



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

September 30<sup>th</sup>, 2020

Yahara WINS Member:

The Executive Committee is pleased to present the DRAFT 2021 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 2021 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 continuing to keep 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 20<sup>th</sup>, 2020 Yahara WINS meeting beginning at 1:30 PM. 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 2021 brings.

Thank you and have a great day.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey S. Rau". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

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



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## **Proposed Yahara WINS 2021 Budget Modifications for Presentation to the Yahara WINS Group**

### **Background**

The Yahara WINS Executive Committee is tasked with preparing a detailed annual budget for 2021 and presenting it to the Yahara WINS Group no later than September 30<sup>th</sup> for review and comment. The proposed 2021 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 2021 annual budget is currently scheduled for October 20<sup>th</sup>, 2020.

## 2021 Draft Proposed Budget (Rounded to the nearest \$100)

<b>Unencumbered carryover from 2020</b>	<b>\$110,700</b>
<b>Revenue</b>	
IGA participants	\$1,411,200
Income from grants, MOUs, etc.	\$0
MGE Foundation	\$5,000
Savings account interest	\$4,000
<b>Total Revenue</b>	<b>\$1,420,200</b>
<b>Total Revenue plus unencumbered carryover</b>	<b>\$1,530,900</b>

### **Expenditures**

#### **Phosphorus reduction**

Yahara Clean 3.0 - Clean Lakes Alliance Compact	\$2,000
Dane County phosphorus reduction services agreement	\$540,000
Columbia County phosphorus reduction services agreement	\$40,000
Rock County phosphorus reduction services agreement	\$150,000
Yahara Pride Farms phosphorus services agreement	\$170,000
General P reduction practice funding	\$100,000
Phosphorus reduction grant program - Innovative	\$50,000
<b>Subtotal</b>	<b>\$1,052,000</b>

#### **Water Quality Monitoring or modeling**

Water quality monitoring analytical services (MMSD)	\$55,000
USGS joint funding agreement	\$75,000
Rock River Coalition water quality monitoring	\$30,000
USGS Gauging Station	\$20,000
<b>Subtotal</b>	<b>\$180,000</b>

#### **Supporting Services**

MMSD service agreement	\$60,000
Financial audit	\$9,000
Communications	\$5,000
Miscellaneous	\$5,000
Legal services agreement	\$4,000
<b>Subtotal</b>	<b>\$83,000</b>

<b>Transfer of funds to designated operating reserve</b>	<b>\$197,000</b>
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<b>Total Expenditures</b>	<b>\$1,512,000</b>
<b>Revenue minus expenditures (potential unencumbered carryover)</b>	<b>\$19,000</b>

## Budget Narrative for the 2021 Draft Proposed Yahara WINS Budget

### A. Unencumbered Carryover from 2020

The 2020 approved budget showed an unencumbered carryover from 2019 of approximately \$35. Actual 2020 expenses (including encumbered expenses to be paid out in 2021) were less than anticipated in several budget categories (e.g. phosphorus reductions, water quality monitoring, and supporting services) resulting in an anticipated unencumbered carryover to 2021. Most notable in these categories making up most of the underspending is the deferment of additional watershed modeling. **Therefore, unencumbered carryover to 2021 is estimated at approximately \$110,000.**

### 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

Charges to IGA members in 2021 are projected to be approximately \$14,800 less than the amount received in 2020. Charges to IGA members were \$1,426,035 in 2020 and anticipated charges in 2021 will be \$1,411,233

Three MS4 submitted updated stormwater modeling information in 2020 resulting in their allocated costs being reduced in 2021.

One MS4 (Village of Maple Bluff) submitted leaf collection modeling information resulting in their allocated costs being reduced. Per the IGA, Village of Maple Bluff will receive credit for overpayments made in 2017-2020 over a 4-year term starting in 2021 and going through 2024.

One MS4 (Town of Cottage Grove) submitted updated stormwater modeling information due to annexations resulting in their allocated costs being reduced. Per the IGA, Town of Cottage Grove will receive credit for overpayments made in 2017-2020 over a 4-year term starting in 2021 and going through 2024.

One MS4 (City of Monona) submitted leaf collection modeling information resulting in their allocated costs being reduced. Per the IGA, City of Monona will receive credit for overpayments made in 2017-2020 over a 4-year term starting in 2021 and going through 2024.

Past Adjustments in charges to IGA members that will impact 2021 revenue:

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.

The level of funding for the MG&E Foundation remains unchanged. If grants or MOUs are received during 2021 and the revenue generated in this category is greater than anticipated, this could allow for increased funding for phosphorus reduction efforts.

