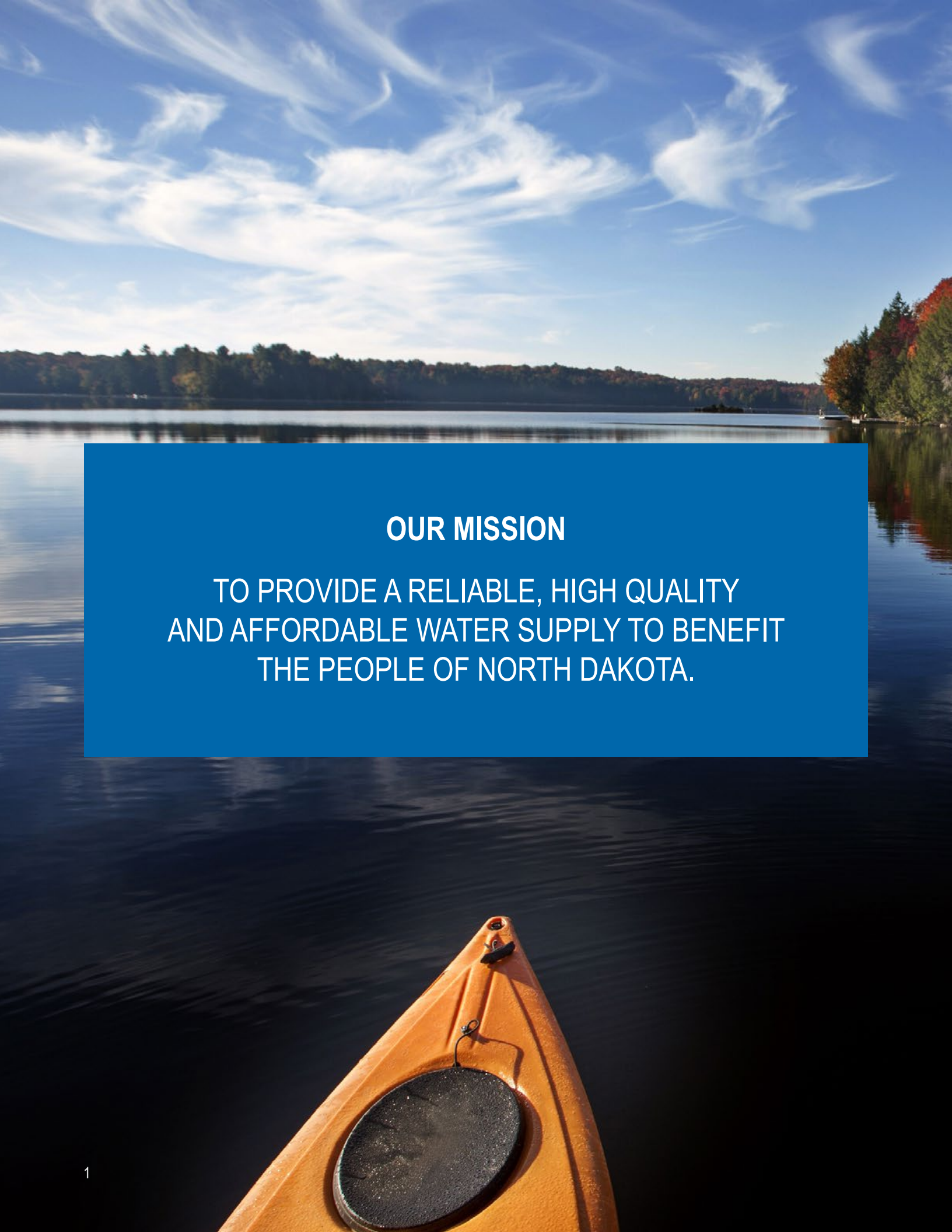




GARRISON DIVERSION CONSERVANCY DISTRICT  
**THE FUTURE OF WATER IN NORTH DAKOTA**



**2017**  
ANNUAL REPORT



**OUR MISSION**

**TO PROVIDE A RELIABLE, HIGH QUALITY AND AFFORDABLE WATER SUPPLY TO BENEFIT THE PEOPLE OF NORTH DAKOTA.**

**EXECUTIVE LETTER**

Garrison Diversion Conservancy District (Garrison Diversion) wrapped up a busy 2017 on a high note with our largest biannual water conference to date, which focused on the Red River Valley Water Supply Project (RRVWSP). If you missed it in 2017, we hope you'll join us in 2019!

