



2019 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

The Garrison Diversion Conservancy District (Garrison Diversion) Board of Directors and staff are proud of the leadership role this organization plays as a key water infrastructure builder in North Dakota. Our 2019 accomplishments are outlined in this Annual Report with each of our focus areas represented in the following pages.

Here is a brief synopsis of what we accomplished in 2019:

AGRICULTURE AND NATURAL RESOURCES

As North Dakota's agriculture roots run deep, Garrison Diversion is honored to help bolster the state's economy by funding agriculture and irrigation initiatives. In 2019, Garrison Diversion invested nearly \$330,000 in ag and irrigation efforts.

Garrison Diversion staff rolled up their sleeves to assist the Bureau of Reclamation (Reclamation) with maintenance of two national wildlife refuges and a wildlife management area as part of our commitment to protecting and preserving the state's natural resources.

OPERATIONS AND MAINTENANCE (O&M)

Garrison Diversion continues to maintain offices in multiple locations, including Carrington, McClusky, New Rockford and Oakes. In 2019, Garrison Diversion took over the leadership role on maintenance at the Snake Creek Pumping Plant (SCPP) from Reclamation.

O&M staff spent a considerable amount of time working on major reconstruction of the McClusky Canal side-slopes in 2019. They completed the regular maintenance of the irrigation systems that comprise the McClusky Canal Irrigation Project and worked to lower the water level of McClusky Canal in the fall to get water off of bridges before a hard freeze. They also tackled several special projects at the SCPP.

RED RIVER VALLEY WATER SUPPLY PROJECT (RRVWSP)

The RRVWSP made progress in 2019 as state lawmakers and the State Water Commission (SWC) included \$30 million for the project in the SWC's 2019-2021 biennium budget, with \$13 million in carryover funds from the 2017-2019 biennium.

Garrison Diversion and the state project's co-sponsor, Lake Agassiz Water Authority (LAWA), worked with several state, local and federal agencies to acquire permits. The project also received Nationwide 6 & 33 coverage from the United States Army Corps of Engineers (USACE) for marine borings and provided support to the ND Department of Environmental Quality regarding the North Dakota Pollutant Discharge Elimination System (NDPDES). Important land acquisition and final design milestones were also reached in 2019.

The RRVWSP will provide an emergency water supply in times of drought to water systems and communities in

central and eastern North Dakota. When completed, the project 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.

RECREATION

Recreation is arguably Garrison Diversion's most "fun" focus area. Our Matching Recreation Grant Program is a very popular program that benefits communities in each of our 28 member counties. In 2019, we awarded \$436,275 in funding to 23 recreation projects throughout the District.

Garrison Diversion staff also worked hard on maintenance of the McClusky Canal Chain of Lakes Recreation Area, where people are able to camp, swim, fish and have a great time by the water.

In 2019, Garrison Diversion worked with the Nelson County Park Board and a consultant to develop a recreational use plan for Garrison Diversion's 265-acre tract of land located north of Tolna in Nelson County. The area will be managed by the ND Game & Fish Department as a state wildlife management area and will be a great place for people to recreate in the future.

MUNICIPAL, RURAL AND INDUSTRIAL (MR&I)

Garrison Diversion's MR&I program is jointly administered by Garrison Diversion and the SWC to provide funding for important projects that deliver quality water throughout the

state. Garrison Diversion distributed \$19.5 million through the MR&I program in 2019 to help water systems deliver water to homes, businesses and farms. An additional \$14.8 million was awarded to other MR&I projects across the state.

FINANCIAL OVERVIEW

Garrison Diversion's financial statements are provided annually to give readers a broad overview of our financial health and annual expenditures. We are happy to share this information as a public entity that believes transparency is crucially important.

