

# Railroad studies land-lease plan

**W**ould you like to buy \$300 million worth of real estate for \$22.3 million? Congratulations! You just did.

When the state purchased the Alaska Railroad from the federal government it acquired much more than cars, track and equipment—it also received some 38,000 acres of land.

These holdings include industrial and commercial land encompassing the ports of Anchorage, Whittier and Seward, as well as right-of-way property, now called "transportation and communication corridor."

Some 660 acres is at the Port of Anchorage. Using a value of \$7 per square foot, the Anchorage property is worth \$200 million.

Another 480 acres is in Fairbanks. Having all these assets is well and good. But the legislature has prohibited sale or transfer of the land without its permission. Now the question is how this property can be used to maximum benefit of the railroad and state.

Historically, the real estate department was considered clearly secondary to railroad operations. But now Larry J. Houle, former associate broker with the Jack White Co., has been hired as assistant vice president for realty policy and planning to look into the question of how the railroad can best use its land.

Houle already has traveled to the Lower 48 and Hawaii, meeting other institutions with similar holdings. Concepts of land use and internal policies and procedures are all being analyzed from scratch.



## Inside real estate

Duane Heyman

Another seemingly obvious but novel approach for the railroad is to cooperate with its host communities. Local officials were astonished when Houle voluntarily approached the municipality to seek mutual goals. Houle notes, "We now accept the fact that the railroad is a member of the community."

Although planning is in preliminary stages, several objectives have been identified. First, land income must be maximized consistent with operations of the railroad. For example, current land income is \$4 million per year. While this is almost pure profit, it represents only about a 1 percent return on current land value.

Previously, land had been made available to rail users at below market rates or sometimes for free. Now, ways must be found to improve the income stream. New leases will consider long-term effects on railroad land. They also will offer rental concessions for quality improvements that will have residual value for the railroad. Houle says, "The greater the improvements, the greater the concession."

Future value is not necessarily limited to traditional industrial uses. Railroad land constitutes a unique assemblage of industrial

concentrations in cities and long, thin transportation corridors connecting them. Such an assemblage would be almost impossible today.

Future uses could include fiber optic communications lines, which need to be buried. A recent example is the Anchorage-Girdwood fiber optic telephone line which now permits toll-free calling to Alyeska. In exchange for use of the transportation corridor, the railroad receives use of part of the cable for its own purposes. Other future possibilities include joint venture small boat harbors or fish processing plants.

Although railroad land can only be leased, Houle emphasizes two advantages of leasing: It frees up capital and it takes advantage of a unique location.

Other goals include a master plan and an inventory of properties. Currently, the railroad does not have any ready way to know exactly what it has. "We must look at different geographic areas and develop an overall land use plan," says Houle.

Houle believes the real estate department eventually should become an independent, profit-making subsidiary and is working six days a week to achieve that objective. His one hard and fast rule: "never work on Sundays."

He is philosophical about his new lower-income job. "Not all career decisions are made on the basis of income. Here there is a sense of history being made, like the pipeline or D2 lands."

Duane Heyman is with the Jack White Company, a commercial, residential, property management and investment real estate firm in business since 1953.



## Dock repairs

Ray Stickel with Jensen and Reynolds Co. of Everett, Wash., Joosens concrete Tuesday at the damaged Port of Anchorage dock with a hydrohammer. A vessel owned by Totem Ocean

Trailer Express crashed into the dock last March. Repairs are expected to be completed in three months. Despite the work, the Tote ship Westward Venture was able to unload.

Times photo by Alice Puster

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## Alaska Pacific Bancorp is now called Key Bancshares of Alaska

Alaska Pacific Bancorp. has been renamed **Key Bancshares of Alaska**. A.G. Espe, chairman and CEO of the Anchorage-based bank holding company, announced. Officers and staff of Alaska Pacific Bancorp. will not be affected by the name change.

"We're changing our holding company name to highlight our relationship with KeyCorp, our partner company. The financial strength and resources associated with the KeyCorp. name are substantial. By identifying ourselves as a Key company, we gain a real competitive advantage," Espe said.

Alaska Pacific Bancorp. became a subsidiary of KeyCorp. July 1. KeyCorp is an integrated financial services company, headquartered in Albany, N.Y. With over \$6.5 billion in assets and over 350 offices, KeyCorp. serves markets in 12 states.

The Anchorage Opera's artistic director, Elvera Voth, offered encouragement last week at the opera's general offices in Anchorage as members of her staff loaded scenery into a Sea-Land container for shipment to the Indiana University School of Music.

There the sets of "La Boheme" and "La Cenerentola" will be available to other opera companies in the central rental market of the country. The university will store the sets and the rental income will be returned to Anchorage.

Sea-Land shipped the two sets from the 1985 season free of charge to Seattle. Last year, after they were purchased from a Mississippi company, Sea-Land brought the sets without charge from Seattle to Anchorage. The company also brought the opera's 1984 "Madame Butterfly" set from Seattle to Anchorage free of charge.

Western Airlines has announced it has ordered 12 additional Boeing 737 aircraft for delivery in 1986 and 1987. The new order will include a mix of advanced version 737-200s and new-generation 737-300 aircraft.



## Company Commentary

"We're a profitable airline with plans to grow and the 737 is the perfect plane for our operations at Los Angeles and Sale Lake City," said Western's CEO Gerald Grinstein.

The additional 737-200s will be delivered to Western in March, April, May and June of 1987 while the additional 300 aircraft will join the fleet in the fall of 1986 and January of 1987.

The Alaska Railroad Corp. is seeking proposals for original artwork that would be suitable for a poster application to commemorate the railroad's first year of operation under state ownership.

