

RESOLUTION 23-09

A RESOLUTION TO APPROVE SUPPORT FOR DRA CPWS FUNDING AGREEMENT FOR \$10 MILLION PARTIAL FUNDING REQUEST OF DRA FUNDS

WHEREAS, the City of Spring is a member of the Tennessee Duck River Development Agency (the “Agency”), which currently holds approximately \$13.1 Million in its Water Supply Project Trust (the “Trust”) under agreement dated April 26, 2018, between the Agency and First Farmers & Merchants Bank, Trustee; and

WHEREAS, under the terms of the Trust agreement, the Trust funds are to be used for “new or improved regional water supply infrastructure projects in the Duck River basin;” ;and

WHEREAS, the Agency’s 2012 Regional Water Supply Plan (“Water Supply Plan”) specifically calls for an additional Duck River water supply intake that would not rely on Normandy Reservoir discharges and that would meet growth demands in Maury County and water demands during an extended period of drought; and

WHEREAS, Columbia Power and Water Systems (“CPWS”) has a development plan that includes constructing a new downstream water intake that will meet the requirements of this aspect of the Regional Water Supply Plan; and

WHEREAS, CPWS is in the process of securing funding for its development plan from numerous sources and has requested that the Agency contribute \$10 Million from the Trust in stages as the project progresses, with a promise to repay if the project is not completed by December 31, 2033; and

WHEREAS, disbursements from the Trust require approval by a simple majority of the governing bodies of the participating water systems; and

WHEREAS, the Board of Mayor and Alderman of the City of Spring Hill, TN has determined that financial support by the Agency of the CPWS project is in the best interests of all the Agency’s member water systems and of the region’s water management needs;

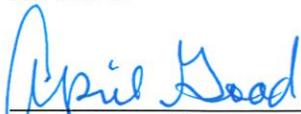
NOW, THEREFORE, BE IT RESOLVED, that the City of Spring Hill Board of Mayor and Aldermen approves the Agency’s funding from the Trust of \$10 Million to CPWS in furtherance of the intake project, under the following terms and conditions:

1. \$3 Million to be disbursed upon final approval by the relevant Boards of Directors to assist in finalizing engineering and permitting;
2. \$1 Million upon land acquisition of the downstream intake site;
3. \$6 Million upon permitting of the downstream intake and letting of the contracts to construct both the downstream intake and the transmission line;
4. If the project is not completed on or before December 31, 2033, CPWS will repay all sums received from the Trust for the project.

Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee, on the 3rd day of January, 2023.


Jim Hagaman, Mayor

ATTEST:


April Goad, City Recorder

LEGAL FORM APPROVED:


Patrick Carter, City Attorney

Talking Points

Partial Funding for New Regional Downstream Intake in Maury County

Background

In 2011, the Duck River Agency completed the “Duck River Comprehensive Regional Water Supply Plan” (RWSP). The following recommended alternatives, 3 nonstructural and 2 structural, were developed to meet water supply needs for 50-years with a 100-year vision.

Programs/Projects	Purpose
Regional Drought Management Plan	Manage reservoir water for all uses during extended drought period
Optimizing Normandy Reservoir Releases	Provides efficient use of reservoir water
Water Management Program	A program identifying how we use water and recommending how we can be more resourceful and efficient
New Downstream Intake Near Williamsport/Natchez Trace	Additional water supply to meet growth demands in Maury County and during an extended drought period remove dependence from Normandy Reservoir
Normandy Reservoir Capacity Improvements Project	Additional water insurance for all uses during extended drought periods

At the completion of the RWSP, it was recognized that either of the structural recommendations (i.e., New Downstream Intake or Normandy Reservoir Capacity Improvements) would satisfy the needs assessment statement defined in 2011. The plan of action was to move both projects forward concurrently understanding that one of the projects would meet the water supply needs of the region. In 2014 TVA identified that an examination of precipitation estimates was being conducted in the watershed for Normandy Reservoir and the results may require a change in the inflow design flood for Normandy Dam. In addition, TVA identified that evaluations were being conducted at all of its dams to determine where structural modifications may be required. Consequently, TVA proposed waiting until the studies were completed before pursuing any option that would result in a structural modification of Normandy Dam.

