

## **BUDGET MESSAGE**

NEOEDD's budget for 2023-2024 is based on historic costs with adjustments for known and potential changes in expected revenues and expenses.

The total fund balance for the District was budgeted to increase about \$285,750 from June 2022 to June 2023. We're now expecting to see an increase of about \$60,000. The proposed budget projects an increase of about \$429,500 in total fund balances from June 2023 to June 2024. This projected fund balance increase reflects an increase of \$600,000 in a new loan loss reserve provided by the state of Oregon (which may still happen in the current fiscal year) and decreases in operating fund balances as we utilize funds received previously in excess of expenses.

### **Revenues**

We have identified specific funding sources for the revenue streams identified in the proposed budget. The sources are identified below.

In the NOBD fund, we are under contract with Northeast Oregon Business Development to reimburse us for our costs of delivering services associated with the Intermediary Relending Program

In the remaining Revolving Loan Funds, we hope to collect on current loans and make new loans to increase the amount of interest received on loans. We may also change banks as we are seeing increased bank fees for our loan accounts.

The City of La Grande has contracted with NEOEDD to provide loan review and collection/servicing assistance. The funds that we collect and then expend repaying the loans to the city are reflected in this year's budget.

In the Contract Services fund, we are currently under contract with Maxville Heritage Interpretive Center to provide a variety of services. We are also under contract with the City of Richland to perform grant administration and certified payroll services for a water system improvement project. We are also performing CDBG-related work for the City of Halfway on a fire station construction project. Both of these construction projects are expected to be completed in 2023.

We have some retained funds in the MMT Equity fund which we will continue to expend to advance diversity, equity and inclusion. Our activities will be based on demand from nonprofit organizations in the region. This may include nonprofit roundtables where we bring in trainers or trainings that staff delivers.

The Entrepreneurial Development fund includes previously earned revenue to support entrepreneur training, networking and ecosystem building services. We budgeted for

some new funding to support ongoing activities in this area, but we have not yet identified the specific grant source.

In 2023, NEOEDD officially sponsored a Regional Main Street program for Wallowa County. The work was supported through a Business Oregon Rural Opportunities Initiative grant and we were able to engage a RARE participant to spearhead the effort. For the 2023-2024 budget, we are hoping to attract additional grant resources to support the effort and contract with the City of Wallowa to complete a Main Street revitalization strategy. This fund includes the cost of hiring a part-time person to focus on regional Main Street efforts. The budget also includes pass-through grants for Main Street projects in Wallowa County.

We were awarded a three-year Planning Grant from the Economic Development Administration and will receive \$75,000 of that \$225,000 award during the fiscal year. A portion of the funds will be used to pay for consulting services to help with planning for our 2023-2028 Comprehensive Economic Development Strategy. We have also included a \$50,000 unsecured grant to support planning grant services in the budget.

We were selected by The Ford Family Foundation to enhance their Rural Community Building activities in the region. They provided a \$50,000 grant last year and we are expecting the same amount of funding in 2023. This funding allows us to connect with communities and nonprofits to understand their vision and needs and find out if are ways we can come alongside them to offer support.

NEOEDD received funding through Business Oregon to develop projects and write grants for small cities and special districts in the region last year. There is a Legislative funding proposal to increase and broaden the eligible activities and remove restrictions on community size next year. We've included a similar amount of funding in the budget which may or may not be available.

NEOEDD received Business Oregon Technical Assistance funding through the High Desert Partnership to provide technical assistance services to entrepreneurs and business owners in Union and Wallowa counties. We are expecting new funding this year to primarily be used for pass-through grants or loans to entrepreneurs. Some funding will support classroom training. Baker County is primarily served by Launch Pad Baker through the same funding source.

In the IDA fund, we are under contract to receive funding based the number of new individuals who are enrolled in the program, among other performance factors. We have a contract to enroll about 8 people in the program next year. We have budgeted \$13,000 of Foundation/Corporate grant revenue which is expected from banking institutions based on past Community Reinvestment Act donations for the IDA program.

NEOEDD received funding through the Oregon Economic Development Districts to develop projects and write grants for small cities and nonprofits in the region last year. We have some funding remaining which we plan to expend by the end of September.

## **Expenses**

NEOEDD has a staff of two full-time employees, one 90% of full-time equivalent (FTE) and one 75% FTE. The budget includes the addition of one full-time FTE with benefits. It's possible that we may hire part-time employees who won't receive benefits. The budget also includes a cost-of-living adjustment, calculated per board-adopted policy and small raises for staff members.

Health insurance costs are budgeted based on estimated increases provided by CIS.

Travel costs are similar to last year's costs.

Contractual Services costs are budgeted lower than last year. Contractual Services expenses include costs of contracting with UO Institute for Policy Research and Engagement for work on the 2023-2028 CEDS, Salesforce, DEI trainers, contractors assisting entrepreneurs, an employee handbook consultant, and our contracted loan officer.

Indirect costs are budgeted to increase with the addition of a part-time person to focus on communications including our newsletter and social media presence. Indirect costs also include the costs of a consultant to update our employee handbook.

We've budgeted for additional Internet/Website costs associated with technology subscriptions, website hosting, IT and Salesforce consulting.

Rent costs are expected to decrease as we move out of the Ignite space in La Grande and utility costs will be eliminated.

Capital Expenditures are budgeted to purchase office equipment or furniture for the District if costs exceed \$5000 per item. At this time, no specific purchases are anticipated. We purchased a refurbished copy machine this year which was under the \$5,000 threshold.

## **Fund Explanations**

The General Fund of the District is not the same type of fund as the general fund of governments that receive tax dollars to support operations. Our general fund is primarily used to account for fixed assets, miscellaneous income, and for contract revenues earned in excess of costs. The General Fund is also the "bank" of the District which can be used as a source of funds to transfer to other accounts/activities such as the Planning Grant or for loans to other funds when earned income has not yet been received. District operating costs are generally not charged to the General Fund.

The Planning Grant fund is used to provide project development and management assistance to projects that are eligible to apply for or been awarded funds from the

Economic Development Administration, as well as planning and general economic development assistance to counties and communities. The planning grant provides the revenue to support our overall mission and goals and to implement the Comprehensive Economic Development Strategy. The grant must be matched on a 1:1 basis with other funds.

### **Changes in Funds Included in the Budget**

There are two new funds in the budget this year. Last year we budgeted for a Grant Writing fund which ended up being divided by source of funds to become the OEDD Grant Writing fund and the Business Oregon Grant Writing fund. The budget this year includes the Regional Main Street fund which is a “re-name” of the Wallowa County ROI fund. We have consolidated a number of other funds and eliminated funds associated with COVID-19 grants which will be closed at the end of the current fiscal year.

If you have any questions about the budget, please contact Lisa Dawson, Budget Officer, at 541-426-3598 x1 or [lisadawson@neoedd.org](mailto:lisadawson@neoedd.org).