Thank you for taking an interest in Garrison Diversion. We are proud of the projects we're involved in, and we're proud that our work helps North Dakotans every day. 💧



Duane DeKrey
Garrison Diversion
General Manager



Ken Royse
Garrison Diversion
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

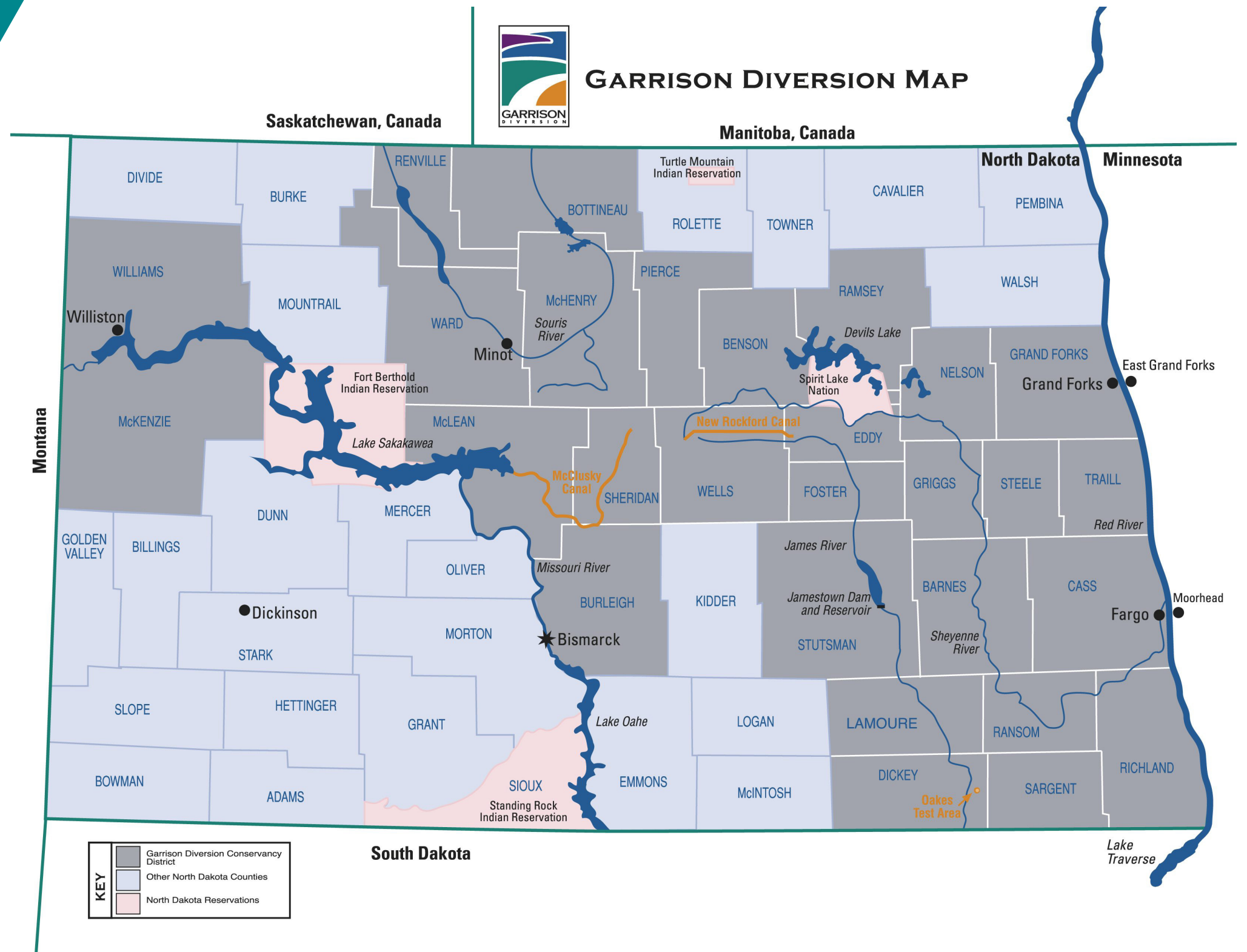
FRONT ROW L-R

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 Roysel, Burleigh County; John Peyerl, Ramsey County

