

The following minutes are in draft form subject to review and approval by the Executive Committee at its next meeting.

18-154

**GARRISON DIVERSION CONSERVANCY DISTRICT
EXECUTIVE COMMITTEE
SPECIAL MEETING**

CONFERENCE CALL

October 3, 2018

A special meeting of the Executive Committee of the Garrison Diversion Conservancy District was held by conference call on October 3, 2018. The meeting was called to order by Chairman Royse at 1 p.m.

DIRECTORS PARTICIPATING

Chairman Ken Royse
Vice Chairman Alan Walter
Second Vice Chairman Ken Vein
Director Dave Anderson
Director Jay Anderson
Director Cliff Hanretty
Director Bill Krivarchka
Director Nancy Marquart
Director Mike Tweed
Secretary Duane DeKrey

DIRECTORS ABSENT

None

OTHERS PRESENT

Kip Kovar, District Engineer, Garrison Diversion Conservancy District, Carrington, North Dakota
Merri Mooridian, Administrative Officer, Garrison Diversion Conservancy District, Carrington
North Dakota
Kimberly Cook, Communications Director, Garrison Diversion Conservancy District, Carrington,
North Dakota
Lisa Schafer, Executive Assistant, Garrison Diversion Conservancy District, Carrington, North
Dakota
Tami Norgard, Vogel Law Firm, Fargo, North Dakota

BUDGET INFORMATION

2019 Garrison Diversion Budget

Merri Mooridian, Administrative Officer, Garrison Diversion, explained the changes made by the state legislature on how budgets were to be presented and approved, which included a budget hearing. Garrison Diversion's hearing was held on September 10 at the headquarters office in Carrington. Since the hearing has taken place, Garrison Diversion can now approve the budget, which the board has authorized the Executive Committee to do.

Ms. Mooridian referred to the proposed 2019 Budget of Revenues and Expenditures and reviewed the projected income and expenses by category. Projected revenue is \$46,499,160 with expenditures of \$45,573,695. A copy of the 2019 budget is attached to these minutes as Annex I.

Motion by Director Krivarchka to approve the 2019 Garrison Diversion Budget. Second by Director D. Anderson.

Chairman Royse asked for explanation on the transfers in and out.

Ms. Mooridian replied that the transfers in and out are previously what would have been included as overhead from outside contracts, such as the Bureau of Reclamation. The auditors have requested since this is not actually revenue or expenses that these be shown as transfers. They must be shown as transfers in and out when moving between funds instead of income or expenses.

Upon roll call vote, the following directors voted aye: D. Anderson, J. Anderson, Hanretty, Krivarchka, Marquart, Tweed, Vein and Walter. Those voting nay: none. Absent and not voting: none. Motion carried.

2019 Budget Resolution

Ms. Mooridian referred to the resolution of the board approving its budget for the period of January 1, 2019, through December 31, 2019. This is the resolution making a one-mill levy on all property in the Garrison Diversion Conservancy District and requires the board's approval. The resolution is attached to these minutes as Annex II.

Motion by Director Walter adopting the 2019 budget resolution making a one-mill levy on all property in the Garrison Diversion Conservancy District. Second by Director J. Anderson. Upon roll call vote, the following directors voted aye: D. Anderson, J. Anderson, Hanretty, Krivarchka, Marquart, Tweed, Vein and Walter. Those voting nay: none. Absent and not voting: none. Motion carried.

RED RIVER VALLEY WATER SUPPLY PROJECT

Easement Values

Director J. Anderson, Chairman, Red River Valley (RRV) Committee, reported that the committee met on September 14 and went through the existing Garrison Diversion easement pricing method for the Red River Valley Water Supply Project (RRVWSP). At that time, the committee spent time discussing different values and types of easements, along with the importance of timing on upcoming easements.

Director J. Anderson referred to a copy of the pricing memo prepared by Garrison Diversion in 2009, which refers to obtaining the easement and offering \$1,350 per acre. Approximately nine acres are needed in a quarter for the easement, which will be a permanent easement.

Director J. Anderson stated that the RRV Committee is recommending continuing with the existing easement method used by Garrison Diversion at a price of \$1,350 per acre. He added that there are landowners with existing options at \$1,350 per acre, and the committee decided not to make any changes.

