Tennessee Duck River Development Agency

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FY2018 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, 2018 along with a summary of major activity accomplishments in FY2018 and summary for FY2019 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 FY2018

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 400 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.

The Duck River Welcome Center: The Agency is partnering with the TDEC to finance educational and interpretive components of the new Welcome Center that will be located at Henry Horton State Park. TDEC started the design of the new center during 2018.

Water Stewardship Program

The Water Stewardship Program will include public educational programs about water conservation, efficiency and protection. Another activity the Agency conducts under this program is sponsoring Public Utilities Training for utility board members, in coordination with the Comptroller's Office, that is now required for all public utility boards.

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. The programs and projects 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 NEPA environmental reviews required by TVA 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 along 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 asked TVA to implement the NRCI project in February 2014. At 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 structural needs to Normandy Dam to meet safety requirements. Once TVA completes their investigations, the NRCI Project will be reviewed and discussed, and decisions will be made to achieve goals for both DRA and TVA in 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 to meet future growth and provide water supply insurance during an extended drought. In FY2015 the Maury County

Water Supply Team began development of a Strategic Implementation Plan to understand implementation timelines. In FY2016, the raw water intake siting study began and was completed in FY2017 with recommendations for the new intake site.

- **Water Management Program**
  New water demand projections by Maddaus Water Management were completed for the Duck River Basin in FY2017.

SUMMARY OF MAJOR ACTIVITES FOR FY2019

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, 2018.

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.

The Duck River Welcome Center: The Agency will continue its partnership with the state and participate in design and layout as needed.

Water Stewardship Program
The Agency will support the Duck River Watershed Education Committee with Duck River Education Day for 5th graders and in developing a Duck River Education Booklet that will be given to all 4th graders in the watershed every year. Upon request the Agency will conduct rain barrel workshops and other educational programs about water conservation and water-use efficiency programs. The Agency will sponsor utility board member training sessions in the spring and fall.

Regional Water Supply Program:

- **Regional Drought Management Plan (DMP)**
  The environmental reviews and data collection needed for the approval process will be conducted. Expected completion of the NEPA review is late 2019.
- **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 (NRCI)**
  The Normandy Reservoir Capacity Improvements project is on hold until TVA completes a series of studies on Normandy Dam for new safety requirements. The studies should be completed this fall. TVA plans to meet with DRA representatives in the fall of 2019 to review the results of the safety analysis and begin discussions on moving forward with the NRCI project.
- **Maury County Regional Water Supply Program**
  The Agency will continue to support the implementation needs of a new intake in Maury County as needed.

- **Water Management Program**
  A water use database will be updated that will be used for water demand projections and developing a water management program for the Duck River Region. This is an ongoing program with annual data collection. Demand projections are updated every 3 years unless there is a need for current projections.

The Duck River Agency is committed to providing sustainable long term water supply to meet all needs in the Duck River Region. Questions or comments about any of the Agency's programs can be directed to 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