

# FIRE ISLAND

A North Pacific  
Maritime Center

A Study by  
Commonwealth North

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Fire Island, A North Pacific Maritime Center  
March 1991

Executive Summary \$5  
Full report \$10

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# Fire Island

## The Challenge Facing Alaska

This is a study of the viability of a major maritime center at Fire Island.

The question is: Will an expanded port attract enough new facilities, services and industries to justify the public investment required for construction?

A study team of more than 30 Alaskans met bi-weekly for the past 18 months gathering, reviewing and debating the hard questions related to the feasibility of a port at Fire Island:

What are the costs?

What are the benefits?

Who benefits? / Who pays?

What are the environmental problems?

What are the engineering problems?

**The conclusion is that a Fire Island Maritime Center will attract new facilities and services, which in turn will stimulate growth in industries such as modular construction and transportation related businesses. An expanded port will encourage further development in the processing and export of timber, coal, gravel and other bulk minerals and open the way for new opportunities in marine-based industries.**



Fire Island Maritime Center will be one of the centerpieces in Alaska's economic portfolio—an important part of the answer to the challenge facing the state: the need to diversify our economy. As Prudhoe Bay oil fields are depleted and revenues taper off, Alaska must expand existing industries and encourage more economic opportunities.

Fire Island Maritime Center will be a critical component of a strategic plan to expand Alaska's role in international trade and transportation. Alaska's equidistance from the Far East, Europe, and the Lower 48 positions the state to become an international trade and transportation hub. If Alaska is to benefit from its strategic Pacific Rim location, it must have modern air/sea transportation facilities.

Existing port facilities in Anchorage are inadequate even for today's demands. There are space, environmental, and aesthetic constrictions that limit uses and inhibit expansion. The new Maritime Center will be built on about 1,500 acres of unused land at Fire Island's Race Point where the waterfront is deep and the tidal currents prevent shoaling.

The study includes substantial data on the cost of building a causeway to link Fire Island with Point Campbell including necessary utilities and rail facilities. Cost of the causeway and port are estimated at \$226 million, about evenly divided between the causeway itself and rail and port facilities. The engineering analysis suggests no extraordinary problems complicate the construction of the causeway or location of the port.

### *The Benefits of a Fire Island Maritime Center*

The study data leads to the conclusion that the new economic activities could provide almost 3,000 new jobs with payrolls of about \$100 million annually.

ACTIVITY	JOBS CREATED
Modular Construction	1,523
Timber	1,083
Sea-Air cargo	43
Coal	90
Limestone	83
Gravel	18
Port operations	9
<b>Total</b>	<b>2,849</b>



The large industrial area has the potential to attract other new enterprises, such as:

- Fish processing
- Trade and commerce with the Soviet Union
- Marine vessel servicing
- Educational and research activities
- Ocean related environmental businesses

The port will complement the waterfront redevelopment the Municipality has already undertaken. The island would become the industrial base of the community, convenient to both airport and downtown, and without the environmental and aesthetic implications of other areas.

When the causeway is built, substantial areas of new tidal wetlands will be created for the benefit of recreation and environmental concerns. These lands might serve as a "bank" for future statewide developments under the no-net-loss policy.

