Main Street Solutions Fund Annual Report

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Section Number:	Section 14.10
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Receiving Entities:
The Joint Legislative Commission on Governmental Operations
The Fiscal Research Division

Submitting Entity:
Division of Community Assistance, Office of Urban Development in the Department of Commerce

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North Carolina
Department of Commerce
Division of Community Assistance

Beverly Eaves Perdue, Governor
J. Keith Crisco, Secretary

Henry C. McKoy, Assistant Secretary
Gloria Nance-Sims, Director

August 25, 2010

MEMORANDUM

TO: Joint Legislative Commission on Governmental Operations
Fiscal Research Division

FROM: Gloria Nance-Sims

SUBJECT: Main Street Solutions Fund Annual Report – *2010*
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Executive Summary

The Main Street Solutions Fund (MSSF) was initially proposed as Senate Bill 1092 in 2009 and adopted in 2009-2010 as section 14.10 G.S. 143B-472.35. In accordance with that Act, we are submitting an annual report to explain the results of the grant activity.

The Fund was established with a $2.0 million balance. In accordance to the Act, $1,950,000 million was committed to eight (8) communities in May 2010. Grant awards to communities could not total less than ($20,000) or more than ($300,000), and $50,000 was retained for the administration of the Fund by the Department of Commerce. Since funds are distributed to the communities upon completion of their projects, no funds have yet been disbursed.

Communities have been given three years to complete the projects as proposed. All projects must be completed by May, 2013. If the projects are not completed under contract within the three years, unspent funds will be recaptured.

In May 2010, eight grants were awarded to: Burlington ($298,460), Henderson ($299,004), La Grange ($ 93,581), Kings Mountain ($185,000), Morganton ($ 271,455), Rocky Mount ($ 202,500), Waynesville ($300,000), and Wilson ($300,000). Kings Mountain had a significant change in their project following their grant award and they were required to resubmit an amended application by August 2010. The

Department of Commerce has received their amended application and is in the process of reviewing their revised proposal. For the purposes of this report, the proposed project has been included in the activity report.

It is anticipated that the $1,950,000 fund allocation will leverage an additional $5,814,143 in private investments and an additional $3,396,592 in public investments. These investments will support the creation or expansion of 28 businesses and the creation or retention of 195 permanent full-time and 91 permanent part-time jobs.

This report will be presented in two parts. There will be a departmental report and the City Reports. If you have any questions, please contact Liz Parham, Director of the Office of Urban Development or me.

Department Report

1. *Itemized and total allocations from the Fund.*

FY 2009-2010

Allocations to Communities

$1,950,000 million was committed to eight communities in May 2010 as follows:

Burlington	$ 298,460.00
Henderson	$ 299,004.00
La Grange	$ 93,581.00
Kings Mountain	$ 185,000.00
Morganton	$ 271,455.00
Rocky Mount	$ 202,500.00
Waynesville	$ 300,000.00
Wilson	$ 300,000.00
	$1,950,000.00

Total disbursements for FY 09-10 were $0.00

*Please note that disbursement *follows* investment because MSSF money is used as a reimbursement once projects are completed.

Allocation for Grants Administration

$50,000 was committed to the administration of the Fund in July 2009 as follows:

Department of Commerce	$ 50,000.00

Total disbursements for FY 09-10 were $ 4,666.19

2. *Summary report of all allocations made from each fiscal year.*

FY 2009-10

Allocations to Communities	$1,950,000.00
Allocation for Grants Administration	$ 50,000.00

3. *The total funds received and allocations made:*

The Fund received an initial appropriation of $2.0 million from the General Assembly. Total interest earned as of June 30, 2010 was $12,452.65.

The account balance as of June 30, 2010 was $2,007,786.46.

4. *The total unallocated funds:*
As of June 30, 2010, there was $12,452.65 in interest earned that is unallocated to date.

City Reports:

*Please note that the grants were awarded in May 2010. Since June 2010, grant awarded communities have been in the process of:

1. Completing grant agreements between the NC Department of Commerce and the local government.
2. Completing sub-recipient grant agreements between the local government and the small businesses that will directly benefit from these funds.
3. Completing the State Environmental Policy Act (SEPA) forms for their projects.