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



GARRISON DIVERSION MAP





AGRICULTURE & NATURAL RESOURCES

Investing in agriculture initiatives and irrigation development is vital to the future success of North Dakota. While the world is ever-changing, North Dakota's roots lie in agriculture, which is why Garrison Diversion proudly invests in agriculture and irrigation initiatives around the state. In 2019, \$267,875 was provided for irrigation trials, and \$9,743 was distributed for irrigation development. Garrison Diversion also supported the N.D. Irrigation Association with \$50,000 in funding.

The McClusky Canal Irrigation Project continues to expand, with design completed on two additional irrigation projects in 2019. Additional irrigation opportunities were researched, and preliminary design was completed for potential Missouri River irrigation projects.

Garrison Diversion also works to maintain, enhance and protect North Dakota's natural resources by assisting with maintenance at the Audubon and Arrowwood National Wildlife Refuges and the Lonetree Wildlife Management Area, as well as with mitigation features as requested by Reclamation. 💧

2019 IRRIGATION FUNDING OVERVIEW

\$267,875

IRRIGATION TRIALS



\$9,743

IRRIGATION DEVELOPMENT



\$50,000

ND IRRIGATION ASSOCIATION SUPPORT

OPERATIONS & MAINTENANCE

Garrison Diversion was created by the N.D. Legislature to establish, construct, develop, maintain and operate the Garrison Diversion Unit (GDU) and all its parts, which includes the McClusky Canal, New Rockford Canal, Oakes Test Area and the Snake Creek Pumping Plant. Garrison Diversion's O&M staff is able to assist federal and state government agencies in diverse ways because of their expertise in canal maintenance, earth moving and other construction areas.

Garrison Diversion maintains offices in multiple locations – Carrington, McClusky, New Rockford, Oakes and, in 2019, Garrison Diversion took over the leadership role on maintenance at the SCPP (located near Coleharbor) from Reclamation.

The highly skilled O&M team includes a professional engineer, master electricians, certified diesel mechanic, painting and coating specialists, vegetative management specialists and multiple heavy equipment operators. The majority of full-time O&M employees have their CDL (commercial driver's license). A safety coordinator promotes safety procedures and implements a comprehensive safety program to ensure a safe work environment for all employees.

"Our skilled collection of staff and large equipment fleet allows us the capability to perform a wide variety of jobs to a high standard," says Ryan Anderson, Garrison Diversion Engineer.

Garrison Diversion employees complete a work plan each year that includes routine maintenance of the facilities. In addition, many special projects are included.

In 2019, employees spent a considerable amount of time working on major reconstruction of the McClusky Canal side-slopes. Approximately 323,000 cubic yards of spoil material were removed from the McClusky Canal major slide area (between Mile Markers 20 and 22) to stabilize the slope. O&M employees installed silt fence and seeded completed slopes to help with erosion control and establish vegetation. The work is being completed in cooperation with Reclamation.

Other special projects included sandblasting and coating tunnel #1 at the SCPP. The tunnel is 11 feet in diameter and runs underneath Highway 83, serving as the water conveyance from Lake Sakakawea to Lake Audubon to

regulate Audubon's elevation. There are three tunnels total, and each is on a three-year maintenance rotation.

Additional projects at the SCPP included a lighting upgrade, where roughly 125 new energy efficient LED fixtures were installed throughout the plant. A new security system was installed at the facility, which includes seven high-definition cameras with remote access.

Due to record breaking moisture in the fall, late season flooding was a major problem for the McClusky Canal, and significant man-hours were spent trying to lower the water level of the canal in order to get water off the bridges before a hard freeze.

In 2019, approximately 22,500 acre-feet of water was delivered through the McClusky Canal Headworks to be used for purposes such as livestock watering, water for wildlife mitigation areas, water quality improvements, irrigation and recreation, as well as fish and wildlife.

