

January 21, 2025

Senate Finance Committee

Alaska Railroad Bond Authorization: SUPPORT

Members of the Finance Committee:

The Alaska Railroad Corporation (ARRC) is in full support of the Governor's bill seeking bond authorization to replace needed infrastructure. The bill would grant ARRC the legislative approval required under AS 42.40.285 to issue bonds of no more than \$135 million to fund the purchase of a new passenger dock and related terminal facility in Seward, Alaska.

The need to replace the existing dock and terminal is clear and imperative. This current infrastructure is at the end of life, demanding significant maintenance expense to remain safe and operational for the coming summer season. It's unclear how long such repairs will be tenable; we believe new construction is essential for the long-term viability of Seward as a cruise port, and that this bill is critical to that effort.

ARRC has received a proposal for a new passenger dock and terminal facility at a purchase price of \$137 million. The requested \$75 million in bond authorization would be additive to the \$60 million authorized in 2022 - for a total of \$135 million - with ARRC making an equity investment in the project as well. It is important to note that while ARRC must seek legislative approval to exercise the statutory authority to issue bonds, under AS 42.40.690 the State of Alaska is not liable for the debts of ARRC. The bonds will be secured by a port usage agreement and paid back entirely from dock revenues, and represent no obligation to the State.

The project has been designed to the specifications of our anchor tenant, Royal Caribbean Group, ensuring that the new infrastructure will meet the needs of the cruise industry; and construction will be completed by an Alaskan company with a proven track record in building marine infrastructure. The successful passage of this bill is critical to meeting the necessary timeline of completing the new dock and terminal in time for the 2026 cruise season.

Royal Caribbean has expressed a strong commitment to Seward as a cruise destination, and we believe we are aligned in our confidence in this project and the future growth of tourism in Alaska. The new dock design will be able to accommodate the Quantum class of ships – the largest sailing in Alaska – bringing Seward in line with Southeast ports and positioning this new infrastructure to support the next 50 years of industry growth and visitor demand.

Finally, while Seward will certainly benefit from a revitalized passenger dock and terminal, the economic benefits of this project will extend across Southeast, Southcentral and the Interior,

as cruise visitors travel across the state and spend their time and dollars in multiple Alaskan communities. This bill will enable ARRC to make an essential investment in Alaska's transportation infrastructure, at no expense to the State, supporting Alaska's visitor industry for decades to come.

Sincerely,



Bill O'Leary  
President and CEO  
Alaska Railroad Corporation