



2022 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

Thank you for checking out the 2022 Garrison Diversion Conservancy District (Garrison Diversion) Annual Report. The creation of the Annual Report each year allows us to pause and reflect on what Garrison Diversion accomplished across our 28-county district. We hope you enjoy the summary of Garrison Diversion's activities in 2022:

AGRICULTURE AND NATURAL RESOURCES

Providing funding for agriculture initiatives and irrigation development continues to be of major importance to Garrison Diversion. In 2022, Garrison Diversion provided more than \$200,000 for irrigation trials, irrigation development, and support for the North Dakota Irrigation Association. In all, Garrison Diversion had a hand in irrigating over 7,300 acres in the state.

We also continued to uphold our commitment to North Dakota's natural resources through maintenance and mitigation at wildlife refuges and a wildlife management area.

MUNICIPAL, RURAL, AND INDUSTRIAL (MR&I)

The federal MR&I water supply program is jointly administered by Garrison Diversion and the North Dakota Department of Water Resources (DWR) to address current and future water demands on systems across the state. In 2022, more than \$40 million was distributed and awarded to MR&I projects in the state.

In Garrison Diversion's second year of providing Water Supply Assistance Grants, a total of \$133,676 was awarded to nine systems to offset the costs of 31 new customer hookups. The grant program also provides help for extraordinary operations, maintenance or repair projects that will impact the water delivery, introduce health and safety issues or potentially harm other infrastructure if not repaired.

RED RIVER VALLEY WATER SUPPLY PROJECT

The Red River Valley Water Supply Project (RRVWSP) is an emergency and supplemental water supply that will protect communities in central and eastern North Dakota from the devastating effects of

drought. Garrison Diversion and the Lake Agassiz Water Authority (LAWA) are the Project co-sponsors.

Utilizing RRVWSP's 2021-2023 biennium appropriations, \$26 million was invested to move the project forward. In 2022, we saw the completion of the discharge structure, significant progress on the Missouri River Intake and miles of buried pipeline installed.

In addition, Garrison Diversion worked on updating financial modeling options for the RRVWSP and the financing of local project costs. Staff also continued the right-of-way effort for the Project in Griggs, Foster and Wells Counties.

OPERATIONS AND MAINTENANCE (O&M)

Garrison Diversion's O&M employees made major progress on the reconstruction of the McClusky Canal sideslopes and completed three trenchless crossings to bring the project to 95 percent complete. The team focused on the regular maintenance of 13 irrigation systems within the McClusky Canal Irrigation Project and the Sheyenne River Discharge Structure for RRVWSP. O&M employees also moved nearly 2,756 truckloads of field rock to be used for a variety of projects, including erosion control along the McClusky Canal.

RECREATION

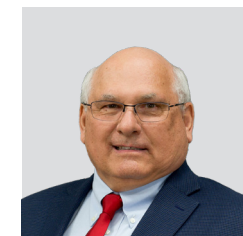
The Garrison Diversion Matching Recreation Grant Program offers a 25% matching grant to eligible recreation projects within the 28-county district. In 2022, we modified the application guidelines and eligible projects to include swimming pools, and ball parks, courts and fields. All eligible projects can receive a maximum of \$75,000 per grant award.

More than \$1.5 million was allocated to 43 new recreation projects and previously approved projects this year. Garrison Diversion also helped with the maintenance of the recreation facilities at the Chain of Lakes Recreation Area.

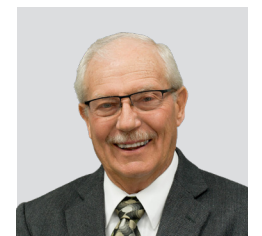
FINANCIAL OVERVIEW

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 clicking on the Garrison Diversion 2022 Annual Report. We are grateful to have the opportunity to make a difference in North Dakota in everything we do. 💧



Duane DeKrey
Garrison Diversion
General Manager



Alan Walter
Garrison Diversion
Board Chairman

GARRISON DIVERSION BOARD OF DIRECTORS

BACK ROW L-R

Jay Anderson, Ransom County; Larry Kassian, Burleigh County; Dave Johnson, Benson County; Bruce Klain, LaMoure County; Jason Siegert, Traill County; Mike Tweed, Eddy County; Kyle Blanchfield, Ramsey County; Mark Cook, Bottineau County

