



1610 Moorland Road • Madison, WI 53713-3398 • P: (608) 222-1201 • F: (608) 222-2703

September 30, 2019

Yahara WINS Member:

The Executive Committee is pleased to present the DRAFT 2020 Operating Budget for Yahara WINS. As we enter another full year of full implementation we are optimistic that the efforts being made by WINS and its partners are creating a long lasting and effective change in reducing phosphorous loading and its effects in the Yahara Watershed.

The 2020 draft budget represents our best understanding of the revenue and expenses anticipated for the upcoming calendar year. As always, the Executive Committee will continue to evaluate revenue and spending throughout the year and will provide updates and requests to the group as things progress.

We believe that the draft budget strongly shows our commitment to phosphorus reduction in the watershed by dedicating a large majority of funding directly to phosphorous reduction practices and implementation, while keeping operating expenses low.

In accordance with our organizing structure, this budget will be discussed in a public forum at the October 15, 2019 Yahara WINS meeting beginning at 1:30 PM at the Madison Metropolitan Sewerage District Maintenance Facility Training Center. We encourage all members to have their designated representative at this meeting so we can have quorum for voting on the budget.

Please direct any questions you may have to Martye Griffin and he will distribute to the Executive Committee. On behalf of all of the Executive Committee members, we thank you for your dedication and commitment to this important project and we look forward to what 2020 brings.

Thank you and have a great day.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey S. Rau".

Jeffrey S. Rau, P.E.  
Executive Committee Treasurer  
Yahara WINS



## Proposed Yahara WINS 2020 Budget for Presentation to the Yahara WINS Group

### Background

The Yahara WINS Executive Committee is tasked with preparing a detailed annual budget for 2020 and presenting it to the Yahara WINS Group no later than September 30<sup>th</sup> for review and comment. The proposed 2020 annual budget and the accompanying budget narrative are presented in the following pages.

Per the Intergovernmental Agreement, the annual budget shall be approved no later than October 31<sup>st</sup> by a majority of the Member Representatives present at the meeting in which action on the annual budget is taken. The budget approval meeting for the 2020 annual budget is currently scheduled for October 15, 2019.

### Budget Executive Summary

The 2020 draft budget represents our best understanding of the revenue and expenses anticipated for the upcoming calendar year. As always, the Executive Committee will continue to evaluate revenue and spending throughout the year and will provide updates and requests to the group as things progress.

We believe that the draft budget strongly shows our commitment to phosphorus reduction in the watershed by dedicating a large majority of funding directly to phosphorous reduction practices and implementation, while keeping operating expenses low.

## 2020 Draft Proposed Budget

Unencumbered carryover from 2019	\$0.00
Revenue	
IGA participants	\$1,426,035
Income from grants, other MOUs, etc.	\$0
MGE Foundation	\$5,000
Savings account interest	<u>\$4,000</u>
Total Revenue plus unencumbered carryover	\$1,435,035
Expenditures	
<u>Phosphorus reduction</u>	
Dane County phosphorus reduction services agreement	\$540,000
Columbia County phosphorus reduction services agreement	\$20,000
Rock County phosphorus reduction services agreement	\$95,000
Yahara Pride Farms phosphorus services agreement	\$150,000
General P reduction practice funding	\$50,000
Phosphorus reduction grant program - Innovative	<u>\$50,000</u>
Subtotal	\$905,000
<u>Water Quality Monitoring or modeling</u>	
Water quality monitoring analytical services (MMSD)	\$55,000
USGS joint funding agreement	\$75,000
Rock River Coalition water quality monitoring	\$29,000
USGS Gauging Station	\$20,000
SWAT model update	<u>\$80,000</u>
Subtotal	\$259,000
<u>Supporting Services</u>	
WINS staffing	\$60,000
Financial audit	\$9,000
Communications	\$5,000
Miscellaneous	\$5,000
Legal services agreement	<u>\$4,000</u>
Subtotal	\$83,000
Transfer of funds to designated operating reserve	\$188,000
Total Expenditures	\$1,435,000
Revenue minus expenditures (potential unencumbered carryover)	\$35

## Budget Narrative for the 2020 Draft Proposed Yahara WINS Budget

### A. Unencumbered Carryover from 2019

2019 anticipated expenses (including encumbered expenses to be paid out in 2019) appear to be at or more than anticipated, resulting in no anticipated unencumbered carryover to 2020.

