

BOARD OF ALDERMEN

ITEM NO. D(5)

AGENDA ITEM ABSTRACT

MEETING DATE: October 16, 2012

TITLE: PTA Thrift Shop Revolving Loan Fund Application

DEPARTMENT: Economic and Community Development	PUBLIC HEARING: YES or <u>NO</u>
ATTACHMENTS: A. PTA Thrift Store RLF Application and Back Up Documentation	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 a request from PTA Thrift Shop for a loan from the Town's Revolving Loan Program.

INFORMATION:

PTA Thrift Shop is in the process of expanding the existing thrift shop business and adding office/retail space that will add to Carrboro's inventory of commercial space. The project was granted a CUP by the Board of Aldermen in June of 2012. The expansion of the store will create 5 – 7 new jobs with hourly wages in the \$11.00 to \$12.00 range. PTA is anticipating a \$4,000,000 loan from a private lender, \$200,000 from PTA net proceeds, a \$500,000 community capital campaign, and the possibility of tax credits. Projected revenues are expected to increase 33% in the first year of operation. In addition, the added retail/commercial space will generate an additional \$156,938 in revenue. PTA is requesting \$50,000 for a period of seven (7) years at 2% interest.

The ESC recommendation is a \$25,000 loan for a period of four (4) years at 3% interest. The ESC reasoned that they wanted to show financial support for PTA, but stated that funding from the Town would not make or break the project, and that loan funds available may be used by other businesses that do not have as much access to capital. The loan would be secured with a lien against the PTA Thrift Shop property.

FISCAL IMPACT:

There is currently \$82,970 dollars budgeted for the Revolving Loan Fund and an estimated \$150,147 in the fund balance. There are sufficient funds available to make this loan.

RECOMMENDATION:

The ESC is recommending the Board approval a loan in the amount of \$25,000 for a period of four (4) years at 3% interest. The staff recommends the Board of Aldermen consider the recommendation of the ESC.