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Yahara WINS 2022 Budget as Approved by the Yahara WINS Group

Background

The Yahara WINS Executive Committee is tasked with preparing a detailed annual budget for 2022 and presenting it to the Yahara WINS Group no later than September 30th for review and comment.

Per the Intergovernmental Agreement, the annual budget shall be approved no later than October 31st 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 2022 annual budget was held on October 19th, 2021.

The 2022 budget was amended at the budget approval meeting to include revenue from grants that were not realized when the draft budget was put together and sent to the Member Representatives.

The 2022 annual budget as amended passed unanimously and the accompanying budget and budget narrative reflect the 2022 approved annual budget by the Yahara WINS IGA Member Representatives.

2022 Approved Budget (Rounded to the nearest \$100)

Anticipated unencumbered carryover from 2021 **\$19,000**

Revenue

IGA participants **\$1,514,209**

Income from grants, MOUs, etc. **\$0**

MGE Foundation **\$5,000**

Savings account interest **\$4,000**

Total Revenue **\$1,523,209**

Total Revenue plus unencumbered carryover **\$1,542,209**

Expenditures

Phosphorus reduction

Dane County phosphorus reduction services agreement **\$540,000**

Columbia County phosphorus reduction services agreement **\$50,000**

Rock County phosphorus reduction services agreement **\$150,000**

Yahara Pride Farms phosphorus services agreement **\$170,000**

General Phosphorus reduction practice funding **\$150,000**

Phosphorus reduction innovation grant program **\$50,000**

Subtotal **\$1,110,000**

Water Quality Monitoring

Water quality monitoring analytical services (MMSD) **\$55,000**

USGS joint funding agreement **\$75,000**

Rock River Coalition water quality monitoring **\$36,000**

Subtotal **\$166,000**

Supporting Services

MMSD Service Agreement **\$60,000**

Financial audit **\$10,000**

Communications **\$5,000**

Miscellaneous **\$5,000**

Legal services agreement **\$4,000**

Subtotal **\$84,000**

Transfer of funds to designated operating reserve **\$177,000**

Total Expenditures **\$1,537,000**

Revenue minus expenditures

(potential unencumbered carryover) **\$5,209**

Budget Narrative for the 2022 Draft Proposed Yahara WINS Budget

A. Unencumbered Carryover from 2021

The 2021 approved budget showed an unencumbered carryover from 2020 of approximately 110,000. Actual 2021 expenses (including encumbered expenses to be paid out in 2022) were on track as anticipated in several budget categories (e.g., phosphorus reductions, water quality monitoring, and supporting services) resulting in small amount of anticipated unencumbered carryover to 2022. Most notable in these categories making up most of the underspending is the deferment of additional watershed modeling. **Therefore, unencumbered carryover to 2022 is estimated at approximately \$19,000.**

B. Revenue

Sources of revenue include:

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

Charges to IGA members in 2022 are projected to be approximately \$103,210 more than the amount received in 2021. Charges to IGA members were \$1,411,200 in 2021 and anticipated charges in 2022 will be \$1,514,210.

Adjustments in charges to IGA members in 2021 that will impact 2022 revenue:

One MS4 submitted a request in 2021 resulting in their allocated costs being increased in 2022.

- At the start of the adaptive management project the City of Madison decided to only purchase a portion of their TMDL requirement through Yahara WINS. The City of Madison has now decided to purchase their whole TMDL requirement through Yahara WINS. The City of Madison submitted a request in 2021 to increase the number of pounds they will buy-in to Yahara WINS. The City of Madison previously committed to Yahara WINS a buy-in amount of \$396,300 for approximately 8100 pounds. Starting in 2022 and for the remainder of the adaptive management project, the City of Madison has committed to Yahara WINS a buy-in amount of \$504,400 for approximately 10,250 pounds. An increase of 2150 pounds resulting in an increase in revenue of \$108,100.

One MS4 submitted updated stormwater modeling information in 2021 resulting in their allocated costs being reduced in 2022.

- City of Stoughton submitted updated stormwater modeling information due to leaf collection, enhanced street sweeping, and the installation of a wet stormwater pond resulting in their allocated costs being reduced. Per the IGA, the City of Stoughton is receiving credits for overpayments through 2025.

One MS4 submitted a formal withdrawal of monetary support.

- Due to budgetary constraints the Town of Dunn has withdrawn their monetary support of Yahara WINS. The Town of Dunn has met its required TMDL Phosphorus reduction and will no longer be contributing \$5,300/year per an MOU to support the adaptive management project¹

Past Adjustments in charges to IGA members that will impact 2022 revenue:

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. 2022 will result in no more credits for overpayments and an increase in Yahara WINS contribution.