**The combined revenue from all the above sources projected for 2021 is \$1,420,233. This is \$14,800 less than revenue anticipated in 2020. With \$110,000 of unencumbered carryover (see section A above) the total amount of operating funds available in 2021 is \$1,531,017, an increase of \$95,982 from 2020.**

## C. Expenditures

### Yahara Clean 3.0

Yahara WINS executive committee signed a letter of intent to support the Clean Lakes Alliance led Yahara Clean 3.0 effort at the collaborator level in 2019. In 2020 support at the collaborator level requires a monetary contribution to help support the planning efforts. **The 2021 budget reflects the \$2000 expenditure associated with the Yahara Clean 3.0 effort.**

### Dane County Phosphorus Reduction Service Agreement

The Yahara WINS five-year service agreement (2017-2021) with Dane County 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, it is anticipated that Dane County will receive the maximum possible pay for performance payment for work conducted in 2020. **The 2021 budget reflects \$540,000 expenditure associated with the Dane County Service Agreement.**

### Columbia County Service Agreement

The Yahara WINS service agreement with Columbia County ended in March 2020 and is currently being re-negotiated. **The 2021 budget reflects \$40,000 expenditure associated with phosphorus reduction projects in Columbia County to cover potential project expenditures in anticipation of a completed agreement.**

### Rock County Service Agreement

Yahara WINS executive committee approved a new five-year service agreement with Rock County in September 2020. As Rock County was very successful in finding willing land owners to work with, Yahara WINS is providing up to a total of \$150,000 annually in funding to Rock County from 2021-2025. 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 anticipated for the year. **The 2021 budget reflects the annual maximum available under the service agreement of \$150,000.**

### Yahara Pride Farms Phosphorus Reduction Agreement

Yahara WINS has a long history of working collaboratively with Yahara Pride Farms, providing annual financial support that allows Pride to implement phosphorus reduction cost share programs, test innovative practices, and develop/implement a farmer led certification program. Yahara Pride Farms success has resulted in more farmers interested in participating in cost-share programs than funding available resulting in additional funding requests by Yahara Pride Farms in 2019 and 2020. The 2020 Yahara WINS budget included \$150,000 in funding to support these efforts. **The 2021 budget reflects \$170,000 expenditure to Yahara Pride Farms. This is an increase of \$20,000 from the 2020 budget.**

) **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. \$50,000 was allocated for this expense category in the 2020 budget which helped offset additional funding requests approved by the executive committee throughout the year. It was decided that this expense category will be increased for 2021 given the potential for more defined projects to emerge as a result of additional support for putting projects on the ground approved by executive committee through service agreement with Madison Metropolitan Sewerage District. **The 2021 budget reflects an allocation for general phosphorus reduction practice funding of \$100,000. This is an increase of \$50,000 from the 2020 budget.**

) **Phosphorus Reduction Innovation 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 2021. **The 2021 budget reflects \$50,000 expenditure to support the decision to focus on providing funding for the innovative grant program...**

) **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 2021 budget reflects \$75,000 expenditure associated with the USGS Joint Funding Agreement.**

) **USGS stream monitoring station**

The monitoring done by USGS currently occurs via four gauging stations. There is consideration to add an additional station in the Badfish creek watershed to better monitor instream water quality. **The 2021 budget reflects a \$20,000 placeholder to create budget capacity for the installation of a new gauging station if a suitable site is agreed upon.**

) **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 2021. In 2020, Yahara WINS budgeted \$29,000 to support the RRC monitoring program. **The 2021 budget reflects \$30,000 expenditure associated with the anticipated 2021 contract with the RRC.**

) **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 2021, the projected amount spent for laboratory services in 2020 is expected to come in at or near budget. **The 2021 budget reflects a \$55,000 expenditure to support MMSD contract laboratory services keeping the capacity built in the 2020 budget.**

) **Madison Metropolitan Sewerage District (MMSD) Service Agreement**

The Yahara WINS executive committee approved a five-year service agreement with the Madison Metropolitan Sewerage District in March 2020 to provide services supporting Yahara WINS administratively as well as supporting Yahara WINS partners as needed on technical assistance and helping with getting projects implemented on the ground. **The 2021 budget reflects \$60,000 expenditure for the service agreement.**

) **Legal Services Agreement**

The current legal services agreement with the law firm of Stafford Rosenbaum LLP will end in 2020 and is anticipated to be renewed by the Yahara WINS Executive Committee. The agreement contains an annual cap of \$20,000, which cannot be exceeded without the express authorization of the Executive Committee. Actual expenses to date for legal services are much lower and that trend is expected to continue in 2021. **The 2021 budget reflects a \$4000 expenditure to support the anticipated 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 2021 budget reflects \$9,000 expenditure to support a financial audit in 2021.**

