

2021 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

The 2021 Garrison Diversion Conservancy District (Garrison Diversion) Annual Report is more accessible than ever thanks to its new digital format. As a state-funded entity, the Garrison Board of Directors and staff are always on the lookout for ways to improve service and save taxpayer dollars. The 2021 Annual Report details the developments in each of our focus areas, just as we've done for over 20 years. We hope you enjoy the modernized digital version of our year in review.

Here is a summary of what Garrison Diversion accomplished in 2021:

AGRICULTURE AND NATURAL RESOURCES

Funding important agriculture initiatives and irrigation development is a major source of pride for the Garrison Diversion Board of Directors and staff. In 2021, Garrison Diversion invested more than a quarter of a million dollars total in irrigation trials and development, as well as funding for the North Dakota Irrigation Association.

Protecting North Dakota's natural resources is another key focus area. Garrison Diversion assists with the maintenance of two national wildlife refuges and one wildlife management area.

MUNICIPAL, RURAL, AND INDUSTRIAL (MR&I)

Garrison Diversion and the DWR jointly administer the federal MR&I program in North Dakota which provides 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. In 2021, Garrison Diversion distributed \$11.5 million from the MR&I program to help water systems deliver water to homes, businesses, and farms. An additional \$20.8 million was awarded to MR&I projects across the state.

Garrison Diversion introduced a new MR&I initiative in 2021. The Water Supply Assistance Grant Program provides funding assistance to offset the costs of new customer hookups to a rural water system or district and aids municipal water systems or districts with extraordinary OM&R projects. The new program awarded \$165,595 in grants during its inaugural year.

RED RIVER VALLEY WATER SUPPLY PROJECT

The co-sponsors of the Red River Valley Water Supply Project (RRVWSP), Garrison Diversion and Lake Agassiz Water Authority, celebrated a major milestone in 2021. The first stick of pipe was laid along the transmission pipeline route. The historic project will mitigate the effects of future droughts by conveying water from the Missouri River via underground pipes to serve rural water systems and cities from the central part of the state to the Red River Valley. We thank the State Water Commission (SWC) for granting Garrison Diversion's and LAWA's request for \$50 million in the SWC Budget for the 2021-2023 biennium. In 2021, the RRVWSP's financial modeling options were updated, and a Series C Finance Agreement was signed between Garrison Diversion, LAWA, Fargo and Grand Forks to help continue funding the project. Overall, a total of \$15.1 million was invested into the RRVWSP in 2021.

OPERATIONS AND MAINTENANCE (O&M)

Garrison Diversion's O&M staff is uniquely qualified to assist federal and state government agencies in diverse ways because of our expertise in canal maintenance, earth moving and other construction thanks to operating and maintaining the Garrison Diversion Unit (GDU) facilities. Under our Operations, Maintenance and Replacement contract with the U.S. Bureau of Reclamation (Reclamation), work was completed in 2021 on the McClusky Canal, New Rockford Canal, and Snake Creek Pumping Plant – parts of the GDU principal supply works. Our

partnerships with the North Dakota Department of Water Resources (DWR), Reclamation, N.D. Game and Fish, and U.S. Fish and Wildlife Service continue to have benefits at both the state and federal levels.

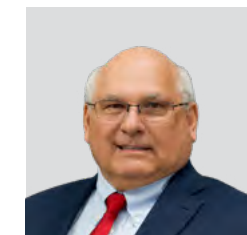
RECREATION

Garrison Diversion supports the development, enhancement, and improvement of recreational facilities within North Dakota through our popular Matching Recreation Grant Program. In 2021, Garrison Diversion awarded \$919,156 to 38 new recreation projects within 19 counties in the district and expended \$484,575 to previously approved projects. In addition, Garrison Diversion assisted with the continued maintenance of recreation facilities within the Chain of Lakes Recreation Area.

FINANCIAL OVERVIEW

Garrison Diversion's financial statements are included in each Annual Report to provide readers with an overview of our financial health and annual expenditures. As a public entity, we are happy to share this information because we believe transparency is important.

