of the qualified voters residing within the territorial limits of the port of Portland expressed at an election called and held within such district at which such question shall be submitted."

The Port Act was further amended to provide that the bonding limitation of the Port (5% of the assessed valuation) shall not include bonds issued by the Dock Commission that may be assumed by the Port. This act enabling The Port of Portland to purchase or otherwise acquire the facilities of The Dock Commission is still on the statute books today.

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"In addition to any power it may now possess under general or special laws the said Port of Portland shall have power:

"***To purchase or otherwise acquire all or any of such docks, wharves, elevators, terminals, drydocks, and other properties of the City of Portland as are now or which may hereafter be under the charge and control of the dock commission of said city; and in the event that the said the port of Portland shall purchase or otherwise acquire all or any of such docks, wharves, elevators, terminals, dry docks or other properties of the City of Portland, the said the port of Portland shall have power in payment therefor to assume the payment of all or any part of the bonds, debentures, and other obligations of the city of Portland issued, sold or incurred for the purpose of acquiring funds to construct, purchase or otherwise acquire such docks, wharves, elevators, terminals, dry docks, or other properties; provided, that the aggregate amount of bonds, debentures and obligations so assumed shall not exceed a sum determined by the commissioners of the said the port of Portland to be the fair value of the property so acquired by the port; and provided further, that such property of the city of Portland shall not be acquired nor such bonds, debentures or obligations assumed without the approval of the qualified voters residing within the territorial limits of the port of Portland expressed at an election called and held within such district at which such question shall be submitted."

The Port Act was further amended to provide that the bonding limitation of the Port (5% of the assessed valuation) shall not include bonds issued by the Dock Commission that may be assumed by the Port. This act enabling The Port of Portland to purchase or otherwise acquire the facilities of The Dock Commission is still on the statute books today.

The charter amendment previously referred to which was approved by the voters of the City of Portland, enabled the Dock Commission to sell to the Port, but it was conditioned upon the approval of The Dock Commission, and further contained an expiration limit, January 1, 1923. The Dock Commission failed to approve the transaction so it was never culminated, and the charter amendment thereupon expired and became void under its own terms.

There has been one other effort to consolidate the two Commissions, notably in 1932, when both commissions were publicly agreed that it should be done, but neither could agree as to which body should absorb the other.

ORGANIZATION OF OTHER PORTS

In order to better analyze our own port problem, and to have some "yardstick" from which to measure, it is deemed desirable to briefly review the organization of ports which are competitive to ours. The information set forth is taken from statements of responsible officials of each port discussed and information compiled by the U. S. Army Engineers and the U. S. Maritime Commission.

SEATTLE, WASHINGTON

The Port of Seattle is a port district co-extensive with King County. It has three commissioners who are elected for a term of six years, and each is paid a salary of \$3,000.00 per year. The port district embraces a territory of 2,151.92 square miles and the property within that territory has an assessed value of \$479,122,602.00.

The Port has the power to tax at whatever rate is necessary to meet the annual amount of bond interest and redemption, and is further authorized to levy a tax up to two mills for operating purposes. This

would, based on the assessed valuation above given, amount to \$958,245.00. From rental of terminals the Port has an income of approximately \$800,000.00 per year and from the operation of the terminals of over \$1,000,000.00. This income has been more than sufficient to meet costs, and since 1911 more than \$6,000,000.00 of surplus from operations has been applied towards bond interest and debt retirement. There has been in the history of the Port no levy necessary for operating expenses. The bonded indebtedness was at the first of the year \$4,263,000.

TACOMA, WASHINGTON

The Port of Tacoma is a port district, co-extensive with Pierce County. There are three commissioners who are elected for a term of six years, and receive no salary. The land area of the district is 1680 square miles, and the property within that area has an assessed valuation of \$114,000,000.00. The taxing power is identical with that of Seattle.

STOCKTON, CALIFORNIA

The Port of Stockton is created under a state port act and comprises an area of 25 miles. (Represents the area of the City of Stockton plus a strip a mile wide, one-half of which is on either side of the deep water channel and extends downstream 14 miles from the city). The Port is administered by five commissioners who are appointed: two by the Stockton City Council, two by the Supervisors of the County of San Joaquin, and one jointly by the City Council and the County Supervisors. The commissioners receive no salary and their term of office is four years.

The assessed valuation of the port district for 1947-8 is \$67,989,220.00. It has power to tax for a sufficient amount to pay interest and amortization of bond issues authorized by a vote of the

people, and in addition has power to levy a one mill tax on the assessed valuation of property within its district for maintenance and operation purposes.

