

# 2018 ANNUAL REPORT

## THE FUTURE OF WATER IN NORTH DAKOTA





## OUR MISSION

To Provide A Reliable, High Quality and Affordable Water Supply to Benefit the People of North Dakota.

## EXECUTIVE LETTER

Everything the Garrison Diversion Conservancy District (Garrison Diversion) does is intrinsically linked to our mission to provide a reliable, high quality and affordable water supply to benefit the people of North Dakota. Our 2018 accomplishments reflect this mission in multiple ways including irrigation and mitigating drought impacts. Our recreation and natural resource development work also continues to benefit the entire State of North Dakota.

Here is a sample of what we accomplished in 2018:

### RED RIVER VALLEY WATER SUPPLY PROJECT (RRVWSP)

The RRVWSP will provide an emergency water supply in times of drought to water systems and communities in central and eastern North Dakota to protect them from the devastating effects of drought. The RRVWSP will help meet the water supply needs of nearly 50 percent of North Dakota's population when it is completed. Garrison Diversion worked in conjunction with the co-sponsors of the RRVWSP, Lake Agassiz Water Authority (LAWA), to move the Project forward in 2018. A major milestone is the completion of the RRVWSP's preliminary design. Significant progress was also made on financial modeling for the Project, as well as the final designs for the pipeline, intake and discharge structure. We are particularly proud that the RRVWSP was featured at several national water conferences due to its innovative nature.

### AGRICULTURE AND NATURAL RESOURCES

In 2018, Garrison Diversion provided more than \$330,000 for irrigation trials and development, as well as funding for the North Dakota Irrigation Association. In addition, the irrigation projects along the McClusky Canal at Mile Marker (MM) 42L and MM42R were completed, bringing the total irrigated acres from the McClusky Canal Irrigation Project to approximately 8,000 acres. We also continued Garrison Diversion's efforts to maintain, enhance, and protect several of the State's natural resources, as requested by the Bureau of Reclamation (Reclamation).

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

Garrison Diversion and the State Water Commission (SWC) jointly administer the MR&I program which provides funds to North Dakota's water systems to meet their current and future water demands. Garrison Diversion distributed more than \$22 million to MR&I projects across the State in 2018!

### RECREATION

Our Matching Recreation Grant Program continues to be a popular way for deserving projects in our 28-county district to improve communities' recreation opportunities. Each year, the program distributes 20% of Garrison Diversion's one-mill levy to eligible projects such as safe play equipment for children, recreation facilities, and campsite improvements. In 2018, the program awarded more than \$400,000 to 26 new projects and provided more than \$300,000 to previously approved recreation projects. The Chain of Lakes Recreation area also continues to be maintained by Garrison Diversion, to provide a wonderful place for visitors to swim, camp, and fish.

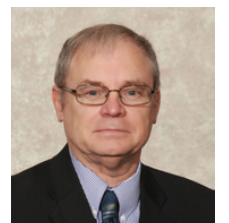
### OPERATIONS AND MAINTENANCE (O&M)

Last but certainly not least, Garrison Diversion's O&M staff in Carrington, New Rockford, Oakes, and McClusky perform maintenance year-round on the existing Garrison Diversion Unit (GDU) facilities through a cooperative agreement with Reclamation. The GDU facilities include the McClusky Canal, New Rockford Canal, Oakes Test Area, and Snake Creek Pumping Plant. In 2018, O&M staff spent the majority of their time completing major reconstruction at the McClusky Canal. Reconstruction is crucial, as approximately 40,000 acre-feet of water was delivered through the McClusky Canal for purposes such as livestock watering, water for wildlife mitigation areas, water quality improvements, irrigation, recreation, and fish and wildlife. Garrison Diversion O&M staff also assisted the U.S. Fish and Wildlife Service, Reclamation, and SWC.

Thanks for checking out the 2018 Garrison Diversion Conservancy District Annual Report! We had a busy and productive year, as you will see in greater detail in the following pages.