Thank you for checking out the Garrison Diversion 2021 Annual Report. We are proud to make a difference in North Dakota every day through our focus areas. 💧



Duane DeKrey
Garrison Diversion
General Manager



Alan Walter
Garrison Diversion
Board Chairman

GARRISON DIVERSION BOARD OF DIRECTORS

BACK ROW L-R

Bruce Klein, LaMoure County; Dr. Bill Krivarchka, Traill County; Kyle Blanchfield, Ramsey County; Brandon Krueger, Steele County; Jim Pellman, Sheridan County; Jay Anderson, Ransom County; Mike Tweed, Eddy County; Steve Metzger, Foster County

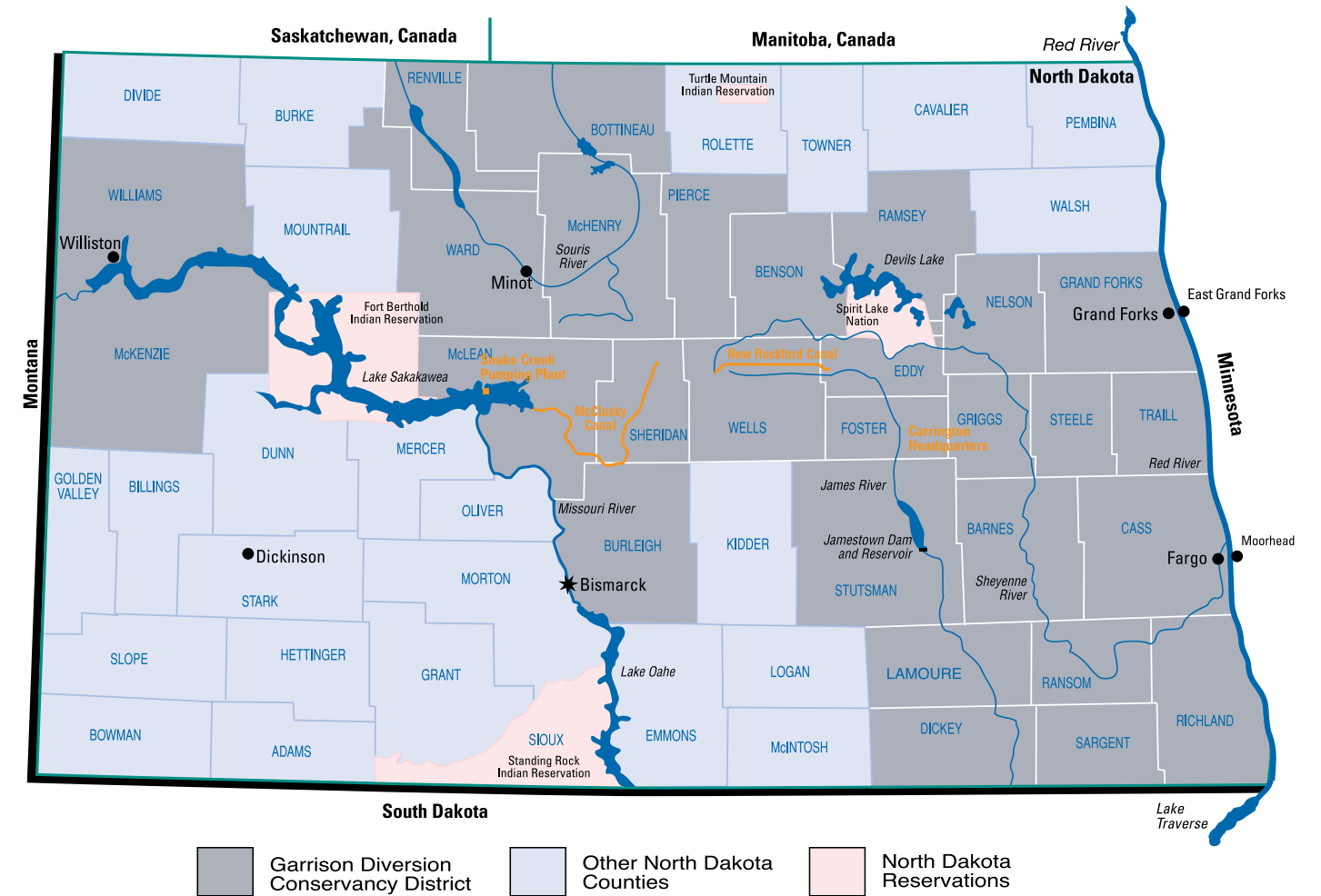
MIDDLE ROW L-R

Don Zimbleman, Sargent County; Kelly Klosterman, Richland County; Cliff Hanretty, McHenry County; Greg Bischoff, Barnes County; Geneva Kaiser, Stutsman County; Nikki Boote, Griggs County; Nancy Marquart, Nelson County; Dave Johnson, Benson County; Dave Anderson, Pierce County; Richard Cayko, McKenzie County