OAKLAND, CALIFORNIA

The organization of the Port of Oakland is very similar to that of the Commission of Public Docks of Portland. It is created as a department of the City of Oakland and administered by five commissioners who are appointed by the City Council upon nomination of the Mayor. They serve for a term of six years and receive no salary.

The area within the Port District, which is the same as the City of Oakland, is 12 square miles. The assessed valuation is not available. The port authority itself has no taxing power, this remaining with the City Council, which, however, can levy amounts sufficient to meet any operating deficit, in addition to needed sums to cover interest and debt retirement. Prior to the time the Port of Oakland was founded in 1928, tax levies as high as \$400,000.00 per year were made to cover maintenance and operations. Since the creation of the port district there has been no necessity to tax for operation purposes or deficits, the port being entirely self-sustaining. The bonded debt of the port was originally \$9,960,000.00, but more than half of these bonds have been retired at the present time.

SAN FRANCISCO, CALIFORNIA

The area known as the Port of San Francisco is owned almost entirely by the State of California, and is administered by a Board of State Harbor Commissioners. This Board is composed of three members appointed by the Governor of California for a term of four years and who

receive for their services \$1200.00 each per annum. This area consists of 3.135 square miles of land and 46.755 square miles of water, making a total of 49.89 square miles.

The Board has no taxing power, and must, if necessary, look to the state for revenues. It has, however, never received any general fund or other tax money from the state for operating expenses or debt retirement purposes, relying entirely upon its operating income. The fixed assets total approximately \$85,000,000.

Since San Francisco is the only state-owned port on the Pacific Coast, its functions are of considerable interest, and I have undertaken to set forth its principal powers in summary form:

To locate, construct, repair and maintain wharves, piers, docks, drydocks, ferry slips, landing places for railroad cars, grain elevators, oil tanks, airports, aids to aeronautical navigation, and warehouses, but in the last case is prohibited to act as warehouseman or to issue warehouse or storage receipts or otherwise to act as bailees. It is also empowered to locate, construct, operate and maintain a belt-line railway together with industrial tracks and spurs necessary for the requirements of commerce; own and operate dredges to maintain adequate depths in slips and docks; issue rules and regulations, and prescribe rates, fees and charges for facilities and equipment under its jurisdiction; float bond issues to be used for additions to or betterments of property under its control and compile, publish pamphlets or other literature or in other ways advertise the advantages of the port for the purpose of developing traffic and promoting and maintaining its commerce and prestige.

LONG BEACH, CALIFORNIA

Long Beach has a port organization similar to that of Oakland and Portland, which is called the Board of Harbor Commissioners. It likewise is a department of the City, which has an area of approximately seven square miles. The Board has five commissioners who are appointed for a term of six years by the city manager subject to confirmation by the council. They receive for their services \$10.00 per meeting, not to exceed, however, \$50.00 per month. The Board of Harbor Commissioners

have themselves no taxing authority, but in the event it should become necessary, the charter provides that the Port may prepare a budget for its estimated needs, and present the same to the City Council, who have authority to include any amounts approved by them in the current city budget, which of necessity would have to be raised by taxation. There is no limit to the amount that may be assessed. However, it has not been necessary to ask for tax money for the past seventeen years. (The Board has substantial income from oil properties which it administers.) The present invested values of the harbor properties are now approximately \$20,000,000.00.

LOS ANGELES, CALIFORNIA

The waterfront area of Los Angeles, with the exception of a few small plats, is owned and controlled by the City of Los Angeles, which is administered under terms of the city charter by a Board of Harbor Commissioners known as the Harbor Department of the City of Los Angeles. This board is appointed by the Mayor for a five year term subject to the approval of the City Council. Compensation is paid for the services of each Commissioner at the rate of \$5.00 per meeting, subject to a maximum payment of \$50.00 in any calendar month. The Board of Harbor Commissioners as such has no power to levy a tax, but the City of Los Angeles, through its legislative body (the City Council) may levy a tax for any sums required for the maintenance and operation of the port. The Harbor Department has available to it some 2,500 acres of land for lease to concerns engaged in commerce, fisheries or navigation, and for the fiscal year just ended received in rentals from leased areas the sum of \$973,805.00. It also has oil drilling leases on its properties and the oil royalties received during the last fiscal year amounted to

\$389,000.00. These sums, together with receipts from normal port operations, are available for the payment of all operating expenses and interest on outstanding bonds. It is a matter of record that for many years past the Harbor Department, from its revenues, could have met all operating expenses, as well as interest and retirement of bond payments, and in addition thereto accrue a normal reserve. It has preferred, however, in order to create a reserve sufficient to meet postwar contemplated developments, to have the Council each year levy a tax for the amounts required to retire the outstanding serial bonds, to-wit:

\$751,500.00 per annum. As a result thereof the Harbor Department of the City of Los Angeles commenced the present fiscal year on July First with an unencumbered reserve of \$13,252,000.00, of which it is anticipated approximately \$6,000,000 to \$7,000,000 will be appropriated to cover contracts to be let during the current twelve months for new terminal construction.

