



Message from the Chairperson

Jim Bartlett

The tone of last year's meeting was to improve the weed harvesting process and to move forward with the bog removal effort. I believe we made some progress in both of these areas.

One big change this year is that we contracted with JNT Marina (Jeff Widner) to provide and manage the weed harvest crew. Jeff had provided assistance to the district last fall and indicated to us his interest in improving the harvesting function. We requested bids this spring, and Jeff submitted the low bid for providing this service.

In addressing the weed cutting process, under the direction of Tammy Steinke, we focused on three areas:

1. Start early. The weeds were not killed over the winter, so we began the cutting process earlier than ever before. Jeff's crew began cutting in late April and had completed a cycle of both lakes by Memorial Day.
2. Increase cutting time. Jeff had the crew out on the lake early in the morning and staying the full 40 hours. Machine maintenance was switched to Saturday to avoid cutting into cutting time. The weed transport was used to allow the cutters to keep harvesting and the cutters were moored close to the work site to reduce time spent driving to the target area.
3. Friday cleanup. Cutting creates floaters. When possible, the crew used the 7-ft. cutter to pick up floaters along the shorelines where they had mowed.

We feel these efforts helped and that the lake quality improved this year over last year. If you agree, please tell Jeff and/or his crew that you appreciate their efforts.

Another major change this year was in chemical treatment. Under Gary Marvin's direction, our chemical contractor completed the spraying of the lake by the first week of June. In addition, Gary had them spray more of the shoreline and further out than in previous years. By all of the feedback, the results were very good. We plan on continuing with that approach next year.

Gordon Phillips has prepared a grant request for assistance in bog removal. Essentially, We have asked the state for a matching grant to assist us in covering the bog removal expenses. The hearing on our request is not until late August, but we are hopeful that the state will pay 50% of our bog removal costs.

During the annual meeting we are going to present proposals for three major expenditures. These expenditures would allow us to expand the level of service we provide,

but are not necessary to maintain the current level of service.

1. Convert the weed transport from a 90 HP outboard to a diesel engine and to modify the equipment to include stabilizer bars— estimated cost of \$21,000. We would only proceed with this project if we could obtain a 50% grant from the DNR.

Actual Cost to district $\$21,000 \times 50\% = \$10,500$, less $\$3,500$ estimated value of replaced outboard = $\$7,000$. Diesel should operate for 10 years, $\$700$ per year cost versus the estimated outboard cost of $\$1,600$ per year. In addition, gas savings of approximately $\$1,000$ per year.

2. Purchase an additional 12-ft. cutter for the district at a cost of $\$122,000$. Again, we would only proceed if we received a 50% grant from the DNR, leaving a district cost of $\$61,000$. Additional costs of $\$7,500$ for labor and $\$2-4,000$ operating costs.

With this equipment, we would increase our mowing capacity by 50%. This increase would allow us to better control the weeds in the core portions of the lake, e.g., the south bay and the shallower bays of both lakes. The additional equipment would also allow us to increase our bog removal efforts.

3. The level of weeds in the core of the south bay was very bad. Given the need to address the lake as a whole earlier in the year, the weed crew could not address this area until early July. When they did cut in this area, they created a proportionally higher level of floaters. These floaters showed up on shores throughout the lake.

If the weeds are as bad next year, and if the DNR would permit us to spray the core of the lake (approx. 35 acres), we could spray the lake early in the year at a cost of approximately $\$9,500$ to $\$12,500$. Eliminating the weeds would reduce the floaters throughout the lake and increase the usability of those bays. This program would not address any of the area south of the island in Whitewater Lake, only areas inside of the buoys.

Nominees for Board

Two positions on the District's board of directors will be open and need to be filled at our Annual Meeting on August 21st. The membership will decide which of the candidates will serve for the next three years. The candidates are:

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Message from the Chairperson, *Continued from page 1*

Brian Morris, wife Becky, have owned property on Whitewater Lake since 1995 and have been full time residents for the past two years. He is retired with 40 years experience in the transportation industry, managing stand-alone business units in marketing, sales and operations.

He would like to help the board create a consistent business plan for the harvesting of weeds, the prompt elimination of the floating masses and the maintenance of the existing equipment in a cost efficient manner. He is presently involved with the Lake Management Board in an appointed position – handling the fish stocking of our two lakes.

