

Coal facility for Seward urged

by Bill Blessington
Times Writer

Despite assertions from Anchorage officials that a multimillion dollar coal handling facility will be built here, the Alaska Railroad is urging that the facility be built in Seward.

And railroad officials appear to be holding an \$18 million wild card that may favor that deep-water port town.

Railroad officials have received an offer from a Salt Lake City firm to build an \$18-million complex in Seward that would handle 1 million to 3 million tons of coal a year, industry and government officials say.

Torkelson-Pullman Corp. has said it would build the facility at no cost to the railroad or the government if it can make a profit on the handling of the coal, said Darryl Schaefermeyer, administrative assistant to Seward's city manager.

Anchorage port director Bill McKinney said Friday the city would get the contract with Korea's Sun Eel Shipping Ltd. to put a multimillion dollar coal-shipping facility here.

Negotiations between the municipality and Sun Eel have been under way for several months, since a test shipment of 30,000 metric tons of coal went across the docks in December.

But port marketing manager Chris Gates said Friday Alaska Railroad officials have been talking for several months with Korean and Torkelson-Pullman officials about the possibility of using Seward instead of Anchorage.

"They are well along in their thinking" about using Seward as a coal facility, Gates said.

He said Alaska Railroad General Manager Frank Jones met with Ko-

rean officials in September to discuss using the Seward port.

It was Jones who enticed Torkelson-Pullman to propose building the \$18-million facility, Gates added. Neither Jones nor Torkelson-Pullman officials were available for comment Friday.

Schaefermeyer said the Seward facility would be built on property owned by the railroad. He also said the railroad has been pushing the use of the Seward port.

Arnold Polanchek, the assistant manager of the railroad, would not comment on the specifics of the Torkelson-Pullman offer. He did say, however, that an offer the company made is "serious and workable."

Polanchek also confirmed Friday that the Alaska Railroad has been talking to Sun Eel about Seward, but he stopped short of saying that the railroad has been pushing Seward

(See COAL, page A-2)

Official hopeful for coal port here

by Mark Skok
Times Writer

A municipal official said Saturday he is optimistic that a Korean shipping company will select the Port of Anchorage as its site for a coal handling facility.

Municipal attorney Ted Berns made the statement after 2½ hours of negotiations Friday afternoon with officials of Sun Eel Shipping Ltd.

"By and large there did not seem to be a massive disagreement on any

of the key points," Berns said of the negotiation meeting. "I think the negotiations went extremely well."

Sun Eel has been meeting with Anchorage officials since December to discuss putting a facility here that would handle a minimum of 800,000 tons of coal a year. The coal would be shipped to Korea to be burned in cement plants.

A test shipment of 30,000 tons of coal went to Korea across the port docks in December. While negotiations with the municipality have been going on, representatives of the Alaska Railroad have been trying to

lure Sun Eel to Seward to build the coal facility there.

Asked about the chance Anchorage will be selected, he said, "I'm certainly hopeful. We're extremely competitive. This is the most economic point to offload cargo."

The test shipment agreement gave Anchorage the right of first refusal to provide the Koreans port facilities, Berns said. That right gives Anchorage the right to match or better any offer Seward could make, he said.

But Berns doesn't believe there is any real competition between the

two cities.

"Without sounding flip or overly confident, if one looks at the long term picture, both for coal and for backhauling goods, Anchorage is in the superior position."

Berns said the Friday negotiations centered on things such as dredging the port area, rental rates for land and details regarding construction of a loading and offloading facility. He said the Korean officials will probably respond to the municipality Monday.

Although the Koreans say they want a facility that can handle at least 800,000 metric tons of coal a year beginning in 1983, officials say the port can handle a much greater volume, Berns said.

Both Sun Eel and Berns agreed the facility would be available for other shippers.

Both Anchorage Mayor George Sullivan and Berns said the Koreans also are interested in bringing goods such as construction cargo to Alaska.

The negotiations are being treated in a straightforward manner, Berns said. He said he wants to be sure the city gets fair market value for the land and facilities the Korean shippers would use.

track on the backside of the dock so gantry cranes can be moved off and other cranes can be switched according to need.

