Tennessee Duck River Development Agency

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FY2021 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, 2021 along with a summary of major activity accomplishments in FY2021 and summary for FY2022 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 FY2021

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:

Annual Programs

USGS Gauges: The United States Geological Survey operates seven stream gauges for the Agency in a joint funding agreement. The stream 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: Two cleanups on the Duck River occurred in 2021 that included one each in Bedford and Maury County. A little over a hundred volunteers collected more than 3 tons of litter from the Duck River.

Water Stewardship Program: The Water Stewardship Program includes public educational programs about water conservation, efficiency and protection. The Agency supports the Duck River Watershed Education Committee which conducts Duck River Education Day for 5th graders and distributing the "Discovering the Duck River" booklet to all 4th graders in the watershed.

New Agency Business Items

The Duck River Welcome Center: The Agency committed $350,000 for development and implementation for educational and interpretive components for the new Welcome Center at Henry Horton State Park (HHSP). This partnership with TDEC help secure $10 million state funding for upgrades and renovations at HHSP. In FY2021 the design for the Education Room was developed and education components installation is scheduled in early 2022.

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. The DMP protects water supply for all uses during an extended drought period. 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 changes the flow target for the Duck River from an instantaneous flow target to a weekly rolling average target. This change in TVA operating policy will prolong the time before the DMP is implemented. 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.
- **Water Management Program:** The Water Management Program (WMP) is a program to understand how we use our potable water and how we can become more water-use efficient. Water use data is collected from the water systems annually and is used to develop water-use trends, including water demands, which will indicate areas of improvements.

  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.
- **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. TVA responded that they feel the demands were not strong enough to start studies or engineering design for this project at this time. However, this project is still on the list of infrastructures to meet future water demands in the Duck River Basin.

- **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. In FY2020 Columbia Power & Water Systems (CPWS) initiated further studies for the location of a new intake and have selected a site. CPWS is currently conducting engineering design for the intake and transmission lines. Also, the ARAP permit has been submitted to TDEC for the intake.

SUMMARY OF MAJOR ACTIVITES FOR FY2022

Annual Programs

USGS Gauges: The Agency renewed its annual contract with USGS for the operation and maintenance of seven 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, Halls Mill.

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.

Water Stewardship Program: The Agency will support the Duck River Watershed Education Committee with Duck River Education Day for 5th graders and printing and distributing the "Discovering the Duck River" 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.

New Agency Business Items

The Duck River Welcome Center: The Agency will continue its partnership with the state and participate in design and layout as needed. The installation of the educational exhibits is expected to be completed in early 2022 and grand opening in the spring of 2022.

Water Systems Agreement: The Water Systems and Duck River Agency Agreement was initiated in 1971 and was for 50 years. The agreement is a financial agreement where the water systems contribute a nickel for every one thousand gallons of water sold into a trust fund. The Agency is currently working under a temporary 3-year agreement, that expires in June 2024, with the water systems until a long-term

agreement is reached. Options being evaluated include amending the Agency charter to give authority to collect a fee for water withdrawn, a 40-year agreement similar to the original agreement, or possible other options. In the current agreement the Agency is paid 70% of the previous year contribution that is used for administrative expenses and the remaining contributions support regional programs and projects.

Regional Water Supply Program

- **Regional Drought Management Plan (DMP):** The environmental reviews, data collection and modeling needed for the approval process will be conducted. Expected completion of the NEPA review is late 2022.
- **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.
- **Water Management Program (WMP):** 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.
  The Agency will sponsor utility board member training sessions in the late summer and fall.
- **Normandy Reservoir Capacity Improvements (NRCI):** The Normandy Reservoir Capacity Improvements project will continue to be discussed with TVA.
- **Maury County Regional Water Supply Program (New Intake):** The Agency will continue to support the implementation needs of a new intake in Maury County as needed. It is expected CPWS will request funding support from DRA for the new downstream intake.

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 Jamey Owen, Director of Finance, jamey@duckriveragency.org or office (931)684-7820.

Respectively,

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