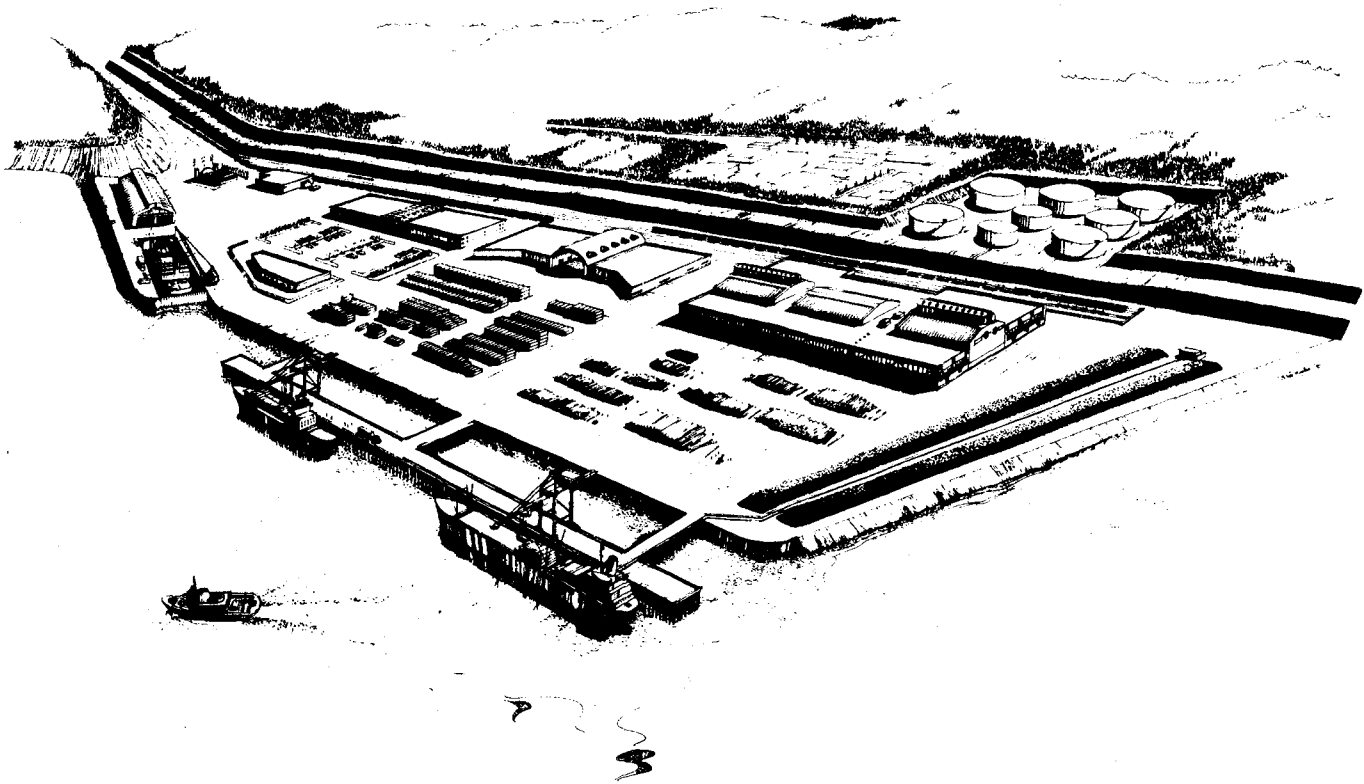
Benefits from these economic developments will accrue to the cities and towns of the Southcentral and Interior Alaska where about 85 percent of the population lives.

In summary, the benefits of the new Maritime Center at Fire Island include:

- **New economic opportunities and activities**
- **Improved accessibility to Pacific Rim markets**
- **Increased intra-Alaska trade and commerce**
- **More jobs for Alaskans**
- **Enhancement of Alaska's strategic location with the possibility of becoming the headquarters for firms operating on the Pacific Rim.**
- **Increased recreational opportunities**
- **Creation of new wetlands**



## ARTIST'S RENDITION OF THE PORT AT RACE POINT



### *Financing and Development*

Financing for this \$226 million project should be a joint venture between the public and private sector. The owners of Fire Island, from whom the port acreage must be acquired, might well participate in the financing of the project. They will benefit handsomely from the appreciation of the rest of the island's land area.

The government must be a partner in the development process but a third party should be in charge. This could be accomplished by utilizing existing development organizations or creating a new public/private entity.

Inasmuch as so many communities in Alaska will be impacted by the benefits from the new port and related activities, it would be appropriate to consider the eventual creation of a regional port authority to own and operate ports and airports in the area.

To realize tomorrow's potential requires decisions and actions today. The promising prospects identified with access to Fire Island warrant an aggressive assessment and marketing of these opportunities.

Without continued economic growth, Alaska's greatest export will be its youth. Fire Island gives good prospects for new jobs and broadens the range of port/airport economic activities not now possible at the existing port.



# Fire Island

## Findings and Conclusions

1. *Alaska needs a port for the growing world of trade:*

In order to strengthen the economy of Alaska, a port is needed of sufficient size and efficiency to become a player in the growing world of trade in a global economy. The current Port of Anchorage is limited to 110 acres, which is about 10% of the space needed for a world class facility. Bulk commodity export does not and cannot take place in the current port because of a lack of space and facilities and proximity to residential and downtown areas.