An ambitious marine development planned for the confluence of Ship Creek and Cook Inlet, long on the drawing boards, has been modified and delayed. Initially proposed by York Steel, it was to cost some \$35 million and when fully developed would include Anchorage's first permanent small boat harbor and a number of marine-related facilities such as portside shops, restaurants and fishmarkets; waterborne transit to the west side of Knik Arm; a small marine park; cruise tours of Cook Inlet and port-of-call docking for cruise ships from Outside; repair shops; and warehousing for small boat storage.

The plan was modified early last year when sponsors arranged to coordinate their plans with the municipality's port development study. Mayor George Sullivan plugged the small boat harbor into his Project 80s program and proposed that York Steel have the contract to use the \$500,000 legislative grant to study feasibility of the small boat harbor including technical tests for piling in the tideslands. This proposal was rejected by the assembly, however, and at press time no decision had been made on what to do next.

City officials said that \$2 million approved by state bond issue is earmarked for boat harbor development in Anchorage.

Anchorage

Depending on financing, the Port of Anchorage will complete two staging areas by reclaiming tidelands north and south of the present dock. This will add about 14 acres at each end, with a price tag of approximately \$8 million.

Consideration is being given to building a coal staging area if the Korean burn test of the Usibelli coal exported in December is successful. A temporary area was used for the initial 30,000 metric tons shipped to Seoul where it will be tested for power generation and the ash will be used in cement manufacture by the Ssang Yong Cement Co. If all goes as anticipated, contracts will be signed for 500,000 metric tons a year for 10 or more years. This will mean about 10 shipments of 50,000 metric tons annually.

Other work in the \$12-million capital improvements program for 1981 includes improving the horizontal stability of the dock which was shaken by an earthquake and constructing a spur

Coal negotiations concluded

By PAT O'BRIEN
Daily News reporter

Negotiations between Anchorage officials and a major Korean shipping company to build a coal-loading facility at the city's port have been concluded, according to the company's attorney and Mayor George Sullivan.

A letter of intent, spelling out the conditions under which Sun Eel Shipping Co. Ltd. would build a dockside structure in Anchorage, was sent by courier Wednesday to company headquarters in Korea, said Sun Eel attorney Bob Breeze.

Sun Eel is expected to decide within two weeks whether to build a coal dock and storage area in

Anchorage or Seward, Breeze said.

Breeze and Sullivan said that any decision made by the company will be subject to approval by the South Korea Ministry of Energy.

The firm has been weighing the possibilities of building a \$4 million to \$8 million facility in either of the cities for the past two months, but has not had sufficient data to make a decision until now, Breeze said.

"Sun Eel has not been in a position to make a decision before because they didn't have a comprehensive proposal from the city (Anchorage)," he said.

Although details contained in the letter were kept secret Wednesday, Sullivan said he expects to discuss the proposal with the Anchorage

Assembly next week.

The proposal could be subject to minor changes, he said.

A similar letter of intent was sent from Alaska Railroad officials, Breeze said. The railroad manages a site at Seward that Sun Eel is considering.

The railroad has shown at least as much interest in securing an agreement with Sun Eel as has Anchorage, Breeze said.

The letter is another step in the negotiation process, Breeze said, adding that it does not indicate any decisions have been made by the company.

He said he would not speculate about which port site the company may favor.

Sullivan also said he wasn't sure how Anchorage had come out in the dealings. "I'm not sure it (that the letter has been sent) means we (won)," Sullivan said.

If a port deal can be secured, Sun Eel has said previously it plans to buy up to a million tons of coal per year from the Usibelli Coal Mine near Healy.

Sun Eel transported 26,000 metric tons of coal from Usibelli's mine — the only active coal producers in Alaska — in December for testing.

Coal exported from Alaska would be used to generate steam for Korean electric utilities and possibly for some industrial uses, the company has said.

Coal . . .

(Continued from page A-1)

over Anchorage. "We have a very good facility there that we would like to see used more than it is," Polanchek said. The port of Seward is not as heavily used as Anchorage and we would like to make increased use of our investment.

"I think it's a little bit narrow to just look at the Port of Anchorage (vs.) the Port of Seward," he said. "You have to look at the total export costs including the vessel costs, the rail costs, the port charges, the stevedoring charges, the whole conglomerate."

"Both ports have their good points," he said. "From a railroad standpoint, the coal is going to move by rail no matter which port it goes to."