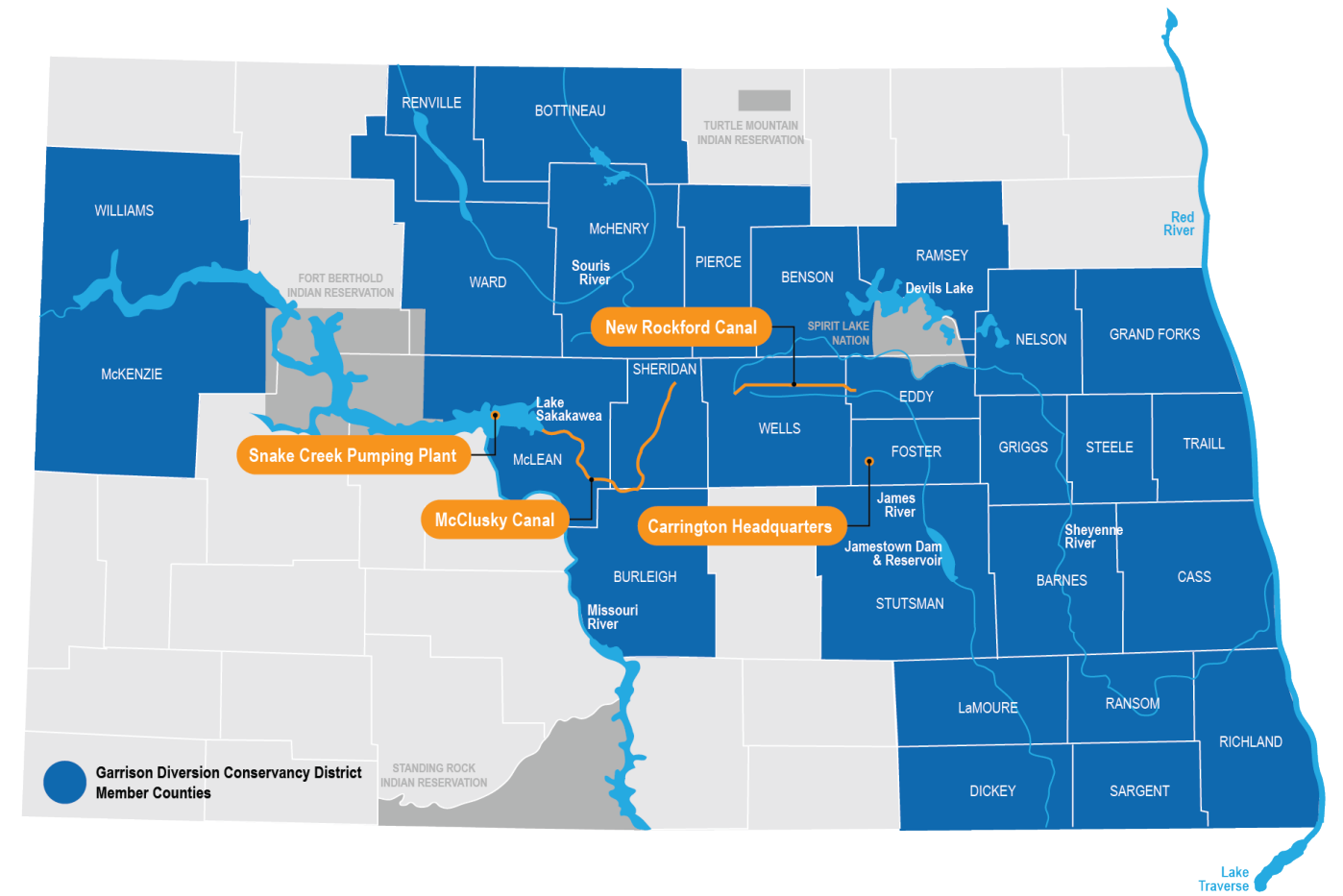
MIDDLE ROW L-R

Greg Bischoff, Barnes County; Ward Koeser, Williams County; Kelly Klosterman, Richland County; Jeff LeDoux, Cass County; Don Zimbleman, Sargent County; Ken Vein, Grand Forks County; Dave Anderson, Pierce County; Jim Pellman, Sheridan County; Steve Metzger, Foster County

