



Alter Barge Line, Inc.

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History



Adapted from Navigating the Century, Bernie Goldstein's personal account of Alter Company's first hundred years...

As president of Alter Company, Bernie Goldstein was constantly driving between scrap yards, up and down the banks of the Mississippi River. He began to notice the possible connections between the company's scrap metal processing operations and the nearby waterways transportation industry. He researched the possibilities and realized that barges could move Alter's scrap metal at a very low rate and reach markets that had previously been too



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for synergetic opportunities and began to research the possibility of Alter owning its own towboat. After calculating how much it would cost to buy, maintain, and run a towboat and four barges, he decided to pursue the idea further. He managed to get the financing in place and purchased the *M/V Frank R. Alter* in 1960, embarking into the marine transportation business.

Despite its successes for our scrap metal company, the barge line itself was not making money. Bernie sought the advice of friend Saul Greenstein, who as a shipper of tallow and molasses was much more knowledgeable of the river industry. He put Bernie in touch with Eno Dupuis. Eno promised to make the venture successful and installed a new captain, Sambo Dean. A fresh crew of hard-working Cajuns came on board with us, productivity jumped up thirty percent, and the boat and barges immediately began earning profits. Then, in 1961, Eno had to return to his full-time position at Ashland Oil, but he promised to find a replacement even better than himself. As always, he was as good as his word—he had found us Gordon Jones. Under his management, new captains and crews were hired, and Alter Barge Line began to grow into an even more experienced, established, and successful venture.

In 1963, Gordon and Bernie came to the realization that there were a lot more corn and soybeans in Iowa than there was scrap iron! Until then, they had limited themselves to pushing scrap downstream and coal upriver, but those commodities were dwarfed by the potential downstream grain business. Overcoming the challenges of expansion, we jumped into the booming barge industry and took advantage of the huge growth of the mid 60s and early 70s. The barge line continued to expand in order to meet its increased business, and in 1964 Alter Fleet was established. The company leased a mile of riverfront property eighteen miles upstream of New Orleans and chartered some switch boats. Soon, other barge lines were using Alter's services, so we

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doubled our property, adding a cleaning service, a dry dock, and a repair and maintenance service.

As Alter acquired more and more barges, we also bought some small boats to push them around the Upper Mississippi. Mostly, we named the boats after members of the Alter family, and soon our fleet included the first *M/V Frank R. Alter* (1960), the *M/V Colonel Davenport* (1962), the *M/V Yetta Alter* (1963), the *M/V Renee G.* (1965), the first *M/V Phyllis* and the *M/V Fair Lady* (both 1966), and the first *M/V Beverly Ann* (1967). In 1973, we added the second *Phyllis* and the *Miss Kathy*, Alter's first brand new towboat.

Our small boats were fine for the Upper Mississippi, particularly around Davenport and Muscatine, where the locks and dams limited the number of barges any boat could push. Besides, the big towboat companies had largely overlooked the middle stretch of the Upper Mississippi. They all cherished the long haul, from St. Louis to Minneapolis. At Alter Company, we were very happy with shorter trips. Our smaller horsepower boats enabled us to provide high-frequency, high-quality service to cities such as Dubuque, Muscatine, Keokuk, Clinton, and Quincy.

However, on the Lower Mississippi, our fleet was hopelessly underpowered. Unable to afford the big horsepower boats, Alter decided to adopt a different strategy. Bernie Goldstein and Gordon Jones recognized that barges were the key to growth because they carried the payload and earned the cash. If you controlled barges, you could always hire boat owners to push those barges around. Their plan was simple: Alter would win solid five-year contracts with coal or grain companies, then take those contracts to their bankers as security for buying more barges, while they would either charter boats or pay others to move them on the Lower Mississippi. The strategy worked brilliantly, and within thirteen years we had acquired 218 barges, built with steel rub strips around them for longer life.

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However, our barge-buying strategy left us very dependent on the big boat owners of the Lower Mississippi. This strategy had to change, and Alter desperately needed some big boats of its own. And that meant, somehow, we had to find some major financing. Leveraging tax incentives such as Title XI, we found that we could finally afford some more powerful boats. In 1974, we added the second *Beverly Ann* and the *Bernard G.*, both perfect for the Lower Mississippi. In 1977, we added the second *Frank R. Alter*, a 7,200 horsepower boat that could push thirty barges or more.

But not everyone was as happy as we were with the boom in the boat, barge, and grain business. The local railroads, traditionally the vehicle for Midwest grain to reach the coast, were devastated. However, they failed to see that cooperative joint ventures with barge lines would brighten their future, and they refused to let their trains move grain to riverside elevators. We had to truck it instead, which was far more expensive and meant that farmers, railroads, and barge companies were all losing out.

Despite repeated refusal by the railroads for a transfer agreement, finally, in 1978, the Milwaukee Railroad decided to rail the first joint shipment of grain to Davenport, where we transferred it to our barges and pushed it down to New Orleans. As the first joint bill of lading citing a railroad and a barge line, it gained considerable publicity and gave us another edge on our competition. The partnership also worked out fine for Milwaukee Railroad, and “ping-ponging” grain cars proved efficient and profitable for their business as well.

Then, the hard times of the 1980s hit, and the barge industry felt into a heavy depression. In March 1982, Gordon Jones retired and we recruited John McKenzie from St. Louis as his replacement. Sadly, by the time John joined us, the barge market had pretty much slipped into its thirteen-year coma. His main job was to keep us alive; he found many cost-

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cutting opportunities, and we ran as lean as possible. Thankfully, despite bleeding money out of our barges, boats, and terminals, Alter Barge Line somehow managed to scrape through.

Although unrelenting, the recession eventually bottomed out, and we knew we had survived. More confident, we began to look around for opportunities to acquire assets. There were plenty of bargains available, and over the following few years, we almost doubled our number of barges to 400.

While riverboat gaming was taking the spotlight (and the capital) away from our other interests during the 1990s, our barge line was advancing well. Alter Transportation was now completely distinct from Alter Trading. It had separate offices, human resource departments, and ownership. It didn't even do much business with Alter Trading any more. We moved most of our scrap on the inland waterways system in other companies' barges, and mostly saved our own barges for the more rewarding grain business.

By the mid-1990s, the surplus of barges on the inland waterways system finally eased, and that meant that at last the barge rates revived. In 1995, John McKenzie led Alter Barge to a bumper year, and in 1996 (in anticipation of growing business, and to preempt the gradual aging of our barge fleet) we ordered fifty new barges, with an option for more. It was our first order of new barges in fifteen years. In 1997, Jeff Goldstein became president of the now thriving business, and three years later, as business further stabilized, he became Chief Executive Officer of Alter Company and was replaced as president of the barge line by Larry Daily.

Continuing to improve and regenerate the fleet, the barge line has since retired three boats—the Beverly Ann, the Gordon Jones, and the Renee G.—and replaced them with three more modern boats—the Jeffrey G., the Bootsie B., and the Reggie G. A number of barges have also been exchanged and the

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newer, revamped fleet now includes more than 325 hoppers.

Today, after more than forty-five years in the barging business, Alter Barge Line continues to seek new transportation opportunities and to improve operational capacity. With the ongoing growth of our fleets, terminals, shipyards, and affiliated scrap-yards and grain elevators, the future is full of possibility and excitement!

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