



2020 ANNUAL REPORT



**THE FUTURE OF WATER
IN NORTH DAKOTA**



OUR COMMITMENT



Garrison Diversion is unwavering in our commitment to provide a reliable, high quality and affordable water supply for the benefit of North Dakota.

We are proud to play a vital role in the future of our state.

EXECUTIVE LETTER

Undoubtedly, 2020 will go down in history as the year the COVID-19 pandemic disrupted lives around the world, including here in North Dakota. The Garrison Diversion Conservancy District (Garrison Diversion) Board of Directors and staff remained adaptable to changes throughout, while maintaining our important leadership role in North Dakota's water infrastructure. Our 2020 Annual Report outlines each of our focus areas in depth over the following pages.

But first, here is a brief review of what we accomplished in 2020:

AGRICULTURE AND NATURAL RESOURCES

Garrison Diversion proudly invests in agriculture and irrigation initiatives around the state. In 2020, \$167,875 was provided for irrigation trials, and \$11,166 was distributed for irrigation development. Garrison Diversion also supported the North Dakota Irrigation Association with \$50,000 in funding. In addition, a new Project Use Power Agreement was signed with the US Bureau of Reclamation's Pick-Sloan Missouri River Basin Program to achieve lower power rates for irrigators.

Garrison Diversion contributed \$21,110 towards the Oakes Title Transfer as the Bureau of Reclamation transferred the ownership of the Oakes Test Area to the Dickey-Sargent Irrigation District.

Our work to sustain North Dakota's natural resources by assisting with maintenance at the Audubon National Wildlife Refuge, Arrowwood National Wildlife Refuge, and Lonetree Wildlife Management Area also continued in 2020.

MUNICIPAL, RURAL, AND INDUSTRIAL (MR&I)

Garrison Diversion's MR&I program is jointly administered by Garrison Diversion and the State Water Commission

to provide funding to deliver quality water throughout the state. Municipal and rural water systems across North Dakota depend on the federal MR&I funding to address current and future water demands. Garrison Diversion distributed \$15.99 million through the MR&I program in 2020 to help water systems deliver water to homes, businesses, and farms. An additional \$17.63 million was awarded to other MR&I projects across the state.

RED RIVER VALLEY WATER SUPPLY PROJECT (RRVWSP)

Major progress was achieved on the RRVWSP as Garrison Diversion and Project co-sponsor Lake Agassiz Water Authority (LAWA) began construction on the Missouri River intake wet well, located south of Washburn on the Missouri River in December 2020.

Interim Finance Agreements were signed between Garrison Diversion, LAWA, Fargo and Grand Forks to help fund the initial phases of the drought mitigation Project. The RRVWSP also received certification from the State Engineer and the ND State Water Commission, in addition to receiving Budget Section approval, to allow for the release of funds for construction when all the criteria spelled out in Senate Bill 2020 from the 2019-2021 legislative session were met. A total of \$1.98 million was invested into the RRVWSP over the course of 2020.

RECREATION

Garrison Diversion recognizes the importance of giving back to communities that support our mission. As such, we distribute 20% of the Garrison Diversion one-mill levy to eligible projects within the 28-county district through our popular Matching Recreation Grant Program. In 2020, 24 recreation projects throughout Garrison Diversion member counties received \$706,981 for new developments or enhancement. An additional \$252,323 was expended to previously approved projects.

OPERATIONS AND MAINTENANCE (O&M)

Because Garrison Diversion staff has expertise in canal maintenance, earth moving, and other construction areas, we are called upon by state and federal agencies to assist with operations and maintenance activities throughout the year. Our 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. Garrison Diversion staff complete a work plan each year that includes routine maintenance of the facilities, as well as special projects.

FINANCIAL OVERVIEW

Garrison Diversion's financial statements are included in the Annual Report to provide readers with an overview of our financial health and annual expenditures. We are happy to share this information as a public entity that believes transparency is critically important.