FRONT ROW L-R

Bill Ongstad, Wells County; Steve Forde, Nelson County; Brian Orn, Sargent County; Geneva Kaiser, Stutsman County; Margo Knorr, McLean County; Alan Walter, Ward County; Kenny Rogers, Bottineau County; Cliff Hanretty, Renville County

Not Pictured: Nikki Boote, Griggs County; Richard Cayko, McKenzie County; Brandon Krueger, Steele 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 2022, Garrison Diversion provided \$167,865 for irrigation trials and \$8,000 was dedicated to 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 (OIRS), a long-range funding and phase-out plan was finalized in 2021, and Garrison Diversion will be phasing out of funding the OIRS operations. Garrison Diversion developed a plan for a building at the OIRS, and approved a 2023 budget of \$167,865 to fulfill their obligations/promise during the OIRS phase-out process.

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, and developed an additional 595 acres, bringing the total 2022 irrigated acres to over 7,300.

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 the Bureau of Reclamation (Reclamation). ●



2022 IRRIGATION FUNDING OVERVIEW

\$167,865

Irrigation Trials



\$8,000

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 2022, Garrison Diversion distributed \$22.8 million from the federal MR&I program to help water systems deliver water to homes, businesses and farms. An additional \$17.4 million was awarded to MR&I projects across the state.

Garrison Diversion's Water Supply Assistance Grant Program, in its second year of development, provides funding assistance to offset the costs of new customer hookups to a rural water system or district. The grant program also aids 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.

"Garrison Diversion is thrilled to have this new program where we can aid many users across the district in establishing a reliable and high-quality water supply for residential, livestock or business use," says Geneva Kaiser, Chairperson of the MR&I Committee. "We are proud to support rural water in North Dakota, and this program is an excellent example of giving back to our district."

The following systems were awarded a total of \$133,676 from the Water Supply Assistance Grant Program:

- Central Plains Water District - \$22,242 for three customer hookups
- Greater Ramsey Water District - \$33,000 for six customer hookups
- McKenzie County Water Resource District - \$6,188 for one customer hookup
- McLean-Sheridan Rural Water District - \$5,259 for one customer hookup
- North Prairie Regional Water District - \$5,848 for three customer hookups
- South Central Regional Water District - \$8,825 for two customer hookups
- Southeast Water Users District - \$8,475 for one customer hookup
- Stutsman Rural Water District - \$33,300 for 12 customer hookups
- Upper Souris Water District - \$10,539 for two customer hookups

Garrison Diversion also extended the MR&I Cooperative Agreement with Reclamation for five years. Garrison Diversion continued to work closely with the DWR, N.D. Department of Health, N.D. Rural Water Systems Association and the N.D. League of Cities to ensure a strong MR&I program was in place. ●



2022 MR&I FUNDING



\$22.8 MILLION

Distributed To Help Systems Deliver Water To:



HOMES



BUSINESSES



FARMS



\$17.4 MILLION

Awarded To Other MR&I Projects Across the State



RED RIVER VALLEY WATER SUPPLY PROJECT

The RRVWSP is a critical drought mitigation project and economic development initiative designed to utilize the Missouri River for the people of North Dakota.

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, and in 2022, together developed a Project Participation Agreement, outlining the roles and responsibilities of each organization.

Garrison Diversion worked with several state, local and federal agencies throughout the year to move the RRVWSP forward.

Working with the 2021-2023 biennium appropriations, \$26 million was invested in the RRVWSP.