As you will see in our Annual Report, everything Garrison Diversion does is linked to our mission to provide a reliable, high quality and affordable water supply to benefit the people of North Dakota. Through this mission, we work to provide high-quality drinking water, mitigate drought impacts, and support agriculture and industry. In addition, our work with recreation and natural resource development continues to be a source of great pride for the entire Garrison Diversion staff. Here is a taste of what we accomplished in 2017:

**RRVWSP**

The RRVWSP picked up momentum through generous support from the ND State Legislature and the 35 communities and water systems that signed on to participate in the project's development phase. The RRVWSP was included in the State Water Commission's (SWC) budget for the 2017-2019 biennium with \$30 million designated for the RRVWSP. Of that total, \$17 million is for planning and permitting, and \$13 million will be utilized to initiate construction. We are grateful to lawmakers and the SWC for recognizing the importance of this necessary drought mitigation

project that will benefit about half of the state's population, from central North Dakota to the Red River Valley.

**AGRICULTURE AND NATURAL RESOURCES**

Irrigation is a top priority for Garrison Diversion. In 2017, we provided \$267,875 in funding for irrigation trials and \$15,346 towards irrigation development, plus \$50,000 to support the North Dakota Irrigation Association.

We continued to focus on expanding the McClusky Canal Irrigation Project, developing and designing new irrigation projects throughout the year.

Garrison Diversion also worked to maintain, enhance and protect the Audubon & Arrowwood National Wildlife Refuges, Lonetree Wildlife Management Area and mitigation features in 2017, as requested by the Bureau of Reclamation (Reclamation).

**OPERATIONS AND MAINTENANCE (O&M)**

The O&M staff at Garrison Diversion works hard all year at a wide variety of tasks including canal maintenance, earth moving, and other construction projects. They complete this work for federal and state government agencies, including the SWC, Reclamation, N.D. Game & Fish and the U.S. Fish & Wildlife Service. From the McClusky Canal to the New Rockford Canal and Oakes Test Area, Garrison Diversion staff are pros at keeping these facilities in good working order.

**RECREATION**

The Garrison Diversion Matching Recreation Grant Program is perhaps one of the most fun things we do. In 2017, we awarded \$226,962 to 23 projects within the district. The projects include playgrounds for children and campsites for families. We also provided \$331,837 to previously approved recreation projects. It is a rewarding feeling to see signs in communities across the district marking the projects built with Garrison Diversion matching grants.

**MUNICIPAL, RURAL AND INDUSTRIAL (MR&I)**

Garrison Diversion distributed \$6.5 million through the MR&I program last year to help water systems deliver water to homes, businesses and farms. Plus, an additional \$19 million was awarded to other MR&I projects across the state. We also were pleased to receive a year extension of the MR&I Five-Year Cooperative Agreement with Reclamation, as the MR&I program provides so much good to communities across the state.

These are just a few of Garrison Diversion's accomplishments in 2017. We hope you find the Annual Report interesting and enlightening.

Thank you for your ongoing support of Garrison Diversion's mission.