FRONT ROW L-R

Bill Ongstad, Wells County; Larry Kassian, Burleigh County; Rick Anderson, McLean County; Brian Orn, Sargent County; Alan Walter, Ward County; Mark Cook, Renville County; Kenny Rogers, Bottineau County; Ward Koeser, Williams County

Not Pictured: Roger Fenstad, Cass County; Ken Vein, Grand Forks County



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





AGRICULTURE & NATURAL RESOURCES

As agriculture is a vital economic force in North Dakota, Garrison Diversion is proud to invest in agriculture initiatives and irrigation development to support the future success of the state.

In 2021, Garrison Diversion provided \$178,000 for irrigation trials and \$25,000 was dedicated towards irrigation development. In addition, the North Dakota Irrigation Association received \$50,000 to support their initiatives.

While Garrison Diversion has been a long-time supporter of the Oakes Irrigation Research Site, a long-range funding plan and phase-out was finalized in 2021, and Garrison Diversion will be phasing out of funding the OIRS operations.

A significant number of hours were spent working to convert Reclamation's Water Service Contract for canal-side irrigation to a Repayment Contract.

With 75,480 acres authorized for federal irrigation development, Garrison Diversion continued to work with individual producers to expand the number of acres under irrigation, particularly focused on expanding the McClusky Canal Irrigation Project.

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. 🌱

2021 IRRIGATION FUNDING OVERVIEW

\$178,000

Irrigation Trials



\$25,000

Irrigation Development



\$50,000

ND Irrigation Association Support

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 DWR 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 2021, Garrison Diversion distributed \$11.5 million from the MR&I program to help water systems deliver water to homes, businesses and farms. An additional \$20.8 million was awarded to MR&I projects across the state.

Perhaps the most exciting MR&I initiative for Garrison Diversion in 2021 was the development and implementation of the Water Supply Assistance Grant Program, which provides funding assistance to offset the costs of new customer hookups to a rural water system or district. The grant program will also aid municipal water systems or districts with extraordinary OM&R projects that will impact the delivery of water to users, introduce health and safety issues, or bring potential harm to other infrastructure if not repaired.

"This program was designed to put dollars back into our member counties and to assist with water supplies within the district," says Geneva Kaiser, Chairperson of the MR&I Committee. "The Water Supply Assistance Grant Program supports our mission to provide reliable and high quality water supplies to North Dakotans."

The new program awarded \$165,595 in grants during its inaugural year. 🌱



2021 MR&I FUNDING



\$11.5 MILLION

Distributed To Help Systems Deliver Water To:



HOMES



BUSINESSES



FARMS



\$20.8 MILLION

Awarded To Other MR&I Projects Across the State



RED RIVER VALLEY WATER SUPPLY PROJECT

It was an exciting year for the RRVWSP, the critical drought mitigation project designed to utilize the Missouri River for the people of North Dakota, as the first stick of pipe was laid along the transmission pipeline route in August!

The RRVWSP is an emergency and supplemental water supply that will protect communities and economies in central and eastern North Dakota from devastating effects of drought. Garrison Diversion and the Lake Agassiz Water Authority (LAWA) are the Project co-sponsors.

Garrison Diversion worked with several state, local and federal agencies throughout the year to move the RRVWSP forward. “We are thankful for the support the Red River Valley Water Supply Project received from legislators and the State Water Commission,” says Duane DeKrey, Garrison Diversion General Manager.

