

**DRAFT**

February XX, 2016

The Honorable Lisa Murkowski  
United States Senate  
Washington, D.C. 20510

The Honorable Dan Sullivan  
United States Senate  
Washington, D.C. 20510

The Honorable Don Young  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Senator Murkowski, Senator Sullivan and Representative Young:

The City and Borough of Petersburg would like to convey to you our top Federal programmatic priorities for FY 2017 as follows. We have also included our infrastructure projects list, keeping in mind that we are aware the current ban on Federal earmarks, so this list is included just for informational purposes and to show what assistance we are seeking from the State of Alaska.

**Secure Rural Schools (SRS Reauthorization/Extension**

The Secure Rural Schools Program was enacted by Congress in 2000 as a means to provide timber-dependent communities funding to replace lost revenues, both directly from the traditional Forest Service 25 percent revenue-sharing payment from timber sales as well as indirectly from the loss of jobs and economic development resulting drastically reduced harvest as a result of the timber cut-backs in the 1990s. The SRS Program was set up to provide a stable, but gradually declining, series of annual payments to fund local community schools and roads as well as set aside a smaller portion of funding under Title II for locally-driven, consensus-based conservation projects. The program was intended to be transitional in nature until the Congress and the President could agree on legislation that would establish a timber policy that was both environmentally and economically sustainable. Fifteen years later, that timber policy has not been established, timber harvests on Federal lands are at record low levels. During this period, the SRS Program has survived reductions in funding and continuation in recent years largely through a series of one or two year extensions. The President's budget request seeks \$251 million for the program in FY 2017, but unfortunately recommends reducing and phasing out the program by FY 2020. FY 2016 funds for the program are \$279 million. Petersburg received \$1.2 million from the program last year, which constitutes a significant portion of our annual budget and goes toward our schools' operating budget to pay teacher salaries, purchase supplies and equipment, cover building maintenance, among other activities. We support continuation of the program at its existing funding levels and oppose the Administration's proposal.

## **Army Corps -- Section 107 Small Navigation Continuing Authorities Program**

The Army Corps' Section 107 Small Navigation Projects program funds wave barriers, breakwaters, navigation channel dredging, and harbor dredging. Section 107 permits Federal participation up to \$10 million without receiving a specific statutory project authorization under the Water Resources Development Act (WRDA). Petersburg currently has pending with the Corps a request to dredge our South Harbor that would fit under the requirements of this program. The regular WRDA authorization process is time consuming and unpredictable, making it unworkable for communities seeking smaller harbor infrastructure improvements such as our project which we estimate at a total cost of \$3 million (including Federal and local cost share). The City & Borough of Petersburg recommends that for FY 2017 the Section 107 Program be funded at the FY 2016 appropriated level of \$7,000,000.

## **Payment-In-Lieu Of Taxes (PILT) Reauthorization/Extension**

The PILT program provides partial recompense for communities with Federal property presence within their borders and being unable to develop, own, use, or tax that property. Given the large Federal land ownership in Alaska, it is an extremely important program to AK communities, providing \$28.4 million statewide. In FY 2015, Petersburg received \$648,000. Unfortunately, failure to enact a long-term authorization for the program has made it difficult for us to budget over the long-term as we go through the uncertainty every year of one-year extensions. These extensions are not agreed upon until late in the year. Total funding for the program nationally in FY 2016 is \$452 million but this will only cover one last payment in June of this year unless the program is extended again or preferably, a long-term reauthorization is passed. The Administration has requested \$480 million for the program in FY 2017.

## **Essential Air Service (EAS)**

The EAS Program is a lifeline for Petersburg residents. Without it we would not have regular air service critical for the transport of both people and cargo, as air carriers would either seek to eliminate service entirely or raise already high fees to the point where air travel becomes entirely cost-prohibitive for local residents and businesses, leaving boat travel as our remaining transportation option. Earlier in the decade, we saw significant and repeated efforts by some in Congress to terminate or reform the program under the guise of "unnecessary corporate welfare" without any recognition of the importance of universal air service to smaller communities and the program's necessity to rural states such as Alaska. Fortunately, the Delegation has been successful in beating back these misguided efforts and over the last couple of years some stability has been brought to EAS funding and operations. Now, we have learned that a House FAA reauthorization bill has been introduced that would give the Secretary of Transportation broad authority to waive EAS requirements for Alaska. We do not believe Congress should grant that type of flexibility in case there is an Administration that is hostile to the program and would seek to terminate its application in Alaska. We support the program without these changes and at its FY 2016 level of funding which is \$278 million (\$103 million from overflight fees and \$175 million in appropriations).

### **Community Infrastructure Projects**

For your information, here are Petersburg's highest priority local infrastructure projects. They include our major CAPSIS submissions with the State Legislation.

- **Petersburg Medical Center Renovation/Replacement:** \$33 million
- **South Harbor Dredging** (as noted above under Section 107): \$3 million
- **School Improvements:** \$1 million
- **Water/Waste Water Treatment Upgrades:** \$3.4 million
- **Road Construction:** \$1.2 million
- **Municipal Building Renovation:** \$3.1 million
- **Scow Bay Haul Out:** \$3.9 million
- **Bulkhead Loading Dock:** \$1.8 million

Thank you for your consideration of these requests and your support for the residents and community of Petersburg.

Sincerely,

The Honorable Mark Jensen  
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