### B. Revenue

Sources of revenue include:

- Charges to IGA members (including those having Memoranda of Understanding)
- Income from grants, other MOUs, agreements, etc.
- MG&E Foundation contribution
- Interest income

It should be noted that minor error was reported to the executive committee in the Yahara WINS approved 2019 budget in December 2018 after the IGA approval of the 2019 budget in October 2018. The error related to the revenue anticipated in 2019 from the IGA participants. The approved 2019 budget revenue from IGA participants was miscalculated resulting in an overestimation of the IGA projected revenue by around \$6,300, decreasing the revenue anticipated from IGA participants from \$1,433,900 to \$1,427,600 with rounding. Using the revised 2019 IGA revenue numbers, Charges to IGA members in 2020 are projected to be \$1565 less than the amount charged in 2019. Charges to IGA members were \$1,427,600 in 2019 and anticipated charges in 2020 will be \$1,426,035

One MS4 (Village of DeForest) submitted updated stormwater modeling information in 2018 resulting in their allocated costs being reduced. Per the IGA, Village of Deforest is receiving credit for overpayments made in 2017 over a 4 year term that started in 2018 and goes through 2021.

One MS4 (City of Stoughton) submitted updated stormwater modeling information in 2018, resulting in their allocated costs being reduced. Per the IGA, City of Stoughton is receiving credit for overpayments made in 2017 and 2018 over a four year term starting in 2019 and going through 2022.

One MS4 (City of Middleton) submitted updated storm water modeling information in 2018 and leaf collection modeling information 2019 resulting in their allocated costs being reduced. Per the IGA, City of Middleton is receiving credit for overpayments made in 2017 and 2018 over a 4 year term that started in 2018 and goes through 2021.

Partially offsetting these decreases in IGA revenue is the revenue generated through additional interest income.

There is no anticipated revenue in 2020 derived from grants, other MOUs (i.e. MOUs with non-IGA members) and other sources. It should be noted that in in the 2018 and 2019 budget years there was revenue derived from MOUs entered into between Clean Lakes Alliance and Yahara WINS for a phosphorous reduction practices in the upper part of the Yahara River watershed. Clean Lakes Alliance will not be providing revenue to Yahara WINS for the 2020 budget year, however they remain committed to supporting WINS and the efforts to reduce phosphorous loading in the watershed.

The level of funding for the MG&E Foundation remains unchanged. If grants or MOUs are received during 2020 and the revenue generated in this category is greater than anticipated, this could allow for increased funding for phosphorus reduction efforts.

With potential staffing hours proposed for WINS in 2020, we hope leverage some of this staff time to engage other funding entities to consider partnering with Yahara WINS both financially and through joint projects in the future.

The combined revenue from all of the above sources is \$1,435,035. This is \$46,565 less than revenue anticipated in 2019. With \$0 of unencumbered carryover (see section A above) the total amount of operating funds available in 2020 is \$1,435,035.

## C. Expenditures

- Dane County Phosphorus Reduction Service Agreement

The Yahara WINS service agreement with Dane County Service Agreement calls for a base payment of \$300,000 for staff, and a graduated “pay for performance” payment based on Dane County’s performance relative to established phosphorus reduction goals. The maximum possible payment for the pay for performance component is \$240,000. Based on performance reported by Dane County for the last year on record (2018), Dane County will receive the maximum pay for performance amount of \$240,000 for reductions achieved in 2018. It is also anticipated that Dane County will receive the maximum possible pay for performance payment for work conducted in 2019. The 2020 budget reflects \$540,000 expenditure associated with the Dane County Service Agreement.

- Columbia County Service Agreement

Yahara WINS executed a service agreement with Columbia County in February, 2018, which called for Yahara WINS to provide \$50,000 in funding for 2018 and \$55,000 in funding for 2019. The \$55,000 in 2019 funding for the service agreement comes from an agreement between Yahara WINS and Clean Lakes Alliance that agreed to carry over money provided to Yahara WINS as part of a 2018 MOU to be used in 2019. The Columbia county service agreement ends in March 2020. In the event that expenditures occur in 2020 and the Clean Lakes Alliance funding is not able to be carried over a second time, the 2020 budget reflects \$20,000 expenditure associated with the Columbia County Service Agreement to cover potential project expenditures in the first part of 2020.