) **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 2021 budget reflects a \$5000 expenditure for communications support in 2021.**

) **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 Yahara WINS designated operating reserve fund. **The total amount allocated for the miscellaneous category in 2021 is \$5,000.**

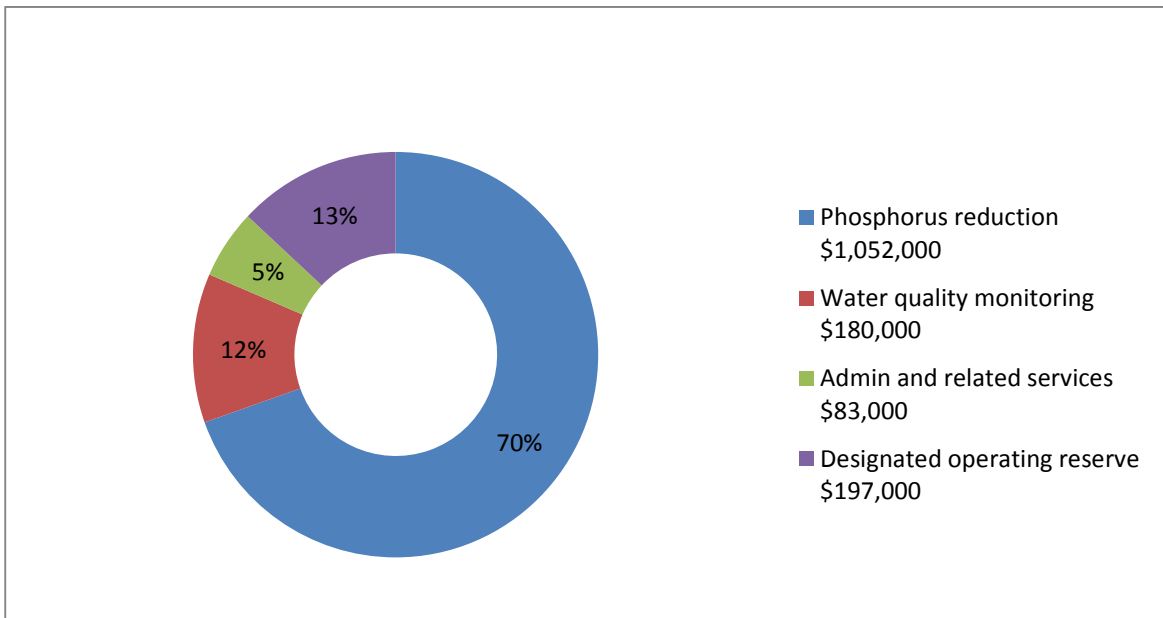
) **Designated Operating Reserves**

The Yahara WINS Designated Operating Fund Reserves Policy was developed by the Executive Committee through resolution in 2016 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 \$197,000 contribution in 2021. **Per the policy, the total amount allocated for the designated operating reserve fund in the 2021 budget is \$197,000. 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. Seventy percent of the 2021 expenditures will be used to directly support phosphorus reduction activities. This percentage would be significantly higher if one considers that most funds temporarily placed in the designated operating reserve fund will ultimately be used to support future phosphorus reduction activities. Twelve percent of the expenditures will support water quality monitoring and related activities, while five percent will support administrative and related services.

### Yahara WINS 2021 Expenses by Category



## **E. Five Year Budget**

The Yahara WINS Executive Committee is also tasked with preparing a five-year budget for approval by the Member Representatives. The initial five-year budget was approved at the October 10, 2016 Yahara WINS Group meeting. A revised five-year budget was approved at the Yahara WINS Group meeting on October 11, 2018. The Intergovernmental Agreement states that the five-year budget shall be updated no less frequently than once every five years. As the initial five-year budget and revision goes through 2021, the five-year budget has been reviewed as a part of this year's annual budget cycle resulting in a new five-year budget projection from 2021-2025.

The revised five-year budget is shown below. Key highlights include:

### **) IGA participant revenue**

The five-year budget has been revised to reflect the updated revenue projections from IGA participants based on updated payment calculations. It should be noted that there may be some MS4's who may submit updated modeling information in the future which could impact future revenue amounts.

### **) Rock County Phosphorus Service Agreement Expenditure**

The five-year budget has been revised to reflect the updated amount Yahara WINS has committed to Rock County as part of the new service agreement through 2025.

