

Coal export plans fall through

by Sean Hanlon
Times Writer

A multi-million dollar coal deal fell through at the last minute Tuesday when neither Anchorage nor Sun Eel Shipping Company Ltd. would agree to fix up the land where Alaskan coal would sit while awaiting export to Korea.

The Port of Anchorage property will only support about 300 to 400 pounds per square foot, while Sun Eel says it needs the area stabilized to support about 1500 pounds per square foot. Neither the municipality nor Sun Eel would pay what one official said would cost "millions" to upgrade the port site.

The problem of the site being able to support the weight of the

stockpiled coal first surfaced at a meeting held two weeks ago among representatives of Sun Eel, the Port of Anchorage, the port's engineering consultants, TAM Engineers of Anchorage and the Alaska Railroad, which planned to ship the coal to Anchorage from the Usibelli mine in Healy.

At that meeting, Sun Eel presented the city with its preliminary scheme for the port loading facility.

The original estimates, which served as a basis for the discussions, allowed for 300 pounds of pressure per square foot.

But, when Sun Eel presented a plan calling for 1,500 pounds of pressure per square foot, TAM Engineers raised questions about pro-

pects for the project.

Anchorage and Sun Eel thought they had all the elements of a project that would make Anchorage a showcase for the international use of Alaskan coal.

The coal was available and so were the trains that would carry it from Healy to the port. At first, both sides thought the price was right.

But the cost of the project rose because Sun Eel wanted to store more coal at the seaside port than the land in question could physically support without improvements.

When Sun Eel asked the city to pay for the improvements, the city backed off. Neither Sun Eel nor the

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Thursday, July 23, 1981, The Anchorage Times

Coal port scuttled

WEEKS AND WEEKS ago, when the plan to make Anchorage a coal exporting port first seemed to gain serious official support, one local wag quipped, "If they pile that much coal down there, the whole port will squish out into the inlet."

The comment was made in jest. But not altogether, obviously. That it was a serious matter became apparent the other evening when Mayor George Sullivan told the Anchorage Assembly that the deal was off between the city and a Korean company that had announced plans to use the port as a major staging area for shipment of Alaska coal to the Orient.

THE PLANS fell through because the cost of stabilizing the land made the scheme uneconomic. Neither the company nor the city would agree to meet the price tag for shoring up the soil to sustain the

weight of the coal to be stored while awaiting shipment.

There were other problems, too.

Belatedly, concerns had been expressed over whether the handling facilities would be designed to reduce the dust generated in loading hundreds of thousands of tons of coal. Officials of Sun Eel Shipping Co., Ltd. had assured the city that modern techniques would prevent the escape of large quantities of coal dust, but prolonged arguments over the issue seemed likely.

SEWARD HAD BEEN in contention with Anchorage for the coal loading operation and its hopes may blossom more strongly than ever. Seward officials say they are continuing to negotiate with a Utah company interested in Alaska coal and presumably Sun Eel could enter the picture there also.

But as far as Anchorage is concerned . . . squish.

Anchorage Daily News

Tuesday, July 28, 1981

Municipality battles TOTE

By ANN CONY
Daily News reporter

The Municipality of Anchorage has taken Totem Ocean Trailer Express Inc. (TOTE) to court in an attempt to force the shipping company to pay a 60 percent rent increase on land it leases at the port.

In a suit filed Friday in Superior Court, assistant municipal attorney Julie Garfield claims TOTE has failed to pay the increase since the company's lease was renewed last Aug. 1.

According to Garfield, the municipality informed TOTE on July 31 of rent increases effective for the next five years, but since then TOTE has paid the city the old rental rate instead of the new one.

The suit claims that TOTE has objected to the new rate only "on the ground that Anchorage failed to give TOTE

timely notice of that adjustment."

Annual rent was raised from 30 cents to 38 cents a square foot on a 160,067-square-foot lot and the rent was raised from 18.4 cents to 34 cents a square foot on two other lots totaling 374,990 square feet.

Under the five-year lease renewal, TOTE's annual rent on the three lots rose from \$117,018 to \$188,321 — an increase of 61 percent.

According to the court papers filed by the municipality, TOTE has not objected to the magnitude of the increase per se.

