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TO: Mayor Weldon and Borough Assembly  
FROM: Katie Koester, City Manager  
Emily Wright, City Attorney  
Robert Barr, Deputy City Manager  
Denise Koch, Engineering and Public Works Director  
DATE: October 24, 2024  
RE: Flood Mitigation and Site Preparation

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The primary purpose of this memo is to get guidance from the body on your comfort level performing and/or paying for site work on individual properties for the effective placement of HESCO barriers. It is also an opportunity to provide an update on ongoing flood mitigation efforts.

### **Mitigation Update:**

#### **Short-term Mitigation**

After the special meeting on Thursday October, 3 the manager signed a cooperative agreement with United States Army Corps of Engineers (USACE) for up to 25,000 linear feet of HESCO barriers and approximately 75,000 sand bags. We've received the sandbags and began distribution to impacted residents 10/19. Barriers will arrive 14-21 days after a final order is placed, which can occur when we have a final estimate on the number of barriers required. USACE has also agreed to send flood fighting experts to provide technical assistance, both to individuals via public meetings as well as to CBJ for the installation of the HESCO barriers. USACE is planning public outreach meetings between October 29 and October 31 – we're coordinating with them on details and will release that information as soon as it's available.

CBJ is encouraging everyone to obtain flood insurance; it is federally subsidized through the Nation Flood Insurance Program and relatively reasonable (on average between \$250-450 annually). We've requested and anticipate NFIP representation at the USACE outreach meetings. Not only does flood insurance protect individual's homes – greater coverage under the NFIP program can make CBJ eligible for certain flood mitigation grant programs in the future.

#### **Long-Term Mitigation**

The United States Forest Service has been able to procure \$1M in federal dollars to go towards our General Investigation study that they can quickly transfer to CBJ. If you recall, this is the feasibility study that the USACE will perform to determine the long-term fix (levees, dams, trenches, tunnels, etc.) The Assembly appropriated \$3M as the required local match for this study. This is great news; however, we are still working through details with the USACE on initiating the study as soon as possible (and not waiting for additional federal funding through Congressionally Directed Spending). It will be important for CBJ to make a request for Congressionally Directed Spending for these funds through the Legislative Priorities process. The USFS can only spend their funds on federal property, which is why the \$1M cannot go towards flood fighting measures on private property.

#### **Summary of Site Evaluation**

A companion memo from Chief Engineer Bohan is attached. In general, most homeowners were favorable to the concept of HESCO barrier installation to protect their and others' property. Bank stability is a significant concern over approximately two-thirds of the properties visited and engaging with the Army Corps for technical advice and assistance prior to barrier installation is a key next step. In addition, of the 79 parcels, 3 lack sufficient space for the HESCO barriers and major bank work would need to be done and 16 have significant obstructions that will be difficult and costly to address. On the plus side, 40 parcels have only minor

obstructions and 13 have none. With site evaluation work still ongoing, engineering teams have yet to reach the remaining 7 property owners.

### **Updated Project Budget** for Phase 1

Keep in mind that the above summary is the information we could gather for the 79 parcels in Phase 1. There are an additional 146 parcels in Phase 2 that we still need to collect information on. However, you will be asked to give policy direction on Phase 1 that will affect future decisions in Phase 2.

As you can see from the summary, in some instances the site preparation is basic (removing a fence) where other sites need bank stabilization and rebuilding of bank that will cost in the hundreds of thousands of dollars. After the 2023 event there was public outcry from riverfront homeowners to help with armoring banks, however the cost and enormity of this project was daunting, and the Assembly followed the Administration's advice to not provide this assistance. This sentiment partially stemmed from a failed attempt and a CBJ led LID in 2017 from Rivercourt Way to Meander Way that leveraged federal funds through the National Resource Conservation Service (NRCS). Since that time, many homeowners along the river paid to have their bank armored. CBJ engaged NRCS after the 2023 GLOF event and are continuing to do so in case there is an opportunity for future federal assistance for bank stabilization.

