

DRAINAGE MEETING  
JOINT DISTRICT MARSHALL-STORY #1  
MAY 18, 2016

The Drainage District Trustees of Marshall and Story Counties met at the State Center, IA City Hall to present the Commissioners' Report: Reclassification of Benefits to landowners and to consider adoption of the report as the basis for paying for the recently completed improvement and all future work in Joint Drainage District Marshall-Story #1, Story County controlling. Members present were Rick Sanders, chair, and Wayne Clinton of Story County and Denny Grabenbauer and Deane Adams of Marshall County. Also present were Story County Drainage Clerk Scott Wall, Marshall County Engineer and Drainage Clerk Paul Geilenfeldt and Whitney Hunt, Kent Rode and Nick Frederiksen of ISG, Commissioner Dave Anderson, and 16 landowners in the district (see attached).

Sanders called the meeting to order at 7:00 p.m. and asked for a moment of silence for Story County Trustee Paul Toot who passed away on May 6 and would have chaired this meeting. Sanders requested that county and ISG staff introduce themselves.

Rode said the bid letting for the improvement had been about one year ago and construction was completed in December 2015. The 2015 construction season had been abnormally wet and weather conditions at the jobsite had necessitated removal of additional dirt from the ditch, additional rock to stabilize the ditch banks, and specialized equipment to dewater the area where the new main tile was placed. Without the dewatering the construction would likely still be in progress. The cost for the improvement will be levied under the first classification schedule in the Commissioners' Report. That is the only time that schedule will be used. All subsequent work in Marshall-Story #1 will be levied under the 17 schedules following the first one and landowners will only be billed for work that directly affects them.

Frederiksen talked about the process of reclassification. He first went over the factors used in Marshall-Story #1 (benefitted acres, wetness factor, proximity to outlet, facility use factor, and runoff factor) and how they were applied in general. He then used a series of maps to explain in depth how those factors were used to arrive at the final reclassification of Marshall-Story #1. The maps and notes on how the factors are applied are on file in the Story and Marshall County Auditor's Offices.

Teresa Wright and Sharon Davis, owners of the 100% parcel (the parcel with the highest benefit to drainage in the district), questioned why their land was picked. What is so unique about it?

Fredriksen responded that their parcel is almost exclusively wet soil types, it is close to the facility, and it uses the entire length of the improvement for drainage. He went through several of the slides in his presentation to illustrate how the 100% parcel was selected and also how some nearby parcels ended up with very low benefits.

Wright and Davis asked how the wet soils were determined. Were all the soils in the district tested on the same day or under the same conditions so they could be compared to each other fairly?

Rode said ISG did not test soils in the district. The soils information comes from the Soil Conservation Service, a branch of the U.S. Department of Agriculture. They have soil scientists who have prepared soil maps for the entire state of Iowa. While the soil maps have been around for a long time there was an update to the maps of this area just 5 years ago.

Rode and Frederiksen both said the location of the 100% parcel was a surprise to them. From looking at a map of the district it is not where they would've expected it to be. There are also some lower benefitted

parcels surrounded by higher benefited land that are anomalous. When the analysis for reclassification was first run any parcels that don't appear to fit the general scheme are cause for a second look and that is what occurred here. ISG rechecked the analysis of the anomalous parcels, the Drainage Commissioners Questioned them. And the trustees questioned them. ISG was able to show, to their satisfaction and the trustees' and commissioners' satisfaction, that the reclassification process had been fair and equitable and there was good reason in the data for why the 100% parcel was chosen.

Wright asked what happens if the improvement fails.

Rode said there is a one-year maintenance bond from the time the trustees accepted the notice of final completion in February 2016. The contractor will repair any problems in the project area at no additional cost to the district during that year.

Sanders requested that a letter (see attached) received today from the Union Pacific Railroad protesting their benefits to drainage under the reclassification schedule be read.

Wall read the letter. The main point of the letter is that the railroad maintains its own drainage facilities separate from the drainage district, does not utilize any district facilities, and should be exempt from sharing in the costs of any work done in the district.

Rode said benefits to drainage are not based on whether or not a landowner makes use of district facilities. They are based on the fact that those facilities are available to be used. Furthermore the railroad does drain water into the district similar to a gravel road.

Sanders said it was no different than the gravel and paved roads maintained by Marshall and Story Counties which run through the district and are assessed a benefit to drainage.

There being no other objections to the reclassification Adams moved, seconded by Clinton, to adopt the Commissioners' Report: Reclassification of Benefits as the basis for an assessment to pay for the main tile improvement project and for all future repairs in Marshall-Story #1. Motion carried unanimously (MCU).

Rode talked about project costs. The only unknown at this point is the cost of financing the district's debt. All of the work performed in the district over the last 2 years has been paid with stamped warrants which are issued by Story County and accrue interest at the rate of 6% until such time as funds are available to redeem the warrants. ISG is estimating \$25,000 in finance costs.

Wall spoke about the process of levying the district. Drainage district assessments are due with the first half of regular property taxes on September 30. However, the district must be levied on or before May 31. If it is levied after May 31, 2015 the assessments will not be delinquent until October 1, 2017. Because interest continues to accrue on unpaid claims it is in the district's best interests to levy before the end of this month and it is the trustees' intent to do just that.

Payment of assessments is due in full on September 30<sup>th</sup> unless the landowner requests, in writing, that their payments be spread. The trustees set the interest rate (currently 6%) and the term (10 to 20 years) and payments can be spread over that term for any parcel with an assessment of more than \$500.00. Any parcel with an assessment of less than \$500 must be paid in full this year. Landowners who cannot pay their assessments in full are under no obligation to take the trustees' offer for spreading payments. They are encouraged to talk to their bankers and, if they can get a better rate than 6%, they are encouraged to do so. Assessments which are spread can be paid off at any time without additional penalties. Owners can request their payments be spread then make payment in full, this year, and pay no interest. Story County

mails drainage assessment notices on July 1. Marshall County mails them with property taxes in August. In either case the due date is September 30.

Wright asked if the project went over budget.

Rode said yes, due to wet weather. Repeated erosion along the ditch during construction required the removal of more dirt than originally planned and additional rock had to be brought in to stabilize the ditch. The dewatering equipment and more lateral tile connections than anticipated also contributed to the additional costs which amounted to \$108,818.77.

Several landowners said after the contractor cleaned the ditch the first time they had to return a second time and then a third time to re-clean it. How much was the contractor paid for returning to the same spot multiple times?

Rode said the contractor was paid according to the volume of dirt removed from the ditch. Their compensation was not based on how many times they had to come back, merely on the volume of dirt removed.

Clinton said this whole process has given him a deeper understanding of the process by which benefits to drainage are assigned. He felt Sander's questions about classification were particularly insightful and helped clarify the process for him and for everyone attending the earlier meetings. Clinton believes the classification process does result in a fair and equitable assignment of benefits.

Sanders said at the start of this project he was not a believer in how drainage district benefits were assigned. In an earlier project on another drainage district in Story County he had advocated for project costs to be allocated on a per acre basis and had worked with State Representative David Deyoe a couple of years ago to introduce legislation at the state capitol to change drainage assessments to a per acre formula. Having gone through this process with ISG he now understands why classification yields the results that it does and has become a believer in the process. While not everyone may be happy with the results Sanders believes they are fair. He particularly likes how, under the new classification schedules, landowners will only have to pay for work that directly benefits them.

Clinton moved, seconded by Grabenbauer, to adjourn. MCU. Meeting adjourned at 8:40 p.m.

Respectfully submitted,

Scott T. Wall