Thank you for picking up the Garrison Diversion 2020 Annual Report. We are proud that our work helps North Dakotans every day. 💧



Duane DeKrey
Garrison Diversion
General Manager



Alan Walter
Garrison Diversion
Board 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

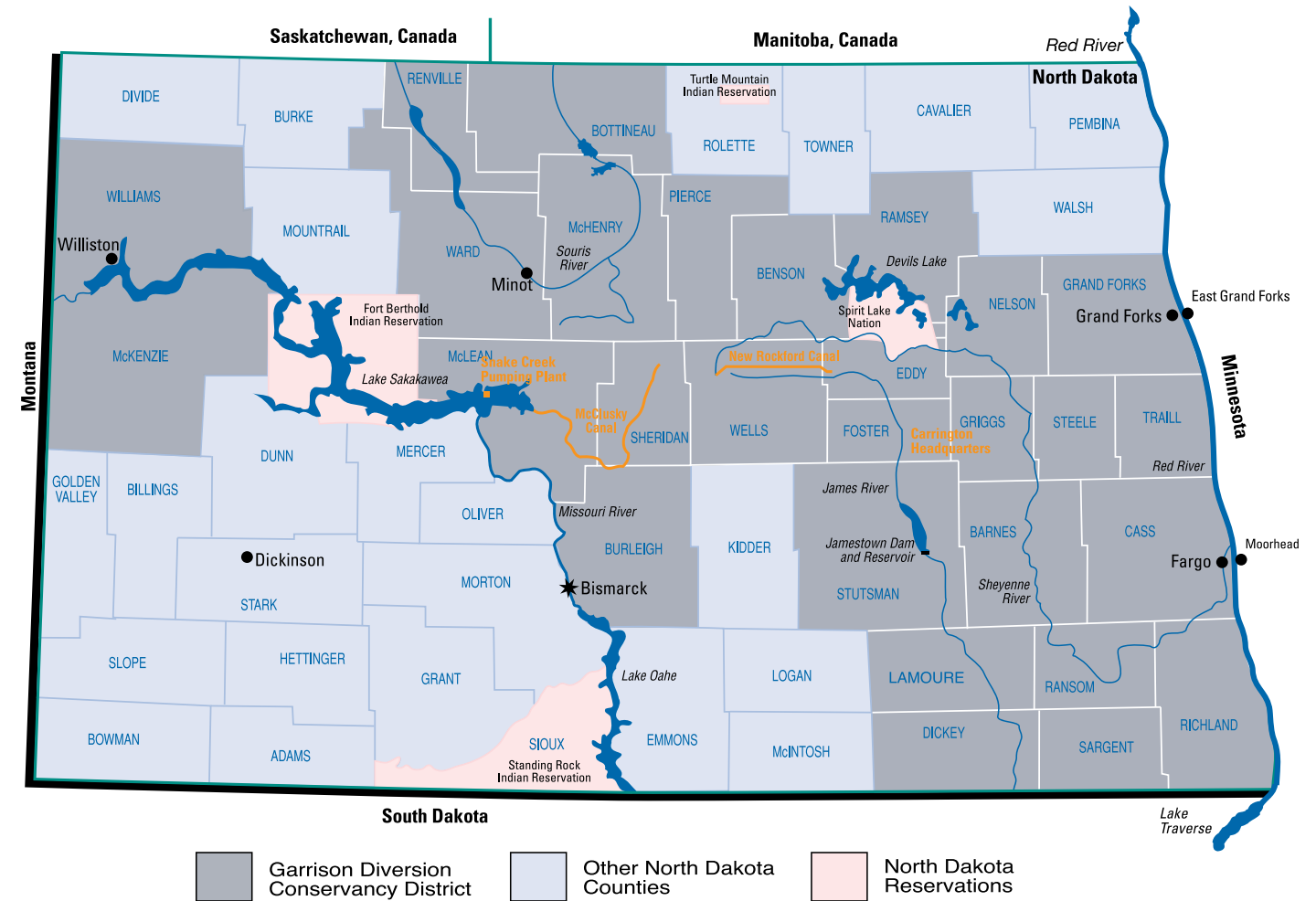
MIDDLE ROW L-R

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



OUR MISSION

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



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 2020, \$167,875 was provided for irrigation trials, and \$11,166 was distributed for irrigation development. Garrison Diversion also supported the North Dakota Irrigation Association with \$50,000 in funding.