Kip Kovar, District Engineer, Garrison Diversion, stated that Garrison Diversion and its consultants have been talking with other entities in order to determine a fair market value of an easement. There is no perfect formula. For pipeline projects, the easement value is basically zero because the landowner can farm above it so anything greater than zero is acceptable. Easement value is typically determined by the difference in land value before and after a pipeline project. Typically, the land value does not change. Over the last few months, he has been verifying and confirming that \$1,350 is a fair price.

Mr. Kovar stated there are a total of 167 pipeline miles, with approximately 2,800 right-of-way acres needed. The estimated total cost is \$4 million for acquisition of right-of-way.

Motion by Director Hanretty to approve continuing with the existing easement value used for the Red River Valley Water Supply Project at a price of \$1,350 per acre. Second by Director Marquart. Upon roll call vote, the following directors voted aye: D. Anderson, J. Anderson, Hanretty, Krivarchka, Marquart, Tweed, Vein and Walter. Those voting nay: none. Absent and not voting: none. Motion carried.

Crop Damage Payment Policy

Director J. Anderson reported the RRV Committee also reviewed the current Crop Damage Payment Policy for the RRVWSP and discussed different ways and variations to go about paying crop damage claims. In the end, the committee went back to the crop damage policy currently in place for the project. A copy of the policy is attached to these minutes as Annex III.

Director J. Anderson explained the process that would be followed once a crop damage claim is submitted according to the current policy. Claims would be administered by Garrison Diversion staff.

Director J. Anderson said the RRV Committee recommends going forward with the current crop damage policy for the RRVWSP as is.

Mr. Kovar referred to the current policy, which was used in 2009 and 2010 as an attachment to the option contracts now in place. He feels the RRV Committee did a very good job of reviewing several options when it comes to paying crop damages.

Director Hanretty said if there is a renter on the property, that individual should be listed on the contract.

Mr. Kovar said that is mentioned in the policy.

Tami Norgard, Vogel Law Firm, stated the policy is basically set up so that the landowner is required to identify the tenant's name. If they do not and the landowner is paid, then it is the landowner's obligation to pay the tenant.

Motion by Director D. Anderson to approve the continued use of the current Crop Damage Payment Policy for the Red River Valley Water Supply Project. Second by Vice Chairman Walter. Upon roll call vote, the following directors voted aye: D. Anderson, J. Anderson, Hanretty, Krivarchka, Marquart, Tweed, Vein and Walter. Those voting nay: none. Absent and not voting: none. Motion carried.

There being no other business to come before the committee, the meeting adjourned at 1:35 p.m.

(SEAL)