The winning artist will receive a fee of \$3,000 for producing the art, which will be offered as a poster for general sale. In addition, the artwork will be reproduced as a limited edition print, to be signed by the artist. Artists interested in submitting a proposal are not limited to a specific medium. The sketch must be submitted by p.m. Oct. 31 to the railroad, 42 W. 1st Ave., Ste. 307, Box 72111, Anchorage 99510.

The Alaska Fisheries Development Foundation has produced an 8.5-minute video "Surimi: an American Opportunity" and has sold 40 copies to date at \$40 each. You can rent the film for \$12—the high light of any surimi presentation.

Producer Michael Broili has the bug: a second film covering surimi-making is in production. Broili hired PBS' Nova writer Sari Sapor to write the script.

And, AFDF notes, in the "is nothing sacred" department, a new pollock sexing machine has been developed by a pair of Japanese firms. Pollock is the prime feedstock for surimi, the "sexer" determines whether the fish is carrying roe.

Northwest Energy Services Co. has announced the relocation of its corporate headquarters to Oakhurst Center, 14335 N.E. 24th St. in Bellevue, Wash.

Telephone is (206) 643-5810. Also changed is the name to North American Energy Services Co. Management and ownership remains unchanged.

## ALASKA Port of Anchorage Looks to Expand Facilities

Port Commission, the port's regulatory body, recently adopted a dual port strategy which opens the door for the port to find a second site in which to expand.

"The Port of Anchorage is limited in terms of what it can do in its present location and we have been looking for about five years at alter-

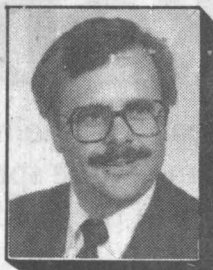
native sites for expansion," explains Tyler Jones, port director of the \$65 million, 110-acre facility. Jones says the expansion plans ensure the port will be able to provide marine terminals if and when another major industrial development becomes likely for south central

Alaska. "We are moving in concert with the development of our existing facility and the commercial waterfront in Anchorage. We are looking for relatively virgin sites for new and industrial related marine development," Jones explains.

The Port of Anchorage continues to benefit from the economic boom construction of the trans-Alaska oil pipeline generated in the mid-1970s. Oil revenue the state earned was distributed back to the community and generated a gradual expansion of the economy in the 10 years since the pipeline's construction. "We have seen our tonnage approach pipeline era levels and it's not pipeline construction; it's build-

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operate efficiently, it also needs an additional 12 acres of staging area. Time cannot be wasted trying to fit cargo into a cramped site. So, the more room available, the faster the loading and unloading. Given this relationship, it is not surprising that the port plans to make more land available.

Original acreage was made available as part of the municipal statehood land entitlement. An additional 35 acres to the north have been applied for from the state. The port also wants to lease 14 acres from the federal government just below the Elmendorf bluff.

If the port gets the land, it plans to seek lease guarantees from SeaLand Services Inc. and Totem Ocean Trailer Express, the two main port users. Then port officials will request

C-12 Sunday, August 18, 1985, The Anchorage Times

## Port has become industrial keystone

**B**ack in 1961 when Hank Roloff was named the Port of Anchorage's first director, he probably would have been surprised to hear that 2 million tons of freight would cross the docks annually within 14 years.

Tyler Jones, who on July 4 celebrated his first anniversary as the port director, says roll-on, roll-off (called "ro-ro" in the trade) and containerized shipping now makes Anchorage one of the top 10 West Coast container ports.

This activity contributes more than \$60 million annually to Anchorage. Coupled with Anchorage International Airport, the port has made our town the transportation hub of the region.

From a real estate point of view, the port is a unique industrial area.

Its 110 acres are largely comprised of staging areas. Some 600 original feet of docks have grown to more than half a mile today. These numbers seem impressive enough but what is surprising is the amount of land that modern cargo ships require to operate efficiently.

One container ship needs about a 1,000-foot-long berth. To

municipal bonding for landfill, paving and utilities. Incidentally, did you know that SeaLand and Tote make weekend stops at the port so that we can have fresh groceries on Monday?

If you look north from Downtown, the port is visible past the railroad yards. Its proximity to the railroad had previously been a point of contention.

But the new management of the railroad has shown a refreshing interest in cooperation. Tyler Jones enthusiastically recounts Frank Turpin's comment: "Let's figure out how to do this better."

In effect, the port and railroad are already functional partners. Marine terminals to the south of the main docks are owned by the railroad. Some of these properties are being used by Chugach Electric Association, Kaiser Cement, North Star Terminal and Pacific Western Lines. While the port does not reap fees from these facilities, Jones freely acknowledges the contribution they make to the local economy.

Other plans by the port include waterfront development on tidelands to the south, just

south of Ship Creek. A variety of commercial uses would include retail, commercial, public and marine activities. Non-commercial cargo activities, such as fishing, might be included.

But because of the winter ice in the inlet, no plans are in the wings for a small boat harbor.

While Anchorage is the northernmost deep draft port in the U.S., the port is still fighting an image as a seasonal port. Jones opines, "Of course there is some ice, but it is kind of like a daiquiri. The captains even like to use it as a cushion for docking in the winter."

More definite port plans include a public observation platform in 1986. When it is finished, people could safely watch the fascinating activities that constitute daily port activity.

Our town got its name from the sea and so the port is truly the beginning of "Anchorage."

Duane Heyman is with the Jack White Company, a commercial, residential, property management and investment real estate firm in business since 1953.



The Port of Anchorage serves the freight needs of more than 75 percent of all Alaskans.