

Main Street Solutions Fund Annual Report

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Receiving Entities:

The Joint Legislative Commission on Governmental Operations
The Fiscal Research Division

Submitting Entity:

N.C. Department of Commerce, Division of Community Assistance, Office of Urban Development



**North Carolina Department of Commerce
Division of Community Assistance
Office of Urban Development**

**Beverly Eaves Perdue, Governor
Jon Williams, Assistant Secretary**

**J. Keith Crisco, Secretary
Elizabeth H. Parham, Director**

August 17, 2012

MEMORANDUM

TO: Joint Legislative Commission on Governmental Operations
Fiscal Research Division

FROM: Elizabeth H. Parham

SUBJECT: Main Street Solutions Fund Annual Report – 2012
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). The City of Rocky Mount encountered a project change resulting in a funding reduction of \$102,500. Their current award amount is now \$100,000. The projects that were to occur in the Town of Waynesville and City of Wilson suffered unforeseen hardships and were forced to forfeit their grant awards. This money was un-encumbered and made available to other eligible communities.

It is anticipated that the \$1,197,500 fund allocation will leverage an additional \$2,975,714 in private investments and an additional \$3,463,131 in public investments. These investments will support the creation or expansion of 23 businesses and the creation or retention of 78 permanent full-time and 73 permanent part-time jobs.

Burlington and Morganton have completed their grant projects and have been fully reimbursed. They have both completed their final 6 months of job reporting and have officially closed out their grant award. The 4 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). Burnsville's grant project experienced a significant setback; therefore the Town of Burnsville relinquished their grant award (\$200,000). This money was un-encumbered and made available to other eligible communities.

These eight awards are anticipated to leverage an additional \$3,378,602 in private investments and an additional \$1,048,081 in public investments. For every \$1 invested by the State, an additional \$4.38 dollars will be invested by the local community. These investments will support the creation or expansion of 28 small businesses and the creation or retention of 124 permanent full-time and 65 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.

After making the 2010-2011 Main Street Solutions Fund grant awards in March and June 2011 it was determined that there was \$700,605 remaining in the fund for other grants. These remaining funds were available due to four projects relinquishing all or a portion of their awarded funds. A request for applications was sent out in October 2011 to eligible communities.

In February 2012, four grants were awarded to: New Bern (\$100,000), Pinehurst (\$200,000), Tryon (\$150,000) and Washington (\$200,000). These four awards are anticipated to leverage an additional \$2,376,000 in private investments and an additional \$529,200 in public investments. For every \$1 invested by the State, an additional \$4.47 dollars will be invested by the local community. These investments will support the creation or expansion of 6 small businesses and the creation or retention of 33 permanent full-time and 20 part-time jobs.

Communities awarded in FY 2011-12 have been given three years to complete the projects as proposed. Projects awarded in February must be completed by February, 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, 2010-2011 and 2011-2012. 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

\$1,197,500 million was committed to six 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	<u>\$ 100,000.00</u>
	\$1,197,500.00

Total disbursements for FY 09-10 were \$657,046.00. Both Burlington and Morganton completed their projects and received full reimbursement in FY 2010-2011. La Grange completed a portion of their project and was partially reimbursed \$87,131 in FY 2011-2012.

FY 2010-2011

Allocations to Communities

\$1,011,020 million was committed to eight communities in April and June 2011 as follows:

Benson	\$ 41,389.00
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>
	\$1,011,020.00

Total disbursements for FY 10-11 were \$100,000.00. Half of Goldsboro's award was to add funds to an existing revolving loan fund in the amount of \$100,000. This disbursement was made in FY 2011-2012.

