



Legislation Text

File #: 24-070, **Version:** 1

Resolution Issuing a Business Revolving Loan

PURPOSE: To approve a resolution authorizing the Town Manager to issue a Business Revolving Loan Program loan of \$32,000 plus closing costs to Heather Swanson.

DEPARTMENT: Economic Development

CONTACT INFORMATION: Jon Hartman-Brown; JHartman-Brown@CarrboroNC.gov; 919-918-7319

COUNCIL DIRECTION:

☐ Race/Equity ☐ Climate ☒ Comprehensive Plan ☐ Other

This loan would follow Comprehensive Plan Strategy 1.3: Expand access to capital for entrepreneurs, locally owned, small and BIPOC businesses.

INFORMATION: The current owner of Neal's Deli is selling the business and Heather Swanson (the current manager) is requesting a loan to purchase the 15-year-old business. Relating to requirements of the loan, this loan would save five full-time jobs and five part-time jobs which pay a living wage. In addition to other financing, the applicant is requesting \$32,000 in a loan for working capital.

The owner has ten years of experience with Neal's and five years at the management level. Staff concur with the market study findings in the application that, while the restaurant industry continues to recover from the COVID pandemic, our local market will continue to see growth. Additionally, Neal's Deli also offers other related services such as catering which help diversify their business model.

The business appears to, at least temporarily, be experiencing negative profits which is of concern. This has the biggest impact on the business' ability to pay back their loan and be sustainable into the future. All other aspects of the business appear to be in good to great condition and would otherwise be considered a very successful business.

FISCAL IMPACT: The Revolving Loan Fund currently has approximately \$261,000 available to be loaned, so no significant impact should be expected from the issuing of this loan.

RECOMMENDATION: The Economic Sustainability Commission recommend the loan request for \$32,000 plus closing costs be granted (an estimated payment of approximately \$396.75 per month) and that semi-annual check-ins with the SBTDC be required for at least the first year.