From:
To:
Cc:
Subject:
Date:
Attachments:

From: John Leach <john.leach@cityofsitka.org>
Sent: Thursday, April 9, 2026 11:58:47 AM
To: Senator Stedman <senator.bert.stedman@akleg.gov>
Cc: Nils Andreassen <nils@akml.org>; Melissa Lunas <melissa.lunas@cityofsitka.org>; Joshua Branthoover <joshua.branthoover@cityofsitka.org>; David Scott <david.scott@akleg.gov>
Subject: City and Borough of Sitka: PERS Cap Increase Impact

Dear Senator Stedman,

I write in strong opposition to any increase to the PERS employer contribution rate above the current 22 percent cap. The AML letter of April 8, 2026, from Executive Director Nils Andreassen to Representative Kopp clearly and compellingly captures the statewide picture. I want to ensure you also understand what this proposal means specifically for the City and Borough of Sitka.

The City and Borough of Sitka is entering Fiscal Year 2027 with a draft operating budget that already carries a $900,000 structural deficit, which we have not yet identified a path to eliminate. Our enterprise funds are experiencing significant cost pressure independent of the general fund. This is not a situation with slack in the system. Every new financial obligation directly displaces essential public services.

A PERS employer rate increase from 22 to 24 percent would cost the City and Borough of Sitka an estimated $400,000 to $500,000 in additional annual personnel costs. This is not a number that can be absorbed through routine budget adjustments. It comes directly on top of a $675,000 increase in health insurance costs that we are already managing in the current budget cycle. Together, these two personnel-driven cost increases represent well over $1 million in new, recurring, unbudgeted obligations for a community of approximately 8,500 residents.

If the PERS cap is raised, the City and Borough of Sitka would have no realistic alternative but to eliminate between four and five positions from our workforce. We are already operating below minimum staffing thresholds in several departments. We do not have redundant positions or administrative overhead to trim. The people we employ are delivering direct services to the

public, including emergency response, utility operations, harbor services, and public works. Cutting four to five positions does not mean delivering services more efficiently. It means not delivering some services at all, accepting unacceptable risk in others, and placing an unsustainable workload on the employees who remain.

As the AML letter notes, the 22 percent cap exists for important and legitimate reasons. Local governments had no role in creating the PERS underfunding, no statutory authority over plan decisions, and no seat at the table when the choices were made that created the liability. The cap was a negotiated settlement acknowledging that reality. Unilaterally shifting more of that debt to municipalities now, while communities are simultaneously managing post-pandemic affordability pressures, aging infrastructure, and shrinking state revenue sharing, would represent a serious breach of the fiscal compact that has allowed local governments to plan responsibly.

I urge you to oppose any proposal to increase the PERS employer contribution rate above 22 percent. For the City and Borough of Sitka, this is not a matter of fiscal preference. It is a question of whether we can continue to provide the level of service our residents depend on. The Legislature should not balance a state-generated pension liability on the backs of communities that were never responsible for creating it.

Respectfully,

John M. Leach
Municipal Administrator
City and Borough of Sitka, Alaska
100 Lincoln Street, Sitka, Alaska, 99835
(907) 747-1812
administrator@cityofsitka.org

OUR MISSION: Provide public services for Sitka that support a livable community for all.

Service | Integrity | Teamwork | Kindness | Accountability

Book time to meet with me