Ken Royse, Chairman

Duane DeKrey, Secretary

**GARRISON DIVERSION CONSERVANCY DISTRICT
BUDGET OF REVENUES AND EXPENDITURES
January 1, 2019 to December 31, 2019**

	General Fund	Operations & Maintenance Fund	Municipal, Rural, and Industrial Fund	Red River Valley Water Supply Project	Irrigation Fund	Total
REVENUES:						
Irrigation Admin	\$ 670					\$ 670
Project Income		\$ 5,000				\$ 5,000
Lease Income	\$ 2,000					\$ 2,000
Miscellaneous Income	\$ 500					\$ 500
Interest Income	\$ 25,000	\$ 450	\$ 25	\$ 150	\$ 700	\$ 26,325
Tax Levy	\$ 3,249,915					\$ 3,249,915
State Aid Distribution	\$ 207,775					\$ 207,775
O&M Non-project Income		\$ 255,000				\$ 255,000
Contract Revenue	\$ 48,000	\$ 4,769,615	\$ 6,181,775	\$ 30,583,085	\$ 1,169,500	\$ 42,751,975
Total Revenues	\$ 3,533,860	\$ 5,030,065	\$ 6,181,800	\$ 30,583,235	\$ 1,170,200	\$ 46,499,160
EXPENDITURES:						
Directors Expense	\$ 270,000					\$ 270,000
Employee Expenses	\$ 1,020,160	\$ 2,467,360	\$ 97,250	\$ 152,695		\$ 3,737,465
Administrative Expenses	\$ 241,000	\$ 106,945	\$ 65,100			\$ 413,045
Public Education	\$ 99,000					\$ 99,000
Professional Services	\$ 864,000	\$ 415,240		\$ 1,000,000		\$ 2,279,240
Irrigation Development	\$ 464,875					\$ 464,875
Recreation Matching	\$ 385,000					\$ 385,000
Irrigation Districts Expenses	\$ 24,900					\$ 24,900
Maintenance & Repairs	\$ 78,000	\$ 788,970			\$ 500,000	\$ 1,366,970
Capital Purchases	\$ 88,000	\$ 375,000		\$ 29,400,000	\$ 500,000	\$ 30,363,000
MR&I Project Expenditures			\$ 6,000,000			\$ 6,000,000
Debt Service Payments					\$ 123,000	\$ 123,000
Interest on Debt Service					\$ 47,200	\$ 47,200
Total Expenditures	\$ 3,534,935	\$ 4,153,515	\$ 6,162,350	\$ 30,552,695	\$ 1,170,200	\$ 45,573,695
Revenues Over (Under) Expenditures*	\$ (1,075)	\$ 876,550	\$ 19,450	\$ 30,540	\$ -	\$ 925,465
Transfers In (Out)	\$ 926,540	\$ (876,550)	\$ (19,450)	\$ (30,540)	\$ -	\$ -
Net Change in Fund Balance	\$ 925,465	\$ -	\$ -	\$ -	\$ -	\$ 925,465

GARRISON DIVERSION CONSERVANCY DISTRICT
Budget
January 1, 2019 to December 31, 2019

	Budget 2019
<u>Directors Expense</u>	
Directors Per Diem	\$120,000
Directors Exp	\$150,000
Total Directors Expense	\$270,000
<u>Employee Expense</u>	
Employee Salaries	\$598,240
General Managers Expense	\$40,000
Travel	\$68,000
Administrative Officer	\$25,000
District Engineer	\$10,000
Engineer	\$5,000
Communications Director	\$8,000
Emp Exp Other	\$20,000
Professional Development	\$22,000
Employee Training	\$20,000
Wellness Program	\$2,000
Benefits	\$291,920
GDCD FICA	\$45,150
Retirement	\$83,370
Hospital & Life Insurance	\$124,665
Unemployment Comp	\$3,845
Vision / Dental	\$13,460
Workforce Safety Insurance	\$5,045
Long Term Disability Ins	\$4,385
Vacation/Sick Leave Liability	\$12,000
Total Employee Expense	\$1,020,160
<u>Administration</u>	
Postage	\$7,000
Electronic Communications	\$26,000
Utilities	\$40,000
Meetings & Events	\$10,000
Subscriptions	\$5,500
Miscellaneous	\$8,500
Data Processing	\$29,000
Employee Recruiting	\$5,000
Supplies	\$35,000
Small Office Equipment	\$17,000
Dues	\$14,000
Insurance	\$16,000
Annual Independent Audit	\$28,000
Total Administration	\$241,000
<u>Public Education</u>	
GDCD Tours	\$12,000
ND Water Users	\$20,000
ND Water Coalition	\$14,000
ND Water Magazine	\$18,000
Missouri River Joint Board/MRRIC	\$15,000
Conferences/Sponsorships	\$10,000
Miscellaneous	\$10,000
Total Public Education	\$99,000

GARRISON DIVERSION CONSERVANCY DISTRICT
Budget
January 1, 2019 to December 31, 2019

	Budget 2019
Professional Services	
Communications	\$175,000
Engineering	\$175,000
RR/WSP Development	\$314,000
Technical Support for LAWA	\$15,000
Engineering	\$150,000
Legal	\$75,000
Financial	\$12,000
Consultants	\$50,000
Meeting, Misc. Exp	\$12,000
Prof Services Other	\$25,000
Legal Services	\$175,000
Total Professional Services	\$864,000
Irrigation Development	
ND Irrigation Association	\$50,000
NDSU Oakes Irrigation Site	\$267,875
Bob Titus Lease	\$17,000
Irrigation Development	\$130,000
Total Irrigation Development	\$464,875
Recreation	
Recreation Matching	\$375,000
DWRA Recreation Program	\$10,000
Total Recreation	\$385,000
Irrigation District Expense	
Irrigation District Expenses	\$4,900
OTA Title Transfer	\$20,000
Technical Support	\$15,000
Legal	\$5,000
Total Irrigation District Expense	\$24,900
Maintenance & Repair	
Equipment Maintenance	\$25,000
Small Yard Equipment Purchases	\$5,000
Land & Bldg Maintenance	\$30,000
Auto Expense	\$18,000
Total Maintenance & Repair	\$78,000
Capital Purchases	
Office Equip & Furniture	\$20,000
Yard Equipment	\$20,000
Vehicle	\$33,000
Land & Buildings	\$15,000
Total Capital Purchases	\$88,000
General Fund Subtotal	\$3,534,935