Duane DeKrey Ken Royse

# GARRISON DIVERSION BOARD OF DIRECTORS



## BACK ROW L-R

Jim Pellman, Sheridan County; Steve Metzger, Foster County; Rick Anderson, McLean County; Bruce Klein, LaMoure County; Mike Tweed, Eddy County; Ken Vein, Grand Forks County; Ward Koeser, Williams County; Jeff Breker, Sargent County; Brandon Krueger, Steele County

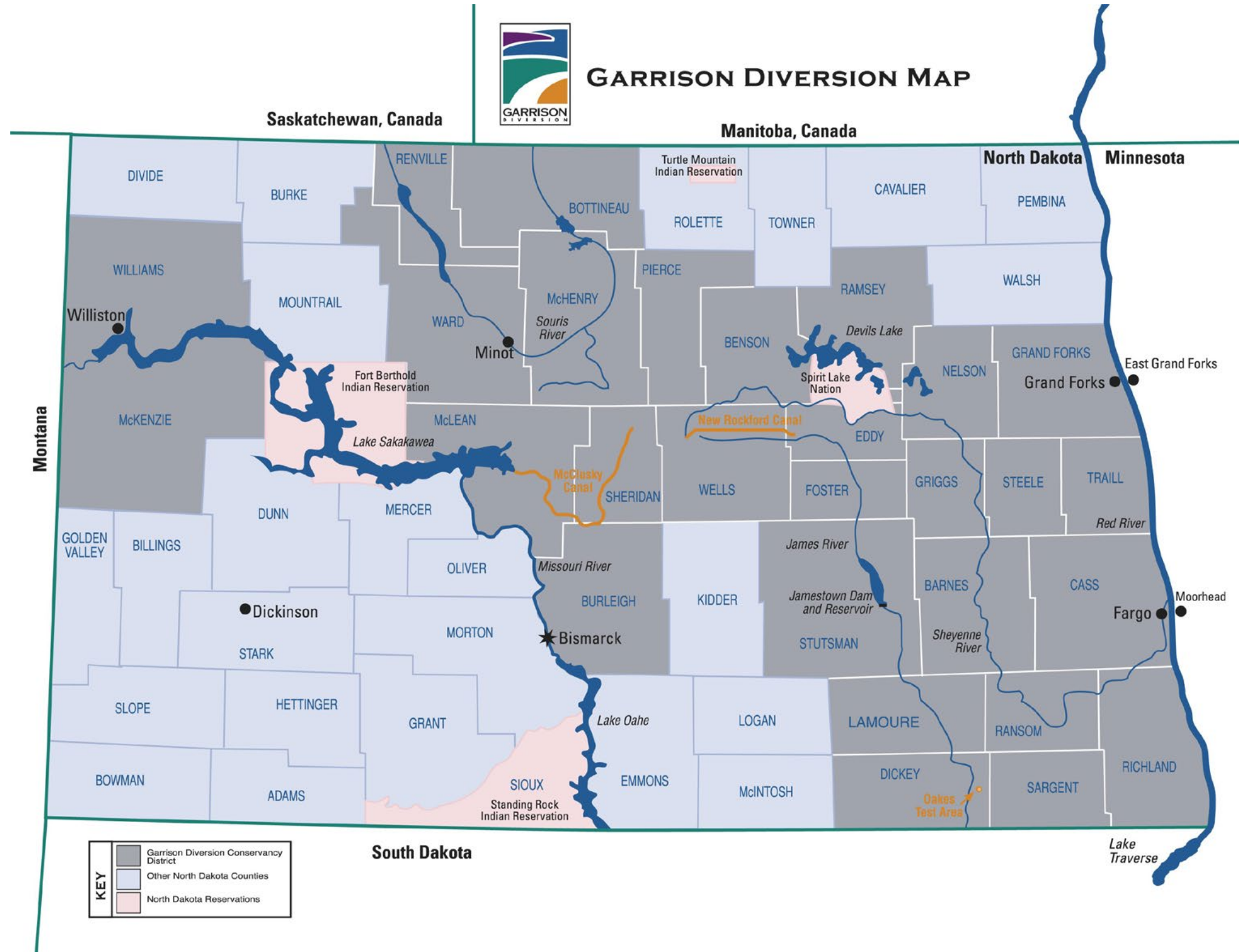
## MIDDLE ROW L-R

Kelly Klosterman, Richland County; Richard Cayko, McKenzie County; Dave Anderson, Pierce County; Alan Walter, Ward County; Cliff Hanretty, McHenry County; Greg Bischoff, Barnes County; Mark Cook, Renville County; Jay Anderson, Ransom County; Kenny Rogers, Bottineau County