2. *Industrial port activities need a new home:*

Industrial port activities, and eventually the tank farm, should be moved to Fire Island. Well planned and designed, a Fire Island port-related industrial center can fulfill the needs of the Southcentral region for the foreseeable future.

**3. *A major investment will be required:***

The cost of building a causeway and a port at Fire Island is estimated in the range of \$226 million. These costs can be financed in a variety of ways involving both the public and private sector.

**4. *Fire Island is an excellent location:***

Fire Island, the site of a natural deep water port, is an excellent location for port expansion, the best in South-central Alaska. Soils tests and engineering designs conducted to date demonstrate the viability of the site. Expensive dredging, currently required, will not be needed at Fire Island. Many other benefits will accrue to the community, including expanded wetlands and waterfowl habitat.

**5. *The benefits to the community and state will be substantial:***

Upwards of 3,000 jobs could result from the opening of the Fire Island port. These jobs would bring in as much as \$100 million annually to the state's economy.

**6. *There is a better use for the Ship Creek area:***

New tourism, recreation, retail and non-polluting light industrial businesses should be encouraged at the mouth of Ship Creek, initially to the south of petroleum tank farm, and later to incorporate the current land area of the Port of Anchorage. Eventually, the Alaska Railroad should move

most of its facilities now located in the Ship Creek basin. This will also enable the railroad to expand and upgrade its freight and passenger services to the community and state.

**7. *Certain environmental changes will occur:***

Increased recreational opportunities and a growth of coastal wetlands will result through the creation of a parkway to Fire Island. Certain environmental impacts will occur as the uninhabited nature of the island will be disturbed.

**8. *The community and state must decide:***

The purpose of this study is to identify potential benefits and costs of this investment—economic, environmental and aesthetic. The community of Anchorage and the leadership of the state must examine these costs and benefits and decide how the project should proceed.

**9. *There is an urgency for action:***

Alaska’s oil production decline has already started. It is vital to Alaska’s continuing economic health that we use some of the oil money available now to build those few public facilities that will attract new industries, businesses and jobs to the state in the future. The Fire Island Maritime Center will be an investment that returns its cost many times over.

# Fire

# Island

## Questions and Answers

### QUESTION

*Isn't the existing Anchorage port adequate for our future needs?*

### ANSWER

No, the 110-acre Anchorage port is far too small to accommodate industrial growth.

### QUESTION

*If Fire Island is such a viable location, why hasn't a port already been built there?*

### ANSWER

The engineering aspects of a Fire Island port have been studied for years, but the question of what economic activities would and could reside there has never been seriously reviewed.

### QUESTION

*If this is a good idea, why doesn't the private sector do it?*

### ANSWER

Traditionally, major transportation infrastructure programs are public projects or supported by public money. Only in very few and limited cases has the private sector been able to provide the front-end costs.

**QUESTION** *Isn't this just another Delta barley or Point Mackenzie dairy proposal?*

**ANSWER** **Not at all. These two projects attempted to create a whole new industry. The financial success of Fire Island will depend on the expansion of existing economic activities and opportunities.**

**QUESTION** *Aren't we talking about major environmental impact to develop Fire Island?*

**ANSWER** **Fire Island is already minimally developed. Certain environmental changes will occur, including the creation of additional wetlands, cleaning up of the Ship Creek area and eventually the mid-town industrial area.**

**QUESTION** *Would this development be a subsidy and windfall to the corporation that owns the island?*

**ANSWER** **It could be; however, we recommend that the owners share the risk of development with the public.**

**QUESTION** *Why do we need Fire Island if the trans-Alaska gasline and ANWR happen?*

**ANSWER** **The three projects are complementary. A Fire Island Maritime Center could serve as an Alaskan base for the construction phase for both TAGS and ANWR.**

**QUESTION**

*Why is there such an urgency to undertake this proposal?*

**ANSWER**

The much heralded Prudhoe Bay decline is upon us but the state is experiencing a short-term spike in oil revenues. We will continue to have a greater and greater need for a new port: We will not continue to have the capital dollars to build it. The time to move is now—when the dollars match the need.

**QUESTION**

*Why shouldn't the money for this project be used for social and educational programs?*

**ANSWER**

A valid question and one which must be debated in the halls of the Legislature. The question is one of meeting, to the extent possible, all of our quality of life needs now and in the future. To do that we must be willing to make prudent investments in projects that will give us a continuing strong economy. The Fire Island Maritime Center is one of those projects.

