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Alaska State House Finance Committee

Alaska Railroad Bond Authorization: Royal Caribbean Group Support

Members of the Finance Committee:

Royal Caribbean Group (RCG) fully supports granting legislative approval for the Alaska Railroad Corporation (ARRC) to issue bonds to fund the purchase of a new passenger dock and related terminal facility in Seward, Alaska.

RCG is the second-largest cruise company in the world. Three of our five brands, Royal Caribbean International, Celebrity Cruises, and Silversea, have been sailing to Alaska and homeporting from Seward for over 20 years. Seward is an essential cornerstone for our business in Alaska, underpinning future tourism opportunities throughout the state.

With the current dock infrastructure at the end of its useful life, new construction is essential for the long-term viability of Seward as a cruise port. 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. The bonds are secured by RCG's port usage agreement with ARRC and will be entirely paid back from dock revenues. In 2024, ARRC contributed a \$22M equity investment toward this project. Additionally, the City of Seward received a \$50M grant from the US Environmental Protection Agency (EPA) for energy programs to enable shore power at the new terminal, enabling ships to connect to electrical power from the local grid.

This project represents no obligation to the State and has been designed to RCG's specifications, ensuring the new infrastructure will meet the needs of the cruise industry. Construction will be completed by an Alaskan company with a proven track record in building marine infrastructure. The successful passage of the bond authorization during the 2025 legislative session is critical to meeting the timeline of completing the new dock and terminal for the 2026 cruise season.

Through RCG's robust alignment with the Alaska Railroad Corporation, RCG is confident this project will secure cross-gulf itineraries — a key pillar of cruise tourism in Alaska. The new dock design will accommodate RCG's 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 spending 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,

Preston Carnahan
Regional Vice President Destinations
Royal Caribbean Group