



March 3, 2025

Honorable Senator Murkowski  
522 Hart Senate Office Building  
Washington, DC 20510

Honorable Senator Sullivan  
302 Hart Senate Office Building  
Washington, DC 20510

Honorable Representative Begich  
153 Cannon House Office Building  
Washington, DC 20510

Dear Senator Murkowski, Senator Sullivan, and Representative Begich,

We are writing to express our concern about several federal funding cuts being proposed and explain the impact of these on essential services in Petersburg. As you know, we rely heavily on air and water transport, and our economy is anchored by commercial fishing and seafood processing.

The combination of local funds and federal support is the lifeline for certain essential services, critical infrastructure, and social safety nets. Indiscriminate and across the board reductions to federal programs have real life consequences for our residents and will disproportionately affect our small, rural community that cannot easily absorb or make up for these cuts from other revenue sources.

- Over 90% of the borough's land base is owned by the federal government and exempt from local taxes. The potential loss of Payment in Lieu of Taxes (PILT) and Secure Rural Schools (SRS) funding, historically providing over \$1.3 million annually, jeopardizes basic municipal and school district operations.
- Potential cuts to HUD and Medicaid pose an existential threat to Petersburg's elderly and disabled population. Mountain View Manor Elderly Housing and Assisted Living, which rely heavily on federal subsidies, face closure if residents are forced to pay privately. This would displace vulnerable seniors and disabled residents, leaving them with nowhere to go.
- The Petersburg School District, dependent on over \$1.2 million in federal funding, faces devastating impacts. Reduced funding or the elimination of the Department of Education would compromise educational services, directly harming children and families.
- Petersburg Medical Center, which receives substantial payment for services through federal programs like Medicare and Medicaid, would be decimated by funding cuts. This would force residents to leave our community to seek medical care elsewhere, not to mention threatening the future of our local medical center.
- The potential elimination of Essential Air Service (EAS) would sever Petersburg's vital connection to the outside world. Drastic increases in travel and shipping costs, or the complete loss of Alaska Airlines jet service, could force residents to relocate.
- Uncertainty regarding federal grant awards and congressionally designated spending, totaling over \$15 million for electric and marine infrastructure. Loss of funds cripple the vital infrastructure our economy depends on and limit our ability to support economic growth.
- The abrupt termination of 10 federal forest service employees in Petersburg, without proper evaluation or consideration, destabilizes the local workforce. Most of the employees fired were ANILCA hires, meaning they were Alaska residents and already living in Petersburg. We are told additional reductions are coming. This approach undermines the community's economic stability and discourages young people from returning to our community.

- The recent termination of Alaskans working for the National Oceanic & Atmospheric Administration (NOAA), who provide navigation services and weather forecasting to people who work on the ocean and those who live in remote areas of Alaska, increases the risk of accidents, loss of life and damage to life and property. Within NOAA, the National Marine Fisheries Services (NMFS) oversees federal commercial fisheries through research, stock assessments, and in-season management. These functions are critical to the long-term sustainability of the nation's commercial fisheries. Of particular concern is the impact on the IFQ Halibut/Sablefish fishery, which is an important contributor to the Petersburg economy. Cuts to NOAA/NMFS will have dire impacts on Petersburg residents.

Petersburg's ability to provide essential services like police, fire, emergency medical services, and public utilities is deeply reliant on federal support. Severe cuts would necessitate drastic measures: increased taxes, higher fees, and the reduction or elimination of essential services. This would fundamentally alter the character of the community, potentially making it unsustainable for many residents.

In essence, these federal funding cuts aren't just numbers on a spreadsheet; they represent the potential unraveling of Petersburg's ability to provide the necessities for its residents. Responsible federal spending reductions must prioritize the preservation of essential services in rural communities like Petersburg, ensuring their continued viability and the well-being of their citizens.

Thank you for your continued service to Petersburg and our residents. We appreciate the work you do on our behalf and respectfully ask that you advocate for use of more responsible methods to reduce federal spending.

Respectfully,



Mark Jensen, Mayor  
Petersburg Borough, Alaska

Enclosure: Petersburg Borough Federal Funding

## Federal Funding – Petersburg Borough

### General Fund

- **US Dept of Interior** - Payment in Lieu of Taxes (PILT) - \$700,000 annually
- **US Dept of Justice** (Pass thru State of Alaska) - SEACAD Officer - \$100,000 annually
- **USDA Forest Service** - Special Services Agreement - \$2,000 annually

### Education – Petersburg School District

- **USDA** - Secure Rural Schools - \$500,000 annually
- **US Dept of Education** – Basic Programs, Special Education, Migrant Ed, Career & Tech Ed, Professional Development, etc. - \$600,000 annually
- **USDA/US Dept of Education** - Healthy Food Grant, SCALES, Breakfast Expansion, Fresh Fruit & Veg - \$191,000 annually

### Medicaid/Medicare/VA

- **US Health & Human Services**, Medicaid Program:
  - Assisted Living Facility, payment for services - \$750,000 annually
  - Petersburg Medical Center – Skilled Nursing and Payment for Services – approximately \$4.8 million annually
- **US Health & Human Services**, Medicare Program:
  - Petersburg Medical Center – Payment for Services – approximately \$6.2 million annually
- **US Veterans Administration**
  - Petersburg Medical Center – Payment for Services – approximately \$50,000 annually

### Housing

- **Dept of Housing & Urban Development**, Subsidy for Independent Seniors and Disabled – Mountain View Manor Elderly Housing - \$350,000 annually

### Infrastructure Projects in Progress

- **US Dept of Energy**, Section 243 - Blind Slough Hydro Grant - \$2,700,358\*
- **US Dept of Energy**, Efficiency Conservation Block Grant – \$75,120\*
- **US Dept of Energy**, Tribal Grid Resiliency Grant (Pass through Petersburg Indian Association) - \$400,000\*
- **US Dept of Transportation**, BUILD - Scow Bay Vessel Haul Out - \$8,880,791\*
- **Congressional Directed Spending** (Pass through Denali Commission) - Scow Bay Vessel Haul Out - \$4,116,279
- **Congressionally Directed Spending** – Wastewater Treatment Plan - Clearwell Replacement - \$1.6 million

(\* Funded by Bipartisan Infrastructure Law (BIL)/Infrastructure Investment and Jobs Act (IIJA))

### Current Other Federal Grants

- **US Department of Homeland Security:**
  - **Cyber Security Grant** – Passed through the State of Alaska - \$26,736.
  - Applications submitted for a Fire Department and PD grant last month.
- **Denali Commission** - Banana Point Breakwater Rebuild- \$900,000
- **Institute of Museum and Library Services** (Pass through Petersburg Indian Association) – Library Grant - \$9,000-\$10,000 annually
- **USDA, Secure Rural Roads**, Used for road/bridge projects, not operations - \$80,000 annually
- **EPA Clean Water State Revolving Loan and Loan Forgiveness** (Pass through Alaska Dept of Environmental Conservation) - Pumpstation #4 Rebuild - \$3,337,177

#### **REGIONAL/STATEWIDE FUNDING**

- **US Department of Transportation, Essential Air Service**, EAS was put into place to guarantee that communities that were served by certificated air carriers prior to passage of the ADA in 1978 maintain a minimum level of scheduled air service.