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

FY 2011-2012

Allocations to Communities

\$650,000 was committed to four communities in February 2012 as follows:

New Bern	\$ 100,000.00
Pinehurst	\$ 200,000.00
Tryon	\$ 150,000.00
Washington	<u>\$ 200,000.00</u>
	\$ 650,000.00

Total disbursements for FY 11-12 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

\$75,000 was committed to the administration of the Fund in July 2011 as follows:

Department of Commerce	\$ 75,000.00
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Total disbursements for FY 10-11 were \$60,604.03

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

FY 2009-10

Allocations to Communities	\$1,197,500.00
Allocation for Grants Administration	<u>\$ 50,000.00</u>
Total	\$1,247,500.00

FY 2010-11

Allocations to Communities	\$1,011,020.00
Allocation for Grants Administration	\$ 75,000.00
Allocation for Budget Reversion	<u>\$ 109,322.00</u>
Total	\$1,195,342.00

FY 2011-12

Allocations to Communities	\$ 650,000.00
Allocation for Grants Administration	<u>\$ 75,000.00</u>
Total	\$ 725,000.00

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. \$902,500 was recaptured from in FY 2011-2012 from relinquished grant awards. Total interest earned as of June 30, 2012 was \$20,466.62.

The account balance as of June 30, 2012 was \$1,897,377.

4. The total unallocated funds:

As of June 30, 2012, 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 2012.

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

\$2,975,714 in private funds has been committed as part of the local projects. \$2,143,937.00 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.)

\$3,463,131 in public funds has been committed as a part of the local projects. \$2,348,131 is derived from local public dollars. An additional \$1,115,000 in additional state funding (grants and tax credits) has been leveraged for these projects. \$2,090,920 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.

La Grange completed a portion of their project and was partially reimbursed \$87,131. A total of \$657,046 has been disbursed for grants awarded in FY 2010-2011.

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. There were no additional funds from the FY 09-10 allocation, spent during FY 11-12.

More funds are expected to be used in FY 12-13 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.

Funds will help support the creation and/or expansion of 23 businesses and the creation or retention of 78 permanent full-time and 73 permanent part-time jobs. The grant monies spent by Morganton, Burlington and LaGrange through FY 2011-2012 have resulted in 13 businesses being created and/or expanded. These businesses have created and/or retained 52 permanent full-time and 61 part-time jobs.

Since the completion of their grant project, Morganton has had 18 additional businesses either relocate or open in downtown, increasing their first floor occupancy to 99%. These 18 businesses added 30 new full-time jobs and 12 part-time jobs to downtown Morganton.

Burlington has reported that 7 additional businesses have opened near the Company Shops Market (MSSF grant project) since it opened in June 2011. These businesses created 17 jobs.

*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.

*Please note that the following information was obtained through annual reports submitted in July 2012.

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

\$3,378,602 in private funds has been committed as part of the local projects. \$1,534,272.00 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.

\$1,048,081 in public funds has been committed as a part of the local projects. \$724,081 is derived from local public dollars. An additional \$324,000 in additional state funding (grants and tax credits) has been leveraged for these projects. \$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.

Total grant monies received for FY 10-11 were \$100,000.00. Half of Goldsboro's award was to add funds to an existing revolving loan fund in the amount of \$100,000.

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

Funds were 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, 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 28 businesses and the creation or retention of 124 permanent full-time and 65 permanent part-time jobs. *Please note that none of the grant projects have been completed, therefore job creation numbers are not available at this time.

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

FY 2010-11

*Please note that the grants were awarded in February 2012. 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.

*Please note that the following information was obtained through annual reports submitted in July 2012.

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

\$2,376,190 in private funds has been committed as part of the local projects. \$0.00 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.*

\$529,200 in public funds has been committed as a part of the local projects. \$270,200 is derived from local public dollars. An additional \$259,000 in additional state funding (grants and tax credits) has been leveraged for these projects. \$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.*

No grant monies have been distributed to FY 2011-2012 grant recipients. *Please note grants were awarded in February 2012.

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

Funds will be used in FY 12-13 for a variety of projects, primarily building renovations for both existing and new tenants. Included in the uses are retail space, service and professional businesses, and restaurant space.