Based on TVA’s proposal to postpone pursuit of Normandy Dam until the TVA’s studies were completed and the region’s need to continue work on viable alternatives from the RWSP, DRA and DRATAC made the decision to move forward with preliminary studies for the new downstream intake. From 2014 to 2017, the following three reports/studies were completed by DRA: 1) Maury County Regional Water Supply Feasibility Study; 2) Maury County Regional Water Supply Strategic Plan; and 3) Maury County Regional Water Supply Intake and Pumping Station Siting Study. At the completion of these studies, Columbia Power and Water Systems (CPWS)

took on responsibilities for engineering, purchasing land and easements and financial strategies to include the new downstream intake as part of a larger overall upgrade to the CPWS water system that supported a CPWS and Maury County regional long-term water supply program.

Why the New Downstream Intake is a Regional Project

The current CPWS water supply intake is located upstream of the USGS Stream Gage at the Old Columbia City Dam. A flow-by stream condition at the gage, that the Tennessee Department of Environment and Conservation (TDEC) monitors for environmental needs downstream, is set at 100 cfs. The CPWS withdrawal permit has a special condition that CPWS will have to reduce or cease withdrawals in order to maintain river flows above the minimum of 100 cfs at the gage.

Water supply demands in the Duck River Watershed are projected to double by 2060. Hydrologic models show that with increased demands and drought conditions experienced in 2007/08, there could be over 100 days in 2060 that additional water would be required to meet CPWS water supply needs.

The new downstream intake for CPWS would not have the stringent 100 cfs flow-by constraint as a special condition on their withdrawal limits. In addition, there are several larger tributaries and two municipal wastewater dischargers that provide more streamflow to the Duck River at the new intake site, approximately Duck River Mile 100. By removing CPWS's reliance on the Duck River at Columbia to meet the regional needs under the 100 cfs flow constraint, regional drought resilience is improved in the watershed by allowing continued operation to water customers in Maury County during extreme drought conditions. This regional component addresses the potential deficit in Maury County and southern Williamson County with a local, highly reliable water supply and eliminates their sole reliance on Normandy Reservoir.

CPWS and DRA Agreement Terms

The downstream intake is a cornerstone project of the RWSP. CPWS plan is to construct up to a 32 mgd intake that would potentially be used to satisfy CPWS's entire need if the river flows drop below 100 cfs at the USGS Columbia Gage during an extended drought under future conditions.

CPWS is asking for \$10 million for partial funding to support the new downstream intake. The funds will come from the DRA Water Supply Project Trust which at this time has a balance of roughly \$13 million.

CPWS Obligations:

- 1) CPWS agrees to provide routine project documentation through progress reports, relevant planning, and technical information.
- 2) CPWS must complete the project within ten years of agreement execution date, or it will be required to repay the sums of monies received from DRA
- 3) CPWS agrees to work with DRA on timing of fund disbursements based upon current trust investment schedules

- 4) CPWS agrees to continue to be a sponsor and financially support DRA operations, projects and programs by long-term contracts or amending the DRA statute authorizing DRA to collect a fee on water withdrawn from the Duck River.

DRA Obligations:

- 1) Three Million Dollars (\$3,000,000) to be disbursed upon final approval by a majority of the governing Boards of the water systems who are members of DRA, to assist CPWS in finalizing engineering and permitting for the new downstream intake and transmission lines;
- 2) One Million Dollars (\$1,000,000) upon land acquisition of the downstream intake site;
- 3) Six Million Dollars (\$6,000,000) upon permitting of the downstream intake and execution of the contracts to construct both the downstream intake and the transmission line.

**AGREEMENT FOR PARTIAL FUNDING OF A DOWNSTREAM INTAKE
BY AND BETWEEN THE TENNESSEE DUCK RIVER DEVELOPMENT AGENCY
AND THE COLUMBIA POWER & WATER SYSTEMS**

This Agreement is made and entered into this November 16, 2022, by and between the Columbia Power & Water Systems operated by the Board of Public Utilities of the City of Columbia, hereinafter referred to as "CPWS," and the Tennessee Duck River Development Agency, established by the General Assembly of the State of Tennessee, hereinafter referred to as "DRA."

WHEREAS, the population growth in Columbia, Maury County and Spring Hill, is projected to result in increasing water demands above the current supply capacity of the CPWS intake and water treatment plant, and CPWS will therefore construct a new water treatment plant and seek a new Duck River intake on the western edge of Maury County to meet the long-term water supply needs of the County; and

WHEREAS, in 2011 DRA completed its Duck River Comprehensive Regional Water Supply Plan (the "Plan"), which was an assessment through the year 2060 of the need for water supply from the Normandy Reservoir and the Duck River, including a projection of water demands for domestic, commercial, and industrial purposes in the region; and

WHEREAS, one of the Plan's Recommended Cornerstone Alternatives for meeting water supply needs was the construction of a downstream intake near Williamsport, Tennessee; and