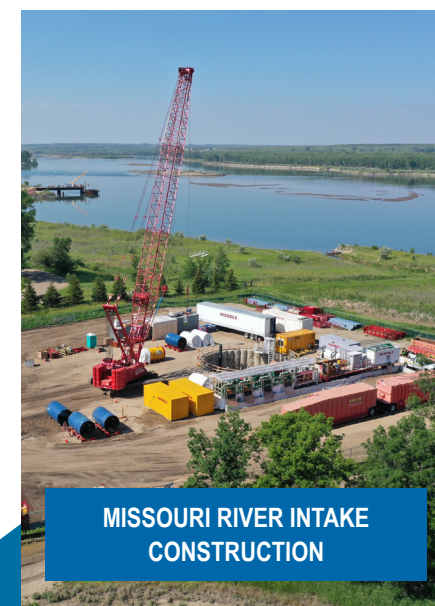
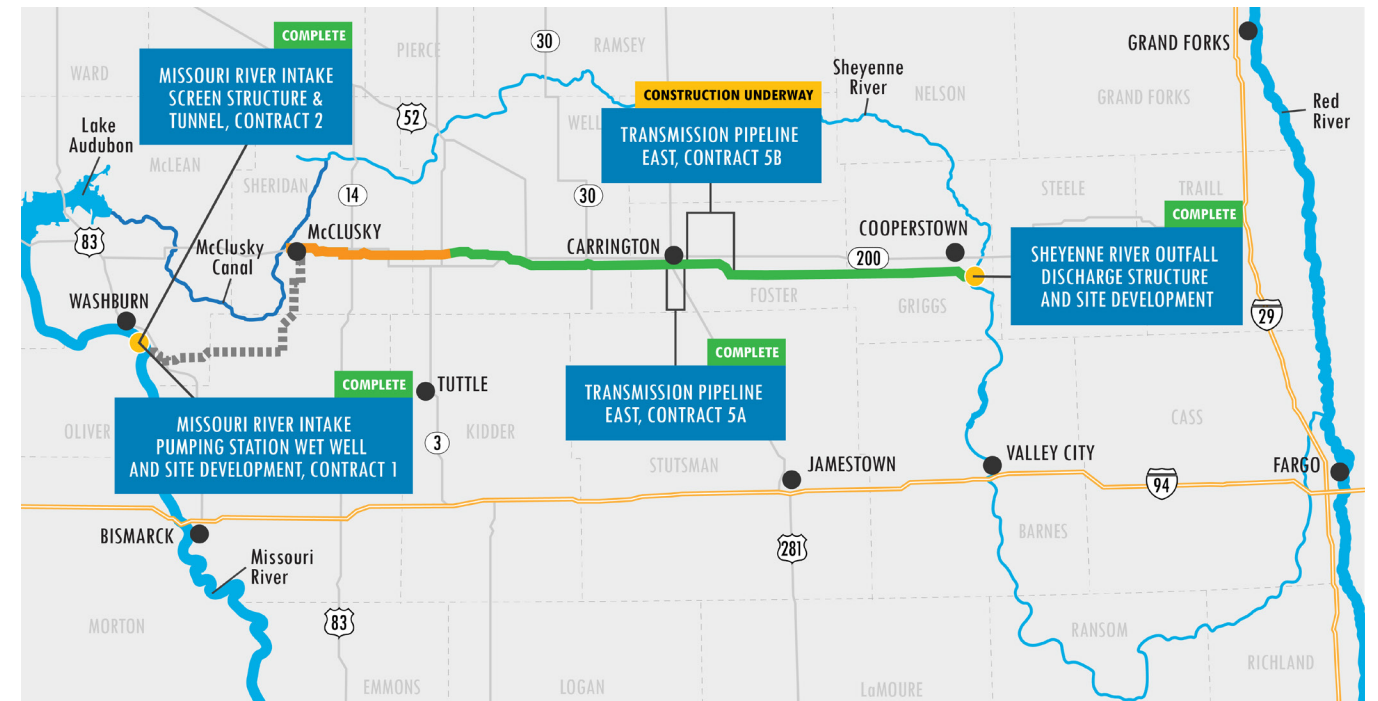
Those funds advanced several key portions of the project this year, including the completion of the discharge structure, which is a concrete energy dissipation structure and flow apron, about six miles south of Cooperstown, ND, where the water will enter the Sheyenne River. The Missouri River Intake four miles south of Washburn, ND, also made significant progress in 2022, with the completion of Contract 1 and moving Contract 2 under construction. Work on Contract 2 included installing pipeline in the tunnel under the Missouri River, push rams, sheet pile structure, and the seal plug.

