Tennessee Duck River Development Agency

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FY2023 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, 2023, along with a summary of major activity accomplishments in FY2023 and summary for FY2024 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 FY2023

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: Three cleanups on the Duck River occurred in 2023 that included one each in Coffee, Bedford, and Maury County. Close to two hundred volunteers collected more than 5 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, distributing the "Discovering the Duck River" booklet to all 4th graders in the watershed, and this year we added distribution of the "Duck River Water Cycle" bookmarker to all 3rd graders.

Annual Duck River Symposium: This was the first year to hold the Annual Duck River Symposium. This event is an opportunity for water resource managers to meet and share their work and collaborate with other state and federal agencies and NGO's. Attendance for the first symposium was close to 90 participants.

New Agency Business Items

DRA Statute amendments: The Duck River Agency and the water systems that withdraw water from the Duck River have had an agreement for 50-years that was initiated in 1971. The agreement is a financial agreement where the water systems contribute a nickel for one thousand gallons of water sold into a trust fund. The Agency is currently working under a temporary 3-year agreement with the water systems until a long-term agreement is reached. The 3-year agreement will expire in June 2024. Options being evaluated include amending the Agency statute to give authority to collect a fee for treated water withdrawn from the Duck River, a 40-year agreement like the original agreement, or possible other options. In FY2023 the Agency and water systems decided to go the legislative direction and amend the Agency statute that will require a membership fee based on treated water withdrawn from the Duck River. The new legislation amending the DRA statute was ready and filed for the 2023 General Assembly (HB0375 SB1397) but had to be rolled to 2024 because of opposition from TN Association of Utility Districts (TAUD) and TN Chamber of Commerce. During the 2023 summer study session several meetings were held to address concerns from the opposition and concerns were worked out with agreement from everyone to move forward.

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 (TDEC), and Tennessee Valley Authority (TVA). In 2017 a meeting with the regulatory agencies was held to develop a scope of work for the DMP to begin the NEPA environmental reviews required by TVA. Completion of the National Environmental Policy Act (NEPA) review

was close to being finished but TVA paused the review because of uncertainty that Normandy Reservoir capacity was not adequate to meet future water demands with the proposed DMP.

- **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 NEPA review was separated from the DMP review, and the environmental assessment is undergoing a rewrite and edit reviews by TVA staff. Completion date for the NEPA review is late summer 2024.
- **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 water supply infrastructure projects to meet future water demands in the Duck River Basin.
- **New Downstream Intake for Columbia Power and Water Systems:** 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. The Aquatic Resource Alterations Permit (ARAP) for the new intake will be submitted to the state this year. CPWS has requested $10 million from the DRA trust to support the new intake project. An agreement was signed by DRA with a majority approval from the water systems boards to disburse funds from the Water Supply Project Trust.

SUMMARY OF MAJOR ACTIVITES FOR FY2024

Annual Programs

USGS Gauges: The Agency renewed its annual contract with USGS for the operation and maintenance of four continuous gauging stations across the Duck River Basin located at Highway 50 Bridge, Milltown and Sowell Mill Pike Bridge, Halls Mill. The gauges that were discontinued in FY2023 are Craig Bridge, Rock Creek, Fountain Creek.

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. All the 3rd graders in the Duck River Basin will receive the "Duck River Water Cycle" bookmarkers. Upon request the Agency will conduct educational programs about water conservation and water-use efficiency programs.

Duck River Annual Symposium: The Annual Duck River Symposium will be held on the first Wednesday of December.

New Agency Business Items

DRA Statute Amendments: The legislation that was introduced in the 2023 General Assembly will be amended addressing concerns from those opposing the bill (HB0375, SB1397). The amended bill will be filed for the 2024 General Assembly to begin the legislative process that will make the amendments to the DRA statute TN law. Major revisions to the DRA statute are following:

- Secures DRA's ability to protect the Duck River by requiring a membership fee from water utilities with a TN Aquatic Resource Alterations Permit (ARAP) from Department of Environment and Conservation (TDEC) based on the amount of treated water delivered to the water system.
- Adds a board seat for each water system.
- Codifies the Duck River Agency Technical Advisory Committee (DRATAC) that previously was created only by DRA board resolution.

Regional Water Supply Program

- **Regional Drought Management Plan (DMP):** The DMP environmental reviews continue to be on pause until a modified DMP is agreed upon.

- **Optimizing Normandy Reservoir Releases (ONRR):** The ONRR NEPA reviews will continue with completion expected late summer of 2024.
- **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.
- **New Downstream Intake for Columbia Power and Water Systems:** The Agency will continue to support the implementation needs of a new downstream intake in Maury County for a regional water supply project. CPWS is currently awaiting approval from the state for a water intake and withdrawal permit.

The Duck River Agency is committed to protecting the Duck River and 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 (931)703-7820.

Respectively,

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