



Yahara WINS 2023 Budget as Approved by the Yahara WINS Group

Background

The Yahara WINS Executive Committee is tasked with preparing a detailed annual budget for 2023 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 2023 annual budget was held on October 18th, 2022.

The 2023 annual budget as presented passed unanimously and the accompanying budget and budget narrative reflect the 2023 approved annual budget by the Yahara WINS IGA Member Representatives.

2023 Approved Budget (Rounded to the nearest \$100)

Unencumbered carryover from 2022 \$0

Revenue

IGA participants	\$1,514,470
Income from grants, MOUs, etc.	\$0
MGE Foundation	\$5,000
Savings account interest	\$4,000
Total Revenue	\$1,523,470
Total Revenue plus unencumbered carryover	\$1,523,470

Expenditures

Phosphorus reduction

Dane County phosphorus reduction services agreement	\$540,000
Rock County phosphorus reduction services agreement	\$150,000
Yahara Pride Farms phosphorus reduction services agreement	\$425,000
Phosphorus Reduction Subtotal	\$1,115,000

Water Quality Monitoring/Modeling

MMSD water quality analytical services	\$65,000
USGS water quality monitoring joint funding agreement	\$75,000
Rock River Coalition water quality monitoring agreement	\$40,000
Water Quality Monitoring/Modeling Subtotal	\$180,000

Supporting Services

MMSD Service Agreement	\$60,000
Financial audit	\$11,000
Communications	\$5,000
Legal services agreement	\$4,000
Supporting Services Subtotal	\$80,000

Transfer of funds to designated operating reserve \$147,000

Total Expenditures \$1,522,000

Revenue minus expenditures \$1,470
(potential unencumbered carryover)

Budget Narrative for the 2023 Draft Proposed Yahara WINS Budget

A. Carryover from 2022

Unencumbered carry over.

The 2022 approved budget showed an unencumbered carryover from 2021 of approximately \$19,000. Actual 2022 expenses (including encumbered expenses to be paid out in 2023) were on track as anticipated in several budget categories and increased in the phosphorus reduction category with additional funding requests approved by the executive committee in 2022 resulting in no anticipated unencumbered carryover to 2023. **Therefore, unencumbered carryover to 2023 is estimated at approximately \$0**

Encumbered carry over

The 2022 approved budget showed an agreement with Rock County for \$150,000. Actual 2022 expenses for Rock County were lower than anticipated due to delays in project implementation. Project implementation is on track for 2023 and expenses will be encumbered at that time. **Therefore, encumbered carry over as part of the Rock County Service agreement to 2023 is estimated at approximately \$122,000.**

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 2023 are projected to be approximately \$260 more than the amount received in 2022. Charges to IGA members were \$1,514,210 in 2022 and anticipated charges in 2023 will be \$1,514,470.

There is no anticipated revenue in 2023 derived from grants or other MOUs (i.e., MOUs with non-IGA members).

The level of funding received from the MG&E Foundation remains unchanged from 2022 to 2023 at \$5,000.

Interest income is anticipated to remain unchanged from 2022 to 2023 at \$4,000

If grants or MOUs are received during 2023 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 (including unencumbered carryover) projected for 2023 is \$1,523,470. This is approximately \$18,740 less than total revenue available in 2022 (\$1,542,209). Please note that the 2022 fiscal year budget was able to utilize unencumbered carry over from 2021 of \$19,000.

Adjustments in charges to IGA members in 2022 that will impact 2023 revenue:

One MS4 submitted updated stormwater modeling information in 2022 resulting in their allocated costs being reduced in 2023.

- City of Stoughton submitted updated stormwater modeling information because of updated data generated from the continued monitoring of stormwater ponds resulting in their allocated costs being reduced. Per the IGA, the City of Stoughton will receive credits for overpayments through 2025.

Past Adjustments in charges to IGA members that will impact 2023 revenue:

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 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.

City of Stoughton submitted updated stormwater modeling information in 2021 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.

C. Expenditures

Dane County Phosphorus Reduction Service Agreement

Yahara WINS and Dane County are in the middle of a three-year service agreement that started in 2022 and goes through 2024. This continues Dane County's support for Yahara WINS after a successful initial five-year service agreement (2017-2021). The 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 2023 budget reflects the \$540,000 expenditure associated with the Dane County Service Agreement.**

Rock County Service Agreement

Yahara WINS and Rock County have entered into a five-year service agreement starting in 2021 and going through 2025. **The 2023 budget reflects the annual maximum available under the service agreement of \$150,000.**

Note: Rock County will have an additional \$122,000 carried over into 2023 as encumbered carry over. These are dollars under the agreement that have been committed to projects in 2022, but due to implementation delays, completion and final payment date is now in 2023. The total commitment to Rock County in 2023 to is \$172,000 when including the already encumbered carryover from 2022.