GARRISON DIVERSION CONSERVANCY DISTRICT
Budget
January 1, 2019 to December 31, 2019

	Budget 2019
Irrigation Fund	
McClusky Canal Irrigation	\$1,000,000
Construction	\$500,000
Operations	\$500,000
Debt Payments	\$170,200
Principal	\$123,000
Interest	\$47,200
Total Irrigation Fund	\$1,170,200
GDU O & M	
Salaries & Benefits	\$2,398,080
Salaries	\$1,496,500
Benefits	\$901,580
Travel	\$31,790
Training	\$4,970
Utilities	\$86,940
Contracted Services (Eng / Survey)	\$415,240
Supplies	\$187,600
Equipment Purchases	\$375,000
Equipment Rental	\$101,400
Equipment Maintenance	\$299,970
Safety	\$32,520
Miscellaneous	\$20,005
Materials	\$200,000
Total GDU O & M	\$4,153,515
MR&I FUND	
State Administration	\$65,100
Salaries & Benefits	\$97,250
MR&I Project Expenditures	\$6,000,000
Total MR&I Fund	\$6,162,350
RRV Water Supply Project	
ROW	\$1,400,000
Design	\$15,000,000
Salaries & Benefits	\$152,695
Financing/Legal/Administration	\$1,000,000
Construction	\$13,000,000
Total RRVWSP	\$30,552,695
TOTAL ALL FUNDS	\$45,573,695

RESOLUTION

**Adopted October 3, 2018, by the Executive Committee authorized by
the Garrison Diversion Conservancy District Board of Directors
Approving its Budget for the Period January 1, 2019, through December 31, 2019
Making a Levy on all Property
in the Garrison Diversion Conservancy District**

WHEREAS, the Garrison Diversion Conservancy District, a governmental agency established by the North Dakota Legislature by virtue of Chapter 61-24 of the North Dakota Century Code, as amended, is authorized to make a tax levy to finance its operations in accordance with said Chapter 61-24 of the North Dakota Century Code, as amended, did, on January 26, 1966, make a one-mill on all taxable property located within the Garrison Diversion Conservancy District to pay its administrative expenses and the obligations it has assumed under contracts negotiated with the United States and irrigation districts in the Garrison Diversion Conservancy District area and establish such reserves necessary to meet its contractual obligations and to carry out its purposes as provided by law--said tax levy to be continued each year until modified or reduced by appropriate action of the Board of Directors of the Garrison Diversion Conservancy District; and

WHEREAS, the Board of Directors of the Garrison Diversion Conservancy District, as required by Section 61-24-09 of the North Dakota Century Code, has duly considered a budget for the period beginning January 1, 2019, and ending December 31, 2019; and

WHEREAS, the Board of Directors of the Garrison Diversion Conservancy District did on July 11, 1973, by resolution duly adopted, modify its action of January 26, 1966, making a continuing one-mill levy on all taxable property in the Garrison Diversion Conservancy District so as to provide that said Board will make a levy each year in an amount sufficient to provide funds for its annual budget as authorized by law.

