Tennessee Duck River Development Agency

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FY2014 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, 2014 along with a summary of major activity accomplishments in FY2014 and summary for FY2015 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 FY2014

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 four stream gauges for the Agency and TVA 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 late fall of 2010 and was approved by the Agency's Board of Directors. The Agency began implementing the Regional Water Supply Program (the "Program") in 2011 that consists of five programs and projects 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 was completed in 2013. In February 2014, the Agency requested TVA to approve the Drought Management Plan as a plan of action and implement the plan when needed.
- **Optimizing Normandy Reservoir Releases**
  The Optimizing Normandy Reservoir Releases study was finished in 2013. The report was submitted to TVA in February 2014 with a recommendation that a change be made in the Normandy Reservoir operating policy.
- **Normandy Reservoir Capacity Improvements**
  The Normandy Reservoir Capacity Improvements Feasibility Study was completed in 2013. The Agency Board unanimously agreed the project was feasible. The Agency requested TVA implement this recommendation in February 2014 along with the Drought Management Plan and Optimizing Normandy Reservoir Releases Program.
- **Maury County Regional Water Supply Program**
  A regional water supply feasibility study for the Maury County region was conducted in 2013 to determine the best long term water supply alternative for the county. The Maury County Water Supply Team decided to develop a Strategic Implementation Plan to meet long term water demands which will begin FY2015.
- **Water Use Efficiency Program**
  The Water Use Efficiency Program will document how water is used in the Duck River Region and offer recommendations for more efficient use. Interviews with experts in the field of water use efficiency were held and several current programs from different parts of the country were reviewed to initiate the development of the Duck River Water Use Efficiency Program . The scope of the program changed during the year and with a broader approach at how water is used in the region it has become the Water Management Program.

SUMMARY OF MAJOR ACTIVITES FOR FY2015

USGS Gauges: The Agency renewed its annual contract with USGS to operate gauging stations at Rock Creek, Fountain Creek, Milltown and Sowell Mill Pike Bridge on October 1, 2013.

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

Regional Water Supply Program :

- **Regional Drought Management Plan**
  The environmental reviews required by TVA are expected to begin and permits with TDEC will be applied for that will be needed to implement the Drought Management Plan when needed.
- **Optimizing Normandy Reservoir Releases**
  The Optimizing Normandy Reservoir Release report will be presented to TVA with a recommendation that a change be made in Normandy Reservoir operating policy that will conserve reservoir water during an extended drought period. The environmental reviews required by TVA are expected to begin and permits with TDEC will be applied for that will be needed to implement the recommendation to optimizing the releases from Normandy Reservoir.
- **Normandy Reservoir Capacity Improvements**
  The Normandy Reservoir Capacity Improvements project will be submitted to TVA with a request that TVA change the Reservoir Flood Guide Policy for Normandy Reservoir. The

environmental reviews required by TVA are expected to begin and permits with TDEC will be applied for that will be needed to implement recommendation to change the Reservoir Flood Guide Policy.

- **Maury County Regional Water Supply Program**
  A Maury County Regional Water Supply Strategic Plan will be completed. The next step will be to develop a financial strategy and ownership plan.
- **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 Carr, Director of Finance, linda@duckriveragency.org or office (931)684-7820.

Respectively,

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