- Rock County Service Agreement

Yahara WINS executed a three year service agreement with Rock County in April, 2017. As Rock County was very successful in finding willing land owners to work with, two contract amendments, one in June of 2017 and one in June 2018 resulted in Yahara WINS making a total of \$590,000 available in funding available to Rock County from 2017-2020. The service agreement calls for Rock County to provide Yahara WINS a list of projects anticipated to be completed for the upcoming year to assist Yahara WINS with budget decisions related to the amount of funding provided for the year. Rock County has provided Yahara WINS with anticipated ‘shovel ready’ projects for 2020 that will achieve phosphorus reductions to those stream reaches in the lower part of the watershed. The 2020 budget reflects the remaining balance of the 3 year service agreement of \$95,000.

- Yahara Pride Farms Phosphorus Reduction Agreement

Yahara WINS has a long and successful history of working collaboratively with Yahara Pride Farms, providing financial support that allows Yahara Pride Farms to implement phosphorus reduction cost share programs, test innovative practices, and develop/implement a farmer led certification program. The 2019 Yahara WINS budget included \$150,000 in funding to support these efforts. The 2020 budget reflects \$150,000 expenditure to Yahara Pride Farms.

- General Phosphorus Reduction Practice Funding and Supporting Evaluations.

This expense category is intended to provide a flexible source of funds that are available to take advantage of opportunities for phosphorus reduction that are not specifically known at the time the budget is developed but may arise throughout the course of the year. No funds were allocated for this expense category in the 2019 budget. It was decided that this expense category will be reinstated for 2020 given the potential for more defined projects to emerge. The 2020 budget reflects an allocation for general phosphorus reduction practice funding of \$50,000.

- Phosphorus Reduction Grant Program

Yahara WINS has traditionally administered a phosphorus grant program in which entities can submit funding proposals for innovative or conventional phosphorus reduction practices. In 2019 the focus of the grant program was narrowed to place an emphasis on innovative phosphorus reduction practices vs. conventional practices. This focus on the grant program funding innovative practices will continue in 2020. The 2020 budget reflects \$50,000 expenditure to support the decision to focus on providing funding for the innovative grant program. This is \$26,000 more than what was budgeted for the grant program in 2019. The grant program caps individual awards at \$10,000. In 2019 we saw only limited applications for the grant program as the allocation amount for the grant increased competition for limited funding and discouraged applicants. The hope is that by increasing the grant allotment, Yahara WINS will see more grant applications in 2020.

- USGS Joint Funding Agreement

In 2017, a five-year Joint Funding Agreement (JFA) was executed with USGS. This agreement provides for continued operation and sampling at the four USGS gaging stations installed in the Dorn Creek/Six Mill Creek watershed as part of the adaptive management pilot project, plus sampling at two other locations (Spring Harbor and Fulton) that provide important information for the Yahara WINS effort. The total annual cost for the JFA is \$100,000, with USGS contributing \$25,000 and WINS providing the remaining \$75,000. The 2020 budget reflects \$75,000 expenditure associated with the USGS Joint Funding Agreement.

- Rock River Coalition Volunteer Citizen Monitoring

The monitoring done by USGS has been coupled by monitoring conducted throughout the Yahara Watershed by citizen volunteer monitors coordinated and administered by the Rock River Coalition (RRC). Monitoring at these sites began in 2013 as part of the pilot project and has been expanded as part of the full scale project. Funds provided to the RRC support equipment purchase, training, planning and other related administrative services. Yahara WINS anticipates a continued monitoring role for the RRC and the citizen volunteer monitoring program in 2020. In 2019, Yahara WINS budgeted \$25,000 to support the RRC monitoring program. The 2020 budget reflects \$29,000 expenditure associated with the anticipated 2020 contract with the RRC. This reflects an increase of \$4,000 from the 2019 budget to replace aging equipment. (Note-the final amount included in the 2020 budget may be adjusted

depending on the outcome of the 2019 contract request amount from RRC and executive committee approval).