## FRONT ROW L-R

Dave Johnson, Benson County; Norm Haak, Dickey County; Dr. Bill Krivarchka, Traill County; Nikki Boote, Griggs County; Geneva Kaiser, Stutsman County; Nancy Marquart, Nelson County; Ken Royse, Burleigh County; John Peyerl, Ramsey County

Not Pictured: Roger Fenstad, Cass County; Bill Ongstad, Wells County



## AGRICULTURE & NATURAL RESOURCES

Since its beginning, Garrison Diversion has continually invested in agricultural initiatives across North Dakota. 2017 was no exception, as Garrison Diversion continued its support for irrigation development by providing funding for agricultural and irrigation trials, as well as development through the North Dakota Irrigation Association and the North Dakota State University (NDSU) Oakes Irrigation Research Site (OIRS), Robert Titus Research Farm.

The importance of the state's natural resources are not lost on Garrison Diversion, as we worked to maintain, enhance and protect the Audubon & Arrowwood National Wildlife Refuges, Lonetree Wildlife Management Area and mitigation features as requested by Reclamation.

In 2017, Garrison Diversion provided \$267,875 in funding for irrigation trials and \$15,346 towards irrigation development. To support the North Dakota Irrigation Association, Garrison Diversion provided \$50,000 in funding.

The McClusky Canal Irrigation Project continued to flourish with the development of the Mile Marker (MM) 15 Irrigation Project and the design of the MM 42 Irrigation Project. Garrison Diversion's vision is to work with landowners and producers to develop authorized irrigable acres to bring increased local returns and economic benefits to the State of North Dakota.



**\$267,875 IN FUNDING  
TOWARDS IRRIGATION TRIALS**

**\$15,346 IN FUNDING  
TOWARDS IRRIGATION DEVELOPMENT**

**\$50,000 IN FUNDING  
TO SUPPORT THE ND IRRIGATION ASSOCIATION**



## OPERATIONS & MAINTENANCE

In 1955, Garrison Diversion was created by the N.D. Legislature to establish, construct, develop, maintain and operate the Garrison Diversion Unit (GDU) and all of its parts, including the McClusky and New Rockford Canals, Snake Creek Pumping Plant, and the Oakes Test Area. Garrison Diversion's O&M component has been committed to excellence while keeping the GDU facilities in outstanding working condition. "Our staff always works hard and represents Garrison Diversion well," says Ryan Anderson, Garrison Diversion Engineer.

Because of their extraordinary expertise in canal maintenance, earth moving, and other construction areas, Garrison Diversion's O&M staff is able to assist federal and state government agencies in various capacities. A wide variety of projects are completed each year for the SWC, Reclamation, N.D. Game & Fish and U.S. Fish & Wildlife Service, with each agency benefitting from their relationship with Garrison Diversion.

One example is the O&M crew's work on the GDU facilities, as they worked in cooperation with Reclamation to ensure the longevity of the McClusky Canal, New Rockford Canal, and Oakes Test Area by keeping the facilities in good working condition.

Considerable attention was focused on the McClusky Canal in 2017; in addition to regular canal maintenance, employees

continued a special project to repair a one-mile stretch of the canal side slope, from MM 22 to MM 23. Over 5,000 truckloads of soil material were removed from the area, and the crew stabilized the slope. After the slide was repaired, employees implemented erosion control. Additional tasks included completion of 90 percent of the final design drawings for the major slide repair, and the crew initiated earthwork for the slide repair project.

The SWC received assistance with monitoring and operating the Devils Lake Outlets, along with water sampling, mowing and spraying as part of routine operations at the Devils Lake Outlets.

Examples of additional projects in 2017 include dike removal at

the Lonetree Reservoir, radial gate coating at the Arrowwood National Wildlife Refuge, and water quality sampling for the Lake Agassiz Water Authority.

Garrison Diversion's O&M employees also maintained irrigation facilities within the McClusky Canal Irrigation Project, a nearly 6,000-acre irrigation project which includes pumping stations and delivery pipes.

