

\$4 million asked for coal port here

by Dave Carpenter
Times Juneau Bureau

Juneau — Two Anchorage senators have introduced legislation on behalf of Mayor George Sullivan asking the state for \$4.1 million to develop the city into a major coal exporter.

The money would go to build a coal-exporting facility at the Port of Anchorage. The bill, sponsored by Democrat Vic Fischer and Republican Ed Dankworth, signals the city's intentions that it won't give in to the growing consensus that Seward is a better site for exporting Alaskan coal.

"This is really an important project," Fischer said Monday. "It

would help develop and support the economy of not only Anchorage but the whole railbelt."

The downtown Anchorage legislator also said construction of the facility would aid employment in the city.

Ten days ago, the Alaska Agricultural Action Council decided that a \$4.2 million facility for exporting grain and coal should be built at Seward instead of Anchorage. But Fischer, who got a call last week from the mayor on the subject, said that doesn't mean Anchorage shouldn't have one, too.

"The agricultural council's business is with agricultural development," he said. "The Port of Anchorage already has been exporting

coal."

However, an Anchorage port official said this morning that the only coal shipment that has been sent out of the facility — a 25,000-ton coal sample shipped to the Orient — did not represent an efficient export method. Port Manager Bill McKinney said the port would not export coal again without some major improvements being made.

McKinney was surprised to hear of the new legislation, SB340, which was referred to Juneau Sen. Bill Ray's Transportation Committee. But, he said: "That's sure appreciated and would be put to good

The municipality is negotiating with Sun Eel Shipping Corp. Ltd. of South Korea for construction of some port improvements that would enable the firm to ship one million tons of coal a year and perhaps as much as two million, McKinney said. He said negotiations should be wrapped up within a month.

The construction would include staging areas and other facilities. Sun Eel plans to ship 800,000 tons of coal a year to start with, according to the port official.

Some officials have questioned the ability of the Anchorage port to operate as a deep-water facility. McKinney, however, told a House subcommittee last week that some "Panama-class" vessels have been serviced at the Anchorage port.

A port spokeswoman said today that the capacity of ships which would carry Alaskan coal varies. But, she said, the ship carrying the test shipment of coal last year had a capacity of less than 28,000 metric tons.

Friday, April 3, 1981, The Anchorage Times

Grain export facility pleases Seward officials, businessmen

by Carol Jaffa
for The Times

Seward — Seward city officials and businessmen are elated over the state's decision to build its grain export facilities here.

The Alaska Agricultural Council voted 5-0 March 20 to locate the terminal in the coastal city, despite a February recommendation by the council's transportation committee that it be built in Anchorage. The terminal will store and then transfer grain shipped by rail from the state Delta barley project southeast of Fairbanks.

"The earthquake destroyed our port, then politics took it away — but economics will bring it back," said John Gillespie, a local realtor.

Seward City Manager Johnny Johnson attributed the decision to "good hard work" on the part of his staff. "Someone finally saw the Seward position and behaved with common sense," he said.

Bob Palmer, chairman of the agriculture council, indicated the decision was based on technical data rather than politics. He said the crucial factors were an offer by the Alaska Railroad to build a storage-to-ship conveyor system, plus a reduction of rail freight rates for hauling grain to Seward, were determining factors.

The agriculture council's transportation committee had estimated freight costs to Seward at \$2/ton more than costs to Anchorage. But that estimate was later revised to 66 cents a ton. The Alaska Railroad won't say what the exact rates will be.

The conveyor system will include scrubbing equipment needed for reducing dust and moving coal and the railroad has land available for coal storage in the same general area where the grain terminal will be — just west of the railroad tracks and south of the dock access road.

Arnold Polanchek, assistant general manager of the railroad, said it is "in the best interests of the Alaska Railroad" to attract more business to the "seriously underutilized" Seward rail dock.

Railroad manager Frank Jones has described Seward's port as one

of the finest on the West Coast.

Palmer said the grain terminal will be built on a site of slightly over two acres. The first grain tank will be 118 feet in diameter, with more storage facilities will be added as needed.

The state has selected a Minnesota-based firm, T.E. Ibberson Company, to engineer and manage construction on the project. Ibberson, one of three firms nationwide that is highly recommended for design of grain storage facilities, was also instrumental in Seward's selection as terminal site, according to Palmer.

