

BOARD OF ALDERMEN

ITEM NO. D(3)

AGENDA ITEM ABSTRACT

MEETING DATE: February 21, 2012

TITLE: Update Criteria for Business Revolving Loan Fund and Application Form

DEPARTMENT: Economic and Community Development	PUBLIC HEARING: No
ATTACHMENTS: A. Comparative Review of Existing and Proposed Criteria B. Proposed New BRLF Criteria and Application Form	FOR INFORMATION CONTACT: Annette D. Stone, AICP Economic and Community Development Director

PURPOSE:

The purpose of this agenda item is for the Board of Aldermen to consider revised criteria for the Town's Business Revolving Loan Fund and to update the application form based on the proposed criteria.

INFORMATION:

The Business Revolving Loan Fund was established in 1986 utilizing CDBG program income and has generated over \$1,000,000 in investment in the Town of Carrboro Business community since that time. The proposed new criteria reflect current business trends, Carrboro's economic development philosophies and the information that is needed by the ESC and the Board of Aldermen in making loan decisions. Generally, the proposed criterion simplifies the language and makes the requirements more streamlined and user-friendly. Attached is a side by side review of the current standards and the proposed new language. Some of the more notable changes are the loan to job loan amount requirements. The existing standards require one job per \$10,000 in loan funds, the proposed new criteria would allow for one full-time job per \$25,000 in loan funds. This revision is consistent with the NC Department of Commerce standards for CDBG programs that require job creation or retention. Some of the other changes and requirements address more recent issues dealing with records confidentiality, collateral requirements, business planning and financial forecasting requirements, identification of other forms of capital, etc. Updating the criteria may have the effect of encouraging more applicants due to the stream-lined, user friendly process, thereby continuing to build the fund. The ESC has reviewed and discussed the proposed changes and recommends approval by the Board of Aldermen.

FISCAL IMPACT:

None

RECOMMENDATION:

The staff recommends the Board of Aldermen consider updating the criteria as proposed.