City of Monona submitted leaf collection modeling information in 2020 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.

Town of Cottage Grove submitted updated stormwater modeling information in 2020 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.

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 going through 2021. 2022 will result in no more credits for overpayments and an increase in Yahara WINS contribution.

Village of Maple Bluff submitted leaf collection modeling information in 2020 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.

¹ Town of Dunn executed the IGA when Yahara WINS was officially formed. Updated stormwater modeling showed that the Town of Dunn had already met their required phosphorus reduction required under the TMDL and as a result the required Yahara WINS IGA contribution was determined to be zero dollars. Town of Dunn, to continue to support the Yahara WINS efforts, entered a MOU agreeing to make an annual financial contribution of \$5,300. The MOU allows the Town of Dunn to withdraw their support by providing 180 days written notice in advance.

There is no anticipated revenue in 2022 derived from grants, other MOUs (i.e., MOUs with non-IGA members) and other sources.

If grants or MOUs are received during 2022 and the revenue generated in this category is greater than anticipated, this could allow for increased funding for phosphorus reduction efforts in 2022.

The combined revenue from all the above sources projected for 2022 is \$1,518,209. This is \$103,210 more than revenue in 2021. With \$19,000 of unencumbered carryover (see section A above) the total amount of funds available in 2022 is \$1,542,209; an increase of \$13,309 that was available in 2021. Please note that the 2021 fiscal year budget was able to utilize a one-time carry over amount of \$110,700 because of decisions to not undertake previously planned projects in 2020 due to the pandemic.

C. Expenditures

- **Dane County Phosphorus Reduction Service Agreement**

Yahara WINS and Dane County are entering into a three-year service agreement starting in 2022 and going through 2024. This continues Dane County's support for Yahara WINS after a successful initial five-year service agreement (2017-2021). The new three-year agreement calls for Dane County to leverage Yahara WINS funding to identify locations where agricultural best management practices can be implemented to achieve phosphorus reductions in the Yahara Watershed, provide practice implementation assistance to landowners, and to calculate phosphorus reductions towards the phosphorus reduction goals. **The 2022 budget reflects \$540,000 expenditure associated with the Dane County Service Agreement.**

- **Columbia County Service Agreement**

Yahara WINS and Columbia County have entered into a two-year service agreement starting in 2021 and going through 2022. **The 2022 budget reflects \$50,000 expenditure associated with the Columbia County Service Agreement.**

- **Rock County Service Agreement**

Yahara WINS and Rock have entered into a five-year service agreement starting in 2021 and going through 2025. **The 2022 budget reflects the annual maximum available under the service agreement of \$150,000.**

- **Yahara Pride Farms Phosphorus Reduction Agreement**

Yahara WINS enters into annual service agreements with Yahara Pride Farms to provide financial support that allows the implementation of phosphorus reduction cost share programs. **The 2022 budget reflects the \$170,000 expenditure to Yahara Pride Farms under the service agreement.**

- **General Phosphorus Reduction Practice Funding**

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. \$100,000 was allocated for this expense category in the 2021 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 2022 given the potential for: more farmers interested in participating in the Yahara Pride cost-share programs than funding available under the service agreement, Biological Farming Friends, new farmer-led group in the southern part of the watershed, needing financial assistance, and other unanticipated additional funding requests. **The 2022 budget reflects an allocation for general phosphorus reduction practice funding of \$150,000. This is an increase of \$50,000 from the 2021 budget.**

- **Phosphorus Reduction Innovation Grant Program**

Yahara WINS administers a phosphorus grant program in which entities can submit funding proposals for innovative reduction practices. This focus on the grant program funding innovative practices will continue in 2022. **The 2022 budget reflects a \$50,000 expenditure to support the decision to focus on providing funding for the innovative grant program.**

- **USGS Joint Funding Agreement**

Yahara WINS and USGS are entering into a five-year Joint Funding Agreement (JFA) starting in 2022 and going through 2026. This continues USGS support for Yahara WINS after a successful initial five-year JFA (2017-2021). The new five-year agreement calls for continued operation and sampling at the 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 2022 budget reflects the \$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). Funds provided to the RRC support equipment purchase, training, planning, and other related administrative services. In 2021, Yahara WINS budgeted \$34,000 to support the RRC monitoring program. **The 2022 budget reflects a \$36,000 expenditure associated with the 2022 contract with the RRC, an increase of \$2,000 from 2021.**