A long-range funding plan and funding phase-out was developed for the Oakes Irrigation Research Site, as Garrison Diversion will be phasing out of annual funding for the operations at the site.

Garrison Diversion funded \$21,110 towards the Oakes Title Transfer as Reclamation completed the transfer of ownership of the Oakes Test Area, an irrigation test site located in the southeast corner of North Dakota, to the Dickey-Sargent Irrigation District.

"At Garrison Diversion, we have been tied to the Oakes Test Area for over 30 years by working cooperatively with the Bureau of Reclamation to provide operations and maintenance assistance for the facility," said DeKrey. "Transferring the Oakes Test Area to the Dickey-Sargent Irrigation District has been a goal for many years and, after all this time, the dedication and determination of the Dickey-Sargent board of directors, along with the persistence of Senator Hoeven, has resulted in the successful title transfer of this valuable facility which provides significant benefits to farmers and irrigators in the region."

Garrison Diversion signed a new Project Use Power Agreement with Reclamation for power rates for use of federal facilities associated with the Garrison Diversion Unit Project through the Bureau of Reclamation Pick-Sloan Missouri River Basin Program. The new agreement has a significantly lower power rate than previous years and will save irrigators a significant sum in power costs.

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. ●

2020 IRRIGATION FUNDING OVERVIEW

\$167,875

Irrigation Trials



\$11,166

Irrigation Development



\$50,000

ND Irrigation Association Support



2020 MR&I FUNDING



\$15.99 MILLION

Distributed To Help Systems Deliver Water To:



HOMES



BUSINESSES



FARMS



\$17.63 MILLION

Awarded To Other MR&I Projects Across the State

MUNICIPAL, RURAL & INDUSTRIAL (MR&I)

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 \$15.99 million through the MR&I program in 2020 to help water systems deliver water to homes, businesses and farms. An additional \$17.63 million was awarded to other MR&I projects across the state.

Garrison Diversion also worked closely with the SWC, ND Rural Water Systems Association and ND League of Cities to ensure a strong MR&I program was in place. ●



RED RIVER VALLEY WATER SUPPLY PROJECT

The Red River Valley Water Supply is a critical drought mitigation project designed to utilize the Missouri River for the people of North Dakota. The emergency and supplemental water supply will protect communities and economies in central and eastern North Dakota from the devastating effects of drought.

Major progress was achieved on the RRVWSP in 2020 as Garrison Diversion, together with Project co-sponsor Lake Agassiz Water Authority (LAWA), worked towards the goal of project construction.

In May 2020, Garrison Diversion and LAWA officially reaffirmed their cooperation agreement for the project by signing a Memorandum of Understanding (MOU). Both entities then signed the Cooperative Agreement at their respective Board meetings in the spring of 2020.

A significant amount of work was completed towards financial modeling and funding scenarios. Financial modeling options for the Project were updated and Interim Finance Agreements were also signed between Garrison Diversion, LAWA, Fargo and Grand Forks to help fund the initial phases of the Project.

Land parcels were secured for the Missouri River intake and Sheyenne River discharge, and the Missouri River Intake Marine Geotechnical Investigation was completed.

Garrison Diversion was able to report in September to a joint meeting of the ND State Water Commission and the ND Interim Water Topics Overview Committee all the criteria spelled out in Senate Bill 2020 from the 2019-2021 legislative session were met. The Project received certification from the State Engineer and the ND SWC, in addition to receiving Budget Section approval, allowing for the release of funds for construction.

