ALASKA: CONQUERING THE LAST FRONTIER

Alaska has much to offer. It encompasses nearly 600,000 square miles, is home to one of the largest oil fields in North America, and boasts breathtaking scenery. It also presents logistics challenges and requires experienced service providers to weather any storm.
Although Alaska’s oil revenues—a mainstay of the state’s economy—dropped precipitously between 2012 and 2015, largely due to lower prices, many logistics companies operating in the state remain optimistic about its prospects. Oil prices ebb and flow, and both Alaska’s population and its tourism industry show steady growth.

Because of Alaska’s location, harsh weather, and many remote villages—despite the state’s size, it has only 16,000 miles of roads—effective logistics and supply chains are critical.

In addition, many companies employ a just-in-time inventory management approach to rein in costs. In Alaska, logistics delays don’t simply leave shoppers without the latest videogame or outfit. Instead, they can mean parents waiting for food or diaper deliveries for their children have to go without, or construction projects and oil drilling operations remain on hold until key parts arrive.

Moving products to, from, and within Alaska efficiently, safely, and on time, so towns have what they need,” says Jason Berry, managing director of cargo, Alaska Airlines. “Many of our employees come from communities throughout Alaska, and everyone on the team takes that mission to heart.”

Access by Air
Air cargo is vital to the state, Berry notes, given the small number of roads and the fact that ice can limit movement via ship. “Air is the only access to some communities,” he adds.

Alaska Airlines is boosting its cargo capacity by 15 percent, as it replaces aircraft that flew both cargo and passengers with three new cargo-dedicated airplanes. These will fly to and from Alaska and within the state.

This change also enhances flexibility, as the planes won’t be tied to passenger schedules. Instead, the cargo-only planes can optimize their schedules to support the communities they serve. “We want to maximize morning flights,” Berry says, as those often are used to move parts and equipment needed for just-in-time operations.

Alaska Airlines also will be able to enhance its cargo service to markets that are not big passenger destinations, Berry says. For instance, Alaska Airlines’ cargo operation is adding service to Unalakleet, and reintroducing seasonal and scheduled flights to Dillingham and King Salmon.

“We are bullish on Alaska for the long term,” Berry says, noting that the increase in e-commerce is changing the environment. “We want to be in the middle of that growth. We want to grow our business in a way that brings value to the community, and use our efficient fleet to cover the state,” he adds.

Indeed, Alaska Airlines has been hauling critical supplies around the globe since its founding in 1932. In the 1940s, its planes carried food for the Berlin Airlift and flew refugees to Israel. The carrier also hauled drilling rigs to Alaska’s North Slope and Ecuador’s jungles.
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The company’s fleet incorporates special navigation tools that allow it to safely fly in areas, such as the mountainous southeastern region of Alaska, where some other operators might not be able to. That’s key when the plane is carrying perishable food stuffs. “A plane cannot circle in the air because it’s unable to land,” Berry says. “We can get in consistently, safely, and on time.”

Moreover, because Alaska Air also serves cities across the United States, suppliers can move goods from the mainland to the 49th state, all via the same carrier. “They can ship fresh flowers from Florida to Alaska on one airline,” Berry says. “This brings the state of Alaska much closer to the rest of the country.”

Connections Within Alaska

Another firm with a long history of connecting cities within Alaska to each other, and Alaska to other parts of the world, is Span Alaska, which became a Matson Logistics subsidiary in 2016.

“We are one of the largest less-than-truckload (LTL) carriers throughout the state,” says Bill Meszaros, vice president, sales and marketing, with Span Alaska. Based in Auburn, Wash., Span Alaska operates terminals in Anchorage, Fairbanks, Kenai, Kodiak, and Wasilla.

Each year, Span Alaska and its subsidiaries ship more than 400 million pounds of freight to Alaska, Hawaii, and Puerto Rico. In addition to shipments to southcentral Alaska, the company offers overnight service from Anchorage to Fairbanks and the Kenai Peninsula. It also provides LTL service from Seattle to southeast Alaska via barge.