John Martin, director of industrial relations for TOTE in Seattle, declined to comment on the case Monday. Garfield, the attorney in charge of the suit for the municipality, was out of town.

Jerry Wertzbaugher, deputy municipal attorney, declined to comment on the merits of the case except to say "obviously we think we're within our rights or we wouldn't have filed the suit."

Port Director Bill McKinney said TOTE has three or four relatively small buildings on the land, all owned by the company.

"The rent goes up generally because of the increased value of the land, based in part on demand for it," McKinney said.

When leases are due for renewal, the municipality has the lands appraised by an independent appraiser, he said. Most of the half dozen or so companies that lease port lands have the option of paying annually, quarterly or monthly.

The Anchorage Times, Wednesday, August 26, 1981

Ocean carriers thrive on state's economic boom

by Deb David
Times Writer

Ocean carriers serving Anchorage are bobbing in a sea of green.

Dollars are rolling in with Alaska's rising economic tide to Seattle ports. A 20 percent rate hike this year coupled with a shipping surge to brighten the financial picture for ocean carriers like Totem Ocean Trailer Express Inc., Alaska Hydro-Train and Sea-Land Service Industries.

They claim to have lost money in the last few years sailing half-empty vessels. This year their ships are full, with stacks of cargo sometimes backlogged at the docks.

None of the firms would disclose projected earnings, but 1981 will be more than a marginal improvement over money-losing 1980, they said.

Transporters cited four factors contributing to the cargo glut:

— Bulging orders for building materials from Alaska suppliers.

— The demand for barges by oil companies, which created excessive traffic for containerized shipping vessels.

— Heavy demands by fish processors for extra cans, boxes and other supplies to deal with a surplus fish harvest.

— A threatened strike by longshoremen this spring which spurred some suppliers to switch from slower-moving barges to Sea-Land's and Tote's trailer ships.

"This is our biggest year in terms of total freight volume," said Everett Trout, vice president of operations for Tote.

He added that the increase isn't in one commodity.

"I would think it's pretty much across the board," he said. "Everything we normally move is simply up. It's not just in one area, it's across the whole breadth of what we move to Alaska."

The other two shippers did not break their 1975 records, but they say freight volumes are up.

Statistics from the Port of Anchorage bear out their statements.

Port Director Bill McKinney says general cargo — everything but petroleum — shipped through July 31 showed a 17 percent increase over the same period in 1980.

Petroleum tonnage has been declining over the past two or three years, said McKinney. This year it is down 36 percent, pulling the overall tonnage figures down to a one-percent decrease over last year.

"Despite this decrease in overall tonnage, our revenues were up 14 percent," said McKinney.

By July 31 port revenues had topped \$1 million.

The shift from petroleum cargo to general or dry cargo has been gradual, but McKinney said it is apparent.

For example, in 1975 during the

height of the pipeline era, the port moved 1.9 million tons of petroleum and 931,755 tons of dry goods.

In 1980, general cargo represented 1.76 million tons of the total cargo, and petroleum accounted for about 899,500 tons. So far this year, general cargo weighed 732,815 tons of the 929,142 total tonnage.

"There were several bad years after the completion of the pipeline," said Trout, "but from Tote's standpoint . . . the situation this year has helped us."

Alaska Hydrotrain, an outfit that barges railroad cars up from Seattle to interconnect with the Alaska Railroad in Whittier, also had a thriving season.

"During the pipeline days, we had a similar volume as this summer," said Tom Garside, who handles common carrier services. "But those were the days before Tote was in service."

"We probably have more freight overall now, but there is more capacity in the industry."

That combined capacity was not enough to handle the cargo destined for Anchorage in June, July and early August. Freight was backlogged, waiting for the next sailing, or the next.

"By now, we have pretty much worked it (the backlogged cargo) down," said Alaska Hydrotrain's Garside.

"This is characteristic of what's happening in Alaska between the activity on the slope (the oil-rich North Slope) and the increase in construction and the housing market, all of which generate cargo," said Garside.

His company, which is a subsidiary of Crowley Maritime Industries, deals in heavy volume shipments, which are most cost effective for huge railroad cars.

The trip to Anchorage is made once every six or seven days with roughly 100 rail cars each time. A sampling of cargo is autos, groceries, drilling pipe and building materials.