**Duane DeKrey**  
Garrison Diversion  
General Manager



**Ken Royse**  
Chairman

# 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

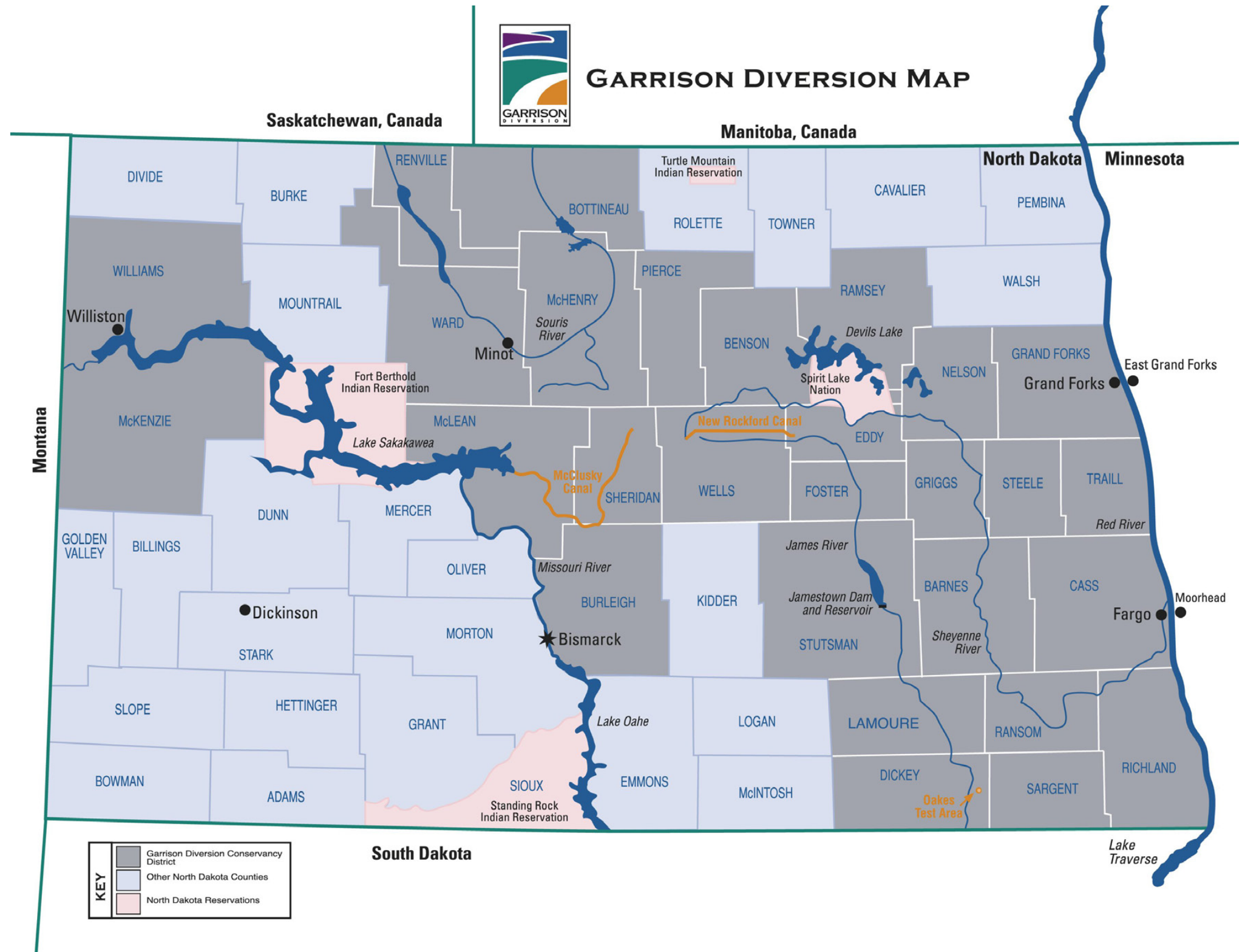
## FRONT ROW L-R

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



# GARRISON DIVERSION MAP





## AGRICULTURE & NATURAL RESOURCES

Investment in agriculture and irrigation development in North Dakota is a top priority to Garrison Diversion, which is why we proudly invest in agriculture and irrigation initiatives across the state. In 2018, \$267,875 was provided for irrigation trials, and \$12,377 was distributed for irrigation development. Garrison Diversion also supported the North Dakota Irrigation Association with \$50,000 in funding.