The Torkelson-Pullman offer of free rolling stock and a free coal-loading facility occurs at a time when the federal government has stepped up efforts to sell the railroad, and Alaska Sen. Ted Stevens has urged the state Legislature to consider purchasing it.

Gates said it is in the railroad's financial interest to push for Seward over Anchorage because it will make more money by hauling coal the greater distance. The coal would come from Usibelli Coal Mines near Healy.

Disclosure of the railroad's efforts to attract Sun Eel to Seward got a less than favorable reaction from the municipality.

"The railroad owns the port facilities in Seward so what do you expect?" asked municipal press officer Kathy Madison. "The railroad is just looking out for its best interests."

But Schaefermeyer sounded a different tone. "The Pullman deal won't cost the state or the railroad one thin dime," he said.

"All they're asking for is the railroad to lease some land and Joe Usibelli to give them a million tons of coal a year. They'll bring up their own hopper cars to haul the coal and just pay the railroad the tariff."

"With their rolling stock, they are talking about a project of \$18 million and a capacity of 1 to 3 million tons a year," he said.

Polanchek, however, discounted the financial attractiveness of the Torkelson-Pullman offer.

The Legislature is considering a bill to appropriate \$4.1 million to Anchorage to build the coal facility here.

Bob Breeze, the lawyer for Sun Eel, says talks under way between the municipality and Sun Eel on a long-term lease for port facilities hinge on two major issues: the depth of the port and the price and availability of land for the coal shipping facility.

Seward is attractive to Sun Eel, said Breeze, because additional dredging wouldn't be needed there. Anchorage's port would need to be dredged and maintained at a depth of 39 feet, about four feet lower than its present depth.

The increased depth would allow larger ships to dock at the port, thereby increasing the amount of coal that can be hauled to Korea in a single shipment, Breeze said.

"If that (the 39-foot depth) cannot be guaranteed, it's not possible for them to ship the coal out of the Port of Anchorage economically," he said.

He also said the land leasing costs in Anchorage are considerably higher than in Seward.

"Land is available in Seward at a fraction of the Anchorage price," said Breeze. "When you talk about a project that is marginally economically feasible — at least in the early years — the cost of leased land becomes a major factor."

Another issue in the negotiations is the terms of an agreement between Sun Eel and the municipality that allowed Sun Eel to make the December test shipment through the port.

City officials say the contract gives the municipality the right to match any other offer tendered to Sun Eel for construction of the coal loading facility.

Breeze says that's not what the Korean company agreed to.

"The contract for the test shipment dealt exclusively with the test shipment," said Breeze. "Sun Eel said at that time if it was good they would negotiate in good faith with the city to build the coal shipment facility here."

"We hope that we will be able to reach an agreement with the municipality but we have some serious problems with the port."

Sun Eel still is negotiating a long-term pact with Usibelli Coal calling for an initial contract period of 10 years, Breeze added.

He also said tariff rates for hauling the coal on the railroad haven't been set until a decision is made on where the coal handling facility will be built.

He also said labor costs and negotiations with the local longshoremen's union may be a factor in Sun Eel's decision since the Seward property is outside the union's jurisdiction but the Port of Anchorage is not.

Warren Jackson, president of Anchorage's Teamster-affiliated longshoremen's union, said he has met with both city and Sun Eel representatives and is "cooperating in all respects."

"We are trying to get this thing here," said Jackson.

The union official also said discussions have been held with Sun Eel about bringing general freight to Anchorage on its ships so it can be transferred to Sea-Land and Totem ships bound for the West Coast. The ships then would haul coal back to Korea.

Breeze said Sun Eel plans to build a highly automated coal loading facility that would require a minimum number of employees to operate.

"We don't expect union problems but because there are no bulk facilities in the state, there are no existing labor agreements and it might be somewhat difficult for the unions to switch gears from the labor-intensive agreements that they have now," he said.

Stimulate trade

Construction should start this summer and shipments begin in the first quarter of 1982, Sullivan said. He estimated the cost of the facility at between \$5 million and \$7 million.

"This project will stimulate trade in other commodities which will be of mutual benefit to Korea and Alaska," Sullivan said.

The mayor also said he had been told by Frank Jones, manager of the Alaska Railroad, that Jones is

concluded before construction can begin, but Sullivan said he's confident agreement on those items can be reached quickly.