Garrison Diversion O&M staff includes co-superintendents, a professional engineer, a master electrician, certified diesel mechanic, painting and coating specialists, vegetative management specialists and multiple heavy equipment operators out of four locations – Carrington, New Rockford, McClusky, and Oakes.



## RED RIVER VALLEY WATER SUPPLY PROJECT

The RRVWSP is a solution to water supply shortages in central and eastern North Dakota. This necessary project will protect communities and economies in central North Dakota and the Red River Valley from the devastating effects of drought by providing a safe and secure source of supplemental water. When completed, the RRVWSP will help meet the water supply needs of nearly 50 percent of North Dakota's population, ensuring the continued prosperity of central and eastern North Dakota.

Each year, considerable progress is charted on the RRVWSP. The State Water Commission's budget for the 2017-2019 biennium includes \$30 million for the RRVWSP, with \$17 million directed towards planning and permitting and \$13 million to initiate construction.

In 2017, Garrison Diversion expended over \$8.4 million into the RRVWSP and worked with several local, state and federal agencies as they moved forward with the project.

The financial modeling process was continued in 2017, as the expert

financial planning team worked towards the end of recommending a comprehensive plan based on affordability for the project's end users.

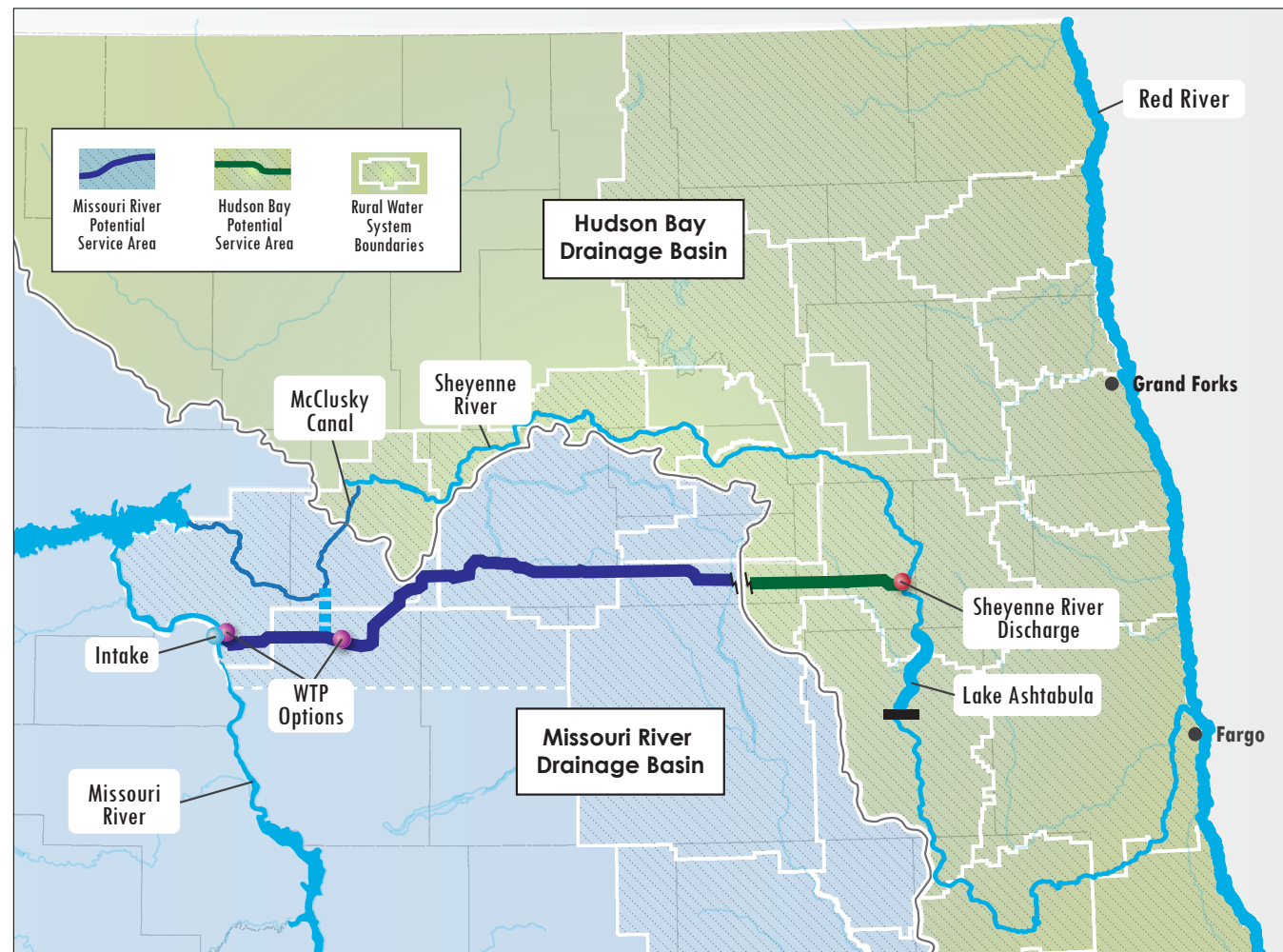
The Preliminary Design, which included pipeline alignment, intake, financial modeling, pumping and hydraulics, and discharge design, was a major focus in 2017.