Irrigation development along the McClusky Canal continues to thrive in the hands of Garrison Diversion. In 2018, irrigation projects at MM42L and MM42R were completed, bringing the total irrigated acres from the McClusky Canal Irrigation Project to approximately 8,000 acres. Further, design commenced for two additional projects, the MM0 and MM0.4 projects, which will bring an additional 2,500 acres to fruition in 2019.

Garrison Diversion also realizes the importance of preserving the state's natural resources and, in 2018, put forth the effort to maintain, enhance, and protect the Audubon & Arrowwood National Wildlife Refuges, Lonetree Wildlife Management Area, and mitigation features as requested by Reclamation.

### 2018 IRRIGATION FUNDING OVERVIEW

**\$267,875**

IRRIGATION TRIALS



**\$12,377**

IRRIGATION DEVELOPMENT



**\$50,000**

ND IRRIGATION ASSOCIATION SUPPORT

## OPERATIONS & MAINTENANCE

Garrison Diversion maintains O&M employees at four locations – Carrington, New Rockford, Oakes, and McClusky – who perform maintenance on the existing GDU facilities through a cooperative agreement with Reclamation. The GDU facilities include the McClusky Canal, New Rockford Canal, Oakes Test Area, and the Snake Creek Pumping Plant. The purpose of these features varies from supplying water for irrigators to sustaining recreation areas and wildlife management locations.

Routine canal maintenance, including spraying for noxious weeds, blading maintenance roads, and mowing rights-of-way, was performed to keep the McClusky and New Rockford Canals in top condition. The canals and canal drains were also cleaned regularly, and cattails were removed.

In 2018, O&M staff spent the majority of their time working on major reconstruction at the McClusky Canal. The canal side slopes are failing between MM20 and MM22 and have reduced the water flow of the canal downstream of MM22, reducing the amount of available water to irrigators downstream and presenting challenges in maintaining the Chain of Lakes at the desired elevations. Lower water elevations of the canal can also cause erosion of the canal prism beneath the existing beachbelting.

The objective of the major slide repair is to flatten the currently failing 2 to 1 side slope to a more stable 4 to 1 slope. The work is being completed in cooperation with Reclamation. In 2018, crews worked both the left and right sides of the canal and removed approximately 580,000 cubic yards of spoil material from the area to stabilize the slope, then implemented erosion control.

Approximately 40,000 acre-feet of water was delivered through the McClusky Canal for purposes such as livestock watering, water for wildlife mitigation areas, water quality improvements, irrigation, recreation, and fish and wildlife.

Garrison Diversion also assisted other government agencies with maintenance tasks as needed. The U.S. Fish and Wildlife Service requested Garrison Diversion's assistance to repair a culvert at the Arrowwood Wildlife Management Area, and support was also requested to clean up summer storm damage and perform earthwork at the Lonetree Reservoir. Work was also completed at the Jamestown Dam for Reclamation when stilling basins were cleaned and inspected. 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.

Garrison Diversion's O&M employees maintained irrigation facilities within the McClusky Canal Irrigation Project, a nearly 8,000-acre irrigation project which includes pumping stations and delivery pipes.

"The O&M crew is dedicated and always works hard to complete the tasks at hand," says Ryan Anderson, Garrison Diversion engineer.