Palmer said last week that chances of the state appropriating the \$4.2 million needed to build the terminal are "100 percent — it's in the governor's budget and he doesn't intend to remove it."

However, since the regular budget will not be funded in time for full construction this season, the governor has urged legislators to appropriate special funding for the project quickly, Palmer said.

Palmer has said the overall cost of grain shipped through Seward will be reduced by the relatively low cost of labor here. He said grain elevator employees could transfer the barley

from railcars to storage tanks in Seward, while in Anchorage, the job would be done by higher-paid union longshoremen.

The president of the Local 60 of the longshoreman's union, Bill Caldwell, said Seward longshoremen had agreed to allow terminal employees to handle that aspect of the job last year, when the state planned a trial shipment of barley through Seward.

When the permanent facility is built, the local will renegotiate manning, Caldwell said.

"We will try to get all the work we can, but we'll also take a cooperative attitude to make the project go," Caldwell said. He noted that although there's not a lot of manning involved in moving grain from silo to ship, there would be men hired on the ships themselves, and "we want the work."

Public opinion in Seward, a community plagued by high seasonal unemployment, is squarely behind the terminal project.

"The grain's wonderful — it's a first step in our becoming a major shipping port in Alaska — second only to Valdez," said Charles Soriano, a member of the city council. "Seward's on the upswing."

Anchorage Daily News Saturday, April 18, 1981

Choice between coal ports still undecided, officials say

By PAT O'BRIEN
Daily News reporter

The chief officers of a major Korean shipping company were scheduled to leave Anchorage this morning without having made a final decision on where to locate a coal-loading facility in Alaska, according to several officials.

Although a report published Friday said Sun Eel Shipping Co. Ltd. had decided to build a coal-loading dock in Anchorage, city officials Friday vigorously denied that any agreement had yet been reached.

The president, vice-president and another Sun Eel official spent the last two weeks in Alaska meeting with city, state and federal officials to determine the best place to locate a coal-loading terminal.

Sun Eel president Tae Il Kim, reached by phone in Anchorage Friday, said he did not speak English and could not respond to questions. Another official travelling with the group said he "didn't know anything about where the port would be located."

Tai Kyung Kim, the company's vice-president and chief spokesman, could not be reached for comment.

The Korean executives testified before members of the

legislature in Juneau Thursday. They said a decision on where to build a facility would be reached within two weeks.

Earlier Friday, there were news reports that Anchorage Port Director Bill McKinney had confirmed that Anchorage would be the site of a major dockside facility.

But McKinney said Friday he had been misquoted.

"I guess I was rambling and the reporter took it the wrong way," he said.

McKinney referred further questions to the municipal press office.

City spokeswoman Kathy Madison said negotiations with Sun Eel were continuing, but no agreement had been reached.

"The site of a major coal exporting station in southern Alaska has not yet been determined by the company seeking to buy the coal," Madison said.

She said city officials met with the Korean executives last week, but that no further meetings had taken place.

McKinney had not been a party to the negotiations, Madison said.

The city manager of Seward, Johnny Johnson, also said Friday he thought that no final decision had been reached by

the Korean businessmen.

"I saw them this morning and I am sure they said they had not made a decision," Johnson said.

Sun Eel shipped for test purposes and bought to Korea about 26,000 metric tons of coal from the Usibelli coal mine near Healy in December.

The company since has said it would like to import at least one million tons of Alaska coal a year, providing a dock-loading terminal can be built.

When the three businessmen arrived in Alaska, a spokesman said they were going to investigate the possibilities of developing such a facility in Anchorage, Seward or a point in the Matanuska-Susitna Borough.

As discussions ended, officials said it appeared the choice had been narrowed to Anchorage and Seward.

In previous reports, Sun Eel Co. officials have said that Anchorage is closer to the source of the coal, but that Seward is a better deepwater port.

During their trip, the Sun Eel officials said the Anchorage port would have to be dredged to handle larger ships if it is to be used as a coal-shipping point.

Shipping boom

TOTE's roll-on roll-off freighter Westward Venture makes regular runs between Seattle and Anchorage.

