

Main Street Solutions Fund Annual Report

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The Joint Legislative Commission on Governmental Operations
The Fiscal Research Division

Submitting Entity:

N.C. Department of Commerce, Community Development, Division-Urban Development



North Carolina
Department of Commerce
Division of Community Assistance

Beverly Eaves Perdue, Governor
J. Keith Crisco, Secretary

Henry C. McKoy, Assistant Secretary
Elizabeth H. Parham, Director

August 31, 2011

MEMORANDUM

TO: Joint Legislative Commission on Governmental Operations
Fiscal Research Division

FROM: Elizabeth H. Parham

SUBJECT: Main Street Solutions Fund Annual Report – 2011
Citation of Law: S.L.2010-031
Section Number: Section 14.6A

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. This Statute was rewritten in 2010 for a second round of grant awards with updated guidelines. We are submitting an annual report to explain the results of the grant activity for both award cycles, 2009-2010 and 2010-2011.

The Fund was established with a \$2.0 million balance for FY 2009-2010. 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.

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. This amended application was approved after July 1st of 2010, however its details were included in last year's annual 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.

Burlington and Morganton have completed their grant projects and have been fully reimbursed. They are currently completing their final 6 months of job reporting to close out their grant award. The 6 remaining communities were given three years to complete the projects as proposed. Their 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 July 2010, the Fund was replenished with an additional \$1.5 million for FY 2010-2011. The 2010 Statute revision added a required match of \$2 (non-state or federal dollars) for every \$1 of Solutions Fund monies. The Statute also reduced the maximum grant award to \$200,000. \$225,000 (\$75,000 per year for three years) was retained for a full-time grant administrator. \$109,322 was given up for the 2.5% budget reversion for FY 2010-2011.

In April 2011, seven grants were awarded to: Benson (\$41,389), Burnsville (\$200,000), Goldsboro (\$200,000), Highlands (\$200,000), Kinston (\$200,000), Newton (\$80,830) and Sylva (\$47,382). In June 2011, two more grants were awarded to Lenoir (\$200,000) and Salisbury (\$41,419).

These nine awards are anticipated to leverage an additional \$3,804,333 in private investments and an additional \$1,050,331 in public investments. For every \$1 invested by the State, an additional \$4.01 dollars will be invested by the local community. These investments will support the creation or expansion of 29 small businesses and the creation or retention of 135 permanent full-time and 69 part-time jobs.

Communities awarded in FY 2010-11 have been given three years to complete the projects as proposed. Projects awarded in April must be completed by April, 2014. Projects awarded in June must be completed by June, 2014. If the projects are not completed under contract within the three years, unspent funds will be recaptured.

This report will be presented in two parts. There will be a Departmental Report and the City Reports. Each part will include information for grant awards made in 2009-2010 and 2010-2011. If you have any questions, please contact Ben Murphrey, Grant Administrator 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	<u>\$ 300,000.00</u>
	\$1,950,000.00

Total disbursements for FY 09-10 were \$569,915.00. Both Burlington and Morganton completed their projects and received full reimbursement.

FY 2010-2011

Allocations to Communities

\$1,211,020 million was committed to nine communities in April and June 2011 as follows:

Benson	\$ 41,389.00
Burnsville	\$ 200,000.00
Goldsboro	\$ 200,000.00
Highlands	\$ 200,000.00
Kinston	\$ 200,000.00
Lenoir	\$ 200,000.00
Newton	\$ 80,830.00
Salisbury	\$ 41,419.00
Sylva	<u>\$ 47,382.00</u>
	\$1,211,020.00

Total disbursements for FY 10-11 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
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Total disbursements for FY 09-10 were \$4,666.19

\$75,000 was committed to the administration of the Fund in July 2010 as follows:

Department of Commerce	\$ 75,000.00
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Total disbursements for FY 10-11 were \$25,667.88

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	<u>\$ 50,000.00</u>
Total	\$2,000,000.00

FY 2010-11

Allocations to Communities	\$1,211,020.00
Allocation for Grants Administration	\$ 75,000.00
Allocation for Budget Reversion	<u>\$ 109,322.00</u>
Total	\$1,395,342.00

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

The Fund received an initial appropriation of \$2.0 million from the General Assembly in 2009. An additional appropriation of \$1.5 million was made in 2010. Total interest earned as of June 30, 2011 was \$26,185.62.