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# Fire Island

## Background and Design of the Study

In 1987, the Administration of Anchorage Mayor Tom Fink solicited a state grant for studies to prepare the way for development of a Fire Island port. In the same time period, the Commonwealth North Railroad Committee produced a short report entitled "Fire Island: A Maritime Center for the North Pacific."

Unfortunately, the effort to obtain funds for Fire Island studies foundered. Public officials were hesitant to proceed. A determination was needed of what value Fire Island could be to both the economy and the quality of life of Anchorage and Alaska. The Anchorage Assembly asked for a clear answer to the question of whether the construction of a Fire Island causeway and port facility would be a wise and profitable investment for the community.

Nearly two years passed with little progress. This hiatus caused the Commonwealth North Board to re-examine the issue. The Board concluded that the missing element in the decision-making process was a determination of if and how Fire Island could strengthen Alaska's economy. To address this need, the Board created a committee to conduct such a study. Their charge was to examine both the economic and environmental potential of Fire Island in the context of the wider waterfront.

### Design of the Analysis

At the outset, the Fire Island Committee was divided into 18 subcommittees. Each researched an aspect of the concept. The question was whether a completed port facility at Fire Island would attract enough new facilities, services and industries to justify the public investment required for construction. The subcommittees were asked to address related issues such as the anticipated level and duration of economic activity and the number of jobs that would be created.

Environmental and engineering problems were reviewed and evaluated. Initial cost of construction of the new port, utilities and access was estimated, and potential financing options were investigated.

During periodic meetings in the data-gathering phase, the entire committee met to review progress, hear subcommittee reports and provide a reality-check for concepts under evaluation. As the effort progressed, several economic activities/pursuits revealed high potential, while others faded. In the end, five main categories of incremental economic activity were found to be candidates for using a port facility at Fire Island:

- A. The inter-modal shipment industry—the sea-air link
- B. Ship replenishment and marine service center
- C. Light manufacturing (modular construction)
- D. Value added and export
- E. Bulk export (coal, gravel and other minerals, wood products)

Several lesser-category economic benefits of a facility at Fire Island were addressed and their contributions to the economy in terms of jobs created were estimated. An economic multiplier of 1.5 was factored into all primary benefits to recognize secondary effects in the economy. Goldsmith, *The Alaska Economic Multiplier* (1985).

### **Condition of Existing Port/Ship Creek Area**

As a starting point, the strengths and weaknesses of the existing port/Ship Creek area were considered. Technological changes and a vastly expanded economy have left the Alaska Railroad and the Port of Anchorage with overcrowded lands and obsolete facilities. The Port of Anchorage is small, with no place to expand. Revenues and business opportunities are missed and ships on occasion queue up in the channel due to a lack of pier space, cargo handling and storage facilities. Ships loaded with imports are often forced to wait for dock space, and outbound cargoes are diverted to other regional ports due to the lack of storage and handling facilities. As important as the revenues from the port are to the community, they are but a fraction of the potential that could be realized through a modern maritime center with both modern facilities and space to expand.

Presently, railcars loaded with exports await room at the port to unload. Coal cars from Healy rumble through the entire length of the city on their way to Seward because the Port of Anchorage has no dock space, storage or loading facilities for this commodity. The neighboring acreage to the east of the port, bordering a potentially scenic Ship Creek, currently harbors antiquated railyards, shops and numerous industrial sites. Instead of a showplace for residents and visitors, necessities of the past have left the community with an industrial environment on premium land in the heart of downtown Anchorage.

The vital services and industrial facilities associated with the current port and railroad can and should be moved to a new location where there is room to expand to full potential in the next century. They need to be located where modern facilities can be established and where new businesses are encouraged which can tap into the global economy.

### **An Alternative: Fire Island**

In the Anchorage area there is only one alternative for the existing port's shortcomings—Fire Island—an ideal site with natural deep water. Race Point on the northern tip of the island is just three miles across the flats from Point Campbell, and within minutes of Anchorage International Airport and its existing air cargo facilities which serve much of the world. With 4,240 acres of undeveloped land, Fire Island offers the community of Anchorage a chance to relocate and reposition its transportation services, while reclaiming some of its most strategic lands for higher and better uses. At the same time, important new recreation and scenic attractions can be developed on the island.