Construction began on the Missouri River Intake wet well, located south of Washburn on the Missouri River in December 2020. "Garrison Diversion Board members and staff, as well as LAWA Board members, have been working towards this for several years. Getting the project to this point is truly worth celebrating," says Duane DeKrey, Garrison Diversion General Manager.

Garrison Diversion worked with several state, local and federal agencies throughout the year to move the Project forward. A total of \$1.98 million was invested into the RRVWSP. 💧

NEED FOR THE PROJECT



SEVERE DROUGHT

A 1930s Style Drought Would Cause Extreme Water Supply Shortages and Devastating Impacts



MODERATE DROUGHT

Models Indicate the Project Will Operate More Than Anticipated During Moderate Droughts Such As Those in the 1950s, 1960s, 1970s, 1980s, and 1990s



MISSOURI RIVER WET WELL CONSTRUCTION





2020 IRRIGATION FUNDING OVERVIEW

\$706,981

New Projects



\$252,323

Previously
Approved Projects



\$5.5M

Recreation Grants
Since 1990

RECREATION

Recreation opportunities are highly valued by North Dakotans, and Garrison Diversion recognizes the importance of giving back to communities who support our mission.

The Matching Recreation Grant Program administered by Garrison Diversion enables communities of all sizes to enhance their recreation facilities or develop new opportunities. This program distributes 20% 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.

Each spring and fall, Garrison Diversion's Recreation Committee meets to review applications requesting assistance for new recreation facilities or enhancement, ADA renovations or expansion of existing facilities. Political subdivisions located within Garrison Diversion may apply for the program.

Funds from this program have been awarded to beautify parks and enhance picnic areas, develop trail systems, develop campground facilities and walking paths, and provide valuable recreation opportunities throughout North Dakota.

In 2020, 24 recreation projects throughout Garrison Diversion member counties received \$706,981 for new developments or enhancement. An additional \$252,323 was expended to previously approved projects.

"Giving back to our member communities in meaningful ways is a favorite task of our Recreation Committee members. We are always excited to award grants to deserving projects that provide new recreation opportunities and enhance existing facilities throughout our district," says Bruce Klein, Recreation Committee Chairman.

Since the Matching Recreation Grant Program began in 1990, Garrison Diversion has awarded over \$5.5 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. ●

2020 MATCHING RECREATION GRANT RECIPIENTS

BOTTINEAU COUNTY

- New playground equipment for the Antler Memorial Park in the City of Antler

BURLEIGH COUNTY

- Improvements to the North Central Park
- New playground equipment at the Sertoma Shelter 4 Playground in Bismarck
- New picnic shelter construction at the Steckel Boat Landing

CASS COUNTY

- Casselton Parks Revitalization
- New playground equipment and a dog park at the RRV Fair Campground
- Development and revitalization of the Meadowlark Park in Horace

GRAND FORKS COUNTY

- Picnic shelter construction at the Larimore Dam

LAMOURE COUNTY

- Electrical upgrades at Memorial Park
- Revitalization project at Sunset Park

MCLEAN COUNTY

- Expansion of the Mercer Memorial Park Playground
- Walking and bike path development in the City of Underwood

MCKENZIE COUNTY

- McKenzie County Athletic Park development in Ford City

NELSON COUNTY

- New playground equipment for the Pekin Park

RENVILLE COUNTY

- Playground expansion at the Mouse River Park

SARGENT COUNTY

- New bathhouse construction at the Silver Lake Recreation Area
- Creation of a wildlife observation deck and trail in the City of Milnor

STUTSMAN COUNTY

- To develop a water trail on the James River

TRAILL COUNTY

- To develop a Riverwalk Park and Trail system in the City of Hillsboro
- To construct a new bathroom facility construction at the Willowood Campground in Mayville

WARD COUNTY

- New pavilion construction at Rice Lake
- Property development at the ND State Fair grounds for additional community gathering space and camping

WILLIAMS COUNTY

- Upgrades at the confluence of the Yellowstone and Missouri Rivers





OPERATIONS & MAINTENANCE

Garrison Diversion was created by the US Legislature to establish, construct, develop, maintain and operate the Garrison Diversion Unit (GDU) and all its parts and 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. Work has been completed for agencies such as the SWC, Reclamation, US Game and Fish, and US Fish and Wildlife Service, and these partnerships are beneficial to everybody involved.

