

House Transportation Committee

REP. GRIER HOPKINS

Chair

State Capitol

Juneau, AK 99801

907-465-4457



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ALASKA STATE HOUSE OF REPRESENTATIVES

House Bill 366

Legislative Approval for AK Railroad Bonds for Seward Dock Replacement

Sponsor Statement

The Alaska Railroad Corporation (ARRC) is seeking authority from the Alaska State Legislature, as per AS 42.40.285, to issue bonds of no more than \$60 million to fund the construction of a new passenger dock and terminal passenger facility in Seward, Alaska. While ARRC must seek authority from the state to issue bonds, under AS 42.40.690 the State of Alaska is not liable for the debts of ARRC.

The Alaska Railroad has maintained facilities for passengers arriving in and departing from Seward for more than 100 years. In 1966, the existing passenger dock was constructed after the destruction of the dock, along with most of the City of Seward, in the 1964 Great Alaska Earthquake. The dock's pile foundation has experienced significant corrosion over its half-century lifespan, which limits the dock's remaining useful life and has resulted in weight restrictions being implemented. While safe to use, the dock is clearly nearing the end of its useful life.

Due to the dock's deteriorating condition and to accommodate larger class ships that are expected to make the cross-gulf trip to Seward, the new dock must be completed in time for the 2024 cruise ship season. As such, the new passenger dock will be designed to accommodate anticipated cruise traffic for the next fifty years, be capable of simultaneously mooring two ships measuring up to 1,080 feet long and provide for off-season mooring of freight vessels.

Critically important is that all construction must avoid interruption to cruise or rail passenger service between May and September of 2022 and 2023. Total anticipated cost for construction of the new passenger dock and terminal, as well as demolition of the existing dock and terminal, is \$79 million. In addition to the existing \$12 Seward dock passenger fee, ARRC has implemented a \$15 per cruise ship passenger Dock Improvement Fee starting in 2022. This funding, along with other dock revenues and \$1 million in other ARRC funds, will be used to provide an estimated \$19 million for dock and terminal construction. ARRC will seek an additional \$60 million by issuing bonds to fund the remainder of the cost of construction. The debt service on this \$60 million will be paid entirely from dock revenues. In order to meet the 2024 need for the new dock, it is imperative that ARRC coordinate public debt funding by mid-2022.