Garrison Diversion also takes the safety of our employees very seriously. O&M employees underwent training to receive certification and qualification, while others were recertified, in rigging/signalperson, overhead and mobile crane operations. The training is necessary to comply with OSHA regulations and also ensures safety when the O&M staff is performing a variety of jobs.

Garrison Diversion also completed the regular maintenance of the irrigation systems that comprise the McClusky Canal Irrigation Project. The pumps were installed in the spring, the system dewatered in the fall and the pumps stored for the winter. O&M also assisted with operating problems that presented themselves during the growing season. 💧

Major Slide Work





RED RIVER VALLEY WATER SUPPLY PROJECT

Meeting the water supply needs of the people of North Dakota is part of Garrison Diversion's long-standing mission and, 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 safe and secure emergency 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.

The RRVWSP continues its forward progress as \$30 million was included in the SWC's 2019-2021 biennium budget, with \$13 million in carryover funds from the 2017-2019 biennium.

In 2019, Garrison Diversion invested \$4.8 million into the RRVWSP and worked with several state, local and federal agencies as they moved forward with the project.

Garrison Diversion must acquire all state and federal permits required for the construction of any project features to be constructed with 2017-2019 and 2019-2021 biennia funding. In 2019, Garrison Diversion received the Sovereign Lands permit from the SWC and also received approval for the Water Appropriations Permit from the Office of the State Engineer.

The project also received Nationwide 6 & 33 coverage from the USACE for marine borings and provided support to the

N.D. Department of Environmental Quality regarding the NDPDES.

The land acquisition process continued as Garrison Diversion secured 100% of the easements needed for Phase 1 construction, a 1.5 mile pipeline segment near Carrington, ND. Right-of-way acquisition letters were also mailed to landowners along the 28-mile pipeline corridor to be completed in Phase 2 construction. Easements or options have been secured on 99% of needed properties for the second phase.

Final design was completed on the intake wet well and the discharge structure, and a portion of pipeline final design and trenchless system outreach was completed in 2019.

The project will have significant financial impacts on participating systems. In 2019, the project's financial model was updated, and project leaders participated in an outreach effort to participating systems regarding the project's financial costs.

Garrison Diversion is working through the process with Reclamation to determine whether the RRVWSP will be approved to access water from the McClusky Canal as an additional option. A Cooperating Team Memorandum of Understanding was signed between Garrison Diversion and Reclamation and support was provided to Reclamation for the Eastern North Dakota Alternate Water Supply (ENDAWS).

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



RRVWSP STATE AND LOCAL PLAN ANTICIPATED SCHEDULE

2019-2021 GOAL

- Implement Early Out Construction to Ensure Coverage Under Current Regulations
- Continue Phased Final Design
- Begin Construction of Main Transmission Pipeline

2021-2029 GOAL

- Final Design and Construction of All Project Features



RECREATION

Garrison Diversion enables communities of all sizes to enhance their recreation facilities or develop new opportunities through the Matching Recreation Grant Program. This program distributes 20 percent of Garrison Diversion's one-mill levy to eligible projects within the district. Projects are eligible to receive up to 25% of the non-federal share of the project.

Garrison Diversion's Recreation Committee meets twice a year, in the spring and fall, to award money to applicants. In 2019, 23 recreation projects throughout the district received \$436,275 for new developments or enhancement. An additional \$252,323 was expended to previously approved projects.

"Our Recreation Committee was pleased to distribute another large sum towards recreation projects across North Dakota," said Bill Krivarchka, former Recreation Committee Chairman. "We are proud to dispense funds that help communities in our district achieve a better quality of life for enjoyment, recreation and community pride!"

Since the Matching Recreation Grant Program began in 1990, Garrison Diversion has awarded over \$5.0 million to valuable recreation projects in North Dakota.