SAN DIEGO, CALIFORNIA

This port is part of the City of San Diego, which covers an area of approximately 22 square miles and has a waterfront of about 35 miles. An amendment to the City Charter in 1919 created a Harbor Commission, consisting of three members, who serve without compensation and are appointed by the Mayor with the approval of the City Council.

The Harbor Commission has no power to tax. Interest and bonded indebtedness are met by the City through taxes and not out of Harbor Funds. Harbor Funds, to conduct the operation of the port, are received from tolls, dockage, lease rentals, etc., and in addition, the City has in the past contributed the sum of \$150,000.00 per year, which, however, can be used only for new work or construction.

NEW ORLEANS, LOUISIANA

In examining the status of other ports throughout the country, I was quite impressed with that of New Orleans, inasmuch as it is a river port and has many problems very similar to ours in Portland. What attracted my attention was the unusual tribute paid by the Army Engineers and Maritime Commission editors in their port series book on New Orleans, which I quote:

"From the standpoint of port government, New Orleans is frequently cited as an outstanding American example of the efficacy of a unified and publicly owned and operated port. Although three separate organizations exercise jurisdiction over the construction, operation, maintenance, and safety of the port, its progress is of paramount concern and all strive harmoniously to achieve that end. Two of these bodies, the Board of Commissioners of the Port of New Orleans and the Board of Levee Commissioners of the Orleans Levee District are corporative agencies of the State of Louisiana, while the third, the Public Belt Railroad Commission, is an agency of the City of New Orleans."

The organization and functions of these three organizations are summarized as follows:

A. BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS. This body was organized by an act of the State Legislature in 1896, and consists of five members prominently identified with the commerce or business interests of the Port of New Orleans, appointed by the Governor of Louisiana. The procedure in filling vacancies is for five leading civic and commercial organizations of New Orleans to each nominate two members. The Board itself then selects from these nominations three names which are submitted to the Governor, upon whom it is then mandatory to choose one. No member of the Board may succeed himself, unless the unexpired term which he was appointed to fill had less than

two years to run. The area over which the Board exercises jurisdiction has a total water frontage of 133 miles, of which 50 miles are on the Mississippi River. It has powers similar to other ports and particularly our Commission of Public Docks. The Board itself may, with permission of the Governor, issue bonds up to \$6,500,000.00. Its total bonding powers are limited to \$35,000,000.00. Since 1908, the date of original authorization, the Board has floated bonds valued at \$42,750,000, of which \$23,250,000.00 were for wharves, docks, warehouses and other facilities. The Board does not possess powers of taxation as a means of securing revenue, but it directly benefits from nine-twentieths share of a one cent statewide tax on gasoline and diesel oil, which nets over \$1,000,000.00 a year.

B. PUBLIC BELT RAILROAD COMMISSION. This is a city body set up in 1900 and is composed of the mayor and 16 citizen taxpayers of New Orleans who are appointed by the mayor with the consent of the City Council. Five are appointed at large and the balance divided among the following organizations: The Sugar and Rice Exchange, Association of Commerce and the Contractors and Dealers Exchange. Members of the commission serve for terms of 16 years, the terms of two expiring every other year. The Commission is empowered to own, construct and operate a double track belt railway and fix rates and charges for its use. It also furnishes general information regarding the belt line to investors, manufacturers and others interested in establishing industries along its right of way. It operates approximately 100 miles of track together with necessary rolling stock and acts as a connecting link between rail carriers entering the port and

all publicly owned port facilities, both on the Mississippi River and on their Industrial Canal. It serves most of the principal industries located within the port.

C. BOARD OF LEVEE COMMISSIONERS OF THE ORLEANS LEVEE DISTRICT.

This Board was created by the State Legislature in 1890 and consists of seven members, five of whom are appointed by the Governor, while the Mayor and Commissioner of Public Property of New Orleans are ex-officio members. Their term of office is six years. It has an area of over 196 square miles and maintains over 100 miles of embankments. In addition to its work in this connection, the Board carries on a project to develop the adjacent areas for industrial purposes. It is empowered to levy an annual tax not to exceed 5 mills on the dollar on all taxable property within its district.

