

SB

604

ESTIMATED COSTS

Capital Recovery Costs

Capital recovery costs for the proposed offshore barge terminal facilities are based on:

- The sale of municipal bonds by the City of Nome to provide the funds, not available from the State of Alaska, for the construction of the proposed barge terminal facilities plus the purchase of the portable hydraulic dredge and support equipment.
- Repayment of the municipal bonds will be extended over a 25 year period using a 7-1/2 percent interest rate.

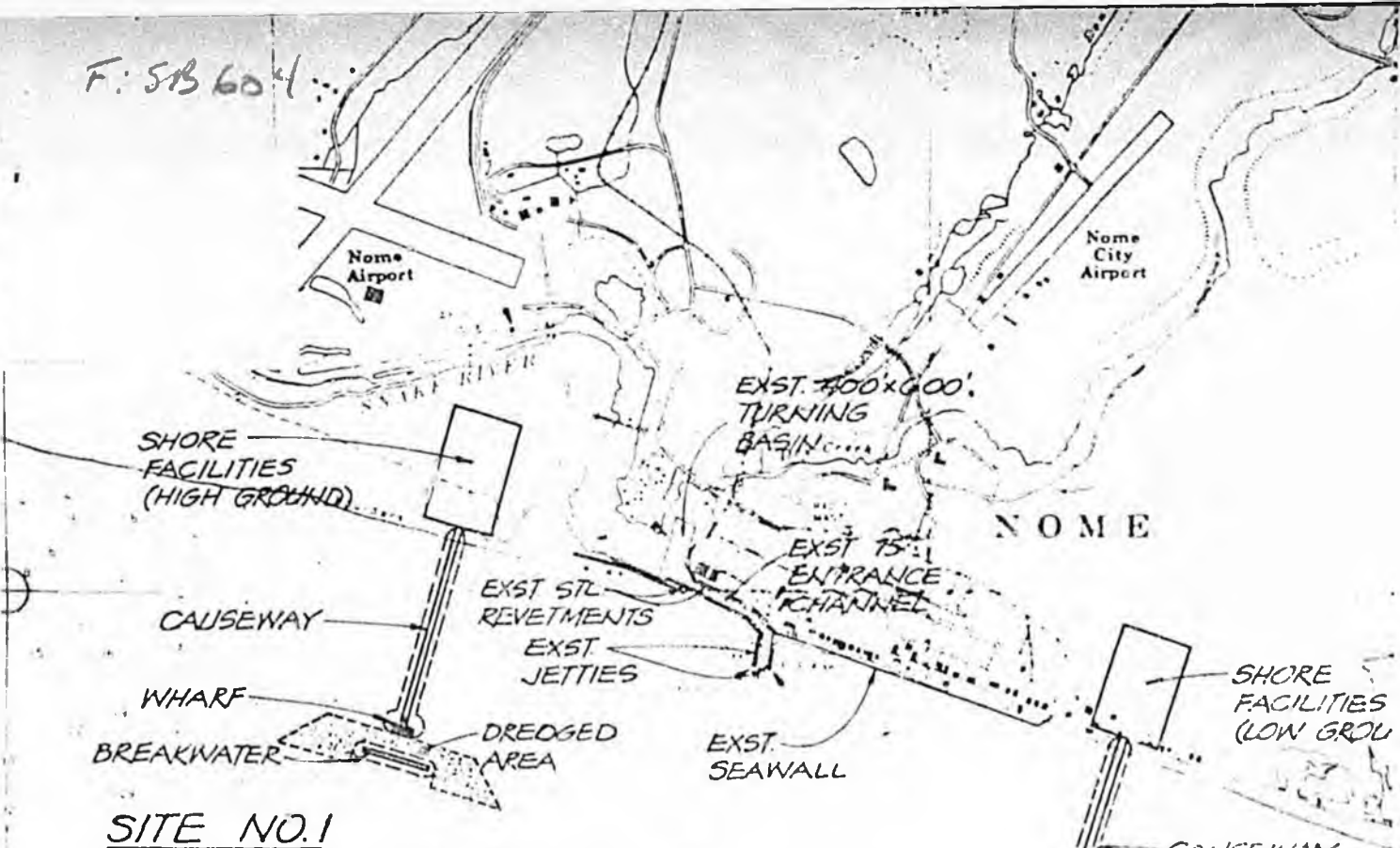
Capital costs requirements to cover development of the proposed barge facilities are shown in Table 6.

Table 6
 CAPITAL COSTS
 PROPOSED OFFSHORE BARGE FACILITIES
 NOME, ALASKA
 (Estimated 1976 Costs)

<u>Item</u>	<u>Amount</u>
Total Project Cost (Table 2)	\$8,540,000
Portable Hydraulic Dredge and Floating Breakwater	750,000
Total Project Capital Cost	<u>\$9,290,000</u>
1974 Port Facilities Development Fund, State of Alaska	<u>(-) 2,000,000</u>
Total Project Capital Costs To Be Funded By The City Of Nome	\$7,290,000

*NOME BARGE FACILITY STUDY
 CH2M HILL July 1976*

F: 513 604



SITE NO. 1

A PORT FOR NOME?