- **MMSD Laboratory Analytical Services**

Water quality monitoring 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 2022, the projected amount spent for laboratory services in 2021 is expected to come in at or near budget. **The 2022 budget reflects the \$55,000 expenditure to support MMSD contract laboratory services.**

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

Yahara WINS and MMSD have entered into a five-year service agreement starting in 2020 and going through 2024 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 2022 budget reflects the \$60,000 expenditure for the service agreement.**

- **Legal Services Agreement**

Yahara WINS and Stafford Rosenbaum LLP entered into a three-year legal service agreement starting in 2020 and going through 2023. This continues Stafford Rosenbaum's support for

Yahara WINS after previously successful legal services agreements (2016-2020). The agreement contains an annual cap of \$20,000, which cannot be exceeded without the express authorization of the Executive Committee. **The 2021 budget reflects a \$4,000 expenditure for 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 2022 budget reflects \$10,000 expenditure to support a financial audit in 2022, an increase of \$1,000 from 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 2022 budget reflects a \$5,000 expenditure for communications support in 2022.**

- **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 2022 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 2022 is \$5,000.**

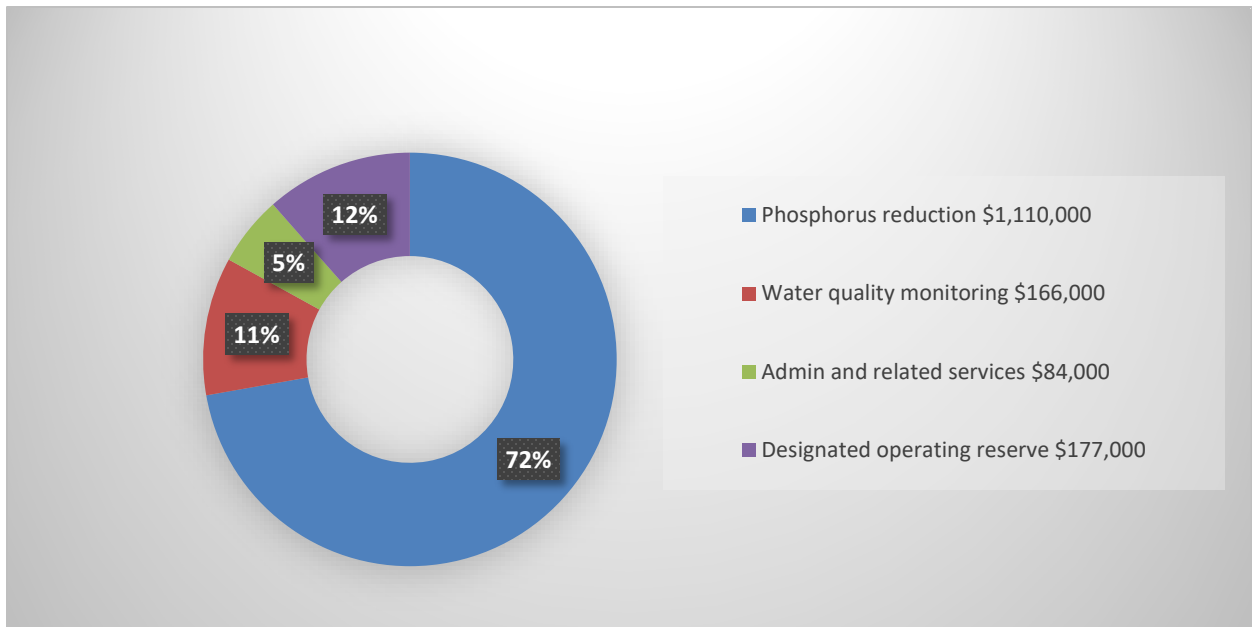
- **Designated Operating Reserves**

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 \$177,000 contribution in 2022. **Per the policy, the total amount allocated for the designated operating reserve fund in the 2022 budget is \$177,000. 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. Over seventy percent of the 2022 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. Eleven percent of the expenditures will support water quality monitoring and related activities, while five percent will support administrative and related services.

Yahara WINS 2022 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 Intergovernmental Agreement states that the five-year budget shall be updated no less frequently than once every five years, the five-year budget was reviewed as a part of the 2021 annual budget cycle (completed in 2020) resulting in a new five-year budget projection from 2021-2025. Details of the five-year budget can be seen in the [2021 adopted budget report](#)