Garrison Diversion's recreation impact is not just limited to the Matching Recreation Grant Program, however. Garrison Diversion continued maintenance at the McClusky Canal Chain of Lakes Recreation Area, which hosts abundant recreation opportunities in central North Dakota.

Garrison Diversion acquired several properties adjacent to Devils Lake and Stump Lake in the early 1970s, with the intent for the land to be used to meet recreation objectives associated with the Garrison Diversion Project. One remaining property to be developed is Engels Point, located north of Tolna in Nelson County. In 2019, Garrison Diversion worked with the Nelson County Park Board and a consultant to develop a recreational use plan for the 265-acre tract of land. The area will be managed by the ND Game & Fish (NDGF) Department as a state wildlife management area. 💧

2019 MATCHING RECREATION GRANT RECIPIENTS

BOTTINEAU COUNTY

- Completion of the Bottineau Fairground Arena project
- Construction of the Lake Metigoshe VFW Park bathroom facility
- Playground equipment at Forestry Park in Bottineau

BURLEIGH COUNTY

- Development of the Elk Ridge Park in Bismarck
- Installation of a vault toilet at the McDowell Dam Recreation Area
- Creation of prairie play nodes in Zonta Park

CASS COUNTY

- Enhancements to the Brewer Lake Campground
- Upgrades at the Red River Valley Fair Campground

DICKEY COUNTY

- Providing signage for the Pheasant Lake Boat Ramp

EDDY COUNTY

- Construction of a recreational pavilion at the Eddy County fairgrounds

GRAND FORKS COUNTY

- Development of the Kiwanis Park Special Needs Playground in Grand Forks
- Complete Phase II of the Kannowski Skate Park in Grand Forks
- Construction of a visitor center at the Veteran's Memorial Park in Grand Forks

GRIGGS COUNTY

- Fire rings for the Cooperstown City Park

MCLEAN COUNTY

- Bleachers and benches to increase seating capacity at the McLean County Fairgrounds
- Concrete parking pads at the Northview Trailer Court RV Park in Garrison

RAMSEY COUNTY

- New equipment for the Lakewood Park Playground

SARGENT COUNTY

- Frisbee golf course at the Silver Lake Recreation Area

STUTSMAN COUNTY

- Island Trail development at the Jamestown Reservoir
- Frisbee golf course at the Medina City Park
- RV electrical hookup updates at the Medina City Park

WARD COUNTY

- Canoe launch facility on the Mouse River at the Eastside Estates
- Installation of a tire swing at the Nelson Carlson Lake
- Downtown Square playground development in Kenmare

WELLS COUNTY

- Construction of a pathway at the Centennial Nature Park in Harvey
- Development of a Community Facility at the Harvey Golf Course

WILLIAMS COUNTY

- Fire rings for the Blacktail Dam Recreation Area
- Enhancements to the Little Egypt Recreation Area
- Picnic tables and shelters at the Little Beaver Bay Recreation Area

MUNICIPAL, RURAL & INDUSTRIAL

The federal MR&I water supply program provides one source of funding to water projects in North Dakota. 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 \$19.5 million through the MR&I program in 2019 to help water systems deliver water to homes, businesses and farms. An additional \$14.8 million was awarded to other MR&I projects across the state.

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

2019 MR&I FUNDING



\$19.5 MILLION

DISTRIBUTED TO HELP SYSTEMS DELIVER WATER TO:



HOMES



BUSINESSES



FARMS



\$14.8 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	2019	2018
Cash	\$7,896,984	\$7,100,807
Investments	\$11,001,198	\$8,001,198
Land	\$143,667	\$143,667
Land improvements	\$279,040	\$319,348
Construction in progress	\$19,424,999	\$15,004,363
Buildings	\$748,193	\$779,753
Equipment	\$5,190,309	\$5,963,471
Pipeline	\$2,789,972	\$2,928,607
TOTAL ASSETS	\$47,474,362	\$40,241,214
LIABILITIES		
Bond payable	\$1,699,938	\$1,747,823
Note payable	\$63,741	\$164,917
TOTAL LIABILITIES	\$1,763,679	\$1,912,740
NET ASSETS		
Net investment in capital assets	\$26,812,501	\$23,226,469
O&M emergency fund	\$822,818	\$822,818
Deficiency fund	\$802,288	\$802,288
Project development fund	\$915,593	\$915,593
Operations, Maint. & Replacement	\$134,936	\$208,785
Red River Valley Water Supply	\$-	\$-
Unrestricted fund	\$16,222,547	\$12,352,521
TOTAL NET ASSETS	\$45,710,683	\$38,328,474
TOTAL LIABILITIES AND NET ASSETS	\$47,474,362	\$40,241,214

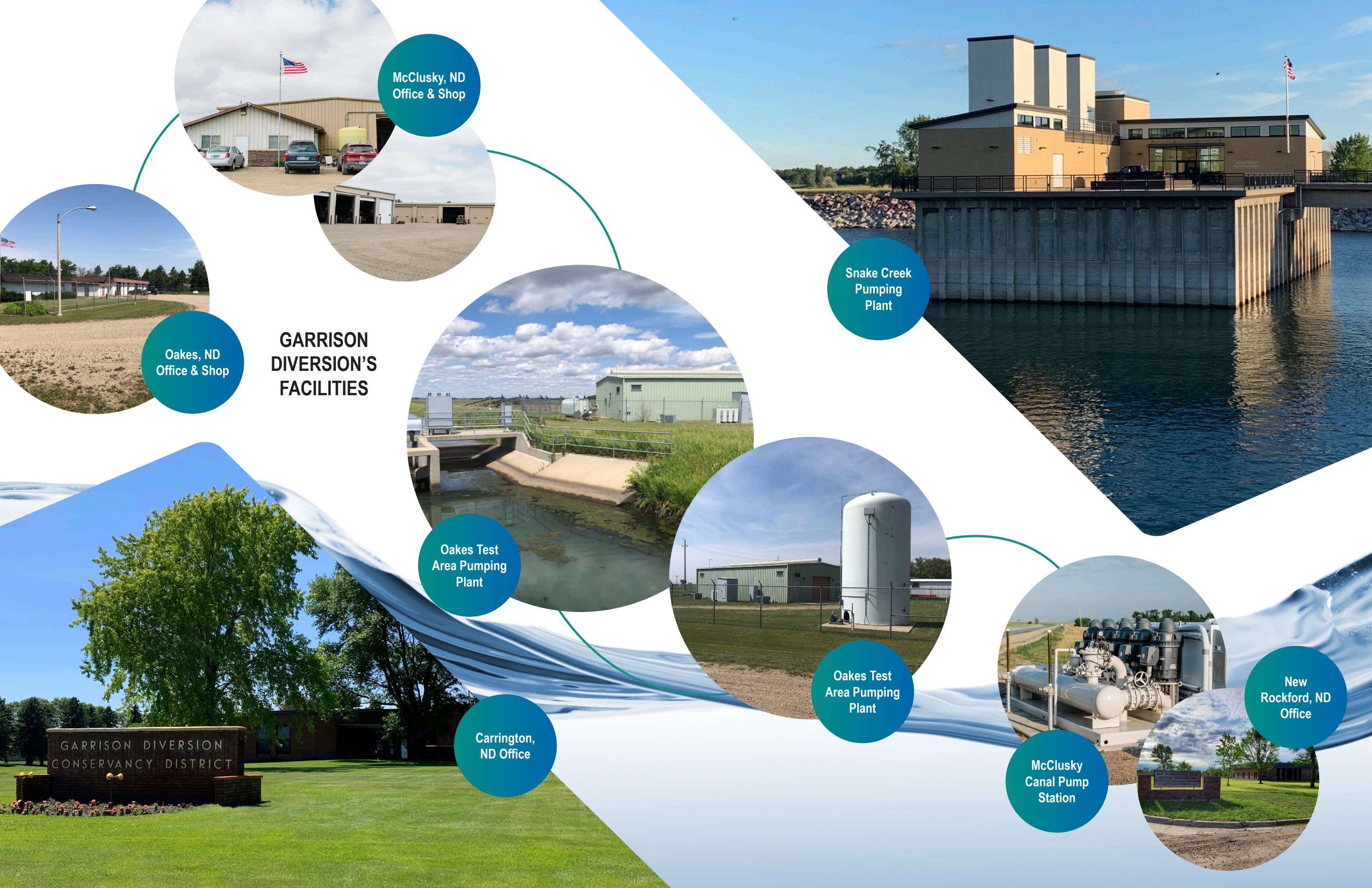
The Statement of Net Position (above) presents information on all of Garrison Diversion's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of Garrison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