- MMSD Laboratory Analytical Services

Water quality monitoring is a critical part of the adaptive management project. Samples are collected by USGS and the RRC citizen volunteer monitoring program. All samples are analyzed by the Madison Metropolitan Sewerage District (MMSD) laboratory, with MMSD being reimbursed for laboratory analytical services. Although it is impossible to accurately predict sample loads and associated costs for 2020, the projected amount spent for laboratory services in 2019 is expected to come in at or near budget. The 2020 budget reflects a \$55,000 expenditure to support MMSD contract laboratory services keeping the capacity built in the 2019 budget.

- Yahara WINS Staffing

To assist the Yahara WINS president and executive committee with administrative tasks as well as technical support, Yahara WINS executive committee is proposed to hire one staff member in 2020. This staff person will have the ability to support Yahara WINS administratively as well as be available to Yahara WINS partners as needed on technical assistance and helping with getting projects implemented on the ground. As a result this item will see an increase in expenditures for 2020. The 2020 budget reflects \$60,000 expenditure for staff to provide administrative support and technical support to Yahara WINS partners. This is a \$55,000 increase over the 2019 budgeted amount.

- Legal Services Agreement

In 2018 Yahara WINS extended the 2016 legal services agreement with the law firm of Stafford Rosenbaum LLP for two years. The current agreement now will end in 2020. The agreement contains an annual cap of \$20,000, which cannot be exceeded without the express authorization of the Yahara WINS Executive Committee. Actual expenses to date for legal services are much lower and that trend is expected to continue in 2020. The 2020 budget reflects a \$4000 expenditure to support the legal services agreement.

- Annual Financial Audit

Section 10a of the IGA requires that an audit of the Yahara WINS financial records be conducted on an annual basis by an independent accounting firm using generally accepted accounting principles. The 2020 budget reflects \$9,000 expenditure to support a financial audit in 2020. This is an increase of \$1,500 from the 2019 budget. It should be noted that this increase in expenditures is anticipated to account for contracts that are expanding as well as the number, type and variety of financial agreements Yahara WINS is pursuing as the group continues to grow and expand its impact. This expanded operations results in additional audit work related to test the contracts and agreements.

- Communications

The Adaptive Management Plan has a communications component that includes outreach to a number of different stakeholder groups. A variety of communication tools and approaches are



being used to accomplish this including the development of an annual report. The 2020 budget reflects a \$5000 expenditure for communications support in 2020.

- **Miscellaneous**

We have historically included some level of funds for miscellaneous expenditures and/or contingency purposes. Although miscellaneous expenses to date have been relatively low and we expect this trend to continue, it seems prudent to include a limited amount of funding for the miscellaneous category in the 2020 budget. As it relates to contingency, it is worth noting that the ultimate contingency fund is the WINS designated operating reserve fund. The total amount allocated for the miscellaneous category in 2020 is \$5,000, an increase of \$2,700 from 2019.

- **Designated Operating Reserves**

The Yahara WINS Designated Operating Fund Reserves Policy was developed to ensure that Yahara WINS has adequate working capital to meet expenditures throughout the 20 year anticipated life of the Adaptive Management Project for the Yahara Watershed. The policy calls for a \$188,000 allocation in 2020. Per the policy, the total amount allocated for the designated operating reserve fund in the 2020 budget is \$188,000. The Executive Committee believes it is important to make every effort to adhere to the schedule identified in the policy early in the 20 year WINS effort.

### D. Expenditures Summarized By Category

The chart below summarizes proposed expenditures by category. Sixty-three percent of the 2020 expenditures will be used to directly support phosphorus reduction activities. This percentage would be significantly higher if one considers that the majority of funds temporarily placed in the designated operating reserve fund will ultimately be used to support future phosphorus reduction activities. Eighteen percent of the expenditures will support water quality monitoring and related activities, while six percent will support administrative and related services. These percentages show the extent that Yahara WINS is taking to allocate as much of the funds available to projects that reduce phosphorous in the Yahara Watershed. This has always been and will continue to be the primary focus of our efforts. It is through the collective efforts of our members and partners that we will continue to succeed with this important task. We look forward to 2020 and another successful year for Yahara WINS.

Yahara WINS 2020 Expenses by Category

