

DRAINAGE MEETING
MULTIPLE DISTRICTS
MAY 24, 2022

The Drainage District Trustees of Story County met via Zoom in the Public Meeting Room of the Story County Administration Building in Nevada, IA to consider levies (see attached) against six Story County districts and one joint district with Hardin County. Members present were Latifah Faisal, chair, Linda Murken, and Lisa Heddens. Also present were Story County Engineer Darren Moon, Communications and Social Media Intern Bryce Garman, and Drainage Clerk Scott Wall and Grant #5 landowner Michael Meetz.

Faisal called the meeting to order at 9:00 a.m.

Murken moved, seconded by Heddens, to approve the agenda. Motion carried unanimously (MCU).

Wall said Grant #5 is ready for construction to commence on a cleanout and repair of the open ditch. This will be the culmination of a project that began in August 2015 with an engineer's assessment of the watershed of the existing district triggered by concerns from a landowner in the district that lands outside of the district's boundaries were surface draining into Grant #5. An Engineer's Report following the original watershed assessment recommended the annexation of those lands found to be in the district watershed but not currently on the assessment schedule. Those lands included a few parcels along the western and eastern sides of the district and a large area north of the district. A subsequent lawsuit determined that the west half of what was called the north annexation area was served by a private tile and did not benefit from the existing Grant #5 facilities. The east half of the north annexation area does drain into Grant #5 and was annexed along with the parcels on the west and east.

This spring the landowners and engineering firm Bolton & Menk, Inc. settled on a project to clean out the worst sections of the Main Open Ditch in Grant #5 and a contract for that project has been signed with work to be completed by December 15, 2022. The district has a current balance of -\$60,219.10. We have a signed contract for \$218,470.00 with a completion date of December 15, 2022. Story County Bookkeeping estimates \$20,000 in interest on the current debt and Bolton & Menk estimates \$20,000 in construction oversight through project completion giving a total estimated debt of \$318,689.10. Now is the time to levy this district so that interest does not accrue for another year. Wall recommends a 287% levy which will generate sufficient funds to leave an operating balance of \$3,510.52. Iowa Code allows the trustees to give drainage district landowners the option of paying their assessments over a period of 10-20 years (waivered payments) on any parcel with an assessment of more than \$500. Wall recommends giving landowners the option of waivering their assessments for 10 years at 6% interest.

At several of the public hearings held on Grant #5 since 2015 Wall stated that parcels annexed into the district could be assessed for prior benefits received. Code of Iowa Section 468.121 gives 3 options for back levying annexed parcels. If they should have been included in the original district they can be assessed for benefits back to the district's establishment. If they are now benefitting because of a repair or improvement they can be assessed back to the date of that repair or improvement. We have aerial photos indicating that the annexed properties did not always drain in the direction they do today. Development, notably Interstate 35, has altered the topography enough to change historical drainage patterns and there have been no repairs or improvements to Grant #5 that would have increased the benefitted area. The third option is that if lands were reasonably omitted from the original district but should now be included due to topographical changes they can be assessed back to the time those changes occurred. We cannot say when that time was precisely but we do have a watershed study from 2015 showing that the annexed properties were benefitting at that time. Wall recommended that the areas recently annexed into Grant #5 be levied proportionally to the existing properties in the district for their share of the three assessments

levied against the district since 2015. The amount generated by the proposed 373% levy has been subtracted from the recommended levy against the entire district which is why the estimated debt for Grant #5 on the attached worksheet is \$283,489.48 and not the \$318,689.10 mentioned earlier. The annexed parcels will receive two assessments – the one for benefits since 2015 and the new assessment against Grant #5 of which they are now a part. Wall recommends that the annexed landowners be given the option to spread any assessments of more than \$500 per parcel over 10 years at 6% interest. Because of the complexity and long history of Grant #5 Wall would like the two assessments against it to be handled by a separate motion from the other districts being assessed today.

Faisal asked if landowners would be able to combine their waived payments into a single payment plan?

Wall said landowners will have to receive a separate bill for each parcel that has a waived payment but they can pay all of those bills with a single check.

Murken moved, seconded by Heddens, to accept Wall's recommendation to levy the newly annexed areas in Drainage District Grant #5 at 373% of their original assessed value, said assessments to be due and payable on or before September 30, 2022 and to allow landowners of any parcels with assessments in excess of \$500 to request that those assessments be spread over 10 years at an interest rate of 6%. MCU.

Heddens moved, seconded by Murken, to accept Wall's recommendation to levy the Drainage District Grant #5 Main Open Ditch at 287% of its original assessed value, said assessments to be due and payable on or before September 30, 2022 and to allow landowners of any parcels with assessments in excess of \$500 to request that those assessments be spread over 10 years at an interest rate of 6%. MCU.