The account balance as of June 30, 2011 was \$2,879,067.20.

4. *The total unallocated funds:*

As of June 30, 2011, there was \$26,185.62 in interest earned that is unallocated to date.

City Reports:

FY 2009-10

All projects have completed the following steps to begin their project:

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

*Please note that the following information was obtained through annual reports submitted in July 2011.

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. \$2,363,637.00 in 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. \$488,344.00 in public investment has been made to date.

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

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

\$569,915 was disbursed from the Fund in FY 2010-11. Morganton and Burlington completed their projects and were fully reimbursed.

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

Funds were spent in Morganton, Burlington and LaGrange during FY 10-11. These funds were used for restaurant space, an art gallery, a satellite community college, several retail businesses, and a co-op grocery store. More funds are expected to be used in FY 11-12 for a variety of other 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, and a downtown daycare center.

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. 12 businesses have been created and/or expanded creating and/or retaining 46 permanent full-time and 48 part-time jobs through the end of FY 2010-2011.

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

FY 2010-11

*Please note that the grants were awarded in April and June 2011. 2011 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 and receiving clearance.

All projects are expected to begin in the fall 2011.

*Please note that the following information was obtained from the grant agreements. Since the projects were awarded in May 2011 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, 2011.

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

\$3,804,333 in private funds has been committed as part of the local projects. Projects will begin in the fall 2011 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.*

\$1,050,331 in public funds has been committed as a part of the local projects. \$726,331 is derived from local public dollars. An additional \$324,000 in additional state funding (grants and tax credits) has been leveraged for these projects. Projects will begin in the fall 2011 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 monies 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 2011, no grant awarded cities received any funds in FY 10-11.

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

Funds were not used in FY 10-11, however funds will be used in FY 11-12 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 bed and breakfast and office space for a local Arts Council. In addition, Goldsboro, NC established a revolving loan program for an infusion of funds for renovations.

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 29 businesses and the creation or retention of 135 permanent full-time and 69 permanent part-time jobs. *Please note that the grants were awarded in April and June 2011, and projects are expected to begin in the fall 2011.*

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

EHP: BTM

Attachments

*Cc: Henry McKoy
Rita Harris*

2009-2010 Grant Awards - 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, 0 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

2010-2011 Grant Awards - A summary of anticipated investment and economic impact by city.

NC Department of Commerce Main Street Solutions Fund Grant Awards - 2011									
	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	Johnston	Benson	\$124,166.00	\$41,389.00	\$30,000.00	\$3,611.00	\$49,166.00	1	2 FTE
2	Yancey	Burnsville	\$627,350.00	\$200,000.00	\$0.00	\$425,000.00	\$2,250.00	1	11 FTE, 6PTE
3	Wayne	Goldsboro	\$1,446,381.00	\$200,000.00	\$0.00	\$601,581.00	\$644,800.00	4	10 FTE, PTE 29
4	Macon	Highlands	\$1,267,000.00	\$200,000.00	\$0.00	\$1,067,000.00	\$0.00	6	23 FTE, 10 PTE
5	Lenoir	Kinston	\$1,200,000.00	\$200,000.00	\$0.00	\$1,000,000.00	\$0.00	2	8 FTE
6	Caldwell	Lenoir	\$822,590.00	\$200,000.00	\$264,000.00	\$338,590.00	\$20,000.00	3	18 FTE, 12 PTE
7	Catawba	Newton	\$242,500.00	\$80,830.00	\$0.00	\$161,670.00	\$0.00	2	4 FTE, 3 PTE
8	Rowan	Salisbury	\$192,919.00	\$41,419.00	\$30,000.00	\$120,731.00	\$1,500.00	1	2 FTE
9	Jackson	Sylva	\$142,147.00	\$47,382.00	\$0.00	\$86,150.00	\$8,615.00	9	57 FTE, 9 PTE
		Totals	\$6,065,053.00	\$1,211,020.00	\$324,000.00	\$3,804,333.00	\$726,331.00	29	135 FTE, 69 PTE