NOW, THEREFORE, BE IT RESOLVED by the Executive Committee authorized by the Board of Directors of the Garrison Diversion Conservancy District, at a meeting assembled this third day of October 2018, that this Committee approved a budget for the fiscal year January 1, 2019, through December 31, 2019, requiring an amount of \$3,534,935.00 for its operations; and

BE IT FURTHER RESOLVED that this Executive Committee authorized by the Board of Directors hereby makes a one-mill levy on each dollar of taxable valuation on all taxable property located in each of the counties in the Garrison Diversion Conservancy District, to-wit:

Barnes	Eddy	McHenry	Ransom	Steele
Benson	Foster	McKenzie	Renville	Stutsman
Bottineau	Grand Forks	McLean	Richland	Traill
Burleigh	Griggs	Nelson	Sargent	Ward
Cass	LaMoure	Pierce	Sheridan	Wells
Dickey		Ramsey		Williams

Such levy, together with the estimated balance on hand January 1, 2019, and interest from investments in reserves and other income, has been found necessary Executive Committee authorized by the Board of Directors of the Garrison Diversion Conservancy District to provide the sum of \$3,534,935.00 required to meet the necessary District expenditures for its operations, contractual obligations, and reserves for the period January 1, 2019, through December 31, 2019; and

BE IT FURTHER RESOLVED that the county auditor of each county in the Garrison Diversion Conservancy District, as set forth above, be and is hereby notified to take appropriate action in accordance with Section 61-24-11 of the North Dakota Century Code and spread on the records for tax levy a levy upon the taxable property in the county of one mill as is authorized under the provisions of Chapter 61-24 of the North Dakota Century Code; and

BE IT FURTHER RESOLVED that the secretary-treasurer of the Garrison Diversion Conservancy District be, and is hereby, directed to mail to the county auditor of each county in the Garrison Diversion Conservancy District, as set forth above, a copy of this resolution, duly certified by him and bearing the seal of the Garrison Diversion Conservancy District, and a copy of the budget covering the expenses estimated by the Board of Directors of the Garrison Diversion Conservancy District as necessary for the period of January 1, 2019, through December 31, 2019, and a copy of this resolution and budget to the North Dakota Tax Commissioner.

CERTIFICATE

I, Duane DeKrey, the secretary-treasurer of the Garrison Diversion Conservancy District, do hereby certify and return the within and foregoing instrument is a true and correct copy of a resolution approving the budget for the Garrison Diversion Conservancy District for the period January 1, 2019, through December 31, 2019, and making a one-mill levy on all property within the Garrison Diversion Conservancy District, duly approved and adopted by the Executive Committee authorized by the Board of Directors of the Garrison Diversion Conservancy District at a meeting on the third day of October 2018.

Duane DeKrey, Secretary-Treasurer
Garrison Diversion Conservancy District

(SEAL)

CROP DAMAGE PAYMENT POLICY

RED RIVER VALLEY WATER SUPPLY PROJECT

As outlined in the Access Agreement, Option Contract and Permanent Pipeline Easement, Garrison Diversion Conservancy District (“Garrison Diversion”) agrees to pay demonstrated crop damage incurred as part of the construction, installation, repair or maintenance of a water pipeline. The crop damage payment will be calculated to provide reimbursement for income that would have been received by the landowner and/or tenant if Garrison Diversion had not caused the damage.

Garrison Diversion will be responsible for measuring the crop damage areas. The landowner and/or tenant will provide information regarding the yield of the area damaged. Yield information can be provided in one of three forms:

1. Documentation stating the certified yield for the impacted field used for crop insurance purposes.
2. Documentation provided by the landowner/tenant to a crop insurance agent stating this year’s yield for the field impacted.
3. Another mutually agreed upon method.

The crop damage payment will not necessarily be paid upon the best yield obtained on the parcel, as some areas Garrison Diversion impacts may have yielded well while other areas may reflect impact by flooding, erosion or other problems. Therefore, the landowner and/or tenant will be required to provide his/her best reasonable estimate for the percent increase or decrease from the field yield certification to best reflect the yield of the area damaged by Garrison Diversion’s construction operations.

Crop prices will be based on the contract or sale price if the crop has been contracted or sold, utilizing documentation provided by the landowner and/or tenant. If the crop has not been sold or contracted by December 31 of the year damaged, the average local market price for the month during which the crop was harvested will be used for payment purposes.

If the parcel is rented out and the landowner wishes to have the renter receive the crop damage payment, it is the landowner’s obligation to provide Garrison Diversion with a letter to that effect, along with the renter’s name, address, and tax ID information.

Any questions regarding crop damage payments can be directed to Garrison Diversion at 652.3194 or 800.532.0074.