WHEREAS, DRA maintains its Water Supply Project Trust (the "Trust") under agreement dated April 26, 2018, between DRA and First Farmers & Merchants Bank, Trustee; and

WHEREAS, the Trust's funds are to be used for "new or improved water supply infrastructure projects in the Duck River basin," with any project using funds from the Trust requiring approval by a simple majority of the governing boards of the water systems who are members of DRA; and

WHEREAS, CPWS is in the process of securing funding for the Project from numerous sources and has requested that DRA contribute Ten Million Dollars (\$10,000,000) from the Trust in stages as the Project progresses, with a promise to repay DRA if the project is not completed within 10 years of the date of execution of this agreement

WHEREAS, the Board of Directors for DRA has found that the Project meets the expectations of the Plan and has agreed to fund the Project in the requested amount as set forth in this Agreement;

NOW, THEREFORE, IT IS AGREED between the parties as follows:

1. CPWS obligations:

- A. CPWS will take action as may be necessary to construct a down-river intake at the Western edge of Maury County, Tennessee, in accordance with all applicable state and federal laws, rules, and regulations.
- B. CPWS will provide documentation on the Project to DRA as may be reasonably requested by DRA or as may be required by the Tennessee Comptroller's Office, the auditors for DRA, or the Trustee, to assist with monitoring the progress and completion of the payment obligations outlined below.
- C. CPWS agrees to share all relevant planning and technical information with DRA for its continued need to address the present and future water supply needs in the Duck River Basin.
- D. CPWS must complete the Project within 10 years of the date of execution of this agreement, or it will be required to repay the sums received under this Agreement to the Trust in accordance with the rules and regulation of the Tennessee Comptroller's Office.
- E. CPWS agrees to work with DRA on the timing of disbursements based upon current investments in the Trust.
- F. CPWS supports a long-term contractual partnership with DRA and its members and/or supports amending State legislation that would enable the DRA to collect certain fees to be agreed upon by its members, on the total treated water effluent from water treatment plants that withdraw water from the Duck River by each member (DRA fees). Any DRA fees would be used to fund DRA operations and regional water supply projects and programs benefiting its members.

2. DRA obligations:

- A. DRA agrees to provide funds to CPWS upon approval of a simple majority of the governing boards of the water systems who are members of DRA as follows:
 - a. Three Million Dollars (\$3,000,000) to be disbursed upon final approval by a majority of the governing boards of the water systems who are members of DRA, to assist CPWS in finalizing engineering and permitting for the new downstream intake and transmission lines;
 - b. One Million Dollars (\$1,000,000) upon land acquisition of the downstream intake site;
 - c. Six Million Dollars (\$6,000,000) upon permitting of the downstream intake and execution of the contracts to construct both the downstream intake and the transmission line.

3. Dispute Resolution.

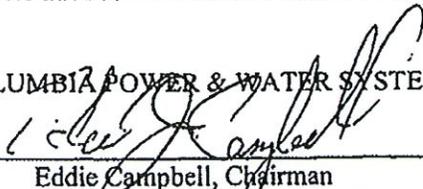
A. If DRA and CPWS are unable to agree on any issue or any other question arising under this Agreement, it is agreed that prior to either party instituting suit against the other party, both parties shall seek a binding arbitration of such disputed issues or questions which shall be referred to a determination of three arbitrators: one appointed by CPWS, a second appointed by DRA, and the third chosen by the two arbitrators so chosen. Only parties qualified as

5. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

6. Headings and References. The headings in this Agreement are for convenience of reference only and shall not define or limit the provisions thereof. All references in this Agreement to particular Articles or Sections are references to Articles or Sections of this Agreement, unless otherwise indicated.

IN WITNESS WHEREOF, the parties hereto have subscribed their names on the date and year above written.

COLUMBIA POWER & WATER SYSTEMS

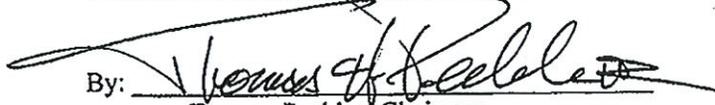
By: 

Eddie Campbell, Chairman
Board of Public Utilities of Columbia

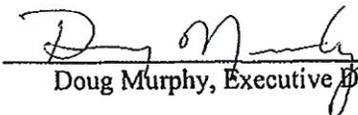
By: 

Scott Dahlstrom, President/CEO
Columbia Power & Water Systems

TENNESSEE DUCK RIVER AGENCY

By: 

Tommy Peebles, Chairman

By: 

Doug Murphy, Executive Director