The buried pipeline near Carrington, Contract 5A, wrapped up with the completion of ground restoration. Crews began working on Contract 5B to extend the pipeline southeast of Carrington and east through Foster County.

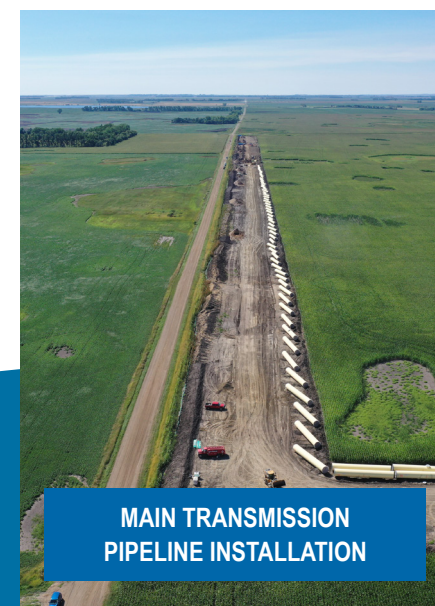
Project costs, as well as financing options, are an important aspect of the project, and the RRVWSP team dedicated significant time and resources to updating financial modeling options and were also able to establish a credit agreement by and between Garrison Diversion, LAWA, City of Fargo, and City of Grand Forks relating to the financing of local project costs of the 2021-2023 biennium work for the RRVWSP.

Securing the right-of-way ahead of construction contracts is important for project advancement. In 2022, Garrison Diversion staff continued the right-of-way effort in Griggs, Foster and Wells Counties.

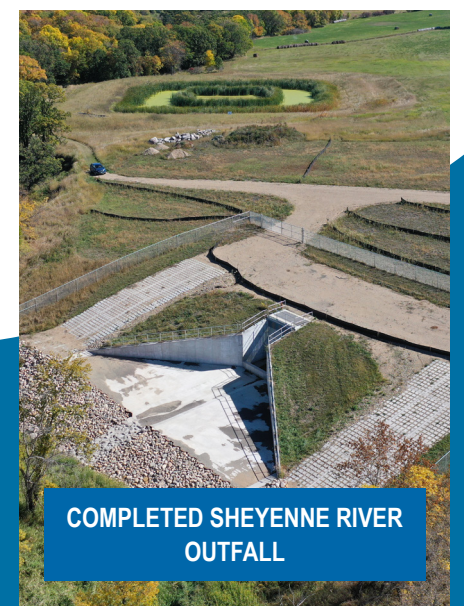
“The design of the RRVWSP, which involves buried water pipelines, means landowners can use their land as they always have before and after construction. In addition, all affected property owners are compensated for the use of their land,” says Duane DeKrey, Garrison Diversion General Manager. “We make a promise to restore the land as close as possible to its pre-construction condition after construction is complete. In the event crop damage occurs, Garrison Diversion makes it right by providing crop damage payments.”



MISSOURI RIVER INTAKE CONSTRUCTION



MAIN TRANSMISSION PIPELINE INSTALLATION



COMPLETED SHEYENNE RIVER OUTFALL



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.

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.

The GDU principal supply works, which include the McClusky Canal, New Rockford Canal and Snake Creek Pumping Plant (SCPP), are owned by Reclamation; however, Garrison Diversion works under an Operations, Maintenance and Replacement contract with Reclamation to complete a work plan each year that includes routine maintenance of the facilities. In addition, many special projects are included.

Because the McClusky Canal is a major feature of the Garrison Diversion Unit it requires a significant amount of attention to keep it in excellent working condition. In 2022, 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 230,000 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 2022, then O&M employees installed silt fence and seeded completed slopes to help with erosion control and establish vegetation. To date, close to 95% of the spoil has been removed. Three trenchless crossings were also completed within the slide area.