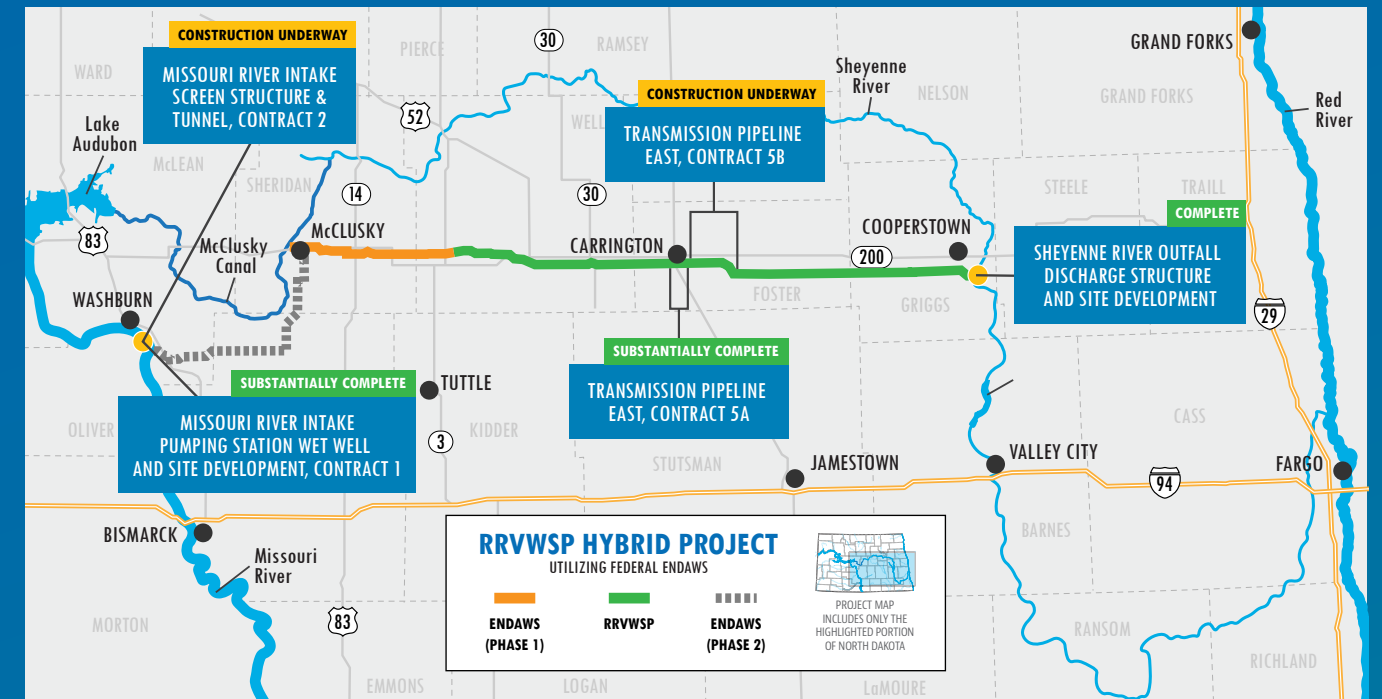
The Garrison Diversion and LAWA request for \$50 million in the State Water Commission’s budget for the 2021-2023 biennium was granted. “This is the first time the Project has received the full amount requested in the State Water Commission budget. This funding will allow us to make good progress in a timely manner,” says DeKrey.

In 2021, several significant work items were initiated. Multiple construction contracts were awarded to various contractors for work on the RRVWSP. Construction began on Contract 5A, the Sheyenne River Outfall Discharge Structure, and the Missouri River Intake Screen Structure and Tunnel, Contract 2 in 2021.

- Contract 5A was awarded to Garney Construction to complete a 1.2-mile segment of 72” pipeline near Carrington, ND, trenchless crossing of US Hwy 52/281 and a trenchless crossing of the Red River Valley and Western Railroad.
- Contract 5B for the construction of nine miles of transmission pipeline was bid and awarded to Garney Construction.
- The Sheyenne River Outfall Discharge Structure and Site Development contract was awarded to Industrial Builders for the construction of a 3,330 sq ft concrete energy dissipation structure and flow apron, 100’ of 54” pipe, and site grading and access roads south of Cooperstown.
- The Missouri River Intake Screen Structure and Tunnel, Contract 2 was awarded to Michels Corp for the installation of intake screens and tunnel, located four miles south of Washburn, ND.