* NET OF ACCUMULATED DEPRECIATION

STATEMENT OF ACTIVITIES

REVENUES	2019	2018
Taxes	\$3,858,905	\$3,739,225
Interest on Investments	\$147,854	\$43,042
Non-Project Income	\$212,087	\$257,775
Program Income	\$7,730	\$9,056
Contract Revenue	\$31,629,649	\$23,005,674
Leases	\$2,303	\$2,303
Miscellaneous	\$11,174	\$20,266
TOTAL REVENUE	\$35,869,702	\$27,077,341
EXPENDITURES		
CURRENT		
Directors	\$245,442	\$215,179
Personnel	\$3,231,504	\$3,124,982
Contractual Services	\$21,556,115	\$11,940,656
Irrigation Development	\$345,313	\$347,894
Maintenance	\$936,973	\$1,092,038
Recreation Grant Program	\$274,334	\$338,506
Other Charges	\$440,665	\$398,884
Irrigation District Expense	\$22,350	\$18,252
CAPITAL OUTLAY	\$4,806,853	\$9,196,606
DEBT SERVICE		
Principal	\$244,196	\$116,238
Interest and Fiscal Charges	\$64,914	\$53,637
TOTAL EXPENDITURES	\$32,168,659	\$26,842,872
REVENUE OVER (UNDER) EXPENSES	\$3,701,043	\$234,469
OTHER FINANCING SOURCES		
Debt Issuance	\$95,134	\$914,312
Transfers In	\$1,209,633	\$787,747
Transfers Out	\$(1,209,633)	\$(787,747)
TOTAL OTHER FINANCING SOURCES	\$95,134	\$914,312
NET CHANGE IN FUND BALANCE	\$3,796,177	\$1,148,781
FUND BALANCES, BEGINNING OF YEAR	\$15,102,005	\$13,953,224
FUND BALANCES, END OF YEAR	\$18,898,182	\$15,102,005

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.



McClusky, ND
Office & Shop



Oakes, ND
Office & Shop

**GARRISON
DIVERSION'S
FACILITIES**



Oakes Test
Area Pumping
Plant

Snake Creek
Pumping
Plant



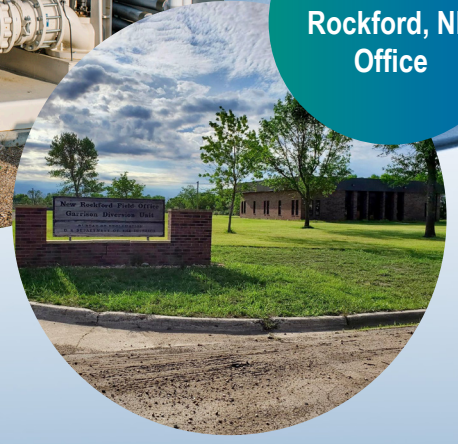
Oakes Test
Area Pumping
Plant

Carrington,
ND Office



McClusky
Canal Pump
Station

New
Rockford, ND
Office





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