Working closely with Reclamation under an Operations, Maintenance and Replacement contract, work was completed on the GDU principal supply works, which include the McClusky Canal, New Rockford Canal and Snake Creek Pumping Plant (SCPP).

Garrison Diversion maintains multiple office locations – Carrington, McClusky, New Rockford, and the SCPP. Garrison Diversion was also tied to the Oakes Test Area in the southeast corner of the state, providing operations and maintenance (O&M) assistance to the facility until the title transfer in October 2020 to the Dickey-Sargent Irrigation District, allowing for local control of the irrigation test site.

Our 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.

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

In 2020, employees spent a considerable amount of time working on major reconstruction of the McClusky Canal sideslopes. Approximately 640,000 cubic yards of spoil material were removed from the McClusky Canal major slide area (between Mile Markers 20 and 22) in 2020 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.

A considerable amount of work was completed at the SCPP. Special projects at that location included sandblasting and coating tunnel #2. 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.

Load testing was completed on the overhead crane located within the SCPP. “Load testing had never been done in the history of the plant, and this was a process where we learned a lot,” says Dustin Offerdahl, SCPP supervisor. “We were pleased to learn the crane is in immaculate condition and is capable of performing the work as needed.”

Finally, the cables transfer and transformer were replaced within the SCPP, as testing showed the 60-year-old cables were showing deterioration of wiring insulation. The transformer was in the same poor condition. The project was bid out.

In 2020, approximately 30,000 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 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.

“Everybody on our team has their niche, from mechanics, to carpentry and electrical, and pipe installation,” says Darren Murray, O&M superintendent. “The combined knowledge and skill help us be able to get a lot of different work items done.”