Wall said he would like to combine the third and sixth districts on the attached sheet in a single motion. Both are being levied because repairs performed by the Story County Engineer's staff have depleted their funds. He noted that Grant #35 was levied in 2021 but that levy was insufficient as one of the bills was wrongly coded for Grant #5. It was never billed to Grant #5 but was too late to be included in the 2021 levy against Grant #35. Neither Grant #35 or New Albany #68 need waived payments.

Heddens moved, seconded by Murken, to levy Drainage Districts Grant #35 and New Albany #68 as recommended by Wall, said assessments to be due and payable on or before September 30, 2022. MCU.

Wall said the final two assessments were both against Howard #46 which is unique in that it is served by two main tiles which have two separate outlets. In December 2020 an engineer's report on Howard #46 detailed problems with a collapsing Main Tile A and solutions for repair. The report also recommended that the district be reclassified into subdistricts as Main Tiles A and B serve different parcels within the larger district. The collapsed part of Main Tile A was improved by replacing it with a new, larger tile this spring. Wall said the preliminary engineering costs for the engineer's report and the costs of reclassification should be borne by both of the new subdistricts created for Main Tiles A and B and the construction costs would be borne solely by Main Tile A as none of that work benefits any of the parcels served by Main Tile B. This is the reason for the large difference in the amounts levied for each of the subdistricts. As with Grant #5 Wall recommended that landowners be given the option to spread payment of their assessments over 10 years at 6% interest.

Murken moved, seconded by Heddens, to accept Wall's recommendation to levy Drainage District Howard #46 Main A at 104% of its original assessed value, said assessments to be due and payable on or before September 30, 2022 and to allow landowners of any parcels with assessments in excess of \$500 to request that those assessments be spread over 10 years at an interest rate of 6%. MCU.

Heddens moved, seconded by Murken, to accept Wall's recommendation to levy Drainage District Howard #46 Main B at 85% of its original assessed value, said assessments to be due and payable on or before September 30, 2022 and to allow landowners of any parcels with assessments in excess of \$500 to request that those assessments be spread over 10 years at an interest rate of 6%. MCU.

Finally, Wall said Joint Drainage District Hardin #58-Story #3, which Story County controls, has a deficit due to extensive repairs to the outlet and the open ditch by Story County Secondary Roads. As this repair was necessitated by normal wear and tear on the district the Hardin County Trustees have already approved the recommended assessment. Story County simply needs to approve the same assessment on our side. Wall did not recommend letting landowners waive their assessments.

Murken moved, seconded by Heddens, to accept Wall's recommendation to levy Joint Drainage District Hardin #58-Story #3 at 31% of its original assessed value, said assessments to be due and payable on or before September 30, 2022. MCU.

Heddens moved, seconded by Murken, to adjourn. MCU. Meeting adjourned at 9:20 a.m.

Respectfully submitted,



Scott T. Wall

DRAINAGE DISTRICT LEVY WORKSHEET
 May 24, 2022

DRAINAGE DISTRICT	CURRENT BALANCE	EXPECTED BILLINGS	NEW BALANCE	ORIGINAL ASSESSMENT	PARCELS	ASSESSMENT %	AMOUNT LEVIED	CARRY FORWARD
1 GRANT #5 Last levied on 07/22/2020 at 3.350%. Grant #5 has had an annexation and reclassification. A bid for cleaning the open ditch has been accepted and engineering and interest costs through the end of the project have been calculated and added to the current debt. The size of this levy necessitates offering the option of 10-year waived payments on parcels with an assessment of over \$500.	(60,219.10)	223,270.38	(283,489.48)	100,000.00	442	287	287,000.00	3,510.52
2 GRANT #5 Annexation Grant #5 has had an annexation and reclassification. The newly annexed areas should be assessed for benefits back to 2015 (IA Code 468.121). To generate the \$372,924.62 levied against Grant #5 since 2015 would require a 373% levy against the new classification. Thus, the newly annexed lands are to be assessed 373% to cover benefits they have received from Grant #5 since 2015. The size of this levy necessitates offering the option of 10-year waived payments on parcels with an assessment of over \$500.	(35,199.62)	0.00	(35,199.62)	9,436.15	66	373	35,199.62	0.00
3 GRANT #35 Last levied on 08/06/2021 at 219%. Levy was insufficient to cover expenses incurred in 2021.	(1,640.10)	0.00	(1,640.10)	4,462.28	24	82	3,662.81	2,022.71
4 HOWARD #46 MAIN A Last levied on 07/01/2010 at 31% as one district. The improvement completed. The size of this levy necessitates offering the option of 10-year waived payments on parcels with an assessment of over \$500.	(156,083.10)	10,400.00	(166,483.10)	165,000.00	29	104	171,600.00	5,116.90
5 HOWARD #46 MAIN B Last levied on 07/01/2010 at 31% as one district. Tile improvement completed. The size of this levy necessitates offering the option of 10-year waived payments on parcels with an assessment of over \$500.	(24,158.54)	1,600.00	(24,158.54)	32,000.00	34	85	27,200.00	3,041.46
6 NEW ALBANY #68 Last levied on 07/01/2014 at 26%.	(2,110.07)	0.00	(2,110.07)	22,181.67	70	32	7,118.60	5,007.93
TOTALS					665			531,781.03

Levy Justification:

GRANT #5: The Grant #5 open ditch project began in August 2015 with an engineer's investigation of the district's watershed, triggered by a request from an existing district landowner – Blackdirt Farms Iowa, LLC. That led to an engineer's report finding that there were a substantial number of parcels outside the district that were surface draining into the district and that should be annexed into the district. A court case in 2021 removed some of the proposed annexation area from consideration and supported the annexation of the east half of what was called the north annexation area. Code of Iowa Section 468.121 provides for three different rationales for levying annexed areas for past benefits.