Garrison Diversion added an Electronic Controls Specialist to assist with operations at the Snake Creek Pumping Plant (SCPP). Reclamation, currently operating the SCPP, will be transitioning operations to Garrison Diversion in 2020.



# RED RIVER VALLEY WATER SUPPLY PROJECT

Garrison Diversion is focused on meeting the water supply needs of the people of North Dakota. For that reason, the RRVWSP continues to be at the forefront of our efforts. The RRVWSP will provide an emergency water supply in times of drought to water systems and communities 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. Project leaders have been diligently working to efficiently spend the \$30 million allocated for the RRVWSP in the SWC's budget for the 2017-2019 biennium budget, with \$17 million directed towards planning and permitting and \$13 million to initiate construction.

In 2018, Garrison Diversion invested \$7.4 million into the RRVWSP and worked with several local, state, and federal agencies as they moved forward with the project.

A major milestone was achieved when the project's preliminary design was completed. "The completion of the preliminary design is a critical step for Garrison Diversion and Lake Agassiz Water Authority as the co-sponsors of the RRVWSP. This marks the completion of a number of mission-critical tasks, including identifying the project demands and design flow; finalization of the pipeline alignment – both horizontal and vertical; and securing land access," explains Kip Kovar, Deputy Program Manager for RRVWSP Engineering.

In addition to meeting the requirements laid out in the legislation for the current biennium, the completion of the preliminary design means the systems and logistical tools that are necessary to manage construction on a water project of this magnitude are ready to be implemented.

Completion of the preliminary design also allows for the updated overall project costs to be used in financial models. There are 35 communities and water systems involved with the development phase of the RRVWSP.

Significant progress was also made in financial modeling and on final designs for the pipeline, intake, and discharge structure.

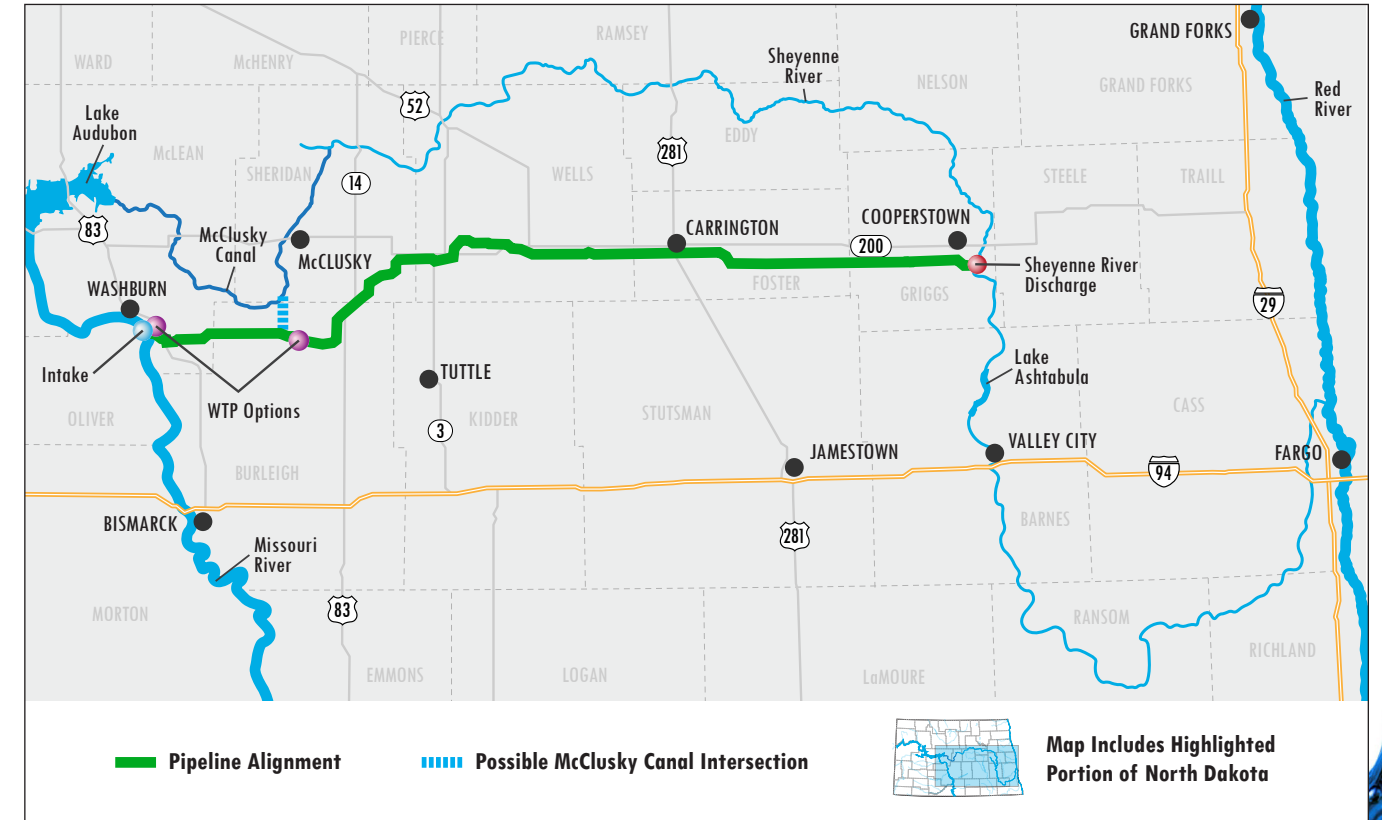
The RRVWSP also gained national attention in 2018 as organizers of prominent national water conferences reached out to Garrison Diversion to request presentations about the drought mitigation project. In addition, the RRVWSP received the 2018 Sustainability/Green Project of the Year award at the North American Infrastructure Leadership Forum.