In addition, a dive team performed an inaccessible features survey of underwater structures along the McClusky Canal to determine the current conditions of the structures and to evaluate repairs and remediations needed. A future inspection schedule was also developed.

In 2022, approximately 24,000 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 completed the regular maintenance of 13 irrigation systems within 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



CARRINGTON, ND OFFICE



McCLUSKY, ND OFFICE



McCLUSKY, ND SHOP



McCLUSKY CANAL



SNAKE CREEK PUMPING PLANT

on hand for future projects. During the year, 2,756 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.

The O&M team also assisted with the RRVWSP, performing maintenance on the Sheyenne River Discharge Structure that lies six miles south of Cooperstown, ND. 💧



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 2022, Garrison Diversion awarded \$1,284,607 to 43 new recreation projects within the district, as well as expended \$252,909 to previously approved projects.

The application guidelines and eligible projects were recently modified 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.

"Garrison Diversion's Matching Recreation Grant Program is an immeasurable benefit for our member counties, and recently we were able to expand our recreation guidelines to accommodate more projects," says committee Chairman Bruce Klein. "We are always happy to help out with so many deserving recreation projects in small and large communities alike, and look forward to continuing the program for years to come."

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. 🌊

2022 RECREATION FUNDING OVERVIEW

\$1,284,607

New Projects



\$252,909

Previously
Approved Projects



\$8.4M

Recreation Grants
Since 1990

2022 MATCHING RECREATION GRANT RECIPIENTS

BENSON COUNTY

- New playground equipment at the Maddock City Park

BOTTINEAU COUNTY

- Update playground equipment at the Kramer City Park
- Install edging at the Carbury Dam playground
- Install T-Bar lift at Winter Park

BURLEIGH COUNTY

- Construction of the American Legion Splash Pad in Wilton
- Installation of the Wilton North Pickle Ball Court

CASS COUNTY

- Improvements to playground equipment at multiple West Fargo parks
- Install campsite water hook-ups at Brewer Lake Campground
- Construct restrooms at Tinta Tawa Park in Casselton

DICKEY COUNTY

- Renovations on the Ellendale Baseball Grandstand
- Update the Wilson Dam picnic shelter

FOSTER COUNTY

- Update the baseball and softball diamonds in the Carrington City Park
- Installation of new playground equipment and updates to Carrington's West Park

GRAND FORKS COUNTY

- Replacement of the grandstand at Kraft Field
- Playground improvements at the Manvel Community Park

GRIGGS COUNTY

- New playground equipment at the Binford Park
- Construction of the Binford Rodeo Association Community Center

MCLEAN COUNTY

- Improvements to the Garrison Softball Field

NELSON COUNTY

- Construction of a wading pool in Lakota
- New playground equipment at Michigan Park
- New playground equipment at Stump Lake Park

RAMSEY COUNTY

- Construction of the Roosevelt Park Activity Building

RANSOM COUNTY

- Improvements to the City of Sheldon pickleball and basketball courts

RENVILLE COUNTY

- Installation of the Mohall Splash Pad

RICHLAND COUNTY

- Construction of restrooms at the Wyndmere Rock Garden
- Construction of a multipurpose shelter at the Chahinkapa Park
- Construction of softball dugouts at the Mantador Park

SARGENT COUNTY

- Development of the Northview Playground at Milnor
- Construction of the Gwinner Aquatic Center

STUTSMAN COUNTY

- Purchase of benches and picnic tables for the Woodworth Main Street project
- Development of Phase I in the Baseball Field Renovation project
- Installation of a vault toilet at the Jamestown Reservoir

TRAILL COUNTY

- Purchase of new equipment for the Galesburg Playground
- Enhancements at the Mayville Campground
- Installation of lights at the Olsen Softball Complex

WARD COUNTY

- Expansion of camping spaces at the ND State Fair Campground
- Improvements to multiple Ward County Parks
- New playground equipment at the 11th & 11th Park Playground
- Construction of a swimming pool and bathhouse in Kenmare

