

GFDA FY 2025 BUDGET

Approved 6/6/24

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 2025 (July 1, 2024 - June 30, 2025) 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. We anticipate budget adjustments after the first quarter of the FY to reflect final FY 2024 financial results.

Overall budget reflects 54% decrease in revenue due to a decrease of \$4,729,688 in loan capital grants and a decrease of \$654,804 in projected generated revenue. Operating revenue is projected to decrease by 17% and expenses by 15%. Projected net income totals \$157,939. Operating deficit projected to be \$791,061.

Priorities

The budget supports aggressive efforts to implement GFDA's Economic Development Strategy. Included in the budget are:

- Completion of market assessments (downtown, energy, logistics, and recreation/entertainment)
- Commissioning update to childcare market demand assessment.
- Aggressive implementation of many of the action items in new strategic plan
- Areawide redevelopment planning using \$75,000 included in the existing Brownfield Assessment grant

Staff

- Assumes SBDC Director, Lending Specialist, and Communications & Marketing Specialist positions filled by start of fiscal year.
- Assumes 3.4% COLA
- Includes \$100,000 merit salary increases and bonuses based on productivity growth
- Does not include any additional new positions

Assumptions

- No AgriTech Park lot sales (assumes three current purchases agreements will close during FY2024)
- Local investment of \$550,000, the same as budgeted for FY2024
- No new loan capital above what has already been awarded/secured; \$3.2 million in loan closings utilizing existing funds; no recovery of delinquent loan capital or refinancing of AgriTech Park infrastructure loans
- \$338,200 brownfield cleanup grant to GFPS for CMR auditorium
- Drawdown of \$500,000 in Brownfield RLF and \$500,000 in USDA Meat Processing grant capital
- Increase in loans outstanding with expensing 8% against loan loss
- No revenue from managing High Plains Financial
- Renewal of SBDC of contract starting 1/1/25 and APEX starting 4/1/25 without increases
- Continued BID 25% salary and fringe support of Downtown Business Development Officer
- \$100,000 in grants not already under contract; no new service contracts.
- No revenue from USDA REAP service contract; no SBDC program income; no event or sponsorship income
- Talent attraction expenses have been combined into Business Development to decrease administrative burden. Overall decrease of \$79,500 in business development and talent attraction expenses compared to FY2024 budget, however the FY2025 budget will be an increase from total FY2024 expenditures. Budget includes partnership talent attraction PR and social media marketing with Great Falls Tourism.

Additional assumptions and details noted by line item.

