

GFDA FY 2023 BUDGET - Update Approved 3/23/23

3/23/23

Updates

Adds CDFI FA 2022 grant funds.

Overview

A budget reflects an economic development organization's priorities, but not its mission or financial goals. Financial goals are always higher than budget projections.

GFDA's budget projection for FY 2023 (July 1, 2022 - June 30, 2023) continues our practice of conservative financial projections, estimating income low and expenses high. Management will continue its practice of controlling discretionary expenses until budget revenue assumptions come to fruition. Budget updates approved on December 1st include new loan capital grants and grants and loans associated with AgriTech Park land acquisition.

Priorities

The budget supports aggressive efforts in targeted business development, entrepreneurship and talent attraction. The budget includes completion of the strategic planning effort begun in FY 2022.

Included in the budget are:

- One new staff position to increase business development and operations.
- \$55,000 in brownfield cleanup grants to fulfill all grants approved by GFDA Board
- Wrapping up deep-dive strategic planning to engage investors, future investors, and partners

Assumptions

- \$100,000 in new grants
- Local investment of \$650,000
- No new loan capital above what has been awarded/secured
- \$5 million in new GFDA loans closed during FY
- Increase in loans outstanding of \$3.5 million
- \$4 million in SBA 504 loans closed
- Renewal of SBDC and PTAC contracts without increases
- No AgriTech Park lot sales
- BID \$12,000 contract and \$31,234 City TIF for Downtown BDO
- 8% annual inflation

Additional assumptions and details noted by line item.

Not in Budget

- Pending loan capital grants and loans that would allow for increased lending
- Any additional brownfield clean-up grants
- Second proposed new staff position

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	<i>FY 2023 Budget</i>	<i>FY 2022 Budget</i>	<i>Difference</i>	<i>Percent Change</i>	
REVENUE					
Investment	650,000	425,000	225,000	53%	
Generated Revenue					
AgriTech Park	-	-	-	0%	Assumes no lot sales
AgriTech TIF Reimbursement	300,000	514,137	(214,137)	-42%	Estimate (pass thru)
Downtown BDO	43,234	35,000	8,234	100%	Not yet under contract
FADC, PTAC & SBDC	369,400	311,117	58,283	19%	See Schedule
HPF Management	91,000	80,000	11,000	14%	See Schedule
Lending Interest & Fees	1,115,000	789,000	326,000	41%	See Schedule
Project Grants	1,360,355	532,000	828,355	156%	See Schedule
Client Grant Management	-	-	-	#DIV/0!	Assumes no client grant management
Events and Miscellaneous	-	-	-	#DIV/0!	Assumes no event revenue
Sponsorship	25,000	5,000	20,000	400%	
	<u>3,303,989</u>	<u>2,266,254</u>	<u>1,037,735</u>	<u>46%</u>	
Loan Capital Grants	3,199,015	1,990,550	1,208,465	61%	See Schedule
Total Revenue	7,153,004	4,681,804	2,471,200	53%	
EXPENSE					
Staff					
Payroll	1,324,000	1,213,758	110,242	9%	See Schedule
Taxes & Benefits	370,720	355,288	15,432	4%	at 28% of Payroll
Professional Development	95,000	49,350	45,650	93%	Inflation, travel & larger team
	<u>1,789,720</u>	<u>1,618,396</u>	<u>171,324</u>	<u>11%</u>	
Operations					
Auto	12,000	11,124	876	8%	
Communication	28,000	22,000	6,000	27%	Phone, mail, delivery
Depreciation	32,400	28,840	3,560	12%	
Fundraising	10,000	3,605	6,395	177%	New materials
Insurance	23,000	19,570	3,430	18%	
Meetings & Events	16,000	15,965	35	0%	Hosted events & meetings
Office	47,000	75,190	(28,190)	-37%	Rent, Janitorial
Operating Debt Interest & Fees	27,600	18,540	9,060	49%	Term loan and office lease accounting
Professional Fees	60,000	71,200	(11,200)	-16%	
Supplies, Computing & Copying	38,000	35,200	2,800	8%	
Miscellaneous	25,000	17,500	7,500	43%	
	<u>319,000</u>	<u>318,734</u>	<u>266</u>	<u>0%</u>	
Business Development					
Marketing	86,000	80,000	6,000	8%	See Schedule
Partnerships/Memberships	100,000	97,052	2,948	3%	See Schedule
Professional Fees	47,000	195,000	(148,000)	-76%	See Schedule
Publications	3,000	3,000	-	0%	
Travel	75,000	50,000	25,000	50%	
	<u>311,000</u>	<u>425,052</u>	<u>(114,052)</u>	<u>-27%</u>	
Lending					
Allowance for Loan Losses	700,000	200,000	500,000	250%	8% of increase in projected net portfolio
Loan Capital Interest	77,730	35,000	42,730	122%	See Schedule
Brownfield Loan Capital Grants	107,386	188,000	(80,614)	-43%	
Professional Fees & Misc.	71,600	52,000	19,600	38%	See Schedule
	<u>956,716</u>	<u>475,000</u>	<u>481,716</u>	<u>101%</u>	
Projects					
AgriTech Park	136,000	123,865	12,135	10%	See Schedule
AgriTech TIF Reimbursement	300,000	514,137	(214,137)	-42%	Equals TIF reimbursement revenue
Brownfield Assessment	105,500	101,000	4,500	4%	See Schedule
Strategic Planning	60,000	175,000	(115,000)	-66%	See Schedule
Talent Attraction	105,000	191,000	(86,000)	-45%	See Schedule
	<u>706,500</u>	<u>1,105,002</u>	<u>(398,502)</u>	<u>-36%</u>	
Total Expense	4,082,936	3,942,184	140,752	4%	
NET INCOME	3,070,068	739,620	2,330,448	315%	
Previous Net Income	<u>2,567,698</u>				1/18/23 Approved Budget
Net Income Increase (Decrease)	502,370				