It is in CBJs interest for the homeowner to do site work that requires removal of structures – we do not want to inadvertently damage the home when removing a deck, for example. Nevertheless, there will be instances where CBJ or our contractors will need to do the work for expediency. The Mendenhall River is an anadromous waterbody, and City code requires a 25-foot non disturbance setback and a 50-foot no development setback from the river.

A Local Improvement District (LID) is a mechanism to assess homeowners for the cost of the improvements over time and to equitably distribute those costs.<sup>1</sup> An Assembly initiated LID requires 50% of the property owners who would bear the cost of the improvement to agree to the assessment OR a supermajority of the Assembly (8 votes). Staff recommends CBJ care for maintenance of the barriers, which will mean an ongoing agreement to access private property periodically. A LID, should the Assembly choose to pursue one, could look slightly different (and have different cost bearers) depending on how the Assembly wants to proceed. Direction given today will be included in information provided to property owners and allow staff to bring back legislation to trigger an Assembly initiated LID. While a great deal of cost estimating work remains, we believe the \$2M appropriation in front of you tonight pays for installation and minor to moderate amount of site prep, or mostly Option B and perhaps a little of Option C. Options include:

- **Option A.** No LID. CBJ pays for 100% of site preparation, including building and armoring bank for the effective placement of HESCO barriers and removing obstructing private structures.
- **Option B.** Full LID. Property owners pay for the removal of all structures of a certain significance and bank stabilization in the LID (basic site prep, removal of smaller items, and earthwork would be covered by the project). For example, CBJ could give homeowners a date certain to remove their structure and if they choose not to, we will do the work and assess them for that cost through the LID.
- **Option C.** Partial LID. CBJ pays for a portion of the cost all site preparation. Paying for a percentage of the total project cost provides relief to all property owners and incentives homeowners to do their own small projects for site preparation.

Other LID essentials:

- **Assessment Methodology:** Do you want to assess each property along the river for the actual cost of the work incurred (this means properties that need bank stabilization would pay much more than properties that only need a shed removed) or do you want to distribute the costs of the LID in another manner (by linear foot, equally, etc). Do you want to expand the LID assessments to an area beyond the riverfront? Expanding the LID assessments beyond the riverfront properties may be legally difficult. Assessing beyond the riverfront properties must be supported by a specific Assembly finding that the LID is required to protect the entire area assessed. The Assembly would need to agree that there is a nexus between the public improvements and the area that benefits from flood mitigations.
- **Terms and Conditions.** CBJ practice has been to borrow the money (similar to a revenue bond) and pass that interest rate and term along to the property owner.

**Requested Action:**

Discuss options for distributing project costs through a Local Improvement District. If favorable of a LID, discuss assessment methodology and terms and conditions.

**Staff Recommendation:**

Staff recommends Option C, which gives homeowners the opportunity to do the work more efficiently than CBJ or our contractors can before being included in a LID, the costs of which are then shared by the homeowner and CBJ. LID terms and conditions would be the most reasonable terms we can find for a tax-exempt government bond with no administrative overhead charges.

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**LID PROCESS**

1. An ordinance is drafted describing the project and giving notice of the estimated cost along with the following:
  - How much of the cost will be paid by the homeowners and how much the CBJ will pay (and the source of the public funds to be used).
  - The estimated costs to be paid by each parcel (with the cost to each parcel apportioned in proportion to the benefit received by each parcel).
  - An appropriation of funds for the total cost of the project.
2. Special notice of the public hearing on the ordinance initiating the local improvement district is given (published in newspaper for two weeks 30 days prior to the hearing and mailed to all property owners within the proposed district.)
3. The LID cannot go forward if owners who will bear 50% or more of the total homeowners' estimated cost (not including that portion paid by the CBJ) protest unless the Assembly, by an affirmative vote of eight, authorizes the LID by ordinance despite the protest.

**II. Assessment**

Once the project is completed and the actual cost of the project finalized, an assessment roll is created apportioning the property owners' costs to each lot in proportion to the benefit each lot received. There is a hearing held on the assessment roll and a time for protest. Once finalized, the assessment becomes a lien on the properties and has priority over all other liens except a lien for a prior assessment or for property taxes. A special assessment lien is enforced using the same process as property tax liens.