Span Alaska works with almost all industries, except food, handling a range of products, from those headed for retailers’ shelves, to those used on construction projects. The company prides itself on quality service. “There’s nothing we won’t do for clients,” Meszaros says.

For instance, if a customer doesn’t have enough product to create a full shipment, Span Alaska will consolidate freight until it does. Many other freight companies simply bring in products and then ship them out immediately, which can boost costs, he adds.

Meszaros and his team notify customers if their freight arrives damaged and check whether Span Alaska should refuse the product. He and his team members also call ahead before deliveries. While other companies do this as well, they often charge for the service. “We don’t,” Meszaros says. “It’s part of our value-add service.”

Especially important in Alaska, Span Alaska offers lift-gate deliveries. Meszaros notes that many Alaskan businesses lack the volume needed to justify the cost of dock-high delivery doors that would allow the trailer to back up to a door that’s level with the truck back. Instead, Span Alaska unloads using liftgate service, which is lower to the ground. “These are just some of the value-add services we offer,” he adds.

Lead Time Challenges

Keeping freight moving accurately and on time is critical when serving Alaska, given the lead time required to move goods from the rest of the country to the state. Ocean shipments from Seattle/Tacoma, the nearest large metropolitan area on the mainland, take four days. Once in Alaska, unloading the barge takes another day. “A contractor in California who needs building materials can pick up the phone and have the shipment there in one hour,” Meszaros notes. “A contractor in Alaska has to wait one week.”

To serve its customers and help them streamline their inventory, Span Alaska works hard to ensure that its shipments travel efficiently and on time. Its drivers know how to move safely even in bad weather. Snow or ice might prompt drivers to slow down, but they still venture out. “Alaska is no different than any other northern state,” Meszaros says.
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If we get two or three feet of snow, we shrug it off as just another snow day.”

While Span Alaska focuses on less-than-containerload shipments, its parent company, Matson, helps companies move full containers over the ocean. Matson traces its roots to 1882, when Captain William Matson sailed his three-masted schooner from San Francisco to Hawaii, bringing 300 tons of food, plantation supplies, and general merchandise. It has since grown to become one of the leading U.S. carriers operating in the Pacific Ocean. The company’s fleet of 22 vessels includes containerships, combination container and roll-on/roll-off ships, and custom-designed barges.

Matson serves three primary ports in Alaska: Anchorage, Kodiak, and Dutch Harbor, says John Lauer, senior vice president of ocean services with Matson. The company added its Alaska service in 2015, when it purchased the business from Horizon Lines, which had done business in the state for 50 years. Horizon employees remained on board and continue to bring their knowledge and dedication to their roles in helping to move more than 60,000 containers each year, Lauer says.

“We’re thrilled to be in the market,” he says. “The companies in our core markets, including Alaska, depend on a reliable supply chain.” Matson’s clients include retailers, wholesalers, and forwarders, as well as the government; Matson handles many items headed for retail stores on military bases.

**Year-Round Service**

Its ships make two trips each week from Tacoma, Wash., to Anchorage and Kodiak, with one also serving Dutch Harbor. Together, that represents more Alaska ports served than any other shipping line. And service is year-round. “Even in rough conditions, we’re able to get in there 52 weeks a year,” Lauer adds.

Most shipments begin in the lower 48 states. One of the firm’s sister companies, Matson Logistics, uses rail and truck networks that traverse the U.S. mainland to feed the cargo ships in Tacoma.

When Matson purchased Horizon Lines’ Alaska service, Horizon had been in financial distress, which hampered efforts to invest in its business. “We’ve been able to invest in a significant number of containers,” Lauer says. Matson also has invested in containers designed to keep products, such as cases of soda, from freezing.

The company also brought in the largest crane in Alaska; it’s located in Kodiak. The crane expedites the time required to unload the ship.