1. If the trustees find the annexed lands should have been included when the district was established those lands can be levied for their proportionate share of assessments back to the establishment of the district. That is not the case here and there is photographic evidence that the annexed lands did not always drain into Grant #5.
2. If the annexed lands are now benefitted because of a repair or improvement they can be levied to pay their proportionate share of that cost or improvement. That is also not the case here. The engineer's report found that the lands are currently benefitting from the existing district.
3. If the annexed lands are currently benefitting but were reasonably omitted from the original classification due to topographical changes they can be levied a proportionate share of current and future costs. Aerial photos suggest that the drainage patterns in the annexed areas changed after Interstate 35 was built in the late 1960's. Annexed areas to the east, near Nevada, have also seen extensive development. Because the earliest we can prove that these lands were surface draining into Grant #5 is the 2015 watershed map by our engineer I am recommending that the annexed lands be levied a proportionate share of the costs incurred by Grant #5 since 2015.

There have been 3 levies against Grant #5 since August 2015 generating a total of \$372,924.62. Under the reclassification the original assessed value of the Grant #5 Main Open Ditch is \$100,000. To generate \$372,924.62 under the new classification would require a 373% levy which is what I am recommending to be assessed against the newly annexed parcels.

A contract has been awarded for the open ditch repair in Grant #5 so we have a reasonable estimate of remaining costs through the end of the project. The contract amount is \$218,470.00. The current district debt is \$60,219.10. Our Bookkeeping Department estimates \$20,000.00 in interest and the engineer estimates \$20,000.00 in construction oversight costs. The total district cost then is \$318,689.10. Subtracting the \$35,199.62 being levied against the annexed areas leaves \$283,489.48. I recommend at least a \$3,000.00 surplus for future expenses for a levy of \$286,489.48. A 287% levy will generate \$287,000.00 leaving a balance of \$3,510.52.

HOWARD #46: As part of the Howard #46 Main Tile A Improvement the district was reclassified into subdistricts. The entire district will share the costs of the preliminary engineering report and the reclassification but only the parcels served by Main Tile A will share the costs of the improvement. The preliminary engineering work and the costs of reclassification came to \$48,317.07. Dividing that in half gives \$24,158.54. The construction costs were \$131,924.56 which, added to \$24,158.54 gets \$166,483.10. Bookkeeping estimates \$12,000.00 in interest which I have split proportionately between Mains A and B. I am also recommending what I believe are reasonable carryovers in each subdistrict after expenses.

Carryover: Iowa Code Section 468.127 state that if a district's funds are not sufficient to pay expense the board shall levy an amount sufficient to pay the outstanding indebtedness and leave a balance which the board determines is desirable as a sinking fund to pay maintenance and repair expenses.

Waivers: Iowa Code Section 468.57.2 states that the owner of any land with an assessment of more than \$500.00 may request to pay that assessment in installments. The trustees set the interest rate (6%) and the number of installments (not less than 10 nor more than 20). I am recommending that the landowners in Grant #5 and Howard #20 be offered the option of paying any assessments of over \$500.00 per parcel over 10 years.

DRAINAGE DISTRICT SUMMER LEVY WORKSHEET

May 3, 2022

<u>DRAINAGE DISTRICT</u>	<u>CURRENT BALANCE</u>	<u>EXPECTED BILLINGS</u>	<u>NEW BALANCE</u>	<u>ORIGINAL ASSESSMENT</u>	<u>PARCELS</u>	<u>% ASSESSMENT</u>	<u>AMOUNT LEVIED</u>	<u>CARRY FORWARD</u>
1 HARDIN #58-STORY #3 (14,057.16) Last levied on 07/06/2017 at 36.402%.		0.00	(14,057.16)	61,282.21	259	31	18,997.49	4,940.33

Levy breakdown by county (Hardin is control county)

Story County	56,427.57	17,492.55
Hardin County	4,854.64	1,504.96

Parcels are for Story County only.

Story County Trustees



Latifah Faisal, Chair

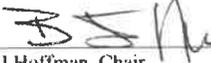


Linda Merken



Lisa Heddens

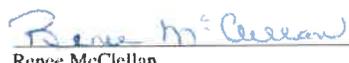
Hardin County Trustees



BJ Hoffman, Chair



Lance Granzow



Renee McClellan