

BUFFALO CREEK WATERSHED DISTRICT:

RE: McLeod- Sibley Judicial Ditch No. 8
Lateral 12 and 13
Determination of Improvement Benefits

September 8, 2022

In accordance with the Minnesota Statute 103E.315 law, we herewith submit the following Viewers' Report:

Benefits and Damages Statement

This report covers the determination of benefits for the improvement of a separable portion of a previously constructed drainage system. The basis for determining benefits and damages is, therefore, based upon a comparison of the conditions that would exist with the current drainage system in a reasonable state of repair with those that will exist after the drainage system improvement.

McLeod-Sibley Counties Judicial Ditch No. 8 was originally established around 1910. The drainage system consisted of an open ditch and several laterals and branches. Laterals were added to the system in 1912. An improvement of Lateral 23 was completed in 1990. The system serves as an outlet of properties in sections 23, 24, 25, 26 and 36 of Glencoe Township; Sections 15, 16, 19, 20, 21, 22, 27, 28, 29, 30, 31, 32, and 33 of Hellen Township; in McLeod County: Sections 4, 5, 6, and 7 and in Green Isle Township; and Section 1 of New Auburn Township in Sibley County. The outlet of Judicial Ditch 8 is into Buffalo Creek. Other repair and maintenance has been completed on the drainage system.

A petition has been filed with the Buffalo Creek Watershed for the Improvement of Laterals 12 and 13 of Judicial Ditch no. 8. This Viewers Report addresses the value considerations of this improvement. The Engineer has limited the increased capacity to a 3/8th inch drainage co-efficiency.

Supporting documentation for the analysis and conclusions of the report are contained in our files.

The figures stated herein are based on a full and fair consideration of all pertinent facts and information that we were aware of at the time of this appraisal. The following aids were used during the viewing process.

1. Soil Survey Manuals and Maps of McLeod and Sibley County
2. GIS Aerial Photos and Data
3. USGS Topographical Maps
4. Yield averages and production costs taken from Minnesota State College and University Farm Management Records
5. Sales data from the McLeod and Sibley County Assessors' offices, (MN ECRVs)
6. Visual inspection of each 40-acre tract
7. The Final Engineers Report from Houston Engineering.

Land classification benefit values are based upon an increase in the potential for agricultural production as a result of constructing the drainage project and reconciled with sales value increases. Existing individual land management practices were not considered. All present land use was evaluated under estimated best land management practice. Special consideration was given to areas

which were considered to be in a native/non-converted condition or identified as wetlands under wetlands inventory and restricted from drainage by state or federal regulations.

Benefits for lands used for industrial agricultural purposes, such as large bin sites or hog production facilities, have been determined with consideration of the drainage system providing an outlet for the accelerated runoff and for a different land use.

Valuation Prior To Drainage

Beginning land use, property value, and economic productivity have been determined with the consideration that the benefited properties within the watershed currently do not have an adequate outlet for artificial drainage.

_ "A" -- Standing water or cattails, wetland classification with a market value for agricultural purposes of \$0.00 per acre, economic productivity of \$0.00.

"B" -- Seasonally flooded/pasture ground. Pasture classification with a market value of \$1500.00 to \$2000.00 per acre, economic productivity of \$75.00 based on grazing days and/or hay values.

"C" -- Wet subsoil -- Marginal crop land, low to medium crop land classification with a market value of \$6000.00 to \$7000.00 per acre, annual economic productivity of \$692.76, based upon average annual yield of 85 % of optimum with \$441.61 production costs.

"D" --Upland areas not needing artificial drainage but irregular in shape and intermixed with wetter soils. Medium to high cropland classification with a market value of \$6000.00 to \$8000.00 per acre, annual economic productivity of \$774.25 based upon average annual yield of 95 % of optimum with \$441.61 production costs.

Valuation with NRCS Guideline Drainage

Potential land use, property value, and economic productivity, after public and private drainage have been installed and with the restrictive existing tile drainage system in a reasonable state of repair, using current crop rotation, income, and expense:

"A" -- Seasonally ponded agricultural ground. Low cropland classification with a market value of range of \$ 6000.00 to \$7000.00 per acre, annual economic productivity of \$749.80 based upon average annual yield of 92 % of optimum with \$441.61 production costs.

"B" -- Occasionally flooded agricultural ground. Medium cropland classification with a market value range of \$7000.00 to \$8000.00 per acre, economic productivity of \$782.40 based upon average annual yield of 96 % of optimum with \$441.61 production costs.

"C" -- Wet subsoil. Medium high cropland classification with a market value range of \$8000.00 to \$9000.00 per acre, annual economic productivity of \$815.00 based upon average annual yield of 100 % of optimum with \$441.61 production costs.

