Annual Review of the Designated Operating Fund Reserve for the Yahara Watershed Improvement Network (Yahara WINS)

Background
On October 10, 2016, the Yahara WINS Executive Committee adopted a resolution that created a designated operating fund reserve for Yahara WINS, and established a process for determining how those funds could be used.

A copy of the adopted resolution is attached. The Executive Committee is required to review the resolution as part of the annual budgeting process to determine whether revisions are needed. Any revisions will require approval by a majority of the Executive Committee.

Discussion
The fund was created because the annual charge to participating members of the Intergovernmental Agreement for WINS will be relatively constant over the 20-year Adaptive Management project, while the annual project costs will generally escalate over the same period. This will result in funds being accumulated above annual budgeted expenses in early years of the project, with the accumulated funds being used to accomplish phosphorus reductions and meet other project expenses in future years when annual budgeted expenses are greater than the annual charge to members.

Changes to the designated operating fund reserve resolution do not appear prudent or necessary at this time. WINS will be entering into the second year of a 20-year effort. There is a need to strike a balance between funding projects early in the 20-year effort, and setting aside funds to address future needs. The proposed 2018 operating budget, which includes a contribution to the operating fund reserve consistent with the resolution, strikes this balance.

Recommendation
Make no changes to the designated operating fund reserve. It should be noted that the Executive Committee has the ability at any time to use funds from the operating fund reserve for longer term phosphorus reduction projects or other efforts that meet the long-term objectives of WINS.