The project will have significant financial impacts on participating systems. In 2021, RRVWSP leaders participated in regular meetings with the Bank of North Dakota regarding the project’s financials. The project’s financial modeling options were updated, and a Series C Finance Agreement was signed between Garrison Diversion, LAWA, Fargo and Grand Forks to help continue funding the project.

Project leaders facilitated multiple user participation meetings regarding financial costs and benefits of project participation.



2021 RED RIVER VALLEY WATER SUPPLY PROJECT GROUNDBREAKING



MISSOURI RIVER INTAKE CONSTRUCTION



MAIN TRANSMISSION PIPELINE INSTALLATION



SHEYENNE RIVER OUTFALL CONSTRUCTION

Right-of-way efforts continued in Griggs, Foster, and Wells Counties, securing additional parcels for the transmission pipeline route.

Overall, a total of \$15.1 million was invested into the RRVWSP in 2021.

Additionally, a Record of Decision was signed for the Eastern North Dakota Alternate Water Supply (ENDAWS) Project in January, which would use the McClusky Canal in central North Dakota to serve as an alternate water supply option for the RRVWSP. 💧



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 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. Partnerships with outside agencies such as the DWR, Reclamation, N.D. Game and Fish, and U.S. Fish and Wildlife Service, benefit 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).

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 2021, employees continued the major reconstruction of the McClusky Canal sideslopes.

Overall, a total of 2.4 million cubic yards is estimated to be moved over the course of five to six years. Approximately 675,000 cubic yards of spoil material were removed from the McClusky Canal major slide area (between Mile Markers 20 and 22) to stabilize the slope in 2021, then O&M employees installed silt fence and seeded completed slopes to help with erosion control and establish vegetation. To date, close to 90% of the spoil has been removed.

In 2021, approximately 40,500 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 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.

Rock hauling is a time-consuming activity for O&M employees, but necessary in order to have materials on hand for future projects. Last year, 891 truckloads of field rock were hauled to multiple stockpile locations. The rock is purchased from area landowners and hauled throughout the year to Garrison Diversion's right-of-way, where it is screened to remove sediment and then sorted. The field rock is used for a variety of projects, but mainly for erosion control along the McClusky Canal.



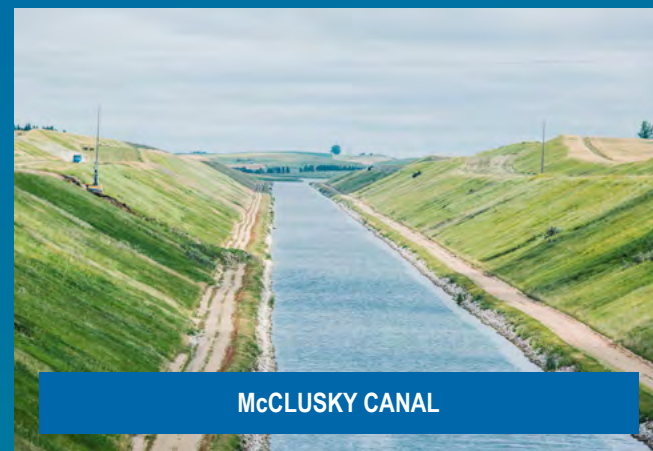
CARRINGTON, ND OFFICE



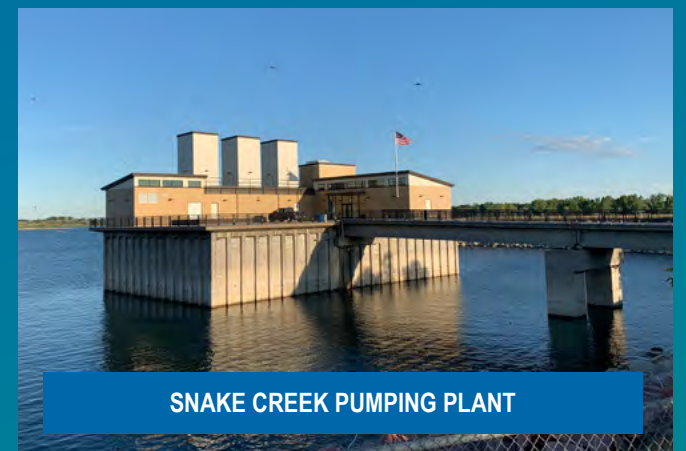
McCLUSKY, ND OFFICE



McCLUSKY, ND SHOP



McCLUSKY CANAL



SNAKE CREEK PUMPING PLANT

“We get a lot of compliments on the work we do, from how clean we keep an area to the efficiency of the crew, from the other agencies we do work for or people stopping at our worksites,” says Darren Murray, O&M

Superintendent. “It’s nice to hear from an outside perspective on how good a project looks or how well we’re doing.”