Marine haulers are moving into the black

By BRUCE RAMSEY
Daily News correspondent

SEATTLE — After years of slack business activity, steamship and barge-service companies that haul freight to Anchorage are reporting a significant upturn in business. Their ships are running fuller, and two of the three major carriers claim they are now making money.

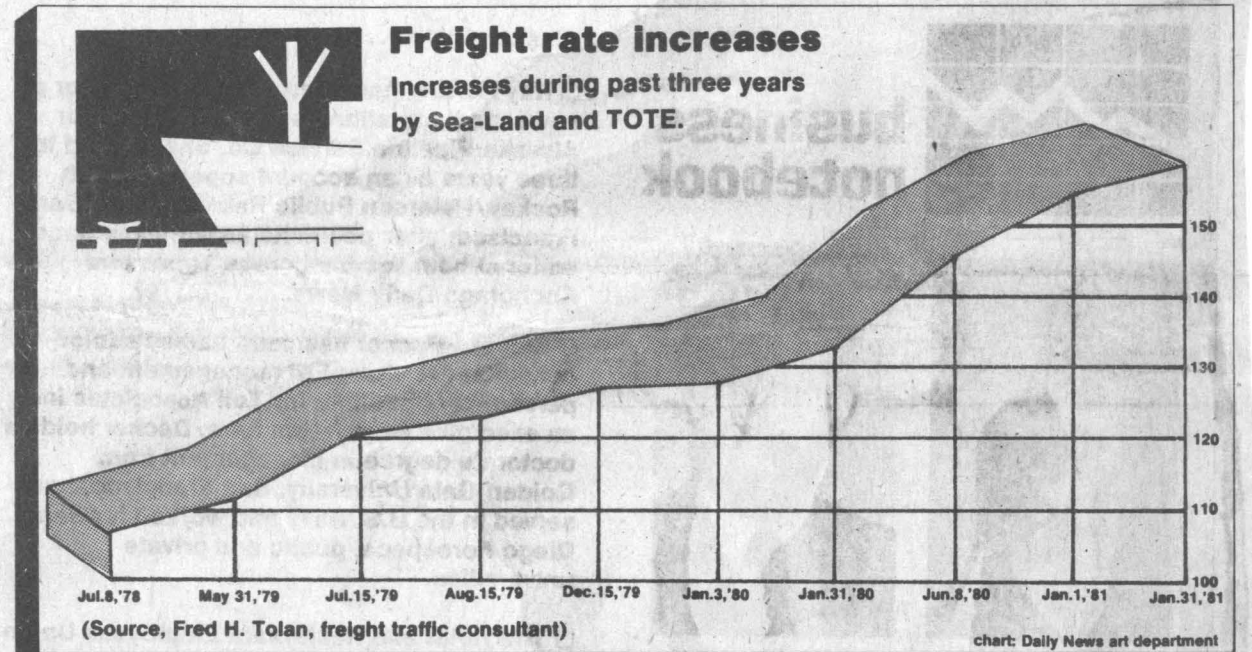
The three big carriers serving the railbelt are Sea-Land Service Co., a worldwide shipping concern owned by R.J. Reynolds Industries, the cigarette makers from Winston-Salem, N.C.; Totem Ocean Trailer Express (TOTE), which connects only Anchorage and Seattle, and is owned by Sun Co., a Radnor, Penn., oil company, and Alaska Hydro-Train, owned by Crowley Maritime of San Francisco.

A fourth firm, Pacific Western Lines, also is reporting increasing business activity.

Hydro-Train is the smallest and most specialized of the carriers. It ships railcars on barges, a slower-but-cheaper shipping method appropriate for hauling bulk fuel, drilling mud, pipe, steel, and generally high-volume, lower-value cargo. Because it ships cargo in railcars, cargo must be unloaded and reloaded in vans if the customer is not on the Alaska Railroad. Hydro-Train docks at Whittier.

The greatest competitive rivalry is between Sea-Land and TOTE. Sea-Land carries 35-foot boxes between Seattle and Anchorage and Kodiak. It pioneered year-round container service between Seattle and Anchorage in 1964, knocking out the old Alaska Steamship Co. and enjoying free rein in the Alaska trade until TOTE's entry in 1975.