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	FY 2025 Budget	FY 2024 Budget	Difference	Percent Change	
REVENUE					
Investment	550,000	550,000	-	0%	
Generated Revenue					
AgriTech Park	-	-	-	#DIV/0!	Assumes no lot sales
AgriTech TIF Reimbursement	270,000	270,000	-	0%	Estimate (pass thru)
Downtown BDO	67,050	51,000	16,050	24%	Assumes continued funding
APEX, FADC, SBDC & SCBG	397,665	340,000	57,665	15%	See Schedule
HPF Management	-	48,500	(48,500)	#DIV/0!	See Schedule
Lending Interest & Fees	1,343,900	1,868,600	(524,700)	-39%	See Schedule
Project Grants	555,700	686,019	(130,319)	-23%	See Schedule
Events and Miscellaneous	-	-	-	#DIV/0!	Assumes no event revenue
Sponsorship	-	25,000	(25,000)	#DIV/0!	Eliminated sponsorships
	<u>2,634,315</u>	<u>3,289,119</u>	<u>(654,804)</u>	<u>-25%</u>	
Loan Capital Grants	1,338,200	6,067,888	(4,729,688)	-353%	See Schedule
Total Revenue	4,522,515	9,907,007	(5,384,492)	-119%	
EXPENSE					
Staff					
Payroll	1,703,750	1,575,000	128,750	8%	See assumptions on first page
Taxes & Benefits	477,050	441,000	36,050	8%	at 28% of Payroll
Professional Development	85,000	110,000	(25,000)	-29%	
	<u>2,265,800</u>	<u>2,126,000</u>	<u>139,800</u>	<u>6%</u>	
Operations					
Auto	12,000	12,000	-	0%	
Communication	28,000	28,000	-	0%	Phone, mail, delivery
Depreciation	25,000	28,000	(3,000)	-12%	
Fundraising	5,000	7,000	(2,000)	-40%	New materials
Insurance	32,000	32,000	-	0%	Inflation and land ownership
Meetings & Events	15,000	15,000	-	0%	Hosted events & meetings
Office	52,000	50,000	2,000	4%	Rent, Janitorial
Operating Debt Interest & Fees	55,000	40,000	15,000	27%	Term loan and office lease accounting
Professional Fees	70,000	90,000	(20,000)	-29%	Increase for grant writing consultants
Supplies, Computing & Copying	32,000	32,000	-	0%	
Miscellaneous	15,000	15,000	-	0%	
	<u>341,000</u>	<u>349,000</u>	<u>(8,000)</u>	<u>-2%</u>	
Business Development					
Marketing	205,000	99,000	106,000	52%	See Schedule
Partnerships/Memberships	82,500	105,000	(22,500)	-27%	See Schedule
Professional Fees	-	47,000	(47,000)	#DIV/0!	Combined above
Travel	110,000	90,000	20,000	18%	Inflation and increase in prospect visits
	<u>397,500</u>	<u>341,000</u>	<u>56,500</u>	<u>14%</u>	
Lending					
Allowance for Loan Losses	116,000	585,000	(469,000)	-404%	Assumes 8% of increased portfolio
Loan Capital Interest	91,576	88,952	2,624	3%	See Schedule
Brownfield Loan Capital Grants	338,200	583,925	(245,725)	-73%	Assumes only CMR project grant
Professional Fees & Misc.	112,500	150,000	(37,500)	-33%	See Schedule
	<u>658,276</u>	<u>1,407,877</u>	<u>(749,601)</u>	<u>-114%</u>	
Projects					
AgriTech Park	87,000	135,000	(48,000)	-55%	See Schedule
AgriTech TIF Reimbursement	270,000	270,000	-	0%	Equals TIF reimbursement revenue
Brownfield Assessment	155,000	80,000	75,000	48%	See Schedule
Strategic Planning	190,000	279,000	(89,000)	-47%	See Schedule
Talent Attraction	-	128,000	(128,000)	#DIV/0!	Incorporated into Business Development
	<u>702,000</u>	<u>892,000</u>	<u>(190,000)</u>	<u>-27%</u>	
Total Expense	4,364,576	5,115,877	(751,301)	-17%	
NET INCOME					
	<u>157,939</u>	<u>4,791,130</u>	<u>(4,633,191)</u>	<u>-2934%</u>	
Less Loan Capital Grants	(1,338,200)	(6,067,888)			
Plus Depreciation	25,000	28,000			
Plus Loan Loss Allowance	116,000	585,000			
Plus Brownfield Cleanup Grants	338,200	583,925			
Operating Deficit	(701,061)	(79,833)			