Representative Al Nakak's Introduction of House Bill 280 places on a front burner once again a project that has long intrigued Nomites - a

deep water port.

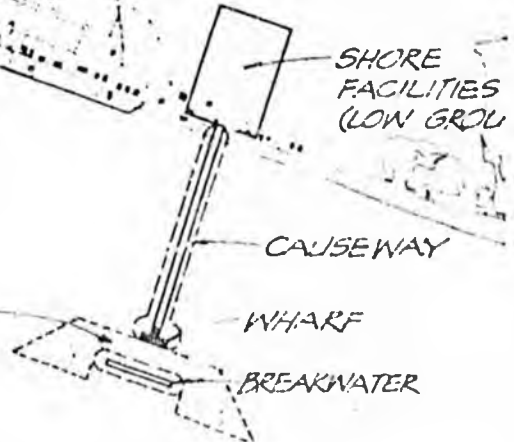
In 1975 the federal government floated a two million dollar Port Facilities Development Fund for the construction of a port, but it required a ten per cent matching grant from Nome. With city coffers then as now empty, and no local monies in sight, Nakak is asking the state of Alaska to cough up Nome's share of \$200,000.

If Nome's deep water port never leaves the drawing table, it won't be through lack of doodling. Most recent study for a deep water port was done by CH2M Hill in 1975, at the request of the City Council. It follows three earlier studies done by the U.S. Corps of Engineers, the State of Alaska, and an engineering team from Oregon.

Army Engineers came up with six options, costing in 1975 from six to twelve million, and the State compared sites at Nome proper and Cape Nome. Clark and Graff Engineers site possibilities included Port Clarence and Teller.

CH2M Hill's imaginative effort in 1975 discussed helicopter litigation, the use of balloons, tramways and air-cushion vehicles to offload ships - all the latest wrinkles. But the report settled on an "ocean-going barge facility," that extended from the city's breakwater 2200 feet offshore, out to a minimum water depth of sixteen feet. At the end of the causeway stood a T-shaped wharf, to which Seattle-based barges could tie

DREDGED AREA



SITE NO. 2

wharf. A twenty foot wide roadway the length of the causeway would connect the wharf with the shore.

All rock for the project would come from Cape Nome thirteen miles to the east. Construction would be in three phases, and the entire project would take a minimum of four years to build; this includes the search for funds, city council action, and additional studies and surveys. CH2M Hill projected in 1976 a cost of \$8,540,000. The engineers also called for dredging, to take care of littoral drift accumulation on the west side of the causeway.

It is an expensive undertaking. The dredge alone would cost \$750,000. And CH2M Hill's report does raise the preliminary question - can Nome afford to pay for such a port?

A major consideration was whether oil suppliers would use more shallow-draft barges to offload liquid petroleum products directly to the new facility, or whether they would continue to use tankers and litrage oil in small barges AS HAPPENS TODAY. According to the report's figures, nearly 73 per cent of total shipping delivered at Nome in the last five years was oil products or its derivatives.

Nearly 30,000 tons of sea-going freight are delivered annually here, and CH2M Hill claimed that litrage costs would be considerably reduced and simplified, with a barge port facility.

The Bering Straights News
Nome, Alaska
March 31, 1978

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would be less cargo damage due to direct offloading.

Offsetting this would be the cost of the facility itself, dredging and maintenance costs and trucked cargo handling.

The report argues but not convincingly that Nome could spend ten million dollars in hopes of reducing its shipping costs. But more intriguing than this dubious prospect are the prospects that a deep water port might unlock for the future.

Following their own dynamics, oil companies will surely take a close look at Norton Sound offshore prospects. But if they do decide to drill in earnest,

will they necessarily build a port here for us in Nome? Or might they pick a site of their own choosing, and develop their own staging areas perhaps far from Nome, with the result that Nome might miss the revenues that could accrue from oil development here.

Concerning mineral development, there are known and marketable minerals in the Seward Peninsula that presently lack only a means of getting them stateside for their commercial development. What effect would a deep water port have on mineral development, in future years?

And with the marketing problems faced by the Norton Sound King Crab Fisherman's Association fresh in mind, how can Nome ever really develop a fishing industry here for bottomfish, herring, crabs, and even salmon without a deep water port, without a base where fishermen can tie up their boats and weather storms, and without the canning and processing facilities that must precede and accompany the development of a commercial fishery here.

With House Bill 260 up for consideration in Juneau, and the prospects for the future as glimmering as ever, it is time for another look at a deep water port for Nome. WHETHER OR NOT HB 260 prevails in Juneau relates to a question that Nome must ask itself and answer affirmatively, "Do we want a deep water port for Nome?"

The BERING STRAIGHTS recommends a definitive YES and we should make it felt in Juneau. RR