It was interesting to note that two groups of pilots are employed to navigate vessels from the entrance of the Mississippi River to New Orleans, while a third group is engaged between New Orleans and Baton Rouge Louisiana. These pilots are all licensed and their functions are administered by laws similar to those in our state.

PROPOSED PLANS

With a background of understanding as to the organization, powers, functions and financial position of the two commissions, as well as other competitive port authorities up and down the Pacific Coast, it is now in order to set forth proposed plans for the consolidation. Before doing so, I would like to summarize some of the facts developed and to make some purely factual observations obtained from past efforts to accomplish this purpose.

SUMMARY COMPARISON OF THE PORT OF PORTLAND
AND THE COMMISSION OF PUBLIC DOCKS

	<u>PORT OF PORTLAND</u>	<u>DOCK COMMISSION</u>
Type of organization:	Corporation; set up and under control of Legislature or people of state.	Autonomous part of City of Portland under control of people of city.
Number of Commissioners:	Nine.	Five.
Method of Appointment:	By Governor, confirmed by Senate.	By Mayor of Portland.
Capital Value (appraised):	\$9,845,034.00	\$18,409,575.45
Bonded Debt:	None.	\$4,149,800.00
Tax Revenue, year 1946-47:	\$393,996.25	\$449,209.00
Maximum tax levy:		
(a) For interest and refunding bonded indebtedness:	No limit.	No limit.
(b) For operations:	3 mills.	1/10th of 1 mill.
Area:	218 square miles or 46.38% of Multnomah County.	66.85 square miles or 14.22% of Multnomah County.
Assessed Value Tax Roll Fiscal Year 1946-47:	\$397,933,800.00 or 96.6% of county.	\$356,053,970.00 or 86.4% of county.

As can well be imagined, there have been in the past and now are serious problems which must be thoroughly considered and worked out - none of which, however, in my judgment, are insurmountable.

One of these difficulties in the past has been the assumption of the bonded indebtedness of one body by the other. The fact that The Port of Portland is now free of bonded debt is particularly fortunate at this time, and it greatly simplifies consolidation. The six percent constitutional provision, which provides that a public body may not increase its tax levy for purposes other than the payment of bonded indebtedness

or interest more than 6% over the established base (the total amount levied in any one of the three years immediately preceding) presents a problem, particularly in case the Dock Commission were to take over the Port's functions, since it could, unless by charter amendment its right to levy was increased, levy only 1/10th of one mill for operational purposes. This would, without raising the levy, furnish insufficient revenue to operate the Port's drydocks, airports, towage service, channel maintenance and other facilities. The Port with its potential maximum 3 mill levy would have, on the other hand, ample funds to so operate the dock properties, although during the initial years of the transfer the 6% limitation might present a small handicap.

The "Home Rule" question has been a major source of argument during past efforts to consolidate. Under our Oregon Constitution, the only bodies which have home rule (which means that the people within the district can decide what they desire to do, as contrasted with the necessity of going to the Legislature or the people of the state at large) are cities and towns. Thus the Dock Commission as a part of the City of Portland, has home rule, in that the voters of the district can themselves enlarge, restrict, or change its powers. The Legislature is prohibited from passing special laws modifying the charters of cities and towns. However, they are subject to the general laws of the state. This is not the situation as far as the Port of Portland is concerned. The people within the port district cannot change, enlarge or restrict the powers of

the Port Commission. This can be done only by the Legislature or the people of the state at large through the Initiative. To provide permanent home rule would necessitate an amendment to the state constitution. The Legislature, however, can by amendment to the Port Act provide for a large measure of home rule with the risk, however, that it may rescind this action at a later time.

It is interesting to note that The Port of Portland from a statutory standpoint has a given taxing power for operations (general purposes other than debt levy) higher than that of any other port on the coast. The Dock Commission, on the other hand, has by far the lowest.

The procedure for consolidation, if in fact this is found desirable, has been made somewhat less difficult by previous plans suggested in the past by some of our most prominent citizens and legal authorities. In setting these plans forth, it is not intended to express any opinion as to desirability or method, and their order of presentation does not necessarily indicate any preference of one over the other.

PROCEDURE FOR THE PORT OF PORTLAND TO TAKE OVER THE
COMMISSION OF PUBLIC DOCKS

A. TO HOLD ELECTIONS AS FOLLOWS:

1. BY THE VOTERS OF THE PORT DISTRICT.

The enabling act, as has been previously set forth, authorizing The Port of Portland to purchase, or otherwise acquire, the properties of the Commission of Public Docks of the City of Portland and assume its liabilities has heretofore been passed by the Legislature and is existing law today. It is subject to an approving vote of the people residing within the Port District in order to be effective.