According to the mayor, Sun Eel Shipping Co. Ltd. chose Anchorage instead of Seward for the facility because it is closer to the Usibelli coal mine near Healy, and because of the potential for "back-haul" trade with the empty coal ships carrying goods to Alaska.

Sun Eel felt distribution of such imports could be handled best in Anchorage, Sullivan said.

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"I'm convinced that everything possible that can be done is being done to provide a safe, environmentally sound facility," says Harmon, who works for the Department of Environmental Conservation.

"From everything we have been told, it appears they are going the whole distance to make it as environmentally safe as possible," agrees Bob Rasmussen, manager of the Municipality of Anchorage Air Pollution Control Agency. "We are very pleased."

Harmon says his department has been meeting regularly with Sun Eel representatives to help eliminate potential problems. "This is a unique operation because we have been in on the ground floor," he says.

The facility, expected to cost between \$5 million and \$7 million, is scheduled to be in operation by the

first part of 1982.

As it's now envisioned, coal trains from the Usibelli Mine near Healy will arrive in Anchorage every other day. The hopper cars, each containing 70 tons of coal, will be taken to an eight-acre loading site just south of the port.

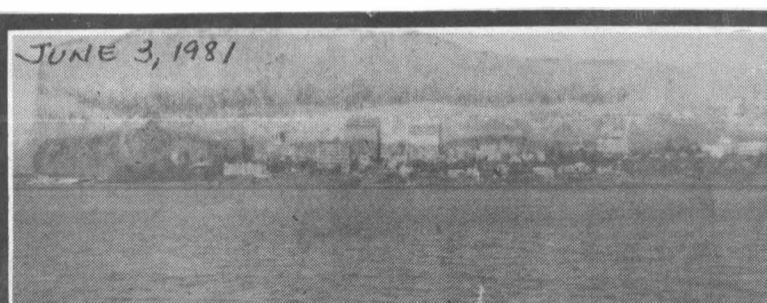
There they will be shuttled over a 20-foot-deep concrete pit, where the coal will be emptied through the bottom of the cars.

At the bottom of the pit will be a conveyor belt that will carry the coal to a ground-level stockpile about 500 feet from the waterfront.

When ships arrive, approximately every two weeks, an automatic system at the bottom of the coal pile will gather the material onto an enclosed conveyor belt running to the dock and into a funnel leading into the hull of the ship.

Water and chemicals to congeal the dust will be poured over the 50,000-ton stockpile periodically to control pollution, Noll says.

JUNE 3, 1981



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B10 Seattle Post-Intelligencer, Thursday, May 28, 1981

South Korean firm to build coal-loading port at Anchorage

ANCHORAGE (AP) — A South Korean shipping company has decided to build a coal-loading export facility in Anchorage, Mayor George Sullivan said yesterday.

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as the site for the facility because of its superior deep water port.

2,000 tons an hour Currently, the Port of Anchorage is dredged by the U.S. Army Corps of Engineers under an agreement

with the Municipality of Anchorage. Bill Noll, vice president of Sun Eel Alaska Corp., said the channel will need to be 37 feet deep to accommodate the company's ships. He said the municipality had determined that would

cost an additional \$50,000 and the cost will be split between the city and Sun Eel.

The loading facility will be designed to handle 2,000 tons an hour so that ships can be loaded in 1½-3 days, Noll said. The contract calls

for export of 800,000 metric tons of coal a year, he said.

Sun Eel's lease with the municipality for the facility will run 50 years, Noll said.

The coal will be purchased by Korea Electric Co. and the concrete manufacturing division of Ssang

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The Anchorage Times, Sunday, June 14, 1981

Officials: coal dust no problem

Associated Press

State and local officials say they are confident that coal dust won't be a problem at the loading facility planned for the Port of Anchorage.

Last December when the first test shipment of Alaska coal was sent to Korea, the area around the port was blanketed with clouds of black dust as front loaders dumped coal directly onto the deck of a Yugoslavian freighter.

The dust played havoc with sensitive pollution monitors that had been set up to record particulate levels.

"I'm surprised it (the dust) didn't knock the machines over," says William Noll, vice president of Sun Eel Alaska, the company that is handling the coal export to Korea.