

Division Ten
Juneau, Alaska

Date
June 8-51

To : Mr. G. W. Mayo, Acting Chief, Western Headquarters,
San Francisco, California

From : Hugh A. Stoddart, Division Engineer, Juneau

Subject : Confidential Monthly Report for April, 1951

*Some items sent
Clark direct*

May

Good weather prevailed over the entire area for this month permitting an expansion of operations on all going projects, although work was suspended during the month on the Lytle & Green contract on the Richardson Highway between Big Delta and Black Rapids. The shut down on this project was the result of warm weather, accompanied by high winds resulting in a serious fire hazard preventing any further burning of the clearing debris, and before the contractor was prepared to transfer equipment from another project to begin the grading operation. Good progress was made on the Kusey contract on the Furnagain Arm and it now appears that the project will be substantially completed by July 1st. Very good progress was made on the Lytle & Green contract on the section between mile 33 and mile 50 of the Seward-Anchorage Highway, with this firm being the farthest ahead on its section of any of those which are under contract on this road. Sufficient progress has been made by the sub-contractor on the Ketchikan work under contract to Reed & Martin so that it is considered quite probable that no action to terminate the contractor's rights to proceed will be necessary. Information was received today that Lawrence Reed died of a heart attack in Seattle. It is hoped that no complications will result in the sub-contractor's handling of the work.

In anticipation that the \$3,500,000 appropriation for the Tongass forest will be made available in the near future, the necessary negotiations to obtain right of way are now well advanced, and it appears that on the proposed work north of Ketchikan the right of way will be cleared to permit advertising of project early in July.

A program letter is being prepared for submission to cover the Tongass forest appropriation. While it is not clear that this procedure is mandatory in this instance since the funds have been made available, based on a specific list of projects; it is considered desirable as a means of recording the agreement by the organizations

interested in the work. Concurrently, a program letter is being prepared to program the remainder of the non-programmed forest highway funds. Two projects are proposed; one, at Wrangell, and one at Petersburg which will provide for extension of the highway adjacent to these two cities. Both projects are considered quite meritorious, with the one at Wrangell being a continuation of the work begun by clearing the right of way in 1935.

Bids were received for forest highway project 5 - B3 providing for grading and gravel borrow for subbase on 5.3 miles of the Kenai highway on May 17th. This project is located between the two sections now under contract to Lytle & Green on Forest highway project 5 - B2. Four bids were received, the O. F. Lytle Co. and Green Construction Co. of Des Moines, Iowa, being low with a bid of \$415,713.50. It was only a small amount over the engineers estimate of \$399,312.70. Stock and Grove, Inc. were second low at \$573,933.00; Manson-Osberg-Halvorsen Co., third at \$535,459.00 and Morrison-Knudson Co. were high at \$626,058.50. The N.P.A. recommendation, as amended May 3rd, went into operation after project was advertised and before bids were open. Prior to opening bids, an application to permit construction was submitted to the N.P.A. After bids were opened, recommendation was made for acceptance of the low bid with the understanding that probably no action would be taken without favorable action from the N.P.A. on the project application.

On May 24th, bids were opened on section A3 of the Seward-Anchorage highway which provides for all three bridges over the Resurrection river, and $1\frac{1}{2}$ miles of grading near Seward. The low bid submitted by Stock & Grove of Anchorage was \$589,434.00 which was also slightly higher than the engineers estimate of \$571,760. The second bid was submitted by Manson-Osberg at \$655,928.

On section A4 of the Seward-Anchorage highway which provides for reconstruction of the Victory Creek bridge, three bids were received with Manson-Osberg-Halvorsen being low at \$183,044 which was also slightly higher than the engineers estimate of \$173,780.00. Second bidders were Stock & Grove at \$213,473.00 and the third bid was submitted by M. P. Butler at \$231,495.00. For these projects also there have been submitted applications to permit construction to begin. Recommendation was made that the low bid be accepted, since the excess on the estimate was small and any delay in award or for readvertising would result in the loss of the 1951 construction season for a project which completion at the earliest date is urgently necessary from the standpoint of defense considerations, and to fulfill commitments made with

respect to these projects. It is assumed that the contract award will be withheld until favorable action is received from the N.P.A. on the project application.