2. BY THE VOTERS OF THE CITY OF PORTLAND

This would be for the purpose of amending the city charter, to authorize and direct the City Council to sell and convey to The Port of Portland all of the properties of the Dock Commission, including all funds under its or the city's control for this purpose, conditioned that the Port assume all of the indebtedness against the Dock Commission (The City of Portland) under such terms and conditions as shall be determined by the Council. Note: The conditional approval of the Dock Commission as was included in the previous charter amendment submitted on this subject has been eliminated on the theory that the objections of this body, if any, should be made known to the people before the election, and the vote of the people should then be mandatory and final.

These two required elections could be held simultaneously, and a favorable vote is all the authorization that is necessary to accomplish a consolidation in this manner. Taking a lesson from the past, it would seem advisable to include as many of the basic terms and conditions of the proposed transfer in each measure submitted to the voters of both the Port and Dock (City) districts, in order that if the vote is favorable in each instance, the will of the people will be carried out. The multitude of

remaining "terms and conditions" as would be involved in a transfer of this magnitude, would under the above proposed charter amendment be determined by the City Council of Portland, as the duly elected representatives of the people who are turning over their property.

Consideration should be given to presenting a bill in the next Legislature, either before the proposed elections and made contingent upon a favorable vote, or after the proposed elections in the event of a favorable vote, for the following purposes (Note: this proposed legislation is not necessary to effectuate the merger):

1. To provide that the Mayor of the City of Portland appoint all of the Commissioners of The Port of Portland.
2. Enlarging the number of Commissioners to 14, to include the present Dock Commissioners, but providing that no new appointments be made to replace those Commissioners who resign, die or otherwise do not serve out their term of office (as contrasted from those Commissioners whose term expire), until the number of Commissioners is ultimately reduced to five.

The bonding and tax levying statutory powers of the Port appear to be sufficient to carry on the operations and service the bonded debt of the Dock Commission, so it would not be necessary in my judgment to add to or increase these powers, although, of course, it is difficult to anticipate what future deficits or deferred maintenance might be involved.

If it were deemed desirable to do so, other amendments could be proposed. Consideration can well be given to reducing the tax levy for general purposes from 3 mills to 2 mills, which would then be as high as that given any other port district on the Pacific Coast. The Port has tremendous general powers, the legality of certain ones being in serious question. Some of these powers could well be eliminated, without in any way

interfering with sound and progressive operations. The Port Act itself could well be rewritten as it has countless amendments, is filled with duplicated powers, and contains many provisions such as bonding powers for particular purposes that have been used in the past and have no present day value.

PROCEDURE FOR THE COMMISSION OF PUBLIC DOCKS TO TAKE OVER
THE PORT OF PORTLAND

There is no existing special legislation or authority at the present time whereby the City of Portland and/or its Dock Commission is empowered to take over the properties and functions of The Port of Portland. There is a general law providing that any city, town or municipal corporation may surrender its charter and be merged into an adjoining city, town or municipal corporation, provided that the voters of the two such cities, towns or municipal corporation affected approve and authorize such merger. It is questionable in my judgment whether this law would apply to a municipal corporation on the one hand and a separate, although autonomous, department of a city on the other, which bodies further are not adjoining but overlapping. It would seem that in reading this Act in its entirety, the intention of the Legislature was not directed towards a situation such as we are here discussing. Since it would be most desirable, in working out this particular plan, to transfer certain of the Port's and State's powers to the Dock Commission which would require legislation, it would be the safer course to also include specific authority for the Port to merge with the Dock Commission. It is therefore suggested that the following bill be first submitted to the Legislative Assembly at its next session:

(1) Authorizing The Port of Portland, upon approval of the voters within the Port District, to transfer to the Commission of Public Docks all of the properties owned or under control of the Port Commission, including all funds under the control or possession of the Port, conditioned

that the Dock Commission assume all the indebtedness against the Port (there are no bond issues outstanding at the present time) and further conditioned that the people of the City of Portland authorize such an acquisition of the property and assumption of debt. (This would relieve all of those taxpayers residing in the area outside of the City of Portland but within the boundaries of the Port of Portland from future tax contributions.)

