

# The Shakeout

## Economic Shift Hits Ports and Shippers

By MARK HARRIS

**W**hat a difference a year makes. Last year, an article on the barge and containership sectors would have described how shippers were pulling out all the stops in an effort to serve a rapidly expanding Alaska economy. It would have told how they were adding to their fleets, adding sailings, adding services and calling on new ports.

The ocean freight business at that time was responding to the record 1983 construction year which saw demand exceed freight space capacity by 5 percent. However, 1984 brought a leveling off of the construction boom and predictions of a 10- to 15-percent freight service oversupply for Alaska came true.

Construction materials traditionally account for about half the freight barged to Alaska from Pacific Northwest and Canadian ports. As road and building construction dropped in 1984, so did shippers' business. Rates fell by more than 15 percent as barge lines jockeyed for loads, trucking firms laid off drivers and the Alaska Railroad got down to some serious competing.

The economic turn of events brought on hard-nosed price wars and industry consolidation. For two major tug-and-barge carriers, the market change proved fatal. Foss Alaska Line and Pacific Western Lines faded from the picture, victims of a cut-throat industry trying to "do unto others" before others did unto them.

After 15 years, Seattle-based Foss shut down its scheduled barge service to Alaska last October and sold many of its assets to Lynden Transport, also of Seattle.

Also last October Sealaska Corp. announced it was shutting down Pacific Western Lines, its Anchorage-based subsidiary. Sealaska's Byron Mallott termed Pac West "too small to remain profitable over time" and the

decision was made not to pump millions into the ailing service. The barge line had been serving Alaska's largest city for several years and last March announced new weekly seasonal service to Kenai.

Again it was Lynden that benefited, picking up much equipment, except barges, from Pacific Western. Lynden was already a big name in trucking, air freight and Arctic packaging, but the acquisition of equipment and dock facilities from Foss and Pacific Western turned the company's Alaska Marine Lines into an instant major player in the ocean carrier business.

Lynden didn't waste time announcing that Alaska Marine would expand its Southeast service to include weekly barge sailings to Ketchikan, Sitka, Petersburg and Wrangell, all former Foss strongholds.

It was last September when Coastal Alaska Lines, Inc. also announced an end to barge service to Anchorage. However, a Washington-Alaska investor group headed by a former Coastal Alaska official announced plans to offer twice-monthly barge service to Anchorage under the name of Coastal Services Inc.

Major players such as Sea-Land Services, Totem Ocean Trailer Express, Crowley Maritime and Sea-Way Express have weathered the initial shakeout and in some cases proved that decisions made in 1982-83 to expand service to the Alaska market were sound.

Sea-Land is still looking forward to delivery this fall of the first two of three new containerships, at \$60 mil-

lion per copy. Each 16,000-dwt, diesel-powered ship will carry 700 40-ft. containers, increasing Sea-Land's cargo-carrying capacity in the Alaska trade by about 40 percent.

Last year Sea-Land ended its 20-year association with the Port of Seattle and moved Alaska operations to

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# Nanaimo Harbour News

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NANAIMO, B.C.

## CHAIRMAN DISCUSSES GROWTH

### Nanaimo Harbour Commission is now 25 years old

Nanaimo Harbour Commission celebrates its twenty-fifth anniversary this year. The Commission was established in 1961.

N.H.C. Chairman Ted Stroyan says, "This year, 1986, marks the silver anniversary of the Nanaimo Harbour Commission. It is a time to look back briefly and to look ahead in considerable depth. Both will be done in this and future issues of Nanaimo Harbour News."

"For now let us limit our backward glance to that of paying a warm, sincere tribute to those persons whose great foresight resulted in the formation of the Commission in 1961.

"At the time of formation the N.H.C. operated two berths and an unpaved assembly area; it also administered water lot leases along Newcastle Channel and in the Nanaimo River Estuary."

The Commission has some 36 pieces of material-handling equipment including forklift trucks, carriers and related equipment. The latest addition is the giant container lift, a 40-ton mobile piece of equipment capable of handling any size container. This went into use last year as did the new 200-tonne steel barge ramp at Duke Point.

Export shipping has been increasing each year. The exception was 1985, when the worldwide recession caught up with the local shipping picture and the record of 604.5 million feet board measure, chalked up in 1984, dropped to 556 million f.b.m.

Commercial Inlet Boat Basin once again set a new record with a total of 3,195 boats and more than 9,000 visitors during the recreational boating season last year.

The new seaplane terminal is proving a boon to residents and visitors. Traffic is increasing and the building, in addition to housing offices of airline companies, also features the Lighthouse Bistro, fast

becoming a popular spot for locals and tourists.

The Commission now operates four wharves which have more than 100 acres of storage area and 116,000 square feet of warehouse space, with another 70-acre storage area at the new Duke Point terminal. Also at Duke Point is the largest all-purpose loading ramp in the Pacific Northwest. Constructed and put into use in 1985, the ramp is capable of carrying more than 200,00 pounds.