RECREATION

Garrison Diversion realizes how recreational opportunities enhance a region and, therefore, supports the development, enhancement and improvement of recreational facilities within North Dakota.

The Matching Recreation Grant Program, in place since 1990, offers a 25% matching grant to eligible recreation projects within the 28-county district.

In 2021, Garrison Diversion awarded \$919,156 to 38 new recreation projects within the district, as well as expended \$484,575 to previously approved projects.

The application guidelines and eligible projects were modified in 2021 under the direction of Garrison Diversion's Recreation Committee. Swimming pools and ball parks, courts, and fields are now considered eligible projects under the Matching Recreation Grant Program guidelines, whereas before were excluded from receiving funds. Projects of any type, however, are eligible to receive a maximum of \$75,000 per grant award.

"There is nothing more fun than giving money to communities that are working to improve their amenities," says Bruce Klein, Recreation Committee Chairman. "We have seen an increased demand in the last year or two and hope that trend continues, because it means communities are recognizing recreational needs and are putting forth effort to meet those needs for their people."

Garrison Diversion's recreation impact is not just limited to the Matching Recreation Grant Program, however. Garrison Diversion also assisted with the continued maintenance of recreation facilities within

the Chain of Lakes Recreation Area, which hosts abundant recreation opportunities in central North Dakota. In addition, Garrison Diversion O&M staff constructed a camp host site at East Park Lake, one of four lakes in the Chain of Lakes Area, at Reclamation's request. The site will provide a location for a camp host to live through the summer season to supervise the Chain of Lakes Recreation Area. 📍

2021 IRRIGATION FUNDING OVERVIEW

\$919,156
New Projects

⬇️

\$484,575
Previously Approved Projects

⬇️

\$6.9M
Recreation Grants Since 1990

2021 MATCHING RECREATION GRANT RECIPIENTS

BARNES COUNTY:

- Development of a water/paddle trail on and along the Sheyenne River

BOTTINEAU COUNTY

- Replacement of the public boat ramp in the "Narrows" at Lake Metigoshe

BURLEIGH COUNTY

- Addition of fitness elements and accessible pathways at Sertoma Park
- Construction of a restroom facility in the Tom O'Leary Recreation Complex
- Creation of a play area in the 4-H Arena at the Missouri Valley Complex
- Electrical upgrades at the Sibley Campground
- Replacement of the south picnic shelter at the Steckel Boat Landing

CASS COUNTY

- Improvements at Maplewood Park including new picnic shelters, new playground equipment and surfacing
- Construction of a shared use recreation path in the City of Casselton
- Construction of a shared use path in the City of Mapleton

DICKEY COUNTY

- Replacement of playground equipment at the West Side Park in Oakes

EDDY COUNTY

- Construction of a warming house and boat rental building at the All Veterans Park in New Rockford

FOSTER COUNTY

- Picnic shelter construction at the Foster County Fairgrounds

GRAND FORKS COUNTY

- Installation of a water station at the Bringewatt Park sand volleyball pits in Grand Forks

LAMOURE COUNTY

- New playground equipment at the LaMoure County Memorial Park

MCHENRY COUNTY

- New playground equipment at Upham City Park
- Construction of a splash pad at the Towner City Park

MCLEAN COUNTY

- Installation of a gazebo at Lakeside Park in Riverdale
- Picnic tables for the Turtle Lake City Park
- Installation of playground equipment at Coleharbor's City Park
- Boat ramp extension in Douglas Bay on Lake Sakakawea

PIERCE COUNTY

- Additional campsites and improvements at the Buffalo Lake Recreation Area
- Picnic tables and a play gym for Barton Park