BUDGET SCHEDULES - INCOME

Approved 6/6/24

	FY 2025 Budget	FY 2024 Budget	Difference	Percent Change	
FADC, PTAC & SBDC					
FADC	52,500	65,000	(12,500)	-24%	Under contract
FADC SCBG Staff	65,500	66,000	(500)	-1%	Under contract
Rural Energy (REAP)	-	-			
APEX	137,665	74,000	63,665	46%	Contract renewal approved by DOD
SBDC	142,000	130,000	12,000	8%	Assumes 2024 CY contract extended to 2025
SBDC Program Income	-	5,000	(5,000)	#DIV/0!	Assumes no fees charged
	<u>397,665</u>	<u>340,000</u>	<u>57,665</u>	<u>15%</u>	
HPF Management					
Closing Fees	-	22,500	(22,500)	#DIV/0!	Assumes no fees charged from HPF
Servicing Fees	-	26,000	(26,000)	#DIV/0!	Assumes no fees charged from HPF
	<u>-</u>	<u>48,500</u>	<u>(48,500)</u>	<u>#DIV/0!</u>	
Lending					
Interest from Existing Loans	1,272,000	1,173,600	98,400	8%	Based on existing portfolio
Loan Fees	32,000	115,000	(83,000)	-259%	Assumes \$3.2 million closed loans at 1.0%
Interest from New Loans	39,900	580,000	(540,100)	-1354%	Assumes \$3.2 million at 3-8% for 2-4 months
	<u>1,343,900</u>	<u>1,868,600</u>	<u>(524,700)</u>	<u>-39%</u>	
Project Grants					
EPA RLF 2 Admin	98,500	60,000	38,500	39%	\$31,000 engineering; \$62,500 staff; \$5,000 travel
EPA Assessment	186,200	100,000	86,200	46%	\$75,000 task 4; \$80,000 assessments; \$31,200 admin
USDA MPILP 1	35,000	33,384	1,616	5%	Admin MPILP
USDA MPILP 2	31,000	-	31,000	100%	Assumes no drawdown
Downtown Market Assess.	25,000	45,000	(20,000)	-80%	\$10,000 state; \$15,000 TIF
EDA Technical Assistance	80,000	-	80,000	100%	\$30,000 logistics; \$25,000 energy; \$40,000 recreation
New Grants	100,000	80,000	20,000	20%	Assumes \$100,000 new grants
CDFI FA	-	75,355	(75,355)	#DIV/0!	FA 2024 application pending
CDFI ERP	-	292,280	(292,280)	#DIV/0!	
	<u>555,700</u>	<u>686,019</u>	<u>(130,319)</u>	<u>-23%</u>	
Loan Capital Grants					
EPA RLF 2	838,200	583,925	254,275	30%	\$500,000 New loans & \$338,200 CMR grant
CDFI FA	-	427,015	(427,015)	#DIV/0!	FA 2024 application pending
SSBCI 2.0	-	1,825,694	(1,825,694)	#DIV/0!	Assumes no funds available in FY25
USDA MPILP 1	-	1,575,000	(1,575,000)	#DIV/0!	Assumes all funds drawn in FY2024
USDA MPILP 2	500,000	-	500,000	100%	
CDFI ERP	-	1,656,254	(1,656,254)	#DIV/0!	
	<u>1,338,200</u>	<u>6,067,888</u>	<u>(4,729,688)</u>	<u>-353%</u>	