Matson also invested heavily in its newly acquired Alaska fleet. Along with other upgrades, the ships received new equipment that allows them to comply with new emissions regulations well in advance of 2020, when they go into effect. “We’re ahead of the game,” Lauer notes.

Matson has refurbished and updated two ships that it keeps in reserve in Tacoma, should anything happen to one of its three primary ships that serve Alaska. “We’ve never missed a beat meeting our schedules,” Lauer says.

For instance, when a vessel had to return to Tacoma so a mechanical issue could be resolved, Matson replaced it with one of its reserve ships and maintained its schedule. In other instances, Matson offered customers a range of delivery options that would keep their products moving. In a few cases, it flew cargo to grocery stores in Kodiak and Dutch Harbor. “We go above and beyond to make sure shelves are stocked,” he says.

The company also installed systems that allow customers to book services with computerized tracking and supported by experienced operations personnel in all specialties, including transporting fragile and refrigerated items. The carrier offers twice-weekly, consistent day-of-the-week service between Tacoma, Anchorage, and Kodiak, among other Alaskan services.
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and track the status of their goods online. “It’s like tracking a UPS package,” he says.

These investments are key, given many companies’ move to lean inventory models. “Companies that rely on lean supply chains have to pick quality service providers that can move cargo on time,” Lauer says. Matson’s long track record demonstrates this is a company strength.

Matson also established a branch of its foundation, a corporate giving program, in Alaska. “We’re excited to work with different organizations and contribute to the community,” Lauer says. “We’re a company shippers can rely on, and we’re committed to this market.”

Linking Alaska to the Lower 48

Lynden Incorporated is a multi-modal company that focuses on linking Alaska with the contiguous United States. “We’re an LTL and truckload carrier servicing and connecting the lower 48 states to Alaska,” explains Paul Grimaldi, president of Lynden Transport.

One differentiating factor is the breadth of service Lynden offers. Its steamship service travels from Seattle to Anchorage, while its barges—slower, but less expensive than steamship travel—go to Central, Southeast, and Western Alaska. Lynden’s trucks travel between Seattle, Anchorage, and Fairbanks; the trip is faster than barge or steamship. Finally, the company also can expedite shipments through its air forwarding service. “Shippers can pay for the speed they need,” Grimaldi says.

Offering multiple transportation options is key to Lynden’s customer service. “Alaska is a large state,” Grimaldi says. “If a provider is to be of service, it has to do everything. Lynden covers it all.”

Grimaldi breaks the state into three main regions. First is Southeast Alaska, home to the capital, Juneau, and serviced primarily by barges, as the region lacks both roads and the deep water ports needed for steamships. Second is Central Alaska, which houses Anchorage and Fairbanks, and extends to Prudhoe Bay. It contains most of the roads in the state and can accommodate steamships and trucks. The third region, Western Alaska, surrounds Bristol Bay, and can be served by air and barge.

An Array of Services

Most of the company’s shipments move from the lower 48 to Alaska, although Lynden also handles intra-Alaska shipments. The company serves a range of industries, including oil and gas, retail, construction, mining and tourism. Its service centers in Seattle, Houston, Calgary, Edmonton, Los Angeles, Portland, and other locations throughout the lower 48 work with customers that are shipping to Alaska. “We are their connection,” Grimaldi says.

Lynden’s steamships leave Seattle on Wednesday and Friday, and travel about 1,200 nautical miles before arriving in Anchorage on Sunday and Tuesday. A barge also leaves on Tuesday for Central Alaska and arrives about eight days later. Barges also leave Seattle every Wednesday and Friday for Southeast Alaska. The trucks leave on Tuesday and Friday, and cover the approximately 2,300 miles by Friday and Monday, respectively.
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Weather can be a factor in travel times. “We never want to put our employees, customers, or the public in harm’s way, so we’ll make prudent weather decisions,” Grimaldi says. “However, we have the experience and the professionalism to handle many weather situations.”

Lynden uses advanced technology and works closely with customers to coordinate deliveries and ensure they have products on their shelves when they need them. It offers Keep-From-Freezing (KFF) service through insulated trailers with heaters, which keep paint and other liquids from freezing.

