



CITY AND BOROUGH OF SITKA

FY2026 Unfunded Mandates

Fully fund the Wastewater Effluent Disinfection Treatment System

CBS requests the State of Alaska to fund the design and construction costs for the new wastewater effluent disinfection system. The fecal coliform limits in the draft discharge permit have been significantly reduced due to changes that were made to the Alaska Water Quality standards since the issuance of the current permit. The lower limits along with the addition of enterococci require CBS to disinfect the wastewater effluent prior to discharge. Sitka is unable to meet Alaska Water Quality Standards with our current treatment facility. CBS requests \$12 million in funding to design and construct the infrastructure needed to meet the requirements to alleviate the undue burden of increased utility rates to our citizens.

Continued support for the State's Community Assistance Program

CBS requests the State of Alaska fully fund the Community Assistance Program to develop a long-term funding source on which municipalities can rely and to offset the costs of unfunded mandates such as State required property tax exemptions, which continue to increase at or above the rate of inflation. Prolonged budget level uncertainties are causing severe difficulties for Sitka and other local governments.

Support for State Services at the CBS Jail Facilities

The CBS requests the State funds for the Community Jail Contract at an appropriate level. Previously funded years ago at \$695K annually, this amount has since decreased. The funding that comes in now leaves a shortfall of \$200K to sustain operations. By law, the State is responsible for caring for persons charged under State law, who account for 89% of Sitka's inmates. Without adequate funding, Sitka cannot maintain jail operations to fulfill this essential public safety responsibility.

Continued State reimbursement of school bond debt at 70% for existing bonds and consideration of new bonding opportunities

Sitka's schools were renovated using State bond funds with the expectation that the State would continue to live up to its obligation as a financial partner. While Sitka has implemented a 1% half-year sales tax increase to support school infrastructure, this revenue is insufficient to address the significant repairs and renovations that school buildings will require in the future.

To maintain our school infrastructure, a substantial pool of funding will be necessary. State reimbursement of school bond debt at 70% for existing bonds is critical to sustaining finance stability. Additionally, consideration of new bonding opportunities is essential to ensure Sitka can adequately invest in the longevity and safety of its school facilities.

Stable and predictable funding of school systems

Sitka contributes the maximum allowed by State law to support its schools, using all property tax revenue and part of its sales tax. However, rising costs and high inflation have outpaced these limits, leaving State funding stagnant and placing an unsustainable burden on local revenues. Stable and predictable State funding is essential to maintain quality education in Sitka.

Sitka supports its school system to the maximum allowed by State law. The CBS Assembly allocates all property tax revenue plus some of the sales tax to fund the school district. As school costs increase each year, and State funding remains stagnant, the burden increasingly falls on the CBS, especially in this current period of historically high inflation.

Support for the Municipal Harbor Matching Grant Program

CBS requests the State of Alaska to fund, and inflation proof the Municipal Harbor Facility Grant Program in the FY 2026 State Capital Budget and future budgets to ensure enhanced safety and economic prosperity for coastal communities. Municipalities have committed significant match for projects of local importance.