BUDGET SCHEDULES - EXPENSE

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	FY 2025 Budget	FY 2024 Budget	Difference	Percent Change	
Business Development					
<i>Marketing</i>					
GFDA Events	25,000	25,000	-	0%	Added funds for Angel Network events
Conf & Trade Show Registrations	30,000	30,000	-	0%	Includes exhibiting at SelectUSA 2025 and several site selector events
Marketing, PR & Advertising	90,000	22,000	68,000	76%	Combining business dev and talent attraction
Content Creation & Web Design	40,000	-	-	-	Combining business dev and talent attraction
Marketing Materials	20,000	22,000	(2,000)	-10%	Combining business dev and talent attraction
	205,000	99,000	106,000	52%	
<i>Partnerships/Memberships</i>					
Memberships, Publications & Subsc & Subscriptions	75,000	35,000	40,000	53%	Chambers and targeted industry trade organization memberships, online data systems, & publications
Partnerships	7,500	15,000	(7,500)	-100%	Downtown Partnership, Defense Alliance & KEY
Entrepreneur Mentor Network	-	5,000	(5,000)	#DIV/0!	Not planning on doing in FY2025
Online System Subscriptions	-	50,000	(50,000)	#DIV/0!	Combined to above
	82,500	105,000	(22,500)	-27%	
<i>Professional Fees</i>					
Content Providers	-	5,000	(5,000)	#DIV/0!	Combined into Content Creation & Web Design
Photography & Videography	-	22,000	(22,000)	#DIV/0!	Combined into Content Creation & Web Design
Web and Graphic Design	-	20,000	(20,000)	#DIV/0!	Combined into Content Creation & Web Design
	-	47,000	(47,000)	#DIV/0!	
Loan Capital Interest					
USDA IRP	3,166	3,166	-	0%	
MBOI IRP	1,500	1,516	(16)	-1%	
CNote	12,720	10,080	2,640	21%	
CDFI FA 2020	4,800	4,800	-	0%	
MBOI CDFI FA 2020	5,640	5,640	-	0%	
MDOC MBDC	13,750	13,750	-	0%	
MBOI CDFI FA 2021	10,000	10,000	-	0%	
CDFI FA 2021	3,300	3,300	-	0%	
CDFI FA 2022	3,300	3,300	-	0%	
MBOI CDFI FA 2022	6,000	6,000	-	0%	
US Bank	27,400	27,400	-	0%	
	91,576	88,952	2,624	3%	
Lending Professional Fees & Misc.					
Legal	25,000	30,000	(5,000)	-20%	
Miscellaneous	14,000	12,000	2,000	14%	Fees, etc.
Portfolio Management Systems	17,500	7,000	10,500	60%	Annual licenses
Brownfield Engineering	31,000	25,000	6,000	19%	Estimated use of EPA grant funds
CDFI Consultants	25,000	56,000	(31,000)	-124%	\$15,000 FA grant writing & \$10,000 recertification
Lending Consultants	-	20,000	(20,000)	#DIV/0!	Assume no use of underwriting consultants
	112,500	150,000	(37,500)	-33%	
Projects					
<i>AgriTech Park</i>					
Property Taxes	32,000	25,000	7,000	22%	
Bank Loan Interest	25,000	65,000	(40,000)	-160%	Assumes \$600,000 paydown in FY2024
Legal	10,000	25,000	(15,000)	-150%	Assumes work on potential sales
Professional Fees	15,000	15,000	-	0%	Engineering for potential sales
Miscellaneous	5,000	5,000	-	0%	
	87,000	135,000	(48,000)	-55%	
<i>Brownfield Assessment</i>					
Assessment Engineering	80,000	80,000	-	0%	Assumed assessment expenses
Areawide Assessment	75,000	-	75,000	100%	Task 4 project funded by grant
	155,000	80,000	75,000	48%	
<i>Strategic Planning</i>					
Downtown Market Assessment	35,000	50,000	(15,000)	-43%	
CDFI Growth Model	-	9,000	(9,000)	#DIV/0!	
Energy Market Assessment	25,000	80,000	(55,000)	-220%	
Childcare Market Assessment	20,000	-	20,000	100%	
Recreation/Entertainment Mkt	80,000	-	80,000	100%	
Transload/Logistics Mkt Assess.	30,000	80,000	(50,000)	-167%	
Health Professional School Fees	-	60,000	(60,000)	#DIV/0!	
	190,000	279,000	(89,000)	-47%	
<i>Talent Attraction</i>					
Marketing Materials	-	10,000	(10,000)	#DIV/0!	Combined into Business Development
Website	-	10,000	(10,000)	#DIV/0!	Combined into Business Development
Photography and Videography	-	20,000	(20,000)	#DIV/0!	Combined into Business Development
Marketing & Advertising	-	80,000	(80,000)	#DIV/0!	Combined into Business Development
Events & Miscellaneous	-	8,000	(8,000)	#DIV/0!	Combined into Business Development
	-	128,000	(128,000)	#DIV/0!	