Few carriers operating in the lower 48 also operate in Alaska. “It’s a difficult place to operate,” Grimaldi admits. “But we’ve been here for well over 60 years—Lynden was one of the first carriers to bring fresh meat into the state—and have it figured out.”

Moving Commodities
While ships, planes, and trucks carry numerous products to and from Alaska and its many communities, rail remains an effective transportation option for many commodities and equipment.

“We’re able to carry heavy, dense products,” says Tim Williams, director of freight sales and marketing with Alaska Railroad. The Alaska Railroad Corporation, a public corporation of the state of Alaska, owns and operates the railroad.

Since the first stretch of the railroad was laid in 1903, it has played a key role in moving freight. In the 1940s, two tunnels built through the Chugach Mountains allowed rail access to Whittier, a military port and fuel depot that helped support U.S. military efforts in World War II. In the 1970s, the Alaska Railroad hauled pipe from Valdez and Seward to Fairbanks, where it was then trucked to the North Slope for the Trans-Alaska Pipeline.

In 2014, the Alaska Railroad hauled nearly 5 million tons of freight. Its freight service fleet includes 863 railcars owned or leased by Alaska Railroad Corporation, and 180 railcars that its customers lease.

The typical railcar can hold about 100 tons, or four truckloads of product, and loading one takes about eight hours, Williams says. Most carry products for the oil and gas, construction, and mining industries, including chemicals, pipes, structural steel, building materials, machinery, and other products. The company also moves coal, aggregate, and fuel throughout the state.

Once the products are loaded into railcars, the cars travel via barge from Seattle to Whittier, a week-long trip. Alaska Railroad also operates a barge service that starts in Prince Rupert, Canada, and heads to Alaska. Most barges can hold between 45 and 50 cars. When they arrive in Alaska, the railcars roll off the barge and head to various points throughout the state.

Railcars Keep on Rolling
Alaska Railroad can move railcars from anywhere in North America to or from Alaska. “We’ve moved freight from as far as Mexico and Florida in railcars that come to Seattle, and roll onto the barge,” Williams says.

For many products, once they’re loaded on a railcar, they don’t come off until they’ve arrived at their final destinations. “There’s no transloading,” Williams says. “Companies cut costs because they don’t have to re-handle the freight.”

The company also can transport products that come in containers and trailers via steamships from the Port of Anchorage to Fairbanks. Moving these via trailer-on-flatcar (TOFC) service takes trucks off the road, Williams says.

While bulk commodities account for much of the cargo on the railcars, they also can transport containers on flatcars, or COFCs, Williams says. Once a barge arrives in Whittier, Seward, or Anchorage, the containers are offloaded to flat train cars to continue to

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Anchorage and/or Fairbanks. The containers moving via COFC and TOFC typically house retail items, as well as products and equipment for the oil/gas and mining industries, he adds.

**Center of the Air Cargo World**

While many logistics providers focus on moving goods to, from, and within Alaska, the Ted Stevens Anchorage International Airport helps cargo move around the globe. Anchorage is both the largest city in Alaska and within 9.5 hours flying time to much of the industrial world, including Tokyo, Chicago, and Moscow, notes John Parrott, manager of Ted Stevens Anchorage International Airport. “We’re the center of the air cargo world,” he says.

About 80 percent of cargo traveling on freighter aircraft between Asia and North America comes through the airport. Each day, 70 widebody cargo planes land at the airport. “We’re the gas station,” Parrott says, noting that the airport is halfway between Shanghai and Chicago, and that North America, Asia and the EMEA region all are within 4,000 miles. The airport is the second-busiest cargo airport in North America, and the fourth busiest in the world.

“We’re a significant node in the global air cargo supply chain,” Parrott says. It’s one the airport is well positioned to handle. Since opening in the 1970s, the airport has never closed for snow. “We get a lot of snow, but we take it personally,” Parrott says. “No one wants that first closure to happen on their watch.” Employees go extra lengths to make sure the snow doesn’t hinder the planes’ ability to take off and land as scheduled, and to keep the airport open and operating 24/7.