"D" --Upland areas not needing artificial drainage but irregular in shape and intermixed with wetter soils. Medium to high cropland classification with a market value range of \$ 7000.00 to \$9000.00 per acre, annual economic productivity of \$806.85 based upon average annual yield of 99 % of optimum with \$441.61 production costs.

Special consideration was given to areas where the ditch system has only provided an outlet adequate to convert the lands to pasture or hay land and are restricted from further individual improvements by regulatory restrictions.

Road benefits were determined with consideration of the reduced maintenance costs that should be

realized after construction of the drainage system improvement. Tile benefits were given to reflect the additional value added as the ditch system tile provides one of the normal lines of tile for subsurface drainage.

Utilizing these productive values, potential benefit values were determined for the system based upon a 25-year effective life with proper maintenance, private improvement cost depreciated over the same 25-year period, and an allowance of 3.0 % return on the system investment. Adjustment was made to each land class based upon consideration of the change in hydraulic capacity and the subsequent increased productivity that the construction of the drainage system improvement provides. Benefit values were rounded off to an even percentage benefit increase for ease of computation.

Example: "B" Benefits per Acre

Potential productivity Value	\$ 815.00
Adjustment for 96% economic efficiency	\$ 782.40
Production Cost	- 441.61
Beginning Productivity Value	<u>- 75.00</u>
Change in Productivity Value	265.79
Private Improvement (\$850/25)	<u>-36.00</u>
(Waterway or tile)	
Annual Benefit Value	\$ 229.79

\$229.79 for 25 years, discounted @ 3.0 % = \$4001.32
Rounded to \$4000.00

The existing drainage system has various tile capacities that do not have adequate size and capacity to meet the NRCS recommended drainage capacities for tile outlets for agricultural drainage. The proposed improvement will replace some of the existing tile with a tile of recommended capacity. An efficiency rate has been applied to the potential benefit value to reflect the increase in benefit provided through the proposed improvement efficiency rate. This rate reflects the viewer's determination of that portion of the potential benefit being provided by the improvement of the county ditch system with consideration of the increased capacity and a parcel's proximity to the improved outlet.

The net benefit provided by the ditch system is determined by the adjusted potential benefit value being applied to the number of acres determined to be in each class per tract, accumulating the sum of these benefit values, and then applying the proximity rate percentage.

Improvement damages have been given for the acquisition of the land rights for the construction of the storage ponds, new open ditch channel, buffer area, and a temporary easement required for the construction of the proposed improvement.

Respectfully submitted,

Ron Ringquist

Jim Weidemann

John Dotolo

BUFFALO CREEK WATERSHED DISTRICT
 McLEOD-SIBLEY COUNTIES JUDICIAL DITCH NO. 8
 2022 IMPROVEMENT DETERMINATION OF BENEFITS

INCOME APPROACH TO VALUE WORKSHEET
 With NRCS Guideline drainage

PRODUCTION INCOME

CROP PLANTED	AVERAGE YIELD	SALES VALUE	GROSS INCOME	ROTATION PERCENTAGE	ADJUSTED INCOME
CORN	190 BU	5.00	950.00	55	522.50
SOYBEANS	50 BU	13.00	650.00	45	292.50
					\$815.00

DIRECT PRODUCTION EXPENSE

CROP PLANTED	PRODUCTION COST	ROTATION PERCENTAGE	ADJUSTED EXPENSE
CORN	592.25	55	325.73
SOYBEANS	257.50	45	115.88
			\$441.61

BENEFIT VALUE CALCULATION

PRODUCTION CAPABILITY BASED UPON CONSTRUCTED DRAINAGE SYSTEM
 MEETING N.R.C.S. RECOMMENDED DESIGN STANDARDS

LAND CLASS	"A"	"B"	"C"	"D"
% PRODUCTION	92.0%	96.0%	100.0%	99.0%
GROSS INCOME	749.80	782.40	815.00	806.85
PRODUCTION COST (-)	441.61	441.61	441.61	441.61
NET INCOME	308.19	340.79	373.39	364.24
PREVIOUS INCOME (-)	0.00	75.00	251.14	365.64
INCREASED INCOME	308.19	265.79	122.25	32.60
PVT TILE COST (-)	36.00	36.00	36.00	0.00
NET ANNUAL INCREASE	272.19	229.79	86.25	32.60
CAPITALIZED FOR 25 YEARS @ 3.0 %	4739.64	4001.32	1501.88	567.67
BENEFIT VALUE	\$4740.00	\$4000.00	\$1500.00	\$570.00