Mark Skidmore lives with his wife, Kate and three young children, 4, 2 and a newborn. He is a professor of economics at University of Wisconsin-Whitewater. Previous to

this, he taught as a professor of economics at Northern Illinois University for 6 years. They lived 5 years on State Park Rd. and have lived on Pine Knoll Dr. for a year. He is currently working on a project for Delavan Lake Improvement Assn. and in this project they're trying to assess the relationship between the quality of the lake water and economic activity. This includes property values, how often people come to visit the lake and how much money they're spending in the community while in the area. He has learned a lot more about the biology and science of the lake as they sort the economic effects. He is very interested in the Board activities.

James Felland, wife Laura, have lived on Whitewater Lake for ten years. He owns an automotive parts supply business in Janesville. He was

the last full time apprentice tool and die maker hired at Parker Pen in Janesville and the family also farms 300 acres. He also owns Inwave Internet and his firm set up the web page for the Greater Whitewater Lake Property Association.

(www.gwlpooa.org). He has experience with machinery and is interested in maintaining lake quality.

Richard Kelley, wife Mary Ellen, have lived part time for six summers on Whitewater Lake. They reside in Glendale Heights IL the rest of the year. They have five grown children and one grand child who enjoy the lake. Dick's sister lives next door on Chapel Drive so their homes are a great family gathering place. His son has been on the ski team for six years and they all love the lake and want to retain the beauty and quality of the lake. ♦

Bog Update

Last year we received authorization (contract) from the DNR to remove up to 19,000 cubic yards of bog material to create a boating channel along East Lake Shore Drive. The contract was issued as a “dredging” contract and thus qualifies for 50% State cost sharing grant, provided we do not proceed with the project prior to formal submission of the grant. *In hindsight it was therefore beneficial that we were unable to begin removal in the fall of 2003.*

The contact with the DNR extends for ten years through August 2013 and only **one (1)** grant application for this project can be submitted within a ten year period. The total cost for the project over ten years was budgeted not to exceed \$350,000 and thus the State sharing would approximate \$175,000. The budget includes an “in-kind” charge for the use of District equipment in this project and this “in-kind” charge will be credited to our 50% cost sharing. This would reduce the total cash cost to the District to approximately \$ 60,000 to \$70,000 over the budgeted project life of six years. These are reasonable expectations considering the variables involved.

The total project cost **could be less** through a combination of improved productivity, less subcontracting and reduction in need to remove 19,000 cubic yards. We would continue to monitor this project annually and submit an accounting of expenditures to the DNR.

A resolution was passed by the Board of Commissioners to submit the grant request to the Waterways Commission on Thursday, June 10, 2004 by a vote of 3 to 2. The application was submitted to the Waterways Commission on June 11th and will be formally presented to the next meeting of the Commission on August 25, 2004. We anticipate a response within ten business days or less based upon past experience and begin removal after Labor Day. ♦

**WHITEWATER/RICE LAKE MANAGEMENT DISTRICT
PROJECTED 2004 AND PROPOSED 2005 BUDGET**

	2004			OVER(UNDER) BUDGET PROJECTED	PROPOSED BUDGET 2005	INCREASE (DECREASE) 2004 BUDGET	%
	SIX MONTHS ACTUAL	FULL YEAR PROJECTED	BUDGET 2004				
OPERATING ACTIVITIES							
I Harvesting Operations							
Payroll/Contract Services	\$ 24,659	\$ 54,550	\$ 34,400				
Payroll Taxes	-	-	2,800				
Workmen's compensation	-	-	1,500				
Help wanted advertising	-	-	300				
sub-total	24,659	54,550	39,000	15,550	50,000	11,000	28%
Repairs & Maintenance	1,323	4,000	5,000	(1,000)	4,000	(1,000)	-20%
Fuel	1,532	6,331	3,000	3,331	6,000	3,000	100%
Insurance - other	(247)	6,600	4,500	2,100	7,000	2,500	56%
Equipment storage		4,200	3,600	600	4,200	600	17%
Supplies	749	1,500	2,000	(500)	2,000	-	0%
All other	333	1,495	1,000	495	1,500	500	50%
Total Harvesting Activities	\$ 28,349	\$ 78,676	\$ 58,100	20,576	\$ 74,700	16,600	29%
II Chemical Treatment & Other One-time Major Application	\$ 17,308	\$ 17,308	\$ 15,800	\$ 1,508	\$ 23,500	7,700	49%
					\$ 12,500	12,500	100%
III Bog Removal Project	-	\$ 15,000	\$ 15,000	\$ -	15,000	\$ -	0%
IV Administration	\$ 1,838	4,516	\$ 5,100	\$ (584)	\$ 7,000	\$ 1,900	27%
Total Operating Expenses	\$ 47,495	\$ 115,500	\$ 94,000	\$ 21,500	\$ 132,700	\$ 38,700	29%
Deficit Recovery				\$ (21,500)	\$ 21,500		
sub-total				\$ -	\$ 154,200		
CAPITAL ITEMS							
V Current year funding	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -	0
TOTAL TAX LEVY 2004 VS 2005			\$ 104,000		\$ 164,200	60,200	58%

