

## **BUDGET MESSAGE**

NEOEDD's budget for 2024-2025 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 decrease about \$170,500 not including the new loan loss reserve from June 2023 to June 2024. We're now expecting to see a decrease of about \$56,000. NEOEDD's cash balances have increased about \$1,250,000 with a \$1,000,000 grant from Business Oregon, but those grant funds are classified as deferred revenues. A portion of the increase in cash is related to paid off loans which are now cash and not receivables. We had expected to use some fund balances for operations and those decreases in fund balances have materialized.

The proposed budget projects an increase of nearly \$274,000 in total fund balances from June 2024 to June 2025. This projected fund balance primarily reflects increased cash on hand in the Housing fund 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. All of these loans will pay off this year and that fund should close by the end of the year.

As part of our partnership with the High Desert Partnership, we received funding through the Economic Equity and Investment Program to support entrepreneurs. This funding is mostly directed towards providing grants and matched savings to entrepreneurs in the region. These funds are directed to entrepreneurs in Union and Wallowa counties as Baker County is covered by Launch Pad Baker through the same funding source.

The budget includes a new fund called the USDOE CEDS Implementation fund. NEOEDD applied for a \$15 million grant from USDOE with a work plan that includes

supporting residents of low income census tracts and selecting subrecipients in Union and Baker counties to implement the CEDS. The budget includes revenue of \$400,000 and expenses for staff and contractual services. If awarded, we anticipate that most of the first year of activity will be directed at community outreach, forming an advisory committee and setting up the subgrant fund structure and decision-making processes.

The budget includes a new fund this year called the Mass Timber fund. This is a prospective project with the Oregon Department of Land Conservation and Development to support planning departments, developers and contractors with code updates, understanding and use of mass timber in home construction.

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. Both of these projects are expected to be completed in 2024.

We have some retained funds in the 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 and opportunities for staff to participate in equity training or activities. Activities 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. For the coming year, we anticipate this fund to be used for administrative costs that will not be eligible for funding from project-specific grants.

The Regional Main Street fund was created to support a Regional Rural Main Street program for Wallowa County. The fund includes pass through grants from Oregon Parks and Recreation Department for building rehabilitation projects in Wallowa and Enterprise granted in 2023. Those projects are expected to be completed in 2024. The fund is also used to account for income and costs associated with the City of Wallowa Main Street revitalization strategy.

We were awarded a three-year Planning Grant from the Economic Development Administration and will receive the final \$75,000 of that \$225,000 award during the fiscal year. We have also included an unsecured grant of \$15,000 to supplement the fund and a transfer from the new housing fund to cover some of the costs we have incurred supporting housing initiatives in the past year.

NEOEDD expects to receive \$399,000 from Oregon Department of Administrative Services to support housing development in the region. Grant-writing and other housing supportive services are eligible uses of the funds. There is a ten-year implementation period of the use of the funds and we do not expect to expend them all this year.

We were selected by The Ford Family Foundation to enhance their Rural Community Building activities in the region. They provided a \$50,000 grant in 2023 and a \$69,700 grant in 2024. We expect the support from the foundation to continue. The budget shows that we will have deferred revenue at the beginning of the year and recognized additional revenue that we will expect to receive in 2025. 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.

The ROI 23-25 Wallowa County fund was established to support Regional Main Street activities throughout Wallowa County as well as supporting the entrepreneurial ecosystem in Wallowa County. These funds have been awarded through Business Oregon.

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. This funding is secure, but not likely enough for us to continue to provide the level of support we have been providing to entrepreneurs in the region. We have included an unsecured grant of \$15,000 to supplement funding for entrepreneurial support services. We also anticipate using funds that were previously received to support entrepreneurs with the result of having a reduced fund balance at year-end.

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 have budgeted \$10,000 of Foundation/Corporate grant revenue which is expected from banking institutions based on past Community Reinvestment Act donations for the IDA program.

## **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. The additional staff person is shown as working full-time within the USDOE CEDS Implementation budget. If this grant is not funded, it's unlikely that we will have the needed revenue to support additional staff. 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. The large increase is related to adding family health insurance for two employees instead of insurance for the employee only.

Travel costs are similar to travel costs in 2022-2023.

Contractual Services are budgeted significantly higher than last year. Contractual Services include the cost of contracting with our contracted loan officer as shown in the loan funds. There is a large contractor cost associated with the USDOE CEDS Implementation fund which would be used to contract with local partners such as Community Connection of NE Oregon, REV Center and Northeast Oregon Network to provide assistance with outreach and participation on the advisory team and with CASA of Oregon to provide IDAs to eligible participants. There is also a large expenditure for contractual services included in the Housing Fund which could be used if needed. The Ford Family Foundation Rural Community Building grant included some funding which could be used to hire a consultant to work on a community project. The Wallowa County Chamber of Commerce has offered to start providing some of the coordination for the Regional Rural Main Street Program and the ROI 23-25 Wallowa County fund includes a contractual services line item which we will use to transfer some of the funding we are receiving to the Wallowa County Chamber. The BO Technical Assistance fund includes contractual services costs for Reinventing Rural to provide CO.STARTERS CORE curriculum and marketing materials for classes in the region.

We've budgeted Internet/Website costs associated with technology subscriptions, website hosting, and IT services. The costs are budgeted at a lower level since we aren't planning a major website overhaul this year.

Legal costs are budgeted higher than previous years. We are planning to have all of our loan agreements reviewed this year to make sure that they are up-to-date. We've also budgeted legal costs for the USDOE CEDS Implementation fund in anticipation of needed legal review of federal requirements and compliance with those requirements in our subrecipient negotiations and documents.

Phone costs are expected to be higher if we add a new employee.

Rent costs have decreased with the closure of the Ignite Center in La Grande.

Special Projects has an increased budget because of funding through The Ford Family Foundation Rural Community Building grant which will allow us to assist communities with special projects. The Mass Timber fund is also budgeted to include some special project costs for convenings, documents or education expenditure that might support mass timber.

Supplies may include office supplies and electronic equipment, if needed.

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.

## **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 four new funds in the budget this year. The Economic Equity Investment Program was established during the past year. The Mass Timber Fund to support the use of mass timber in housing construction and the Housing fund to support development of housing across the district. The USDOE CEDS Implementation fund would be used to support projects consistent with the CEDS. The grant to support this fund was submitted and we will learn in the summer if the grant was awarded.

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).