"Last year's achievements, such as the new seaplane terminal, completion of Swy-a-lana Lagoon Park and construction of a 500-foot float for berthing cruise ships are projects which are not only a source of pride to the Commission, but benefit the entire community and are valuable assets to the port and the city. Considerable expenditure has been involved. The funds come principally from the operation of the port, which means to large extent export shipping," said Commissioner Stroyan.

"We now have excellent facilities which are maintained to a very high standard. Our dedicated work force gives us an excellent reputation for achieving minimum turnaround time," Stroyan added.

The annual shipping report for the deepsea wharves of this port, published in this issue of Harbour News, shows for the first time a small, almost insignificant item - containers. This is an indication that Nanaimo can become Vancouver Island's principal container port. N.H.C. has invested in equipment and facilities for this purpose to be prepared for a developing trend in this direction.

According to Chairman Stroyan, "A major problem for us at present is the under-utilization of some of our facilities. The world-wide recession has been having an adverse effect on the forest industry production and we as a forest-industry shipping port have been adversely affected."

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PORT OF ANCHORAGE

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## From City Hall



by  
Mayor  
Tony  
Knowles

## Ship Creek: A showplace for Anchorage

**GOOD ECONOMIC** development projects representing real growth may seem as rare as a blanket of fresh snow in the winter of '86. However, last week we were blessed with both — 6 inches of the coveted white stuff and a proposal by the city to develop our waterfront just south of Ship Creek next to downtown.

Even though we are a seaport community, we really don't have much public use of our waterfront. Since the Alaska Railroad laid the tracks to Anchorage in the early years of this century, citizens have been discouraged in reasonable and forceful ways from wandering across the tracks to the mudflats. Frankly, it never seemed like that much of an issue, at least not until cities and towns across the country started creating public waterfront projects which encouraged access to and use of the coastline.

**TODAY WE FACE** a very real project prospect: development of a publicly accessible mixed-use area in the tide flats south of Ship Creek, next to downtown. While such a project has been discussed for decades, an unusual combination of events and circumstances makes it truly feasible today:

- The transfer of the Alaska Railroad from the federal government to the state of Alaska has generated a politically responsive corporation which has a progressive approach and a willingness to consider new ideas;
- The municipality has an option on a lease covering 61 acres of railroad-owned land in the project area;
- When the new solid waste landfill is transferred, the municipality will own 2.2 million tons of gravel this year alone. That gravel should go to public projects, and placing some of it in the waterfront project area serves both the landfill's need for excavation and the project's need for good gravel;
- The municipality has \$2 million for constructing small boat facilities, a natural inclusion in the public waterfront project;
- The Port of Anchorage's 1985 sale of revenue bonds included \$3 million earmarked for this project.

**AT THE** Feb. 20 meeting of the Alaska Railroad board of directors, I proposed that the railroad and the municipality jointly create a Ship Creek Steering Committee to get this project off the ground. By pooling our resources, the municipality and the railroad can begin the process of accepting material from the landfill site and generate a long-term development plan. Once the plan is finished, private developers can be invited to bid for the opportunity to develop parts of the project.

Already serious interest has been shown in the project by companies with experience in this kind of development and with balance sheets which indicate solid financial footing.

Restaurants, shops, offices, condominiums, boat and motor stores, tour boat and cruise ship docks and numerous possible public attractions like an aquarium, a marine museum or a trade center are possible elements for inclusion. Some thought will need to be given to the possibility of giving at least part of the project a historic slant, possibly including some of the historic homes now sitting dormant while awaiting relocation.

**JUST WHAT** the Ship Creek Landing project will end up looking like is anybody's guess at this point. In gathering data on the studies, permits, leases, contracts and other documents concerning the project area, consultants for the port created a concept diagram that reflects one possible configuration of buildings and facilities. Elsewhere, waterfront development has taken many different forms.

In towns as diverse as San Antonio, St. Louis, New York, Olympia, Seattle, San Diego, Alexandria and Baltimore the urban waterfront has become the focus of new economic activity. Whether the "waterfront" is a creek, a river, a lake or a body of salt water, it is the anchor for a mixture of commercial and public uses that have revived many declining downtown areas.

• In St. Louis, abandoned Civil War era warehouses have been redeveloped into a riverfront office and shop area called Laclede's Landing, saving historic Mississippi River buildings adjacent to the St. Louis arch.

• In Baltimore, the Inter Harbor was a wreck of dilapidated wharves and warehouses before being converted into a festival marketplace called Harbor Place. Today it is considered the premier public waterfront in the U.S.

• In New York, the South Street Seaport was converted from abandoned cargo docks on the East River to include buildings with shops, restaurants and offices next to the Wall Street financial district.

**THESE ARE** just three examples of what was taken place in other cities. In Anchorage we have an unusual opportunity to create a similar project on our waterfront, near downtown, with a lot less effort. We don't have any wharves in the tide flats which need to be demolished. We don't have multiple property owners in the area: the railroad owns the tidelands and the municipality has its lease option.

In addition, it will be connected to a rapidly developing downtown, and could provide a base for a growing segment of our tourist industry — tour ship cruises. Finally, it may provide a place for long-range — 25 years plus — consolidated waterfront facilities.

The signs all point in the same direction — go for it. The waterfront project would be another exciting dimension to our role as headquarters city for Alaska.