BUDGET SCHEDULES - INCOME

	<i>FY 2023 Budget</i>	<i>FY 2022 Budget</i>	<i>Difference</i>	<i>Percent Change</i>	
FADC, PTAC & SBDC					
FADC	65,000	65,000	-	0%	Under contract
FADC SCBG Staff	70,400	-	70,400	100%	Under contract
PTAC	74,000	77,000	(3,000)	-4%	Contract renewal approved by DOD
SBDC	130,000	129,117	883	1%	Anticipated contract renewal January 1st
SBDC COVID	25,000	35,000	(10,000)	-40%	Existing contract through September
SBDC Program Income	5,000	5,000	-	0%	Based on average annual income
	<u>369,400</u>	<u>311,117</u>	<u>58,283</u>	<u>16%</u>	
HPF Management					
Closing Fees	56,000	45,000	11,000	20%	Assumes \$5 million closed loans
Servicing Fees	35,000	35,000	-	0%	Based on existing portfolio
	<u>91,000</u>	<u>80,000</u>	<u>11,000</u>	<u>12%</u>	
Lending					
Interest from Existing Loans	725,000	637,000	88,000	12%	Based on existing portfolio
Loan Fees	75,000	20,000	55,000	73%	Assumes \$5 million closed loans at 1.5%
Interest from New Loans	315,000	132,000	183,000	58%	Assumes \$5 million at 8.5% for 9 months
	<u>1,115,000</u>	<u>789,000</u>	<u>326,000</u>	<u>29%</u>	
Project Grants					
Cascade County Grant	1,000,000	-	1,000,000	100%	For AgriTech Park land acquisition
USDA Meat IRP	25,000	-	25,000	100%	Grant admin
EPA RLF Admin	60,000	-	60,000	100%	Estimated use of new award
EPA 2020 Assessment	100,000	100,000	-	0%	Estimated use of existing grant
EDA COVID RLF Admin	-	240,000	(240,000)	#DIV/0!	Estimated use of existing grant
New Grants	100,000	-	100,000	100%	
CDFI FA Admin	75,355	-	75,355	100%	CDFI FA 22 (15% of grant funds)
CDFI Rapid Response	-	192,000	(192,000)	#DIV/0!	
	<u>1,360,355</u>	<u>532,000</u>	<u>828,355</u>	<u>61%</u>	
Loan Capital Grants					
SSBCI	60,000	-	60,000	100%	50% of loan funds received
City Great Falls	1,400,000	-	1,400,000	100%	
USDA Meat IRP	600,000	-	600,000	100%	Projected loans in FY 2023
EDA COVID	-	902,550	(902,550)	#DIV/0!	
CDFI FA	427,015	-	427,015	100%	CDFI FA 22 (85% of grant funds)
EPA RLF	712,000	-	712,000	100%	
CDFI Rapid Response	-	1,088,000	(1,088,000)	#DIV/0!	
	<u>3,199,015</u>	<u>1,990,550</u>	<u>1,208,465</u>	<u>38%</u>	

BUDGET SCHEDULES - EXPENSE

Staff

Payroll Includes cost of living increase of 2% based on 2021 CPI after 5% increase in January
Assumes two planned new positions at \$60,000 each for full year
Includes \$40,000 merit salary increases and bonuses based on productivity growth.

