

FY2024
-2025



FY24-25 BUDGET MESSAGE

NICHOLAS GREEN, MANAGING DIRECTOR



Introduction

This is the fiscal year 2024-2025 budget message and report. It is the first report of the newly created Regional Rural Revitalization (R3) Strategies Consortium, an ORS 190 intergovernmental agency founded in 2023. The Consortium’s mission is to build housing for rural Oregon communities through public-private partnerships and expand economic opportunities that will help revitalize rural Oregon.

Housekeeping Items

The budget committee consists of the local governing body and an equal number of citizens at large. The current Committee is shown below.

Committee Member	Role	Appointed	Term Ends
Heather Smith, City of Burns	Board Chair	2023	December 31, 2024
Loran Joseph, Baker City	Boardmember	2023	December 31, 2024
Charlie Pike, Town of Lakeview	Boardmember	2024	December 31, 2024
Jamie Adelberger, Burns	At-Large	2024	December 31, 2026
Dan McQuisten, Baker	At-Large	2024	December 31, 2026
Vacant (Lakeview)	At-Large		

The budget law requirements governing ORS 190 intergovernmental agencies are distinct from those for traditional municipalities and counties and are outlined in ORS 294.900-925.

If there are fewer representatives than the number of members of the council governing body, the governing body and the representatives willing to serve shall be the budget committee. The governing body shall be the budget committee if no representatives are willing to serve.

Because the Consortium does not employ staff, Nick Green, the managing director, is the Consortium’s budget officer who prepared this report. Notice of the budget hearing was published in the Baker City Herald, Burns-Times Herald, and Lake County Examiner.

The budget committee members cannot meet in person, by telephone, or by email before the advertised meeting to discuss the budget. All budget discussions must be held at public meetings.

First Action. Officer Appointment. At its first meeting after its appointment, the budget committee shall elect a chairperson and a secretary from among its members.

After appointing the Chairperson and Secretary, the Chairperson will conduct the meeting and ask for the budget message from the budget officer. The Secretary will sign and attest the minutes of the meeting.

During the committee meeting, the budget committee may allow the public to ask questions about or comment on the budget.

When the budget committee is satisfied with the proposed budget, including any additions to or deletions from the one prepared by the budget officer, the Committee should make a motion to approve the budget.

Second Action. Motion to Approve the Budget (as submitted or amended by the Committee)

After the Committee approves the budget, the governing body must hold a budget hearing. The budget officer will publish a summary of the budget approved by the budget committee and notice of the budget hearing five to 30 days before the scheduled hearing in the same papers where notice of this hearing is published.

Financial Overview

The proposed FY24-25 budget is enclosed. It totals \$11,440,326, allocating funds for Materials and Services, Capital Outlay, Contingency, and an Unappropriated Reserve Fund Balance.

- Materials and Services (\$6,600,000)
- Capital Outlay (\$1,200,000)
- Contingency (\$1,170,000)
- Reserve Fund Balance - Unappropriated (\$2,470,326).

The Consortium employs no staff and has no Personnel Services in the budget.

Primary revenue sources are contributions from grant funds from third parties and interest earned.

- State Appropriation – HB4134 – DAS 107-023-3410-01 and Net Working Capital (\$9,178,326)
- Oregon Department of Energy Grant (\$615,000)
- Federal Small Business Administration Grant (\$1,500,000)
- Interest Income (\$147,000)

Revenue/Expenditure Highlights

The DAS state appropriation funds day-to-day operations. These revenues cover contract and agency administrative services, incentive payments, developer loans, and grants, all captured in the Materials and Services budget of \$6.6 million.

Capital Outlay is reserved for agency property acquisitions and large capital expenditures with a lifespan of five years or longer. The FY24-25 budget allocates \$1,200,000 for the CyberMill property redevelopment and property purchase using the SBA funds, plus a residual for miscellaneous/unplanned capital outlay.

As per state guidelines, we've allocated \$1.17 million (15% of the Materials and Services budget) for contingency. These funds can be shifted via resolution if needed.

A \$2.4M Reserve Fund Balance remains unappropriated and will be reserved for the next fiscal year.

Challenges and Opportunities

Finances: We are financially sound, operating with a healthy cash reserve and contingency balance, allowing us to address home planning and construction demands as opportunities arise.

Opportunities: Housing readiness assessments are underway or in planning for the following regions of the state:

- Oregon Coast: Brookings, Gold Beach, Florence, and Newport
- Willamette Valley: Independence, Lyons, Oakridge
- Wildfire-impacted Communities (Multiple: Southern Oregon)
- NE Oregon (Joseph, Wallowa, Baker City)

Success with the ODOE grant for heat pump replacement (\$615,000) and the federal SBA grant application (\$1.5M) will bring in over \$2 million in additional grant funding to help us fulfill our mission. Additional grants may be available in the coming fiscal year and, if applied for and awarded, can be appropriated into the budget via resolution.

Priorities and Focus

This budget directly supports the Consortium’s mission. Key priorities for the fiscal year include:

- **Stability:** The board has hired an effective planning team with broad reach across the state and deep bench strength to surge as opportunities arise.
- **Expanded Services:** The heat pump program and small business entrepreneurship grants will further enhance the Agency’s mission.
- **Private Sector Investment:** We are in a strong financial position and able to create robust partnerships that will accelerate private-sector investment in rural areas of the state.

Fiscal Responsibility

FY24 Compliance: Our estimated expenditures of \$871,674 for FY24 are above the Oregon Secretary of State’s threshold for agreed-upon procedures; we will, therefore, file an audit for this fiscal year. The board hired Gaslin Accounting CPAs to prepare its audited financial statements and file the audit report.

FY25 Planning: Depending on the timing of the SBA funds, we may be required to do a single-scope federal audit for FY25 (required for federal funds in excess of \$750,000 in a given fiscal year).

Community Impact

In its inaugural year, the Consortium has made significant strides in securing funding, establishing partnerships, and operating with fiscal efficiency. These efforts directly benefit rural Oregon residents and lay the groundwork for 400-500 new homes built in rural areas due to our work.

Your accomplishments include:

Securing Significant Funding: You’ve proactively obtained over \$2M in additional funds to complement the State’s \$10M investment to expand housing security and small business growth in rural Oregon communities.

Building Strong Partnerships: You've established the foundation for a successful public-private partnership with local housing developers, closed on an 18-lot housing development in Lakeview, originated six home designs for use in rural areas, and identified multiple projects for technical assistance and housing incentive funds in this budget.

Efficient Operations: The Consortium is operating responsibly and has reasonable overhead costs, maximizing the benefits for Oregon taxpayers.