"We are so grateful to the State Water Commission, Gov. Doug Burgum, and North Dakota's legislators for providing adequate funding to allow the project to make progress while keeping

the project affordable for the participating communities and water systems," says Ken Roysse, chairman of Garrison Diversion.

As the state lead on the RRVWSP, Garrison Diversion continues to meet with local, state and federal agencies to provide regular project updates.

Garrison Diversion also hosted its biannual water conference, "RRVWSP Water Conference: Investing in Our Future," on November 7, 2017 at the Fargo Holiday Inn. A full day of speakers covered multiple aspects of the project, including a general overview, financial planning, project communication efforts, and benefits to the project's users. Additional highlights included a drought outlook presentation by Daryl Ritchison, Interim Director of the ND Agricultural Weather Network, and a panel discussion about the state of water in North Dakota. The panel featured moderator Joel Heitkamp, alongside panelists John Paczkowski, Assistant State Engineer; Rep. Jim Schmidt, Water Topics Overview Committee Chairman; Eric Volk, ND Rural Water Systems Association Executive Director; and Blake Crosby, ND League of Cities Executive Director. The conference was well attended and a post-event survey indicated the majority of attendees would attend a similar conference in the future.



## RECREATION

Enhancing North Dakota's recreational opportunities is a key initiative for Garrison Diversion, which is why we are proud to offer the Matching Recreation Grant Program to enrich a number of recreation areas and projects within the state. The grant program distributes 20 percent of Garrison Diversion's one-mill levy to eligible projects within the district.

The Matching Recreation Grant Program funds awarded in 2017 enabled multiple communities in the district to expand or enhance their recreation opportunities by providing safe park equipment for children, fitness opportunities, and new campsites designed to accommodate more campers looking for a relaxing getaway in North Dakota. A total of \$226,962 was awarded to 23 projects within the district.

In addition, the program expended \$331,837 to previously approved recreation projects. To date, over \$4.8 million has been awarded to recreation projects in the district since 1990.

The abundant recreational opportunities along the McClusky Canal, referred to as the Chain of Lakes Recreation area continue to be maintained by Garrison Diversion, improving recreation opportunities at each of the lakes.

