


CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Mark Seavey, Public Works Director

Date: April 22, 2026

Subject: Approval of Application for State of Alaska, Department of Environmental Conservation, State Revolving Fund Loan for WWTP Project 91010

Background

The City and Borough of Sitka (CBS) Wastewater Treatment Plant (WWTP) is operated under a National Pollution Discharge Elimination System (NPDES) permit regulated by the Environmental Protection Agency (EPA). A renewed NPDES permit, effective November 2025, includes more stringent fecal coliform effluent limits than the existing plant is capable of. Compliance with the new requirements goes into effect in November of 2030.

Analysis

CBS project 91010 is underway to obtain compliance with the new requirements and has completed a feasibility study and selected a modification to the WWTP which includes a facility expansion and a new on-site hypochlorite generation system. Working capital from the fiscal year 2024 budget is currently funding the design to 35 percent with a rough order of magnitude cost of approximately \$14 million for project completion. To minimize the impact on the rate payers, the CBS pursued and has been awarded \$10M in Congressionally Delegated Spending (CDS). Furthermore, the State of Alaska Department of Environmental Conservation has recognized the fiscal strain of this unfunded mandate and is offering loans with potential principal forgiveness. The current cost of a final design is \$1,165,540 which exceeds available working capital. The CBS is still awaiting the formal paperwork to execute the CDS grant and the required match is programmed for the fiscal year 2027 budget. A timely application for this loan will fund the design phase to completion and further alleviate direct costs to the CBS and the rate payers.

Fiscal Note

This is a SRF loan, the source of funds has been offered without a Catalogue of Federal Domestic Assistance (CFDA) number, however, the CBS's experience with this program recommends not counting these funds as match towards the CDS. With this request CBS will be asking for a \$1,165,540 loan with no required match. A new appropriation is not required at this time.

Recommendation

Approve this Resolution authorizing the Municipal Administrator to apply for this loan and execute it should it be approved.

Encl: Res 2026-04