All projects are expected to begin in the fall 2010.

*Please note that the following information was obtained from the grant agreements. Since the projects were awarded in May 2010 and will not begin until the fall, cities were not asked to complete an annual report this year. In addition to the annual reports required by general statute, the Department of Commerce is requesting that communities complete a quarterly report. The first quarterly report will be due on or before October 1, 2010.

1. *Total amount of private funds committed and the amount invested in the previous fiscal year.*

$5,814,143.00 in private funds has been committed as part of the local projects. Projects will begin in the fall 2010 and therefore $0.00 private investment has been made to date.

*Please see attached spreadsheet for each city's projected investment.

2. *Total amount of local public matching funds raised. (Note: only required for projects involving the expenditure of local public dollars.)*

$3,396,592 in public funds has been committed as a part of the local projects. $2,270,542 is derived from local public dollars. An additional $1,126,050 in additional state funding (grants and tax credits) has been leveraged for these projects. Projects will begin in the fall 2010 and therefore $0.00 public investment has been made to date.

*Please see attached spreadsheet for each city's projected investment.

3. *Total amount of grant moneys received from the MSSF during preceding fiscal year.*

* Since funds are distributed to the communities upon completion of their projects, and since projects will begin in the fall 2010, no grant awarded city's received any funds in FY 09-10.

4. *Description of how grant moneys and funds from the private investors were used during the preceding fiscal year.*

Funds were not used in FY 09-10, however funds will be used in FY 10-11 for a variety of projects, primarily building renovations for both existing and new tenants. Included in the uses are market-rate offices, retail space, service and professional businesses, restaurant space, a satellite community college and a downtown daycare center. In addition, Morganton, NC established a revolving loan program for an infusion of funds for renovations and working capital.

5. *Details regarding the types of private investment created or stimulated, the dates of this activity, the amount of public money involved and any other pertinent information, including any jobs created, businesses started and number of jobs retained due to the approved activities.*

The MSSF will help support the creation or expansion of 28 businesses and the creation or retention of 195 permanent full-time and 91 permanent part-time jobs. *Please note that the grants were awarded in May 2010, and projects are expected to begin in the fall 2010.

*Please see attached spreadsheet for each city's anticipated economic impact.

GNS: EHP

Attachments

Cc: Rita Harris

A summary of anticipated investment and economic impact by city.

NC Department of Commerce Main Street Solutions Fund Grant Awards - 2010

Number	County	Name of Community	Total Project Cost	Main Street Solutions Funds Grant	Additional State Grants/Tax Credits	Additional Investment (Private)	Additional Investment (Public)	# of Bus. To Directly Benefit from Grant	Anticipated Permanent Full Time & Part Time Jobs Retained or Created
1	Alamance	Burlington	$4,062,401.00	$298,460.00	$0.00	$2,032,941.00	$1,731,000.00	1	11FTE, 14 PTE
2	Burke	Morganton	$801,709.00	$271,455.00	$50,000.00	$420,254.00	$60,000.00	9	35 FTE, 40 PTE
3	Cleveland	Kings Mountain	$559,502.00	$185,000.00	$0.00	$357,291.00	$17,211.00	3	30 FTE, 11 PTE
4	Haywood	Waynesville	$1,784,850.00	$300,000.00	$11,050.00	$1,458,800.00	$15,000.00	4	24 FTE, 10 PTE
5	Lenoir	La Grange	$212,162.00	$93,581.00	$0.00	$6,450.00	$112,131.00	3	4 FTE, 5 PTE
6	Edgecombe	Rocky Mount	$623,000.00	$202,500.00	$0.00	$130,500.00	$290,000.00	4	57 FTE, 0 PTE
7	Vance	Henderson	$2,000,000.00	$299,004.00	$1,065,000.00	$635,996.00	$0.00	3	7 FTE, 11 PTE
8	Wilson	Wilson	$1,117,111.00	$300,000.00	$0.00	$771,911.00	$45,200.00	1	27 FTE, O PTE
		Totals	**$11,160,735.00**	**$1,950,000.00**	**$1,126,050.00**	**$5,814,143.00**	**$2,270,542.00**	**28**	**195 FTE, 91 PTE**

Prepared by the Nc Department of Commerce, Office of Urban Development