(*) Includes \$34,000 of proposed one-time charges

Special Thanks

Special thanks to members Mark and Lynne Muschinski who operate Marlin Printing & Graphics. Mark and Lynne designed and printed the newsletter at no charge to the district. Please think of Marlin Printing if you need any printing or graphics work.

Thanks to member Brian Heller who just returned home from a 17 month tour in Iraq. Brian and wife Bonnie own Home Works Landscaping. *Welcome Home Brian and Thank You for Your Efforts!*

Last, but not least, thanks to board treasurer, Gordon Philip, for handling the district's accounting work. Gordon took over a job formerly handled by an accounting firm at significant cost saving to the District. ♦

COMPARATIVE BALANCE SHEET
Years Ended December 31, 2002 and 2003

	2002	2003
ASSETS		
Cash - checking accounts	\$ 19,308	\$ 32,750
Cash - reserves	36,723	36,966
Total cash balances	<u>56,031</u>	<u>69,716</u>
Grants Receivable - DNR	6,250	—
Fixed Assets - Cost	308,299	308,299
Accumulated Depreciation	<u>(123,389)</u>	<u>(150,581)</u>
Net Fixed Assets	<u>184,910</u>	<u>157,718</u>
Total Assets	\$ <u>247,191</u>	\$ <u>227,434</u>
LIABILITIES & EQUITY		
Current liabilities - accruals	\$ 3,409	\$ —
Equity:		
Balance January 1	253,238	243,782
DNR Grants	7,750	(6,250)
Interest Income—		
Equipment Fund	1,657	876
Equipment Fund provision	—	10,000
Depreciation provision	(34,862)	(27,192)
Gain (loss) on disposal of assets	31,000	(4,065)
Operating deficit	<u>(15,001)</u>	<u>10,283</u>
	<u>243,782</u>	<u>227,434</u>
Total Equity	\$ <u>247,191</u>	\$ <u>227,434</u>

STATEMENT OF CASH FLOW
Year Ended December 31, 2003

Beginning Cash Balance— January 1, 2003		\$ 56,031
Sources of Revenue		
Proceeds from Tax Assessments	\$ 101,500	
Proceeds from Sale of Equipment— net Weed Rake	9,500	
Interest income— Equipment fund	876	
Miscellaneous	<u>330</u>	
Total Sources of Revenue		112,206
Changes in Working Capital		
Decrease in Accrued Expenses	<u>(1,362)</u>	
Total Changes in Working Capital		(1,362)
Capital Purchases:		
Purchase of Weed Rake (see above)	<u>(13,565)</u>	
Total Capital Purchases		(13,565)
Operating expenses 2003		<u>(83,594)</u>
Ending cash balances— December 31, 2003		\$ <u>69,716</u>

**Comments: 2004 Projected Spending
and 2005 Proposed Budget**

Gordon Philip

Harvesting Activities

* In the 2004 budget we provided for **3,100 hours** of harvesting activity beginning on a limited basis on May 10th and continuing through August 28th. Combining gross wages, payroll taxes, workmen's compensation coverage and hiring costs, our average hourly rate would be **\$12.58**.

In the process of exploring harvesting alternatives, we solicited bids for outsourcing the harvesting and bog removal operation and entered into a contract with JNT Marina to provide and manage the labor under our direction at the all inclusive rate of \$12.50 per hour, approximately equaling our budgeted hourly rate.

However, we elected to get a head-start on the weeds and began operations in mid-April. Due to the heavy amount of weeds, particularly in the South Lobe, and increased number and volume of Saturday pick-ups, we are **forecasting** approximately **4,400 hours** this season. This is 42% in excess of **budgeted hours**.

This, together with higher fuel costs and consumption associated with higher hours are the principal contributors to the projected operating **deficit of \$21,500**. At the time of publication, we are exploring possibilities to minimize this deficit without impairing harvesting activities and secondly *if state statutes permit us to spend in excess of the approved budget*.