(2) Authorizing the State of Oregon, contingent, however, upon the approval of the consolidation by the legal voters of both the city and port districts, to delegate to the City of Portland, to be exercised by its Commission of Public Docks, those powers and authorities which pertain to the improvement of the Willamette and Columbia Rivers and Oregon and Columbia Sloughs by maintaining proper channels (this power for improvement of Willamette and Columbia Rivers and Oregon and Columbia Sloughs or performing channel work therein would need be exercised only in the event the Federal Government's assumption of the channel work was not embrasive enough or in the event the Federal Government should at a subsequent date abandon the same for lack of funds or other reasons); the right to control the waters of the Willamette River in the harbor at the City of Portland and the Oregon and Columbia Sloughs and the Willamette and Columbia Rivers between said harbor and the lower end of the Oregon and Columbia Sloughs and the sea, with full authority to, from time to time, make, establish and abolish harbor lines, etc. and the authority to establish and maintain towage and pilotage service. As a majority of the general powers now delegated to the Port, such as operating and maintaining docks and wharves, are now prerogatives enjoyed by the City through its Dock Commission, there would not have to be any special delegations of those authorities. Any authorities now enjoyed by the Port and not by the Dock Commission and which are beneficial should be continued. In this connection, however, as previously noted, some of the authorities delegated to the Port

are not essential to the purposes intended.

In delegating these operational powers and duties, it should be kept in mind that the State of Oregon as a sovereign has jurisdiction over the Portland Harbor subject to certain reservations administered by the Federal Government. These powers can be delegated to the City to administer exactly as they were delegated to The Port of Portland. They are important powers and their retention should be earnestly considered.

That in the event that the legislation above outlined becomes the law, measures be submitted simultaneously to the voters of the Port District approving the transfer as authorized by the Legislature, and to the voters of the City of Portland as follows:

1. Approving and authorizing the acquisition by the Dock Commission of the properties of the Port of Portland and assuming any indebtedness this body might then have.

2. Authorizing the continuance and exercising of those powers that now repose in the Port and not in the Dock Commission that are necessary and essential to the objects and purposes of the consolidated body (these powers would be identical to those delegated by the Legislature).

3. Authorizing the increase of the tax levying power of the Dock Commission from the present 1/10th of 1 mill to 2 mills and authorizing over a determined period a levy sufficient to produce funds necessary to operate the facilities and functions of The Port of Portland. This would result, as also would be the case if the Port Commission absorbed the Dock Commission, in the taxpayers of the district involved being subject to but one maximum levy for operational purposes for their port, which would be 1-1/10th of a mill less than now exists.

4. Optional provisions that could be approved and authorized:

(a) Changing the name to the PORTLAND HARBOR COMMISSION, PORT OF PORTLAND, or some similar title.

(b) Enlarging the number of Commissioners in order to include the members of the Port Commission. This could be done, if desired, in the same manner as proposed under the previous plan so that the membership would eventually revert to five or whatever other number might be found desirable.

OTHER PLANS

In addition to the major plans for consolidation above set forth, there are other possibilities of creating a port authority, which are below set forth:

A. STATE PORT.

The justification for a completely state owned port is on the basis that the people of the entire state are interested in the harbor of Portland as a major distribution center for the exporting and importing of their products and should accordingly control and contribute to its support. The theory is excellent, however, the political considerations and procedure involved make the matter most complicated and its ultimate accomplishment most speculative. The legal problems magnify the further the matter is studied. I am here attempting to briefly discuss a suggested procedure as well as some of the problems relating thereto which must be given consideration from a realistic standpoint.

Perhaps the less complicated plan, and there are several ways that the purpose could be accomplished with legal hazards attached to all, would involve one similar to that under which the Board of State Harbor Commissioners of San Francisco was organized. The Legislature would create an entire new port authority as a state board, commission, or department similar, for example, to the Fish Commission of the State of Oregon. At this point it is well to remember, in order that the distinction may be kept in mind, that The Port of Portland, while created by the Legislature is a municipal corporation. The Legislature would have to provide for the new body the form of the organization, its purposes, authority, and to provide for its source of funds. As a state body, there would, of course, be no "home rule" for the people of Portland or those residing within the district of the Port of Portland.

Assuming that this legislation was accomplished, it would next be necessary to consider how, in what manner, and the consideration to be paid by this state port authority in taking over the properties and assuming the indebtedness of The Commission of Public Docks of the City of Portland and The Port of Portland. The people of the City of Portland must authorize by charter amendment this transfer of Dock Commission properties and an act of the State Legislature, undoubtedly conditioned on the vote of the people of the Port District, would be required to transfer the properties of The Port of Portland. At this point it would be well to consider what the consideration is to be for the transfer of the assets of these two bodies. Will the people of both the City of Portland and the Port District turn over to the state as a gift these valuable properties for which they have contributed in taxes over a period of many years? Will the people of these two districts sell those properties to the state, and if so, what is to happen to the money? In the case of the Dock Commission it would be turned over to the City, but the Port presents further complications in this respect. As can be seen, these transfer problems are not only legal, but highly political.