### **) General P Reduction Funding Expenditure**

The five-year budget has been revised to show a consistent expenditure related to the ability to fund additional projects or unanticipated projects. With additional support for Yahara WINS through the service agreement with MMSD it is anticipated that demand will increase for this expenditure.

### **) Phosphorus Reduction Innovation Grant Program**

The phosphorous grant program has been adjusted to consider only Innovative Phosphorus Grant Initiatives. This emphasis focuses on new and creative ideas for future phosphorus reduction practices. This expenditure is anticipated to increase as there has been high interest in this grant program in the past and the \$10,000 cap on project awards allows Yahara WINS to fund more innovative projects.

### **) Analytical Services Expenditure**

The five-year budget has been revised to reflect increasing analytical costs and increased sampling effort.

) **Rock River Coalition Expenditure**

The five-year budget has been revised to more accurately reflect monitoring costs and expected increases necessary in the future to maintain equipment, train additional volunteers due to volunteer turnover and increase reporting requirements.

) **Monitoring**

The five-year budget included funds in 2019 to support installation of another USGS gaging station that was a placeholder in terms of year and amount and was intended to make sure that adequate funds were set aside to support any additional monitoring that may be needed. We have shifted support for the placement of another USGS gaging station to 2021.

) **General**

The five-year budget now includes funds to reflect the new service agreement between MMSD and Yahara WINS. All legal and administrative items like communications, etc. have been modified to reflect a more accurate cost of these items based on analysis of past expenditures over the past 4 years.

**2021 – 2025 new five-year budget (Rounded to nearest \$100)**

	2021	2022	2023	2024	2025
<b>Unencumbered carryover</b>	<b>\$111,000</b>	<b>\$19,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue</b>					
IGA participants	\$1,411,000	\$1,411,000	\$1,411,000	\$1,411,000	\$1,411,000
Contributions from non-IGA participants	\$5,000				
Savings account interest	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<b>Total Revenue</b>	<b>\$1,531,000</b>	<b>\$1,434,000</b>	<b>\$1,415,000</b>	<b>\$1,415,000</b>	<b>\$1,415,000</b>
<b>Expenditures</b>					
<b><u>Phosphorus reduction</u></b>					
Yahara Clean 3.0	\$2,000				
Dane County Service Agreement	\$540,000	\$540,000	\$540,000	\$540,000	\$540,000
Columbia County Service Agreement	\$40,000	\$50,000	\$55,000	\$60,000	\$65,000
Rock County Service Agreement	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Yahara Pride Farms Service Agreement	\$170,000	\$170,000	\$170,000	\$190,000	\$190,000
General P reduction practice funding	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Phosphorus reduction Innovation grant program	\$50,000	\$50,000	\$50,000	\$70,000	\$70,000
<b>Subtotal</b>	<b>\$1,052,000</b>	<b>\$1,060,000</b>	<b>\$1,065,000</b>	<b>\$1,110,000</b>	<b>\$1,115,000</b>
<b><u>Water Quality Monitoring or modeling</u></b>					
Water quality monitoring analytical services (MMSD)	\$55,000	\$55,000	\$65,000	\$65,000	\$65,000
USGS joint funding agreement (JFA)	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
USGS JFA for an additional gaging station	\$20,000	\$0	\$0	\$0	\$0
Rock River Coalition water quality monitoring	\$30,000	\$35,000	\$40,000	\$40,000	\$40,000

SWAT modeling update	\$0	\$80,000	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$180,000</b>	<b>\$245,000</b>	<b>\$180,000</b>	<b>\$180,000</b>	<b>\$180,000</b>
<b><u>Supporting Services</u></b>					
MMSD Service Agreement	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Financial audit	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Communications	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Miscellaneous	\$5,000	\$5,000	\$6,000	\$7,000	\$8,000
Legal services agreement	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<b>Subtotal</b>	<b>\$83,000</b>	<b>\$83,000</b>	<b>\$84,000</b>	<b>\$85,000</b>	<b>\$86,000</b>
<b>Total Expenditures</b>	<b>\$1,315,000</b>	<b>\$1,388,000</b>	<b>\$1,329,000</b>	<b>\$1,375,000</b>	<b>\$1,381,000</b>
<b>Contribution to designated operating reserve fund</b>	<b>\$197,000</b>	<b>\$177,000</b>	<b>\$147,000</b>	<b>\$100,000</b>	<b>\$50,000</b>
<b>Total Expenditure incl. operating reserve</b>	<b>\$1,512,000</b>	<b>\$1,565,000</b>	<b>\$1,476,000</b>	<b>\$1,475,000</b>	<b>\$1,431,000</b>