"We were pleasantly surprised to hear the Red River Valley Water Supply Project is named among so many high-profile projects. It is an important project here in North Dakota, but it's a real honor to be named among the top projects in North America," says Merri Mooridian, Deputy Program Manager of RRVWSP Administration.

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

## SERVING PROSPECTIVE USERS

Thirty-five cities and rural water systems committed to help fund the development portion of the project, which includes conceptual engineering, phased preliminary engineering, and financial modeling.



## RECREATION

North Dakotans place a high value on recreation opportunities right in their backyard, which is why Garrison Diversion is proud to support the expansion and enhancement of recreation opportunities within the 28-county district through the Matching Recreation Grant Program. This program distributes 20 percent of Garrison Diversion's one-mill levy to eligible projects within the district, enabling development of safe park equipment for children, fitness opportunities, new campsites, and more!

In 2018, the program awarded \$416,245 to 26 projects within the 28-county district. In addition, \$320,250 was expended to previously approved projects which create and enhance recreation opportunities.

"We are proudly giving back to our communities and supporting many worthwhile projects within the district," said Bill Krivarchka, Recreation Committee Chairman. "Recreation opportunities are important to North Dakotans, and we are excited to distribute our largest awards to date!"

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.



## 2018 MATCHING RECREATION GRANT RECIPIENTS

### BARNES COUNTY

- Phase 3 of the Hi-Line Prairie Gardens and Orchard

### BOTTINEAU COUNTY

- Completion of the Bottineau Fairground Horse Arena

### BURLEIGH COUNTY

- Development of a Splash Pad at New Generations Park
- Development of a Sensory Play Space Within the Magical Moments Playground at Wachter Park

### CASS COUNTY

- Improvements at the Red River Valley Fairground
- Playground Equipment for the Hunter City Park

### FOSTER COUNTY

- Playground Equipment for the Courthouse Park in Carrington

### GRAND FORKS COUNTY

- Picnic Shelter Construction at Fordville Dam

### GRIGGS COUNTY

- Playground Equipment for the Hannaford City Park

### LAMOURE COUNTY

- Development of a New Play Area and Playground Equipment at Sunset Park in LaMoure