### 2017 MATCHING RECREATION GRANT RECIPIENTS

#### BARNES COUNTY

- Development of the Hi-Line Prairie Gardens & Orchard

#### CASS COUNTY

- Red River Valley Fair Campground Improvements
- Improvements to the Brewer Lake Campground

#### GRAND FORKS COUNTY

- Develop and Construct the Altru Wellness Village and the Ryan Lake Playground
- Develop Phase I of the Kannowski Park Skate Park

#### McHENRY COUNTY

- Construct Picnic Shelters at Buffalo Lodge County Park

#### McKENZIE COUNTY

- Bathroom Updates at Keene Park
- Develop the McKenzie County Veteran's Park

#### McLEAN COUNTY

- Restroom Construction at Garrison City Park

#### NELSON COUNTY

- Develop Frisbee Golf Course at the McVile Dam

#### RAMSEY COUNTY

- Beach Improvements at Lakewood Park

#### RANSOM COUNTY

- Electrical Upgrades and Improvements at the Dead Colt Creek Recreation Area

#### RENVILLE COUNTY

- Improvements for the Silver Lake Recreation Area

#### STEELE COUNTY

- Campground Updates at Golden Lake Resort

#### STUTSMAN COUNTY

- Playground Equipment for the Spiritwood Lake Resort

#### TRAILL COUNTY

- Rejuvenate the Mayville Nature Trail

#### WARD COUNTY

- Walking Bridge for Old Settlers Park
- Outdoor Exercise Equipment for the Minot Fitness Trail

#### WELLS COUNTY

- Playground Equipment for the Hurdsfield City Park

#### WILLIAMS COUNTY

- Installation of Double Vault Restrooms at McGregor Dam



## MUNICIPAL, RURAL, & INDUSTRIAL

Garrison Diversion's MR&I program is jointly administered by Garrison Diversion and the SWC to provide funding to deliver quality water throughout the state.

Water systems across North Dakota depend on the MR&I program for funding to address current and future water demands on their systems. Dozens of municipal and rural water systems have received

funding through the MR&I program.

In keeping with its mission to provide a reliable, high quality and affordable water supply to benefit the people of North Dakota, Garrison Diversion distributed \$6.5 million through the MR&I program in 2017 to help water systems deliver water to homes, businesses and farms. An additional

\$19.0 million was awarded to other MR&I projects across the state.

In addition to a year extension of the MR&I Five-Year Cooperative Agreement with Reclamation, Garrison Diversion also worked closely with the SWC, N.D. Department of Health, N.D. Rural Water Systems Association and N.D. League of Cities to ensure a strong MR&I program was in place.

.....  
**\$6.5 MILLION**

DISTRIBUTED TO HELP WATER SYSTEMS DELIVER WATER TO  
**HOMES, BUSINESSES, & FARMS**



**\$19.0 MILLION**

AWARDED TO OTHER MR&I PROJECTS ACROSS THE STATE  
 .....

## OVERVIEW OF FINANCIAL STATEMENTS

The financial statements provide readers with a broad overview of Garrison Diversion's finances, in a manner similar to a private-sector business.

### STATEMENT OF NET POSITION

ASSETS	2017	2016
Cash	\$9,952,026	\$8,279,671
Investments	\$4,001,198	\$4,001,199
Land	\$143,667	\$143,667
Land Improvements	\$300,372	\$329,736
Construction in Progress	\$7,948,567	\$1,110,875
Buildings	\$788,038	\$812,206
Equipment	\$5,929,386	\$1,844,237
Pipeline	\$2,304,519	\$2,277,534
<b>TOTAL ASSETS</b>	<b>\$31,367,773</b>	<b>\$18,799,125</b>
LIABILITIES	2017	2016
Bond Payable	\$930,196	\$1,022,420
Note Payable	\$184,472	\$203,148
<b>TOTAL LIABILITIES</b>	<b>\$1,114,668</b>	<b>\$1,225,568</b>
NET ASSETS	2017	2016
Net Investment in Capital Assets	\$16,299,881	\$5,292,687
O&M Emergency Fund	\$822,818	\$822,818
Deficiency Fund	\$802,288	\$802,288
Project Development Fund	\$915,593	\$915,593
Red River Valley Water Supply	\$974,079	\$1,027,475
Unrestricted Fund	\$10,438,446	\$8,712,696
<b>TOTAL NET ASSETS</b>	<b>\$30,253,105</b>	<b>\$17,573,557</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$31,367,773</b>	<b>\$18,799,125</b>

The Statement of Net Position (above) presents information on all of Garrison Diversion's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of Garrison Diversion is improving or deteriorating.