To further aid operations, the airport boasts a Category III B instrument landing system that uses radio beams to provide pilots with vertical and horizontal guidance during their landing approaches, helping them land planes when weather hinders visibility to the runways. For qualified pilots and planes, the airport has the navigation aids to help them land in all kinds of weather.

That said, Parrott notes that the airport can regularly—and favorably—compare its weather to other northern cities. Pilots can rely on visual meteorological conditions more than 90 percent of the time. “They can fly into the airport visually, rather than rely on instruments,” he explains. Ted Stevens Airport also can accommodate Aircraft Design Group VI. This means the largest aircraft in the world can land there.

**Getting in the Zone**

Airport management can designate any area of the airport a free trade zone. Again, that boosts efficiency for the companies using Ted Stevens to move cargo. The airport also offers 24/7 customs services onsite, Parrott says.

Expanded air cargo transfer rights allow companies to move goods between aircrafts quickly and efficiently. Parrott provides an example: Two airlines fly from Asia into Alaska on the same day. They move on to Chicago and Atlanta, but not on the same day. By transferring cargo from one airline to another, both airlines can offer customers daily overnight service to Chicago and Atlanta.

Alaska’s nickname is “The Last Frontier” and many of its citizens embrace a pioneering spirit. The companies that provide logistics services to, from, and within the state take pride in their ability to help Alaskan residents and companies conquer this frontier.
Alaska Air Cargo • www.alaskacargo.com

Alaska Air Cargo provides reliable air cargo services to meet your shipping needs. Whether it be small packages, full ULD shipments, or chartered freighter service, Alaska Air Cargo offers a variety of options, including GoldStreak® Package Express, a next-available-flight service for items up to 100 pounds; Priority Air Freight for time-sensitive shipments that are larger than GoldStreak and need to be at a destination by a specific time; and Animal Express, a priority express service that ensures animals a safe and comfortable journey.

Alaska Railroad • www.alaskarailroad.com

If you have freight or equipment to transport to or from Alaska, or within Alaska, contact the Alaska Railroad first. We have the people, equipment, and experience to move difficult, heavy, large, and unusual dimensioned freight, as well as containerized and hazardous materials. With the Alaska Railroad’s Rail-Marine Service, customers can load their goods onto a railcar in the Lower 48, and it will be seamlessly transferred to Alaska and railbelt communities via the Alaska Railroad's port in Seattle.

Lynden • www.lynden.com

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Matson • www.matson.com

Matson is a leader in Pacific shipping and most noted for its long-standing service to Hawaii, Guam, and Micronesia. Matson’s China-Long Beach Express offers premium, expedited service from Ningbo and Shanghai to Long Beach, including a guaranteed expedited service option to many U.S. destinations. Its subsidiary, Matson Integrated Logistics, is one of the nation’s leading logistics providers, with expertise in all aspects of U.S. mainland transportation: truck, rail, and air.

Span Alaska • www.spanalaska.com

Span Alaska understands Alaska and has everything it takes to transport your shipments to, from, and around the state. Span Alaska moves more LTL freight than any other carrier to Alaska—for several good reasons. It has the equipment, the people, and the clout with ocean carriers necessary to transport your freight quickly and efficiently. These kinds of connections enable Span Alaska to give you the best value and to get things done that others simply cannot.

Ted Stevens Anchorage International Airport • www.dot.state.ak.us/anc

For more than 50 years, Ted Stevens Anchorage International Airport has played an integral role in the growth of Anchorage and the state of Alaska. Today, the airport has an exciting and dynamic future, with geographic location providing unlimited potential moving goods, and services and infrastructure to be used in the global marketplace. The mission of the Ted Stevens Anchorage International Airport is to Develop - Operate - Maintain The Airport for Anchorage - Alaska - the World.