* The \$50,000 budget for 2005 is based upon **3,700 hours @ \$13.50 per hour**. This represents a 16% **reduction in hours from 2004** and an 8% **increase in hourly rate**.

* All other Harvesting expenses are unchanged from current 2004 spending levels.

Chemical Activities

* In 2004 we chemically treated 52 acres (45 Whitewater, 7 Rice Lake) at an average cost of \$305 per acre.

In 2005 we have identified specific areas and extend our coverage to a total of 70 acres, an increase in acreage of 35%. This would approximate less than 10% of the total of Whitewater and Rice Lake acreage.

* As a secondary consideration, depending upon DNR approval and lake conditions in the Spring, would be an aggressive application in the South Lobe of up to 41 additional acres at a cost of \$12,500. **This is viewed as a one-time event**.

Bog Removal Activities

* In 2004 we are projecting spending the budgeted provision of \$15,000 for the bog removal project. Should

we obtain the 50% financial assistance grant, this should be less in 2004.

We are leaving the budget provision of \$15,000 unchanged in the 2005 budget, which should we obtain the grant would likely result in a surplus in this activity in 2004 and 2005 or provide an opportunity to accelerate the removal process.

We're still in a learning mode and JNT will be training with Inland this Fall on operating procedures and more accurate projections can be made following the 2004 season.

Administrative

- Spending is projected to approximate \$4,500, \$600 less than the 2004 budget of \$5,100 with the reduction in the cost of the newsletters thanks to Mark and Lynne Muschinski.
- The 2005 budget is being increased to \$7,000, and increase of \$2,500 over current projected spending with a \$2,000 increase in legal fees to address District attachment and detachment issues.

Capital Budget

- An annual provision of \$10,000 for the Equipment Fund is included in the 2005 budget as it was in 2004. Should voters decide to proceed with the two proposed capital projects, we would have approximately \$18,000 remaining in the Equipment Fund at the December 31, 2005. ♦

SCHEDULE OF FUND BALANCES Year Ended December 31, 2003

	GENERAL FUND	CONTINGENCY FUND	EQUIPMENT FUND	TOTAL CASH
Balance January 1, 2003	\$ 3,409	\$ (9,861)	\$ 62,483	\$ 56,031
CASH RECEIPTS				
Tax revenue	91,500		10,000	101,500
Contributions	325			325
Miscellaneous	5			5
Interest Income			876	876
Proceeds from sale of Weed Rake			9,500	9,500
sub-total	<u>91,830</u>	<u>—</u>	<u>20,376</u>	<u>112,206</u>
CASH DISBURSEMENTS				
Payment of 12/31/02 accruals	(1,362)			(1,362)
2003 Operating expenses	(83,594)			(83,594)
Purchase of Weed Rake			(13,565)	(13,565)
sub-total	<u>(84,956)</u>	<u>—</u>	<u>(13,565)</u>	<u>(98,521)</u>
Balance December 31, 2003	10,283	(9,861)	69,294	69,716
Proposed transfer to Contingency Fund	(10,283)	10,283		
Fund Balances at December 31, 2003	<u>—</u>	<u>422</u>	<u>69,294</u>	<u>69,716</u>

COMPARATIVE STATEMENT OF INCOME & EXPENSE Years Ended December 31, 2002 and 2003

	2002	2003	Budget
INCOME			
Tax Assessments	\$ 80,000	\$ 101,500	\$ 101,500
Gain(loss) on disposal of assets	31,000	(4,065)	
DNR Grants for Equipment	7,750	(6,250)	
Interest income - Equipment Fund	1,657	876	2,500
Donations	300	325	
Miscellaneous	8	5	
Total Income	<u>\$ 120,715</u>	<u>\$ 92,391</u>	<u>\$ 104,000</u>
OPERATING EXPENSES			
Harvesting operations	59,287	57,823	58,100
Bog Removal operations	16,567	1,474	15,000
Weed Spraying & control	13,604	18,117	15,800
Administrative expenses	5,851	6,180	5,100
Total Operating Expenses	<u>95,309</u>	<u>83,594</u>	<u>94,000</u>
Net Income	25,406	8,797	10,000
TRANSFERS TO EQUIPMENT FUND			
Budgeted Equipment Fund provision		10,000	10,000
Gain (loss) on disposal of assets	31,000	(4,065)	
DNR Grants for Equipment	7,750	(6,250)	
Interest income - Equipment Fund	1,657	876	2,500
OPERATING SURPLUS (DEFICIT)	<u>(15,001)</u>	<u>8,236</u>	<u>(2,500)</u>