WILLIAMS COUNTY

- Improvements to the BlackTail Beach trail
- Development of the Tioga Dam Trail & Park
- Development of the Coyote Clay Target League Range
- Development of the Wildrose Community Garden in the City of Wildrose



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 | 2022 | 2021 |
|---|---------------------|---------------------|
| Cash | \$9,569,886 | \$13,118,730 |
| Investments | \$12,875,093 | \$9,876,093 |
| Land | \$341,176 | \$341,176 |
| Land improvements* | \$158,202 | \$198,419 |
| Construction in progress | \$68,441,706 | \$40,392,936 |
| Buildings* | \$1,041,666 | \$1,024,227 |
| Equipment* | \$2,825,562 | \$3,226,296 |
| Pipeline* | \$2,456,854 | \$2,469,259 |
| TOTAL ASSETS | \$97,710,145 | \$70,647,136 |
| LIABILITIES | | |
| Bond payable | \$6,640,279 | \$1,439,163 |
| Note payable | \$33,053 | \$44,411 |
| TOTAL LIABILITIES | \$6,673,332 | \$1,483,574 |
| NET ASSETS | | |
| Net investment in capital assets | \$68,591,834 | \$46,168,739 |
| O&M emergency fund | \$750,000 | \$750,000 |
| Deficiency fund | \$750,000 | \$750,000 |
| Project development fund | \$915,593 | \$915,593 |
| Operations, Maint. & Replacement | \$208,802 | \$128,607 |
| Red River Valley Water Supply | \$- | \$- |
| Irrigation Fund | \$251,382 | \$124,021 |
| Unrestricted fund | \$19,569,202 | \$20,326,602 |
| TOTAL NET ASSETS | \$91,036,813 | \$69,163,562 |
| TOTAL LIABILITIES AND NET ASSETS | \$97,710,145 | \$70,647,136 |

STATEMENT OF ACTIVITIES

| REVENUES | 2022 | 2021 |
|---|----------------------|---------------------|
| Taxes | \$4,338,295 | \$4,246,291 |
| Interest on Investments | \$66,318 | \$181,325 |
| Non-Project Income | \$267,092 | \$398,564 |
| Program Income | \$- | \$- |
| Contract Revenue | \$53,537,468 | \$38,447,038 |
| Leases | \$2,303 | \$2,303 |
| Miscellaneous | \$6,588 | \$19,731 |
| TOTAL REVENUE | \$58,218,064 | \$43,295,252 |
| EXPENDITURES | | |
| CURRENT | | |
| Directors | \$235,482 | \$164,738 |
| Personnel | \$3,350,364 | \$3,383,775 |
| Contractual Services | \$28,194,891 | \$15,401,821 |
| Irrigation Development | \$881,347 | \$269,756 |
| Maintenance | \$1,187,208 | \$1,231,556 |
| Recreation Grant Program | \$546,502 | \$786,061 |
| Water Supply Projects | \$98,614 | \$41,531 |
| Other Charges | \$453,517 | \$407,427 |
| Irrigation District Expense | \$- | \$- |
| CAPITAL OUTLAY | \$28,941,082 | \$20,325,110 |
| DEBT SERVICE | | |
| Principal | \$480,484 | \$164,193 |
| Interest and Fiscal Charges | \$68,657 | \$51,314 |
| TOTAL EXPENDITURES | \$64,438,148 | \$42,227,282 |
| REVENUE OVER (UNDER) EXPENSES | \$(6,220,084) | \$1,067,970 |
| OTHER FINANCING SOURCES | | |
| Debt Issuance | \$5,670,240 | \$- |
| Transfers In | \$2,276,011 | \$1,018,239 |
| Transfers Out | \$(2,276,011) | \$(1,018,239) |
| TOTAL OTHER FINANCING SOURCES | \$5,670,240 | \$- |
| NET CHANGE IN FUND BALANCE | \$(549,844) | \$1,067,970 |
| FUND BALANCES, BEGINNING OF YEAR | \$22,994,823 | \$21,926,853 |
| FUND BALANCES, END OF YEAR | \$22,444,979 | \$22,994,823 |

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.