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 6 businesses and the creation or retention of 33 permanent full-time and 20 permanent part-time jobs. *Please note that none of the grant projects have been completed, therefore job creation numbers are not available at this time.

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

EHP: BTM

Attachments

Cc: Jon Williams
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	\$3,254,937.00	\$298,460.00	\$0.00	\$1,225,477.00	\$1,731,000.00	1	13 FTE, 16 PTE
2	Burke	Morganton	\$1,109,404.00	\$271,455.00	\$50,000.00	\$620,000.00	\$167,949.00	9	35 FTE, 40 PTE
3	Cleveland	Kings Mountain	\$509,502.00	\$135,000.00	\$0.00	\$357,291.00	\$17,211.00	3	5 FTE, 1 PTE
4	Lenoir	La Grange	\$229,102.00	\$93,581.00	\$0.00	\$6,450.00	\$141,971.00	3	4 FTE, 5 PTE
5	Edgecombe	Rocky Mount	\$520,500.00	\$100,000.00	\$0.00	\$130,500.00	\$290,000.00	4	14 FTE, 0 PTE
6	Vance	Henderson	\$2,000,000.00	\$299,004.00	\$1,065,000.00	\$635,996.00	\$0.00	3	7 FTE, 11 PTE
		Totals	\$7,623,445.00	\$1,197,500.00	\$1,115,000.00	\$2,975,714.00	\$2,348,131.00	23	78 FTE, 73 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 - 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)	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	2 FTE
2	Wayne	Goldsboro	\$1,446,381.00	\$200,000.00	\$0.00	\$601,581.00	\$644,800.00	10 FTE, PTE 29
3	Macon	Highlands	\$1,267,000.00	\$200,000.00	\$0.00	\$1,067,000.00	\$0.00	23 FTE, 10 PTE
4	Lenoir	Kinston	\$1,200,000.00	\$200,000.00	\$0.00	\$1,000,000.00	\$0.00	8 FTE
5	Caldwell	Lenoir	\$822,590.00	\$200,000.00	\$264,000.00	\$338,590.00	\$20,000.00	18 FTE, 12 PTE
6	Catawba	Newton	\$242,500.00	\$90,830.00	\$0.00	\$161,670.00	\$0.00	4 FTE, 3 PTE
7	Rowan	Salisbury	\$192,919.00	\$41,419.00	\$30,000.00	\$120,000.00	\$1,500.00	2 FTE
8	Jackson	Sylva	\$142,147.00	\$47,382.00	\$0.00	\$86,150.00	\$8,615.00	57 FTE, 9 PTE
		Totals	\$5,437,703.00	\$1,011,020.00	\$324,000.00	\$3,378,602.00	\$724,081.00	124 FTE, 65 PTE

2011-2012 Grant Awards - A summary of anticipated investment and economic impact by city.

NC Department of Commerce Main Street Solutions Fund Grant Awards - 2012									
Number	County	Name of Community	Total Project Cost	Main Street Solutions Funds Grant	Additional State Grants/Tax	Additional Investment (Private)	Additional Investment (Public)	# of Bus. To Directly	Anticipated Permanent Full Time &
1	Craven	New Bern	\$427,240.00	\$100,000.00	\$0.00	\$327,240.00	\$0.00	2	6 FTE, 4 PTE
2	Moore	Pinehurst	\$1,103,150.00	\$200,000.00	\$259,000.00	\$388,950.00	\$255,200.00	1	8 FTE, 4 PTE
3	Polk	Tryon	\$675,000.00	<u>\$150,000.00</u>	\$0.00	\$510,000.00	\$15,000.00	2	11 FTE, 2 PTE
4	Beaufort	Washington	\$1,350,000.00	\$200,000.00	\$0.00	\$1,150,000.00	\$0.00	1	8 FTE, 10 PTE
Totals			\$3,555,390.00	\$650,000.00	\$259,000.00	\$2,376,190.00	\$270,200.00	6	33 FTE, 20 PTE