In going on to the next step, it must be assumed that The Commission of Public Docks and The Port of Portland Commission have now been authorized to transfer their properties to the state authority. In the event the properties are to be purchased, it will be necessary to secure the required appropriations or funds to accomplish the transaction. Will the Legislature appropriate the millions of dollars necessary to purchase the facilities? Will the Legislature further appropriate state funds for their operation? These, of course, are some of the contingent questions which must be anticipated in considering the desirability of this plan.

To create a state port authority and accomplish the transfers is by far the most difficult plan from a legal standpoint of all that have been here discussed, and no attempt at this point has been made to bring out some of the many complications and different methods of working out the various phases and steps involved. In order to do so, would involve a treatise in itself, which would be most uninteresting reading. I am confident, however, that if a state port is found practicable and is desired, the mechanics can be legally accomplished.

B. COLUMBIA RIVER PORT COMMISSION.

Considerable interest has been evidenced, as has been the case of the previously discussed state port, in creating a port authority including either those ports close to Portland (so-called deep water ports) or all of the ports on the Columbia River. The theory of such a merger or consolidation is that these ports are historically, geographically and commercially one. In order to visualize the status of these ports, below is set forth certain pertinent facts I feel are necessary to know in order to fully understand the problem:

PORT DISTRICTS OF OREGON AND WASHINGTON ON THE COLUMBIA RIVER

<u>UPPER COLUMBIA RIVER PORTS:</u>	<u>Date of Formation</u>	<u>District Area Square Miles</u>	<u>Assessed Valuation</u>
Camas-Washougal, Wash.	1935	80	\$5,300,000.00
North Bonneville, Wash.	1938	430	965,276.00
Cascade Locks, Oreg.	1938	245	903,500.00
Wind River, Wash.	1946	75	941,108.00
Hood River, Ore.	1933	270	9,446,258.00
The Dalles, Ore.	1933	664	13,000,000.00
Klickitat, Wash.	1944	600	4,457,041.00
Arlington, Ore.	1941	480	7,850,000.00
Umatilla, Ore.	1940	2930	42,314,000.00
Pasco, Wash.	1940	888	7,093,539.00
Kennewick, Wash.		4	1,700,000.00
Totals		6666	\$93,970,722.00

<u>LOWER COLUMBIA RIVER</u> <u>PORTS:</u>		<u>Date of</u> <u>Formation</u>	<u>District Area</u> <u>Square Miles</u>	<u>Assessed</u> <u>Valuation</u>
Astoria,	Ore.	1909	841	\$17,819,214.00
Ilwaco,	Wash.	1923	300	2,198,687.00
Longview,	Wash.	1921	830	24,911,472.00
Kalama,	Wash.	1920	236	2,382,444.00
St. Helens,	Ore.	1940	50	5,338,000.00
Vancouver,	Wash.	1912	105	17,707,063.00
Portland,	Ore.	1891	218	397,933,800.00
Totals			2580	\$468,290,680.00
Upper Columbia River			6666	93,970,722.00
			9246	\$562,261,402.00

Note: Area of Port Districts in Oregon: 5,698 Square Miles

Area of Port Districts in Washington: 3,548 Square Miles

Assessed valuation Port Districts, Oregon: \$494,604,772.00

Assessed valuation Port Districts, Wash: \$ 67,656,630.00

There is an outstanding precedent for the establishment of a port authority embracing a number of ports located in two states. It is The Port of New York Authority, and I am accordingly presenting a short summary of the history of that organization.

As the result of studies made by civic bodies and public citizens of New York City as to how the states of New York and New Jersey could treat and develop the ports within the New York Harbor as one port, the governors of the two states in 1917 appointed the New York-New Jersey Port and Harbor Development Commission, which then made extensive studies on the subject and issued its report in 1920, which recommended the creation of a single joint agency to serve all of the ports located within New York Harbor. In 1921, after exhaustive conferences, public hearings, and discussions, a treaty was signed between the two states, and The Port of New York Authority was created, which provided that the body be governed by 12 Commissioners, six each being appointed respectively by the Governors of New York and of New Jersey.

This Authority was not set up to take over the docks or harbor functions of any of the many individual ports within its boundaries. Each port within the authority remained and does today completely autonomous. The functions of the New York Port Authority fall into four principal categories and briefly summarized are:

1. Planning port development and improvement (over the entire area).
2. Protection of Port Commerce.
3. Construction of authorized facilities.
4. The operation of authorized facilities.

