

## **BUDGET MESSAGE**

NEOEDD's budget for 2022-2023 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 by about \$829,000 from June 2021 to June 2022. It looks like that increase will be closer to \$475,600. Part of the reason the fund balance did not increase as much as projected is because we did not make as many loans with new CARES RLF funds. The proposed budget projects an increase of about \$285,500 in total fund balances from June 2022 to June 2023. This projected fund balance increase primarily reflects an increase in loan balances and a decrease in operating fund balances as we utilize some of the funds received this year or last year 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. We also receive an annual payment for services previously rendered which was formalized in a loan agreement with a thirteen-year repayment period.

In the Revolving Loan Fund, we are hoping to ramp-up activity and realize a somewhat reduced interest income. We are budgeting for no new activity in the RBEG RLF. We plan to make one additional loan from the COVID RLF funds which will likely close in July, 2023..

We have funding from the Community Development Block Grant program to make grants to low-moderate businesses in Baker, Union and Wallowa counties. The amount of funding remaining varies by county and we need to get it all out by August.

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.

NEOEDD received a \$400,000 of non-competitive grant from the Economic Development Administration to assist with Economic Recovery & Resiliency efforts. We have spent about \$290,000 of these funds and have until December 31, 2022 to expend the final balance of the funds. We have budgeted \$25,000 to contract with University of Oregon's Institute for Policy Research and Engagement to work on planning activities for our 2023-2028 Comprehensive Economic Development Strategy.

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.

We received a grant from Meyer Memorial Trust as part of their Service to Systems initiative. We will utilize the majority of these funds to pay for consulting services to implement a Salesforce data management system for contacts and project management.

We received a three-year grant from Meyer Memorial Trust to build non-profit organization capacity in understanding, adopting policies and implementing practices to advance diversity, equity and inclusion (DEI) within their organizations. We received additional funding from the Oregon Community Foundation to continue the work. In addition, we partnered with the Oregon Native American Chamber of Commerce to access a grant from the Collins Foundation to bolster our DEI work.

The Entrepreneurial Development fund includes activity at the IGNITE Center for Entrepreneurship in La Grande. This is a joint project with the City of La Grande. NEOEDD serves as the fiscal sponsor for the project and was previously awarded funding from Business Oregon to support the partnership that has been enhanced by Eastern Oregon University's desire to collaborate in serving rural entrepreneurs and develop a certificate and degree program in entrepreneurship for college students. We will be applying for additional funding to support this effort. We have budgeted for additional part-time staff in this fund.

We have applied for a three-year Planning Grant from the Economic Development Administration and expect to receive the final \$75,000 of that \$225,000 award during the fiscal year. A large portion of the funds will be used to contract for consulting services to help with planning for our 2023-2028 Comprehensive Economic Development Strategy.

In the Micro CDBG fund, we are planning to deliver classroom training to low-moderate income entrepreneurs in the region. We hope that the City of La Grande will be willing to apply for additional funding for these classes in the coming year.

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. Baker County is primarily served by Launch Pad Baker. This fund includes some of the costs of hiring a new part-time staff member.

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 6 people in the program next year. We are hopeful that

additional funding will be allocated by the Legislature to support enrollments this year and we will be able to serve more savers. We have also budgeted \$17,500 of Foundation/Corporate grant revenue which is expected from banking institutions based on past Community Reinvestment Act donations for the IDA program.

In a number of funds, we have estimated the fund balance at year end and then accounted for the net balance as deferred revenue. As a result of this action, the fund balance is reduced to zero. We anticipate recognizing this deferred revenue as grant revenue in the upcoming year.

## **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 part-time FTE. The budget includes a cost-of-living adjustment, calculated per board-adopted policy and raises for staff members who are under the targeted minimum or median pay level within comparable organizations. These targets were established by the Executive Committee based on a salary survey conducted by the Local Government Personnel Institute. The costs are lower than budgeted last year, but higher than actuals because we only added one new employee, not two.

Health insurance costs are budgeted based on new rates provided by CIS. The costs are lower than budgeted last year, but higher than actuals because we only added one new employee, not two.

Travel costs are lower than the current year budget, but higher than actual costs. We are expecting travel costs to increase as we come out of COVID.

Contractual Services costs are budgeted lower than last year, but higher than historical costs. Anticipated Contractual Services expenses include costs of the RARE participant, hiring UO Institute for Policy Research and Engagement for work on the 2023-2028 CEDS, Salesforce and Website consultants, DEI trainers and contractors assisting entrepreneurs along with our contracted loan officer.

Indirect costs are expected to decrease again. The decrease budget for Indirect is related to anticipated work by staff members on program specific activities.

We've budgeted for additional costs in the Internet/Website line item to reflect a refresh of our website.

Rent costs are expected to increase dramatically as the rent for our Enterprise office is expected to increase 122%.

Capital Expenditures are budgeted to purchase office equipment or furniture for the District if costs exceed \$500 per item. We will need to replace our copy machine this

year as our current copier is becoming obsolete and the company providing service is about to stop servicing the machine.

### **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 have been invited to apply for or 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. 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. The Ford Family Foundation Rural Community Building and Grant Writing funds will cover NEOEDD staff costs to provide additional assistance to our rural communities. We are fortunate to be able to offer these services at no cost for the coming year when in the past we would have asked the communities to contract with us to provide the services.

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).