Tennessee Duck River Development Agency

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To Governor Haslam, legislators and governing bodies of the Duck River Watershed:

State law requires that the Tennessee Duck River Development Agency (the "Agency") publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the financial statements, supplementary information and independent auditors' report of the Agency for the fiscal year ended June 30, 2011.

BACKGROUND

The Tennessee General Assembly created the Tennessee Duck River Development Agency in 1965 as a comprehensive regional development agency. Its broad powers include the "control and development of the water resources" of those portions of the Duck River Watershed lying in Bedford, Coffee, Hickman, Marshall and Maury Counties. In 1998, the DRA Board of Directors adopted the following mission statement: "To develop, protect, and sustain a clean and dependable Water Resource for all citizens of the Duck River region." Seven area water systems contribute five cents per one thousand gallons of water sold into a trust that provides funding for water supply and water quality projects as well as operating expenses of the Agency.

SUMMARY OF MAJOR ACTIVITES AND ACCOMPLISHMENT FOR FY2011

Other than performing administrative, accounting, financial management, and program management functions in support of the Agency's mission, the Agency was also involved in the following activities:

USGS Gauges: The United States Geological Survey operates six stream gauges for the Agency and TVA in a joint funding agreement. The gages provide real time data and historical information to support the Oasis model that is used to monitor water-use trends and drought forecasting.

Regional Duck River Cleanup: Over 500 volunteers participated in cleanup activities on the Duck River. The Agency provided T-shirts and garbage bags to volunteers recognizing their commitment to a cleaner Duck River.

Comprehensive Regional Water Supply Plan (WSP) Implementation: The WSP was completed in late fall of 2010 and approved by the Duck River Agency Board. The WSP consists of five programs and projects that are designed to meet water supply needs for 50 years with a 100 year vision in the Duck River Region. The five components are made up of 3 non-structural programs and 2 structural projects listed below:

- Regional Drought Management Plan
- Optimizing Releases from Normandy Reservoir
- Water-use Efficiency Program
- Normandy Reservoir Capacity Improvements
- New Intake for Columbia Power and Water Systems

The Agency began implementing recommendations from the water supply plan in FY2011by concentrating efforts on the Regional Drought Management Plan (DMP) and Normandy Reservoir Capacity Improvements (NRCI). The DMP will be completed in spring of 2012. Engineering analyses on Normandy Reservoir began in winter of 2011. The NRCI project will take several years of engineering analyses and comprehensive environmental reviews before any construction is started to improve capacity of Normandy Reservoir.

SUMMARY OF MAJOR ACTIVITES FOR FY2012

Ongoing Annual Programs

USGS Gaging Stations: The United States Geological Survey operates six stream gauges for the Agency and TVA in a joint funding agreement. The gages provide real time data and historical information to support the Oasis model that is used to monitor water-use trends. Budget for FY2012 is $37,000.00.

Annual Duck River Cleanup: Provide T-shirts and plastic garbage bags for volunteers. Estimated budget for FY2012 is $3,000.00.

Regional Water Supply Plan Implementation Programs

Duck River Regional Drought Management Plan: The regional drought management plan is scheduled to be completed in spring of 2012. The lead consultant is O'Brien & Gere Engineers (OBG) with an estimated budget of $58,300.00 for plan development and an estimated budget with HydroLogics, Inc. is for $56,120.00 for modeling.

Normandy Reservoir Capacity Improvements: Continuing engineering analyses and a memorandum of agreement with TVA will be the focus for FY2012. The lead consultant is OBG with an estimated budget of $$235,590.00.

Optimizing Normandy Reservoir Releases: This project will start in the fall of 2011 with completion expected in summer of 2012. The lead consultant is OBG with an estimated budget of $37,620.00

The Duck River Agency is committed to providing sustainable long term water supply to meet all needs in the Duck River Region. If you have any questions about the Agency's program please contact Doug Murphy, Executive Director, doug@duckriveragency.org or Linda Justice, Director of Finance, linda@duckriveragency.org or office (931)684-7820.

Respectfully submitted,

Tommy Peebles, Chairman
Tennessee Duck River Development Agency