The Commissioners are charged with the duty of:

1. Making recommendations to the state and to Congress for the better conduct of commerce passing in and through the port.
2. Petitioning appropriate federal and state agencies for the adoption and execution of any physical improvements.
3. Changes in method, or rates of transportation, to the end that commerce moving in and out of the port may be improved.
4. To intervene in any proceeding, regulatory or otherwise, affecting port commerce.

The Authority, as far as physical operations are concerned, has built and operated a large less than carload lot distribution terminal, a series of motor freight terminals, two tunnels and three bridges. (The Port's welfare required these facilities due to congested population) and other minor facilities. It has in the recent past been given authority to acquire, build and operate airports and docks, subject to the consent of the municipalities within those areas in which the facility might be located.

The Authority watches with constant vigilance rail, truck and shipping rates, the changing of which would adversely affect the New York Harbor Area, and it participates in numerous air cases, all for the purpose of attracting trade and passengers through and to New York. It is active in

securing harbor improvements within the Authority and for the Erie Canal. Reduced to essentials, the function is one of unification of port development with a broad interpretation given to the word "port".

Of great interest and prime importance is the fact that the Port Authority of New York is a self-supporting enterprise. When authorized to carry on activities or to construct improvements (such as realroad terminal, George Washington Bridge or Lincoln Tunnel) the Port Authority must do its own financing, there being no recourse to indirect collections through taxation. Each project must be financed in the same manner. This has been done by sale of bonds which have been self-liquidating, although in the past the states have lent the Authority money, which has been repaid, to partially finance projects, and bolster its credit. In the beginning of its organization the Authority was granted a small yearly appropriation for the use in inaugurating the program and to carry on its functions. The organization was and is in a very advantageous position to take advantage of Federal Funds to carry on its construction program.

The membership on the Commission has in the past consisted of men of very high quality and leaders in industry and finance (as well they must have been since the authority has accumulated and administered facilities worth well over several hundred millions of dollars). The Commissioners work hard, meeting weekly. As one prominent New Yorker stated, "the states gave a mandate to go forward, without credit, without revenue, and without power to tax. It is a tribute to the board members that it did not generate into just another anaemic, ineffectual commission."

If the Port Development Committee, in its deliberations, determines that a port authority similar to that of New York composed of part or all of the ports located on the Columbia River is desirable, or is worthy of further consideration, I suggest the following procedure, which, of course, is flexible and subject to modification as subsequent circumstances may warrant:

1. That the Port Development Committee call a conference of public citizens and port representatives from the various cities bordering on the Columbia River (and possibly on the Willamette River) or enlarge or create a special subcommittee of such representatives.

2. That the membership of this conference or committee informally or formally organize, either at this or a subsequent meeting, to determine whether or not a Columbia River Port Authority is advisable and practicable. If the decision is favorable, then to draft proposed legislation creating such an authority, setting forth the area to be involved either (a) ports immediately adjacent to Portland, (b) all of the so-called deep river ports of the Lower Columbia, or (c) all ports of the Columbia River, and recommend such powers and limitations of powers as this committee may find desirable in the public interest.

3. That the committee then divide itself and further organize into two sub-groups with appropriate liaison provisions: one group to be composed of residents of the State of Washington and the other of the State of Oregon, with the purpose of each group being to introduce and promote the agreed upon legislation to the Legislature of their respective states.

4. That upon the successful passing of such legislation (and each state's act would be contingent upon the approval of the other) a pact be entered into under the authority and by virtue of the legislation passed which would create the bi-state port commission, subject to Federal approval as is required of such agreements between states. The congressional delegation of Oregon and Washington would then be asked to cooperate in expediting such a bill which should be more or less routine.

In working out such a program, while the successful plan of the Port of New York Authority could be followed almost in its entirety, it would, of course, be necessary to include or eliminate such details as would pertain to local conditions. The above plan would not necessarily have any

specific relationship to the previously set forth plans for consolidation of The Commission of Public Docks and The Port of Portland. It could be an additional plan if one of the others were found desirable, or could be recommended alone.

I hope that this report, which has been most interesting to prepare, will be helpful to the Committee in furnishing an understanding of the many problems involved. The solution is one that will require close study of the facts as well as clear thinking to determine the correct course of action to place our port, as well as the entire tributary area, on a sound and competitive basis for the future.

In conclusion I wish to acknowledge the assistance given in the preparation of this report by Mr. George LaRoche, Manager of The Commission of Public Docks, Mr. John Doyle, Manager of The Port of Portland, Captain D. J. McCarity, Port Director, and Mr. Alexander Brown, City Attorney for Portland, all of whom have been most helpful and liberal with their time.

Yours very truly

TJW:M

(Signed) Thomas J. White