### STATEMENT OF ACTIVITIES

REVENUES	2017	2016
Taxes	\$3,575,363	\$3,296,173
Interest on Investments	\$40,005	\$25,806
Non-Project Income	\$256,201	\$373,973
Program Income	\$6,303	\$5,364
Contract Revenue	\$23,391,791	\$15,300,456
Leases	\$2,303	\$2,303
Miscellaneous	\$155	\$21,663
<b>TOTAL REVENUE</b>	<b>\$27,272,121</b>	<b>\$19,025,738</b>
EXPENDITURES	2017	2016
<b>CURRENT</b>		
Directors	\$223,614	\$188,547
Personnel	\$2,890,334	\$2,940,498
Contractual Services	\$7,299,613	\$6,650,775
Irrigation Development	\$348,568	\$383,375
Maintenance	\$539,722	\$464,771
Engineering & Survey	\$212,651	\$285,570
Recreation Grant Program	\$335,383	\$242,240
Other Charges	\$1,849,986	\$4,070,676
Capital Outlay	\$11,730,020	\$1,603,883
<b>DEBT SERVICE</b>		
Principal	\$110,900	\$109,692
Interest & Fiscal Charges	\$58,976	\$60,183
<b>TOTAL EXPENDITURES</b>	<b>\$25,599,767</b>	<b>\$17,000,210</b>
<b>REVENUE OVER (UNDER) EXPENSES</b>	<b>\$1,672,354</b>	<b>\$2,025,528</b>
<b>OTHER FINANCING SOURCES</b>		
Debt Issuance	\$ -	\$ -
Transfers In	\$672,568	\$695,112
Transfers Out	\$(672,568)	\$(695,112)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$1,672,354</b>	<b>\$2,025,528</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>\$12,280,870</b>	<b>\$10,255,342</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$13,953,224</b>	<b>\$12,280,870</b>

The Statement of Activities (above) presents information on all of Garrison Diversion's direct expenses and program revenues for the activities of Garrison Diversion. It shows how the fund balances changed during the year.

## STATEMENT OF GENERAL FUND INCOME & EXPENDITURES

Statement of General Fund Income and Expenditures for the fiscal year ending December 31, 2017.

INCOME BUDGET	BUDGET FY 2017	ACTUAL FY 2017
Municipal, Rural, & Industrial Administration	\$23,615	\$23,615
Operations & Maintenance Administration	\$628,558	\$628,558
Red River Valley Administration	\$20,395	\$20,395
Interest Income	\$38,965	\$38,965
Contract Revenue	\$48,206	\$48,206
Lease Income	\$2,303	\$2,303
Tax Levy	\$3,575,363	\$3,575,363
Miscellaneous Income	\$130	\$130
<b>TOTAL INCOME</b>	<b>\$4,337,535</b>	<b>\$4,337,535</b>
EXPENSE BUDGET	BUDGET FY 2018	ACTUAL FY 2017
Directors Per Diem	\$100,005	\$100,005
Directors Expenses	\$123,609	\$123,609
Employee Salaries	\$813,386	\$371,028
Employee Expenses	\$122,000	\$55,650
Payroll Taxes & Benefits	\$400,707	\$371,701
Operations Expenses	\$223,000	\$156,093
Irrigation Development	\$464,875	\$348,568
Public Education	\$101,000	\$94,638
Professional Services	\$499,000	\$362,294
Legal	\$180,000	\$122,039
Maintenance & Repair	\$68,000	\$47,559
Irrigation District Expenses	\$24,900	\$0
Capital Purchases	\$85,000	\$28,590
Recreation Programs	\$360,000	\$335,383
<b>TOTAL EXPENSES</b>	<b>\$3,565,482</b>	<b>\$2,517,157</b>

The financial report provides a general overview of Garrison Diversion's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Garrison Diversion Conservancy District,  
P.O. Box 140, Carrington, ND 58421**



[www.garrisondiversion.org](http://www.garrisondiversion.org)

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Conservancy District  
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