### MCKENZIE COUNTY

- Completion of Phase II of the McKenzie County Veteran's Park

### MCLEAN COUNTY

- Improvements to Wilderness Park in Garrison

### NELSON COUNTY

- Restroom Construction and Park Enhancements at Tolna City Park

### RAMSEY COUNTY

- Installation of New Boat Dock and Slip at Creel Bay

### RANSOM COUNTY

- Upgrades to the Sandager Skate Park

### RENVILLE COUNTY

- Mouse River Park signage

### RENVILLE COUNTY

- Completion of the Renville County Gun Club facility

### RICHLAND COUNTY

- Development of an Outdoor Community Skating Rink

### SARGENT COUNTY

- Improvements to the Silver Lake Recreation Area and Beach

### TRAILL COUNTY

- Enhancements at Rainbow Garden in Mayville
- Playground Equipment for Island Park in Mayville

### WARD COUNTY

- Playground Equipment for Roosevelt Park in Minot
- Enhancements Throughout Ward County Park Network

## MUNICIPAL, RURAL, & INDUSTRIAL

Across North Dakota, water systems rely on the MR&I program for funding to address current and future water demands on their systems. Garrison Diversion and the SWC jointly administer the MR&I program which provides funds to these systems enabling the delivery of quality water throughout the state.

Though somewhat modified over time, providing a reliable, high quality and affordable water supply to benefit the people of North Dakota has forever been the mission of Garrison Diversion. In keeping with this mission, Garrison

Diversion distributed \$10.07 million through the MR&I fund in 2018 to help water systems deliver water to homes, businesses, and farms across the state. An additional \$12.0 million has been awarded to other MR&I projects.

In addition to a one-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.

## 2018 MR&I FUNDING

**\$10.07 MILLION**

**DISTRIBUTED TO HELP SYSTEMS DELIVER WATER TO**



**HOMES**



**BUSINESSES**



**FARMS**

**— PLUS —**

**\$12.0 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.

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

## STATEMENT OF NET POSITION

ASSETS	2018	2017
Cash	\$7,100,807	\$9,952,026
Investments	\$8,001,198	\$4,001,198
Land	\$143,667	\$143,667
*Land Improvements	\$319,348	\$300,372
Construction in Progress	\$15,004,363	\$7,948,567
*Buildings	\$779,753	\$788,038
*Equipment	\$5,963,471	\$5,929,386
*Pipeline	\$2,928,607	\$2,304,519
<b>TOTAL ASSETS</b>	<b>\$40,241,214</b>	<b>\$31,367,773</b>
LIABILITIES	2018	2017
Bond Payable	\$1,747,824	\$930,196
Note Payable	\$164,917	\$184,472
<b>TOTAL LIABILITIES</b>	<b>\$1,912,741</b>	<b>\$1,114,668</b>
NET ASSETS	2018	2017
Net Investment in Capital Assets	\$23,226,468	\$16,299,881
O&M Emergency Fund	\$822,818	\$822,818
Deficiency Fund	\$802,288	\$802,288
Project Development Fund	\$915,593	\$915,593
Operations, Maint. & Replacement	\$208,785	\$-
Red River Valley Water Supply	\$-	\$974,079
Unrestricted Fund	\$12,352,521	\$10,438,446
<b>TOTAL NET ASSETS</b>	<b>\$38,328,473</b>	<b>\$30,253,105</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$40,241,214</b>	<b>\$31,367,773</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.

