Tennessee Duck River Development Agency

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FY2016 Annual Report

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, 2016 along with a summary of major activity accomplishments in FY2016 and summary for FY2017 Program.

BACKGROUND

The Tennessee General Assembly created the Agency in 1965 as a comprehensive regional development agency. Its 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 Agency's Board of Directors adopted the following new 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 ACCOMPLISHMENTS FOR FY2016

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 in a joint funding agreement. The gauges 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: More than 500 volunteers participated in cleanup activities on the Duck River. The Agency supports the clean-up by providing garbage bags and T-shirts to volunteers, in recognition of their commitment to a cleaner Duck River.

Regional Water Supply Program: The Duck River Comprehensive Regional Water Supply Plan was completed in 2010 and was approved by the Agency's Board of Directors. The Agency began developing and implementing the five programs and projects in the Regional Water Supply Program (the "Program") in 2011 that are designed to meet water supply needs for 50 years (2060) with a 100-year vision in the Duck River Region. The five components of the program are listed below with updates:

- **Regional Drought Management Plan**
  The Regional Drought Management Plan (DMP) was completed in 2013. In early 2014, the Agency began the approval process that is required for implementation by Tennessee Department of Environment and Conservation, Water Resources Division and Tennessee Valley Authority. Currently the DMP is undergoing environmental reviews and data is being collected to support the process.
- **Optimizing Normandy Reservoir Releases**
  The Optimizing Normandy Reservoir Releases (ONRR) study was finished in 2013. The ONRR Program was submitted with the DMP to begin the approval process for implementation. Currently the ONRR is on the same track as the DMP.
- **Normandy Reservoir Capacity Improvements**
  The Normandy Reservoir Capacity Improvements (NRCI) Feasibility Study was completed in 2013. The Agency requested TVA implement the NRCS project in February 2014. Upon TVA's request this project is on hold until TVA completes a series of safety investigations and analyses on Normandy Dam. These investigations will determine structure needs to Normandy Dam for flood protection. Once TVA completes their investigations the NRCI Project will be reviewed, discussed and decisions made to achieve goals for both DRA and TVA for managing Normandy Reservoir for water supply and flood control.
- **Maury County Regional Water Supply Program**
  A regional water supply feasibility study for the Maury County region was conducted in 2013 and finished in 2014 to determine the best long term water supply alternative for the county. The Maury County Water Supply Team began development of a Strategic Implementation Plan (SIP) in FY2015 to meet long term water demands and finished its report late 2015. In early 2016 field studies and investigations began for selecting a new water intake site.
- **Water Management Program**
  A program scope for the Water Management Program (WMP) was developed and Maddaus Water Management was hired as consultants/contractors to begin the program. Maddaus Water Management completed the Water Demand Analysis report in mid-2016.

SUMMARY OF MAJOR ACTIVITES FOR FY2017

USGS Gauges: The Agency renewed its annual contract with USGS for the operation and maintenance of six continuous gauging stations across the Duck River Basin located at Craig Bridge, Highway 50 Bridge, Rock Creek, Fountain Creek, Milltown and Sowell Mill Pike Bridge on October 1, 2016.

Regional Duck River Cleanup: The Agency plans to provide plastic garbage bags for litter clean-up and T-shirts for volunteers committed to a cleaner Duck River.

New Duck River Welcome Center: The Agency's Board voted on October 27, 2016, to pledge $350,000 to the new Duck River Welcome Center at Henry Horton State Park for the education and display components. The pledge demonstrates the Agency's support to the region and commitment to outreach and education about the importance of the Duck River to the regions citizens and why we should protect this valuable resource for future generations. The Agency is looking forward to partnering with Henry Horton State Park and the Friends of Henry Horton State Park to make this project a reality and give the citizens of the Duck River region a proud opportunity to display for visitors historical and future events.

Regional Water Supply Program:

- **Regional Drought Management Plan (DMP)**
  The environmental reviews and data collection needed for the approval process will be conducted. The DMP possibly could be ready for implementation in late 2017.
- **Optimizing Normandy Reservoir Releases (ONRR)**
  The ONRR program has been submitted in conjunction with the DMP and is currently being reviewed at the same time.
- **Normandy Reservoir Capacity Improvements**
  The Normandy Reservoir Capacity Improvements project is on hold until TVA completes a series of studies on Normandy Dam for new safety requirements.
- **Maury County Regional Water Supply Program**
  The water intake siting study is scheduled to be completed in early 2017.The next steps for this project will be developing a financial strategy.
- **Water Management Program**
  A water use database will be developed that will be used for water demand projections and developing a water management program for the Duck River Region.

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 Periut, Director of Finance, linda@duckriveragency.org or office (931)684-7820.

Respectively,

Thomas H. Peebles, IV, Chairman
Tennessee Duck River Development Agency