O&M TEAM



Professional Engineer

Master Electricians

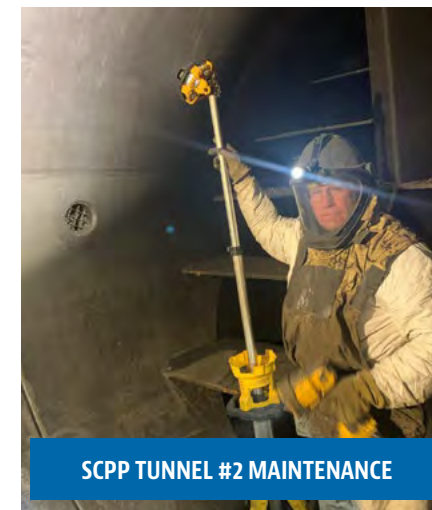
Certified Diesel Mechanic

Painting & Coating Specialists

Vegetative Management Specialists

Heavy Equipment Operators

Safety Coordinator



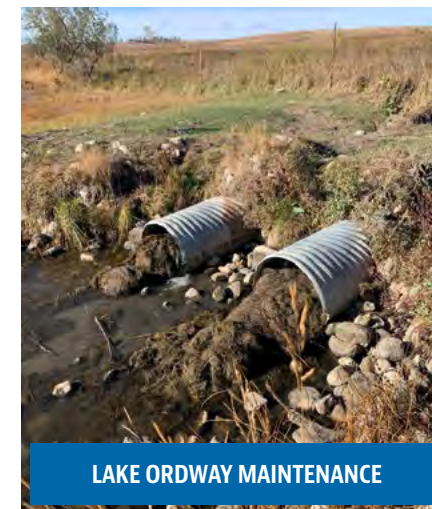
SCPP TUNNEL #2 MAINTENANCE



HIGH HEAD TO LOW HEAD CHANGE OUT



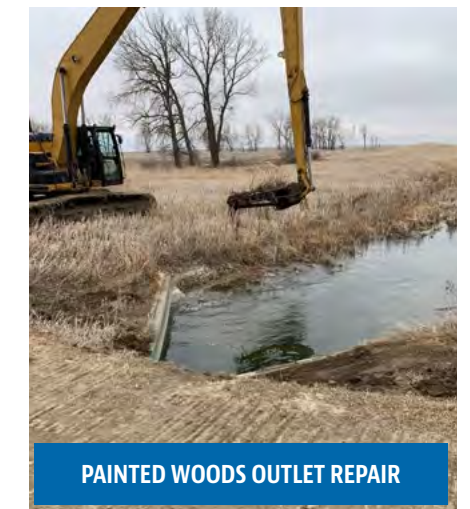
SCPP CRANE LOAD TESTING



LAKE ORDWAY MAINTENANCE



MILE MARKER 62 SLIDE REPAIR



PAINTED WOODS OUTLET REPAIR

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

ASSETS	2021	2020
Cash	\$8,477,942	\$7,896,984
Investments	\$13,448,911	\$11,001,198
Land	\$341,176	\$143,667
Land improvements*	\$238,731	\$279,040
Construction in progress	\$20,872,305	\$19,424,999
Buildings*	\$631,875	\$748,193
Equipment*	\$4,160,282	\$5,190,309
Pipeline*	\$2,600,887	\$2,789,972
TOTAL ASSETS	\$50,772,109	\$47,474,362
LIABILITIES		
Bond payable	\$1,593,467	\$1,699,938
Note payable	\$54,300	\$63,741
TOTAL LIABILITIES	\$1,647,767	\$1,763,679
NET ASSETS		
Net investment in capital assets	\$27,197,489	\$26,812,501
O&M emergency fund	\$822,818	\$822,818
Deficiency fund	\$750,000	\$802,288
Project development fund	\$915,593	\$915,593
Operations, Maint. & Replacement	\$-	\$134,936
Red River Valley Water Supply	\$805,741	\$-
Irrigation Fund	\$114,388	\$-
Unrestricted fund	\$18,518,313	\$16,222,547
TOTAL NET ASSETS	\$49,124,342	\$45,710,683
TOTAL LIABILITIES AND NET ASSETS	\$50,772,109	\$47,474,362

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	2021	2020
Taxes	\$4,011,237	\$3,858,905
Interest on Investments	\$232,528	\$147,854
Non-Project Income	\$403,176	\$212,087
Program Income	\$15,488	\$7,730
Contract Revenue	\$24,024,282	\$31,629,649
Leases	\$2,303	\$2,303
Miscellaneous	\$3,953	\$11,174
TOTAL REVENUE	\$28,692,967	\$35,869,702
EXPENDITURES		
CURRENT		
Directors	\$104,568	\$245,442
Personnel	\$3,349,474	\$3,231,504
Contractual Services	\$17,828,828	\$21,556,115
Irrigation Development	\$246,154	\$345,313
Maintenance	\$1,105,776	\$936,973
Recreation Grant Program	\$390,600	\$274,334
Other Charges	\$453,159	\$440,665
Irrigation District Expense	\$21,110	\$22,350
CAPITAL OUTLAY	\$1,991,109	\$4,806,853
DEBT SERVICE		
Principal	\$153,973	\$244,196
Interest and Fiscal Charges	\$57,606	\$64,914
TOTAL EXPENDITURES	\$25,702,357	\$32,168,659
REVENUE OVER (UNDER) EXPENSES		
OTHER FINANCING SOURCES		
Debt Issuance	\$38,061	\$95,134
Transfers In	\$950,249	\$1,209,633
Transfers Out	\$(950,249)	\$(1,209,633)
TOTAL OTHER FINANCING SOURCES	\$38,061	\$95,134
NET CHANGE IN FUND BALANCE	\$3,028,671	\$3,796,177
FUND BALANCES, BEGINNING OF YEAR	\$18,898,182	\$15,102,005
FUND BALANCES, END OF YEAR	\$21,926,853	\$18,898,182

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