TOTE, which carries truck trailers from Tacoma to Anchorage, got in the business at the peak of the pipeline boom. Tonnage dwindled, sliding sharply in 1978-79 as the collapse of the construction industry in Alaska caused chaos in the state's economy. The result in the trade was ships running partly empty, carriers slashing



A product that cost \$100 to ship in 1978 now would cost \$159.63 — a 59.6 percent increase. There is a 7 to 10 percent increase projected for June, 1981.

rates, and both steamship operators reporting large losses.

Sea-Land's Alaska revenues, for example, fell every year from 1975 to 1979, from a high of \$96.3-million to a low of \$74.7-million. During this period, the cost of bunker fuel nearly doubled. The carrier cut back its sailings from an alternating three, then four a week, to a steady two ships a week.

But in mid-1980, Alaska's employment began rising, at about a 1½ percent annual rate. Carriers felt the turnaround immediately.

"It's all coming from the oil industry," says Tom Garside, vice president for common carrier services at Crowley Maritime. "When people say retail sales are up, or the real estate market has revived, it's oil. Oil has got the whole of Alaska moving."

"We turned around last year about May or June," says Garside, who directs Alaska Hydro-Train. "Tonnage has held stronger this winter than at any time since the Pipeline." In March, Garside's barges, which sail from Seattle every five or six days, usually run 65-70 percent full. This year they ran 90 percent full and earned a profit, Garside says.

Says Jack A. Baker, Sea-Land's executive vice president for Alaska: "Until June, 1980, we hadn't seen any growth in tonnage; every year since the pipeline had seen a decline." Since then, Sea-Land's tonnage to Kodiak and Anchorage has grown at a 4 percent annual rate, which continues this year.

"The industry still has excess capacity," says Baker, "but this summer, there could be a surge

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Anchorage Daily News Tuesday, March 31, 1981

Lawmaker calls for improvement of port's coal-handling facilities

By JON MATTHEWS
Daily News reporter

JUNEAU — The Port of Anchorage should be upgraded if Alaska is to join the international coal trade, says a state lawmaker who recently held lengthy hearings on the world market prospects for Alaska coal.

"The upgrading of the Port of Anchorage will help establish Alaska as an international coal exporting state," said Rep. Thelma Buchholdt, D-Anchorage, in a speech on the House floor Monday.

Buchholdt, chairman of the House Finance Committee's Development Subcommittee, heard 14 government, industry and other witnesses testify on Alaska's coal potential here last week.

"There is a booming market for steam coal," Buchholdt told other state representatives. "This is what we have at Beluga and other coal deposit sites in our state."

Alaska coal can have a very high ash content and a much lower energy output than other coal currently sold on the world market, the lawmaker said.

But the spiraling price of oil improves the market value of the Alaska coal, Buchholdt added.

"Alaskan coal, used in larger quantities, would provide the power generation needed at a cost still lower than the price of oil," she said. "We were advised that our coal would be used in the manufacture of cement in Asia and in Europe, and by manufacturers converting from oil fire to coal fire."

Buchholdt says that if Alaska is to join the international coal trade, she would recommend:

- Upgrading the coal export facilities of the Port of Anchorage to serve the export and marketing capabilities of the existing Usibelli mines. The lawmaker noted that the Port of Anchorage was successfully able to demonstrate it can load coal when a Sunel cement manufacturer was sent to Korea cement manufacturers.

- The state should work with the coal industry in Alaska "to plan encouraging and equitable coal taxation policy and regulatory policies conducive to coal development and the competitive international coal trade."

- Funding should be considered for major port facilities and rail connections built a short distance from the Beluga and adjacent coal reserves. "If we were to sell coal to Asian and European countries, we will have to be able to service very large ships up to 150 thousand dead-weight tons," Buchholdt said.

- Alaska should join the international Coal Industry Advisory Board to keep track of world coal market developments, trends and policies. "At the hearing, we learned from our state administration that we don't presently have a coherent plan or direction which would place Alaska (in) the coal export business," Buchholdt said.

The Anchorage representative said she would like to see the state legislature take action this year to "encourage private and public investment in the development of our coal industry which translates into jobs for Alaskans."