With the receipt of these bids, it is gratifying to report that the total cost of the project, based on contract prices, plus 10% for engineering and 5% for contingencies, will be less than $\frac{1}{2}$ of 1% over the original estimate; and also, that the original close schedule of advertising and contracting, has been met for every target date.

The limited number of bids received on these projects, compared with those previously advertised, seems to be consistent with the trend recently noticed for reduced competition as well as increased prices. For only one important contract item was a bid received that was substantially under the previous level of prices, and that was for the item of structural steel at twenty-five cents per pound. It was five to ten cents under the previous going price in this area. It is considered particularly surprising in view of the recognized scarcity of this particular material.

Although new members were taken into the firm operating the ferry from Haines to Juneau, the difficulties which had previously been experienced continued and with some new problems added. It has been proposed to provide by-weekly service with the ferry operating to other southeastern Alaskan points, while not on a ferry run, in an effort to increase earnings and make it possible to keep the operation solvent. It was learned that Coast Guard regulation would require full inspection of the vessel after every landing on a beach other than at Haines or Juneau. This requirement would result in costly delays, and it was, therefore, announced by the operators that it appeared likely that services would necessarily be discontinued as soon as the back-log of reservations was handled. In view of the value of the ferry in connecting Juneau to the Haines road, there appeared to be a definite possibility that the Alaskan Road Commission would take over the service.

Contrary to the paragraph contained in the last report concerning the construction by the Alaska Railroad of the "loop section" of the Seward branch award of contract was made to M. P. Munter, second bidder; instead of J. S. Ramstad, the low bidder. It is understood that the Ramstad Co. was considered to be inexperienced and with insufficient equipment for handling a project of this size.

It is reliably reported that considerable volumes of freight are being moved through the port of Valdez to Anchorage in preference to shipping by the Alaskan Railroad from Seward to Anchorage. This is considered rather surprising since the highway route is about 300 miles in length and includes movement over the existing road crossing, Thompson Pass, with grades in excess of 10% and over a road that is presently quite narrow and dangerous for large vehicles in some areas. It is explained that there is a two to six weeks saving in time in receipt of freight through Valdez which appears to justify the cost differential of \$10 to \$15 per ton in favor of the Seward

route. This development is considered significant as it indicates that when the Seward-Anchorage highway is open for truck hauling, at a cost that will be at least equal to the Railroad tariff, that the bulk of the freight will be hauled by truck to gain the advantage of the most expeditious service and saving in distribution charges at Anchorage.

Reports that complaints have been made that Interior Alaska highways have been damaged and maintenance costs increased by freight trucks carrying in excess of the legal limit do not seem to be supported by facts. The trucks have been carefully inspected and controlled and there has been an opportunity to enforce weighing on tax farm scales, operated by the Road Commission. No doubt maintenance costs have increased due to the rising trend of labor costs in the territory. This trend, however, is the result of enormous expanding construction programs, and its resultant effect on maintenance cost could not be controlled by the road maintenance organization.

Recently the Canadian officials have been contacted to learn their attitude towards construction of the road up the Taku river. It is understood that their attitude is becoming more favorable toward the project and there now exists a possibility that some means may be found to initiate the project. It appears that should construction be limited to building a road from the mines at Tulsequah to tide water, that the financial obligation should be born entirely by the Canadians, and more particularly by the mine interests, but should the project be expanded to provide for construction from Atlin to Taku inlet; then, the American interest will be sufficient to justify application of American funds to the portion of the project within the territory of Alaska. It is believed that Governor Gruening is actively planning to arrange a conference to discuss this subject with all the interested organizations.

HAS:rlc

Enclosures: Monthly Report of District Engineer French
Monthly Report of District Engineer Wyller