

City and Borough of Sitka

FY2027 Legislative Priorities

Support for Sitka's Working Waterfront Infrastructure

Funding for a Marine Haul Out: Sitka has made significant progress on developing a new marine haul-out facility to support the commercial fleet and local maritime industries. In October 2022, voters committed \$8.2M from the Permanent Fund toward the project, and the City secured a \$1M Denali Commission grant for a vessel lift. Groundbreaking took place in November 2024, and the facility began hauling vessels in late summer 2025, demonstrating strong local demand and community investment.

Rising costs have shifted uplands development into multiple phases. Phase 2 includes critical uplands and shipyard improvements, such as electrical infrastructure, site grading and drainage, lighting, pile anodes, and fencing needed to support current operations and continued development of the shipyard. The estimated cost for these priority Phase 2 improvements is approximately \$9M. While this funding does not complete all Phase 2 elements, it addresses the most immediate infrastructure needs required to sustain operations and advance the full buildout. Support is needed to close the remaining funding gap and ensure long-term viability.

Funding for Utility Infrastructure

Thimbleberry Bypass: Sitka is one of the few municipalities powered entirely by 100% locally sourced hydroelectric energy. The generated power travels approximately 1.5 miles through hazardous, mountainous, landslide-zone terrain along the Thimbleberry Lake trail. This bypass, critical but difficult to maintain, lacks road access requiring poles to be helicoptered. Outages due to damaged poles result in repair delays due to the isolation. Moving the line underground along the State right-of-way for ~\$15M would minimize environmental and safety risks while ensuring Sitka's energy supply remains independent and resilient.

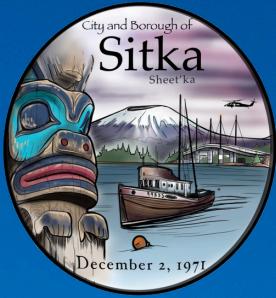
Support for Transportation

Reliable Alaska Marine Highway Service: The Alaska Marine Highway System (AMHS) is a critical lifeline for Sitka. Despite ongoing public comment processes, schedules continue with zero local input reflected in the outcome. Unreliable and inconsistent ferry service has driven up the cost of living, limited access to goods and services, and disrupted economic activity. With significant federal funding provided, communities should see improved service. CBS urges the State to restore reliable and consistent AMHS service to meet the essential needs of our community.

Support for Public Safety

Public Safety Facilities Feasibility Study: \$100,000 funding is requested for a feasibility study to evaluate long-term solutions for a new multi-purpose facility to support the Police Department and Jail, ensuring future public safety needs are met. This study will lay the groundwork for long-term improvements.

AK DOT&PF Action on Traffic and Safety Improvements: Increased cruise visitation has added pressure to local roads and pedestrian routes. DOT&PF partnership is needed to address key safety priorities, including upgraded and consistent pedestrian crossings along Harbor Drive and Sawmill Creek Road, as well as multimodal transportation planning along Halibut Point Road to improve safety and ensure predictable movement throughout Sitka.



City and Borough of Sitka (CBS)

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Support for Economic Resilience

Funding to Expand Housing: As Sitka experiences growth from the tourism sector, expansion of the Southeast Alaska Regional Health Consortium (SEARHC), and the pending arrival of a USCG Fast Response Cutter, it is evident that Sitka's workforce needs more access to housing to sustain economic growth. CBS requests funding to aid in the development of municipal lands for housing and to improve access to these areas. Additionally, CBS requests the transfer of state-owned lands in Indian River Valley, an area with high development potential, to the municipality to support housing expansion and economic resilience.

Funding for Childcare: Sitka faces a severe childcare shortage, with only one spot available for every 3.5 children under age 5. Infant and toddler care is especially limited, with available childcare serving just 7-14% of this age group. High costs, ranging from 13-20% of median household income, far exceed the 7% affordability benchmark set by the U.S. Department of Health and Human Services. CBS requests state and federal support to address this crisis, including dedicated funding to improve wages for childcare providers, support for workforce development, and career training, to enable sector growth and reduce the burden on local governments.

Support for Nonprofits: Nonprofits play a vital role in Sitka, providing essential services in areas such as healthcare, food security, childcare, and social support. As state and federal funding has declined, these organizations have increasingly relied on local government to help bridge the gap. This shift places a greater financial burden on Sitka's residents, as they ultimately bear the cost. CBS requests direct funding to nonprofits to ensure they can continue delivering critical services without placing additional strain on the community.

Addressing Federal Grant Administrative Burdens: Grant funding is a vital resource for our community, but the administrative burden associated with securing and managing these funds often undermines their value. The complex fund matching requirements, along with extensive reporting and auditing obligations, consume significant staff time and resources. Buy America, Build America (BABA) mandates further complicate project implementation and limit flexibility, increasing both cost and risk for local governments. Reducing regulatory and compliance barriers will help local governments fully leverage available funding and deliver projects efficiently in an increasingly constrained capacity environment.

Update Federal Port Fee Authority for Passenger-Based Maritime Travel: CBS requests the Alaska Congressional Delegation pursue a targeted amendment to 33 U.S.C. § 2236 (Port or Harbor Dues) to modernize federal port fee authority for passenger-based maritime travel. Specifically, CBS asks that statutory language be revised to clearly authorize non-federal entities to levy port or harbor fees on vessels engaged in experiential travel, including cruise vessels. Revenues could be applied to addressing passenger-driven impacts on port facilities and host communities.

CBS further requests assistance from the Delegation in identifying constitutionally sound language to add a new subsection to 33 U.S.C. § 2236 that reflects today's passenger-based maritime economy while remaining fair, equitable, and directly tied to services provided by host communities.