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 2023 budget reflects the \$425,000 expenditure to Yahara Pride Farms for the annual service agreement, an increase of \$255,000 from what was budgeted in 2022**

Note: The Yahara WINS executive committee over the past few years have approved additional funding for the Yahara Pride Farms cost share programs above and beyond the base agreement funding. For example, in:

- FY2020 – the Executive Committee allocated \$37,000 additional funding to Yahara Pride Farms for a total of \$187,000
- FY2021 the Executive Committee allocated \$100,000 additional funding to Yahara Pride Farms for a total of \$250,000.
- FY2022 the Executive Committee allocated \$184,000 additional funding to Yahara Pride Farms for a total of \$354,000.

The proposed service agreement budget increase in 2023 better reflects the growth and increased membership in these cost-share programs that Yahara Pride Farms has been able to achieve over the past few years. Adjusting the budget to better supporting the cost increase observed in these programs the last three years allows for better fiscal management instead of finding budget capacity mid-year for additional funding requests.

USGS Joint Funding Agreement

Yahara WINS and USGS entered 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, 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 current JFA is \$100,000, with USGS contributing \$25,000 and WINS providing the remaining \$75,000. **The 2023 budget reflects the \$75,000 expenditure associated with the 2022-2026 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 2022, Yahara WINS budgeted \$36,000 to support the RRC monitoring program. **The 2023 budget reflects a \$40,000 expenditure associated with the 2023 contract with the RRC, an increase of \$4,000 from 2022.**

MMSD Laboratory Analytical Services

The water quality monitoring samples that are collected by USGS and the RRC citizen volunteer monitoring program are analyzed by the Madison Metropolitan Sewerage District (MMSD) laboratory, with MMSD being reimbursed for laboratory analytical services costs each quarter. Although it is impossible to accurately predict sample loads and associated costs for 2023, the projected amount spent for laboratory services in 2022 is expected to come near or over budget due to inflation experienced in 2022. **The 2023 budget reflects a \$65,000 expenditure to support MMSD contract laboratory services, an increase of \$10,000 from 2022. The increase is meant to provide budget capacity for anticipated continued inflation in 2023.**

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 the end of 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 2023 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 with an option to extend through 2025. 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 2023 budget reflects a \$4,000 expenditure for the legal services agreement.**

Annual Financial Audit

Section 10a of the Intergovernmental Agreement (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 2023 budget reflects \$11,000 expenditure to support a financial audit in 2023, an increase of \$1,000 from 2022. This increase will provide budget capacity for anticipated inflationary cost of services continuing to increase in 2023.**

Communications

The Adaptive Management Plan has a communications component that includes outreach to several different stakeholder groups. A variety of communication tools and approaches are being used to accomplish this including the development of an annual report. **The 2023 budget reflects a \$5,000 expenditure for communications support in 2023.**

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 \$147,000 contribution in 2023. **Per the policy, the total amount allocated for the designated operating reserve fund in the 2023 budget is \$147,000.**

D. Expenditures Additional Changes (2023 Budget Compared to 2022 Budget)

The following expenditure areas that were in the [2022 budget](#) have been eliminated from the proposed 2023 budget