	<i>FY 2023</i>	<i>FY 2022</i>	<i>Difference</i>	<i>Percent</i>
	<i>Budget</i>	<i>Budget</i>		<i>Change</i>

Business Development

Marketing

GFDA Events	20,000	18,000	2,000	10%	Ignite, Fire Within, Invest Downtown, FDI Celebration and Pitch Nights
Conf & Trade Show Registrations	30,000	25,000	5,000	17%	Includes exhibiting at SelectUSA 2023 and several site selector events
Advertising	18,000	12,000	6,000	33%	Includes SBA Montana annual magazine and LoopNet AgriTech listings
Marketing Materials	18,000	25,000	(7,000)	-39%	Includes graphic design in costs of materials
	86,000	80,000	6,000	7%	

Partnerships/Memberships

Memberships & Dues	30,000	24,000	6,000	20%	Chamber and targeted industry trade organization memberships
Partnerships	15,000	9,500	5,500	37%	\$2,500 each for Montana Defense Alliance, Downtown Development Partnership, GF Chamber Flight Initiative; \$1,000 each for KEY and ExpoPark for All

Women's Business Center

Entrepreneur Mentor Network	-	13,552	(13,552)	#DIV/0!	
Online System Subscriptions	5,000	5,000	-	0%	Mentor support and miscellaneous expenses
	50,000	45,000	5,000	10%	JobsEQ, SizeUp, Zoom Prospector and others
	100,000	97,052	2,948	3%	

Professional Fees

Content Providers	12,000	20,000	(8,000)	-67%	
Photography & Videography	15,000	25,000	(10,000)	-67%	
Web and Graphic Design	20,000	40,000	(20,000)	-100%	New GFDA and HPF web sites
Lead Generation	-	110,000	(110,000)	#DIV/0!	
	47,000	195,000	(148,000)	-315%	

Loan Capital Interest

USDA IRP	3,456				
MBOI IRP	1,704				
CNote	10,080				
CDFI FA 2020	4,800				
MBOI CDFI FA 2020	5,640				
MDOC MBDC	13,750				
CDFI FA 2021	10,000				
MBOI CDFI FA 2021	3,300				
US Bank CDC EQ2	25,000				
	77,730	35,000	42,730	55%	

Lending Professional Fees & Misc.

Legal	12,000	12,000	-	0%	
Miscellaneous	6,500	6,000	500	8%	Fees, etc.
Portfolio Management Systems	8,100	7,000	1,100	14%	Annual licenses
Brownfield Engineering	25,000	-	25,000	100%	Using new EPA grant funds
CDFI FA application	13,000	12,000	1,000	8%	Grant writing consultant
Lending Consultants	7,000	15,000	(8,000)	-114%	Completion Policies & procedures update
	71,600	52,000	19,600	27%	

Projects

AgriTech Park

Property Taxes	36,000	55,165	(19,165)	-53%	Assumes only lot 8 and former ethanol
Bank Loan Interest	70,000	1,700	68,300	98%	Land acquisition loans
Legal	15,000	15,000	-	0%	Estimate to amend option agreement and misc.
Professional Fees	10,000	31,000	(21,000)	-210%	Engineering, etc.
Miscellaneous	5,000	21,000	(16,000)	-320%	
	136,000	123,865	12,135	9%	

Brownfield Assessment

2020 Grant Engineering	98,000	95,000	3,000	3%	Estimate for assessment work
Grant Writing Consultant	7,500	6,000	1,500	20%	Assume applying for new assessment grant
	105,500	101,000	4,500	4%	

Strategic Planning

Housing Market Assessment	-	40,000	(40,000)	#DIV/0!	
Childcare Market Assessment	-	10,000	(10,000)	#DIV/0!	
Strategic Planning	60,000	125,000	(65,000)	-108%	
	60,000	175,000	(115,000)	-192%	

Talent Attraction

Marketing Materials	10,000	15,000	(5,000)	-50%	
Website	10,000	15,000	(5,000)	-50%	
Photography and Videography	15,000	20,000	(5,000)	-33%	
Marketing & Advertising	65,000	101,000	(36,000)	-55%	
Miscellaneous	5,000	40,000	(35,000)	-700%	
	105,000	191,000	(86,000)	-82%	