



# CITY AND BOROUGH OF SITKA

*Provide public services for Sitka that support a livable community for all*

CBS

## FY2024 Legislative Priorities

### **Funding to support Sitka's Working Waterfront**

Sitka ranks 19th nationally and 7th statewide in total fishery landings and value. Sitka's aging and lack of critical infrastructure is threatening the community and economy. The community voted in October 2022 to allocate \$8.2 million of the city's Permanent Fund to begin development of a haul out. Initial cost estimates for phase 1 are \$12 million leaving Sitka with a \$4 million shortfall to have a basic operating haul out. Phase 2 consists of an upland shipyard development estimated to cost an additional \$5 million. Federal and State assistance would reduce the city's cost to build the haul out which would alleviate the burden on the taxpayers.

Eliaison Harbor designed by AKDOT/PF was constructed in the late 1990's. The electrical system requires substantial rehabilitation at an estimated cost of \$6 million to replace main service equipment, main distribution panelboards and load centers on the floats, and main cables between these components and the new pedestals. In the past, the main feeder cable has failed multiple times that has required emergency response from harbor, electric, fire, and police department resources.

### **Support and funding to expand housing and childcare access to sustain economic growth**

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 and childcare to sustain this economic growth. Funding is requested to aid CBS efforts in completing a municipal land development feasibility study for increased access to housing for an estimated cost of \$500,000 to \$750,000. CBS also requests consideration of transferring state-owned lands in Indian River Valley to the municipality as this area presents a prime opportunity for housing development. Currently, there is only one childcare spot for every 3.5 children under the age of 5.5, and to meet our expanding workforce needs, Sitka would need to have one space available for every two children. CBS requests support and resources to work on childcare solutions that are critical for a healthy workforce in Sitka.

### **Funding for the Sitka Rocky Gutierrez Airport Terminal Improvements Project**

Owned by the State and managed by CBS, Sitka's airport was designed in the 1980's to accommodate the operation of one plane at a time. Plane operation has since tripled, and passenger traffic has increased by more than 20,000 per year. The holding room is standing room only and is unable to accommodate passengers for a single plane. A total project cost of \$33 million leaves a shortfall of \$23.5 million for improvements. CBS contributed \$4 million and has secured TSA funding of \$5.5 million while the remaining funding is anticipated through the FAA.



### **Funding for Green Lake hydro generation plant**

CBS is one of the few municipalities that is supplied with 100% renewable energy. Green Lake hydro generation plant is 40 years old and is in dire need of major rehabilitation. The Green Lake plant is the backbone of Sitka's electric service, providing half of Sitka's electrical demand. Phase 1 has been completed with CBS capital funds. Phase 2 and 3 have an estimated project cost of \$11 million. The Green Lake project was passed over in December of 2022 during the funding of the Omnibus Appropriations bill for FY23. Funding for the project's Phase 2 and 3 have not been secured, which leaves the city vulnerable to returning to diesel generation for a portion of its energy needs.





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### **Continued State support for the Sitka Seaplane Base**

Sitka's only seaplane facility has been operating at its current site for over 65 years and after some rehabilitation work completed in 2016, the facility still only had a life expectancy of 5 to 10 more years. Sitka has completed an extensive siting study and environmental documentation in support of a newly constructed facility sited on State land. CBS asks for continued support from the State for the necessary tidelands property conveyance consisting of 30-acres of submerged State tidelands. CBS anticipates receiving 93.75% of the \$38 million project funding through the FAA Airport Improvement Program due to the significant safety and operational deficiency associated with the current base location and condition.

### **Funding for utility infrastructure and deferred maintenance**

CBS requests funding for new and/or upgraded infrastructure to facilitate rapid economic growth. A substantial increase in visitors, coupled with SEARHC and USCG expansions, will strain our aging utilities and public use infrastructure (water, sewer, electrical, streets, drainage, schools, and parks). SEARHC and USCG expansions are estimated to bring a combined 500+ additional citizens to Sitka. Increased cruise ship traffic requires energy improvements to facilitate potential electrification of the cruise terminal dock and further expansion for shore excursion activities. On Japonski Island, there is exponential residential growth, buildings will be constructed on the SEARHC campus, airport upgrades and a new Sitka Seaplane base are in progress, and shore infrastructure improvements will be required at the USCG facility.



### **Financial assistance for a new multi-purpose building to house the Police Department and jail**

The Sitka Police Department (SPD) and jail are currently housed within approximately 6,400 square feet of the City/State Building. The ~ 20,000 square foot building was constructed between 1974 and 1976 in partnership with the State. CBS owns a portion of the land the building is located on, and jointly owns the building with the State. The 45-year-old facility does not meet current needs and functions of the SPD. Estimated costs for a new police department and jail are \$20 million to construct on one of two possible sites.

### **AK DOT/PF action on traffic and safety improvements on state routes in support of tourism growth**

Cruise visitation to Sitka in 2022, and as projected for 2023, has more than doubled over pre-pandemic levels. CBS completed a traffic study in the summer of 2022 to identify critical safety and efficiency improvements needed considering this unprecedented growth. Needed action from AK DOT/PF include pedestrian crossing improvements, critical intersection improvements, and multimodal transportation planning.

### **Support for a right-sized and sustainable Alaska Marine Highway service**

CBS requests AMHS provide adequate and consistent service to our residents and visitors. AMHS acts as Sitka's highway, providing core service critical to our economy. The drastic reduction of State ferry service to Sitka has caused massive economic and personal dislocations across the Southeast Alaska region.





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## Unfunded Mandates

### **Support for maintaining the 301(h) status and Water Quality Standards**

CBS requests the State of Alaska to support maintaining the EPA's 301(h) status. Sitka is unable to meet Alaska Water Quality Standards with our current plant. CBS requests funds for the infrastructure needed to meet the requirements to alleviate the undue burden of increased utility rates to our citizens.



### **Support for the Municipal Harbor Matching Grant Program**

CBS requests the State of Alaska to fund, and inflation adjust the Municipal Harbor Facility Grant Program in the FY2024 State Capital Budget to ensure enhanced safety and economic prosperity for

coastal communities. Municipalities have committed significant match for projects of local importance.

### **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. Without agreed upon reimbursement, Sitka's sales tax, which funds the 30% share of school bond debt, is insufficient to cover debt service. Sitka's school buildings will again need substantial repairs in the future and a pool of funding will be necessary to maintain our school infrastructure.

### **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. Prolonged budget level uncertainties are causing severe difficulties for Sitka and other local governments.

### **Stable and predictable funding of school systems**

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.