\* NET OF ACCUMULATED DEPRECIATION

## STATEMENT OF ACTIVITIES

REVENUES	2018	2017
Taxes	\$3,739,225	\$3,575,363
Interest on Investments	\$43,042	\$40,005
Non-Project Income	\$257,775	\$256,201
Program Income	\$9,056	\$6,303
Contract Revenue	\$23,005,674	\$23,391,791
Leases	\$2,303	\$2,303
Miscellaneous	\$20,266	\$155
<b>TOTAL REVENUE</b>	<b>\$27,077,341</b>	<b>\$27,272,121</b>
EXPENDITURES	2018	2017
<b>CURRENT</b>		
Directors	\$215,179	\$223,614
Personnel	\$3,124,982	\$2,890,334
Contractual Services	\$11,940,656	\$7,512,264
Irrigation Development	\$347,894	\$348,568
Maintenance	\$1,092,038	\$539,722
Recreation Grant Program	\$338,506	\$335,383
Other Charges	\$398,884	\$1,849,986
Irrigation District Expense	\$18,252	\$-
<b>CAPITAL OUTLAY</b>	<b>\$9,196,606</b>	<b>\$11,730,020</b>
<b>DEBT SERVICE</b>		
Principal	\$116,238	\$110,900
Interest and Fiscal Charges	\$53,637	\$58,976
<b>TOTAL EXPENDITURES</b>	<b>\$26,842,872</b>	<b>\$25,599,767</b>
<b>REVENUE OVER (UNDER) EXPENSES</b>	<b>\$234,469</b>	<b>\$1,672,354</b>
<b>OTHER FINANCING SOURCES</b>		
Debt Issuance	\$914,312	\$-
Transfers In	\$787,747	\$672,568
Transfers Out	\$(787,747)	\$(672,568)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$914,312</b>	<b>\$-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$1,148,781</b>	<b>\$1,672,354</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>\$13,953,224</b>	<b>\$12,280,870</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$15,102,005</b>	<b>\$13,953,224</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.



**GARRISON DIVERSION**

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

 @GDCD.ND

 @GDCD\_ND

GARRISON DIVERSION  
CONSERVANCY DISTRICT



Garrison Diversion staff and directors attending a conference in Washington, DC in April 2018. (Mike Tweed, Jay Anderson, Alan Walter, Duane DeKrey, Ken Vein)



Garrison Diversion staff pictured with Secretary of the Interior Ryan Zinke, Governor Doug Burgum, and Lt. Governor Brent Sanford, along the McClusky Canal in central North Dakota, while touring the Garrison Diversion Unit facilities hosted by the Bureau of Reclamation. (Duane DeKrey, Kip Kovar, Lt. Governor Brent Sanford, Governor Doug Burgum, Kimberly Cook, Secretary Ryan Zinke, Merri Mooridian)



Garrison Diversion staff and directors enjoyed a meeting with Brenda Burman, Commissioner of the Bureau of Reclamation, at the 2018 NWRA Federal Water Issues Conference in Washington, DC. (Kip Kovar, Merri Mooridian, Duane DeKrey, Brenda Burman, Ken Vein, Mike Tweed, Jay Anderson)



Duane DeKrey, Garrison Diversion General Manager, was busy speaking in 2018 as national conferences are reaching out to request presentations about the Red River Valley Water Supply Project.

**2018 STAFF PHOTO**

- BACK ROW L-R**  
Duane Anstrom, Duane DeKrey, Whitney Anderson, Darrell "Spin" Brummond, Dustin Offerdahl, John Bennett, Vern Schafer, Kasey Power, Doug Kurle, John Schuh
- MIDDLE ROW L-R**  
Scott Mehring, Tom Wagner, Cindy Hewitt, Merri Mooridian, Lisa Schafer, Sue Stein, Stacey Gussiaas, Judy Allmaras, Don Berg, David Freborg
- FRONT ROW L-R**  
Renaech Duchscherer, Darren Murray, Ashley Reisenauer, Stan Tomlinson, Tyler Schacher, John Odstricil, Kip Kovar, Michelle Werner, Tim Silliman, Kimberly Cook



**IN MEMORY OF JERRY KELLAR**

Garrison Diversion suffered an incredible loss on June 29, 2018, as Jerry Kellar, McClusky O&M Co-Superintendent, lost his life in a camping accident at New Johns Lake.





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