Sea-Land runs three ships to Anchorage twice a week, said James V. Davis, general manager for Alaska. Each vessel can carry 370 trailers.

At the peak of the cargo backlog, the company chartered three barges "in a break-even situation" in an effort to keep cargo moving, Davis said.

"These cleared up the backlog," he said. "It takes 10 days to ship cargo on a barge versus 3½ days by ship."

"For a company like ours that doesn't own its own barges, it is not an economically feasible thing to do. Strictly a break-even operation."

Davis added that it "looks like we'll make a profit this year."

And Alaska Hydrotrain's "financial picture is certainly brighter than

it was in 1980," said Garside.

The same holds true for Tote. If Alaska's economy continues to flourish, it will continue to feed the transportation industry.

"The success of our business hinges on a wholesome, strong economy," Davis said. "If the world or national economy is slow, the carriers' are slow and they operate in the red."

"On the other hand, we do well when the economy is hot."

As in any capital intensive business, growth won't be easy. Expanding shipping fleets means spending millions in capital investments, and predicting the market is pretty risky these days.

"The vessels we are operating, we are pretty well stuck with," said the Tote spokesman. "Our problem is that they are very large, expensive vessels. In our case — a trailer ship operation — the barge is not economically viable."

"We would have had to increase our capacity by 50 percent (to have met this summer's shipping demands.)"

Tote sends two 790-foot trailer ships to Anchorage twice a week. Each has the capacity to carry 375 trailers and about 150 vehicles.



A Tote cargo ship, Westward Venture, is unloaded by longshoremen in the Port of Anchorage

Anchorage Daily News

Thursday, August 13, 1981

Freight backlog hits local firms

By MARTHA ELIASSEN
Daily News reporter

Anchorage's burgeoning economy has become a double-edged sword for many area merchants.

At a time when the demand for building supplies and other commodities is at an all-time high, many companies are having problems receiving product shipments from the Lower 48.

The apparent cause of the problem is a glut of Alaska-bound freight — caused in part by the booming construction season and increased oil activity.

Jim Campbell, president of Spenard Building Supply, says building supplies shipped from Seattle are commonly arriving 30 days past their scheduled delivery date.

"All of us are really straining," he said. "If we had not forecast this and brought in materials in February and March, we would not be able to keep up with the market."

Campbell said the freight backlog in Seattle is not the fault of any one carrier. "I couldn't say enough for the carriers. They're doing everything they can." The problem stems from a lack of planning, he said.

"They (freight carriers) just don't have the accommodations," said John Hathaway, manager at International Building Supply.



A surge in business here has created a backlog in freight deliveries.

Hathaway said freight deliveries to his firm have been delayed up to two weeks because "too much is coming at one time."

Larry Thomas, owner of Larry's Furniture, attributed the problem to the surge in business activity here.

"Almost every van I've had has been bumped at least once" since the last week of June, Thomas said. "It's almost impossible to get bookings out of Seattle at this point."

Kyle Payne, distribution supervisor at the Sears Warehouse, said Sears has experienced some delays, but nothing serious.

"We haven't experienced any severe difficulties," he said. "If they get new ships in operation next

year, we'll be okay."

Sea-Land Service Co., one of the two main oceangoing freight carriers, has chartered three barges to help bring up the extra freight, said Jim Davis, Sea-Land's Alaska general manager.

Within a month, construction will slow down, and barges taken out of trade for the annual sea lift to the North Slope will return to service between Anchorage and Seattle, Davis said.

Use of regular Seattle-to-Anchorage barges for the annual arctic sea-lift has increased the amount of tonnage handled by Sea-Land and Totem Ocean Trailers, neither of which regularly use barges, he added.

Everett Trout, Totem vice president of operations in Seattle, agreed that the backlog will decrease as soon as Alaska's construction season slows down and the sea-lift barges return to regular service.

"I would think we should begin to see some relief next month," Trout said.

He said the predominant flow of Totem traffic is normal, despite delays on some items. High priority items, such as groceries and other perishables, have not been delayed, he said.

"Certainly, most people want everything to move immediately," he said, but Alaska customers are used to freight delays, he said.