RANSOM COUNTY

- Replacement of the beach walkway at Dead Colt Creek Recreation Area
- Upgrades to Sandager Park in Lisbon

RENVILLE COUNTY

- Construction of a picnic shelter and install ten electrical pedestals for new campsites at Mouse River Park

RICHLAND COUNTY

- Improvements to the city park in Abercrombie
- Improvements and expansion of Hankinson's city park campground

WILLIAMS COUNTY

- Improvements to the Little Egypt Recreation Area
- Construction of a vault toilet at McGregor Dam
- Construction of a low water ramp at the confluence southwest of Williston

SHERIDAN COUNTY

- Creation of a designated swimming area at the Hoffer Lake beach

STEELE COUNTY

- Development of a park and playground in the City of Colgate

STUTSMAN COUNTY

- Park bench project along Jamestown Reservoir trails
- Improvements to the Kensal City Park
- Development of the Pingree Memorial Park
- Electrical upgrades for campers at Streeter City Park



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

The Statement of Net Position (to the right) 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

ASSETS	2021	2020
Cash	\$13,118,730	\$8,477,942
Investments	\$9,876,093	\$13,448,911
Land	\$341,176	\$341,176
Land improvements*	\$198,419	\$238,731
Construction in progress	\$40,392,936	\$20,872,305
Buildings*	\$1,024,227	\$631,875
Equipment*	\$3,226,296	\$4,160,282
Pipeline*	\$2,469,259	\$2,600,887
TOTAL ASSETS	\$70,647,136	\$50,772,109
LIABILITIES		
Bond payable	\$1,439,163	\$1,593,467
Note payable	\$44,411	\$54,300
TOTAL LIABILITIES	\$1,483,574	\$1,647,767
NET ASSETS		
Net investment in capital assets	\$46,168,739	\$27,197,489
O&M emergency fund	\$750,000	\$822,818
Deficiency fund	\$750,000	\$750,000
Project development fund	\$915,593	\$915,593
Operations, Maint. & Replacement	\$128,607	\$-
Red River Valley Water Supply	\$-	\$805,741
Irrigation Fund	\$124,021	\$114,388
Unrestricted fund	\$20,326,602	\$18,518,313
TOTAL NET ASSETS	\$69,163,562	\$49,124,342
TOTAL LIABILITIES AND NET ASSETS	\$70,647,136	\$50,772,109

STATEMENT OF ACTIVITIES

REVENUES	2021	2020
Taxes	\$4,011,237	\$4,011,237
Interest on Investments	\$232,528	\$232,528
Non-Project Income	\$403,176	\$403,176
Program Income	\$15,488	\$15,488
Contract Revenue	\$24,024,282	\$24,024,282
Leases	\$2,303	\$2,303
Miscellaneous	\$3,953	\$3,953
TOTAL REVENUE	\$28,692,967	\$28,692,967
EXPENDITURES		
CURRENT		
Directors	\$164,738	\$104,568
Personnel	\$3,383,775	\$3,349,474
Contractual Services	\$15,401,821	\$17,828,828
Irrigation Development	\$269,756	\$246,154
Maintenance	\$1,231,556	\$1,105,776
Recreation Grant Program	\$786,061	\$390,600
Water Supply Projects	\$41,531	\$-
Other Charges	\$407,427	\$453,159
Irrigation District Expense	\$-	\$21,110
CAPITAL OUTLAY	\$20,325,110	\$1,991,109
DEBT SERVICE		
Principal	\$164,193	\$153,973
Interest and Fiscal Charges	\$51,314	\$57,606
TOTAL EXPENDITURES	\$42,227,282	\$25,702,357
REVENUE OVER (UNDER) EXPENSES	\$1,067,970	\$2,990,610
OTHER FINANCING SOURCES		
Debt Issuance	\$-	\$38,061
Transfers In	\$1,018,239	\$950,249
Transfers Out	\$(1,018,239)	\$(950,249)
TOTAL OTHER FINANCING SOURCES	\$-	\$38,061
NET CHANGE IN FUND BALANCE	\$1,067,970	\$3,028,671
FUND BALANCES, BEGINNING OF YEAR	\$21,926,853	\$18,898,182
FUND BALANCES, END OF YEAR	\$22,994,823	\$21,926,853

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.