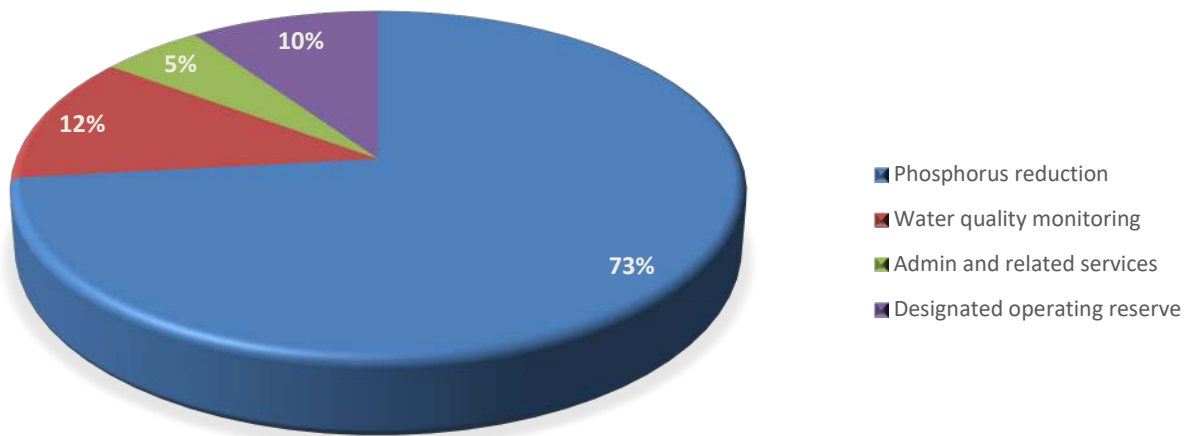
- **Columbia County Service Agreement** has expired and there is no new agreement in place for 2023.
- **General Phosphorus Reduction Practice Funding** has been removed. This expense category historically was intended to provide a flexible source of funds to support non-budgeted phosphorus reduction requests that may come in after the budget has been approved. Over the past few years there have been very few funding requests that have required the use of this expense category.
- **Phosphorus Reduction Innovation Grant Program funding** has been removed. Since 2019 this expense category focused on a grant program that placed an emphasis on innovative phosphorus reduction practices vs. conventional practices. This grant program has seen a limited number of applications the last few years despite the executive committee efforts to expand the program and isn't designed to necessarily result in projects that provide significant phosphorus reductions toward adaptive management goals.
- **Miscellaneous** funding has been removed. This expense category was historically included to fund miscellaneous expenditures for contingency purposes. Miscellaneous

expenses have been low over the last few years and we expect this trend to continue. As it relates to contingency, it is worth noting that the ultimate contingency fund is the Yahara WINS designated operating reserve fund.

E. Expenditures Summarized By Category

The chart below summarizes proposed expenditures by category. Over seventy percent of the 2023 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 2023 Expenses by Category



F. 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 last reviewed as a part of the 2021 annual budget cycle (completed in 2020) resulting in a new five-year budget projection from 2021-2025. 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 2023-2027.

It should be noted that revenue projections are based on payment calculations and there may be some MS4's who may submit updated modeling information in the future which could impact future revenue amounts.

It should also be noted that the following service agreements end during the current span of the five-year budget, so changes to future partner agreements could impact future expenditure amounts:

- Dane County Service Agreement - 2022-2024
- MMSD Supporting Services Agreement – 2020-2025
- Rock County Service Agreement - 2021-2025
- Rock River Coalition Agreement – Annual
- USGS Joint Funding Agreement – 2022-2026
- Yahara Pride Farms Service Agreement – Annual

2023 – 2027 proposed five-year budget (Rounded to nearest \$100)

	2023	2024	2025	2026	2027
Revenue					
IGA participants	\$1,514,270	\$1,514,270	\$1,514,270	\$1,514,270	\$1,514,270
Contributions from non-IGA participants	\$5,000	\$5,000	\$0	\$0	\$0
Savings account interest	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Total Revenue	\$1,523,270	\$1,523,270	\$1,518,270	\$1,518,270	\$1,518,270
Expenditures					
<u>Phosphorus reduction</u>					
Dane County Services Agreement	\$540,000	\$540,000	\$540,000	\$540,000	\$540,000
Columbia County Service Agreement	\$0	\$0	\$0	\$0	\$0
Rock County Service Agreement	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Yahara Pride Farms Services Agreement	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000
Subtotal	\$1,115,000	\$1,115,000	\$1,115,000	\$1,115,000	\$1,115,000
<u>Water Quality Monitoring or modeling</u>					
Water quality monitoring analytical services (MMSD)	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
USGS joint funding agreement (JFA)	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Rock River Coalition water quality monitoring	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Subtotal	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000
<u>General</u>					
MMSD Service Agreement	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Financial audit	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000
Communications	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Legal services agreement	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Subtotal	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Total Expenditures	\$1,375,000	\$1,375,000	\$1,375,000	\$1,375,000	\$1,375,000
Contribution to designated operating reserve fund	\$147,000	\$100,000	\$50,000	\$50,000	\$50,000
Total Expenditures (incl. operating reserve)	\$1,522,000	\$1,475,000	\$1,425,000	\$1,425,000	\$1,425,000