



ECONOMIC DEVELOPMENT AUTHORITY

AGENDA SECTION	BUSINESS ITEMS
MEETING DATE	02/06/2023

ITEM:	Ruff Love Doggy Daycare Fire Suppression Grant Application	
DEPARTMENT:	Community Development	BY/DATE: Mitchell Forney

BACKGROUND:

In 2022 the EDA created the Fire Suppression Grant Program ("Program"). Through this program the EDA wanted to assist local businesses with the cost burdening work of installing fire suppression systems within commercial buildings. As noted in the program guidelines, a lot of the commercial properties in Columbia Heights do not have fire suppression systems. The cost of adding these systems, when required, is very prohibitive for small businesses. Certain businesses and certain changes in use require the addition of fire suppression systems. Since the creation of the program, there has been several interested business owners, but zero applicants. Staff believed Miller's Bar would have been a prime target for the program, but when asked, the owner said that even with the grant it would be too expensive. Staff encouraged the owner to still apply but have not received any word since. There are currently two applications in the pipeline. The first is before you this evening. The second is for Rail Werks brewery which is planned to go into the strip mall at 4001 Central Ave NE.

The first applicant is Jessen Como the owner of Ruff Love Dogs. Ruff Love Dogs currently operates in NE Minneapolis but is being forced out of their building due to a pending redevelopment project. Ruff Love Dogs is now under contract to purchase the building located at 3801 3rd ST NE in Columbia Heights and has plans to retrofit the building for its new use as a dog kennel/daycare. The applicant has received two competitive quotes for the required fire suppression system, proving that the upgrade adds approximately \$80,000 to the build out.

In 2022, The EDA allocated \$45,000 for the creation of the Program, and budgeted \$60,000 for 2023, leaving the program with a balance of \$105,000. As stated above, it has been difficult for staff to find business that are able to apply to the Program. Many businesses don't have the capital to pay for the addition of a fire suppression system in their building. As you can see from the bids that Ruff Love Dogs received, it costs about \$40,000 to run a new water service line from the street to the building. This doesn't include the installation of any fire suppression equipment within the building. Due to the cost of installing a fire suppression system that includes the installation of a new water service, staff are recommending an increase to the total amount provided through the program. The current maximum grant allowed is 50% of the project cost up to \$15,000. Staff believe by increasing the grant from \$15,000 to \$30,000 the EDA would make the Program more marketable and practical. Increasing the maximum grant to \$30,000 would still allow smaller projects to occur but would also incentivize businesses and property owners seeking larger projects with limited capital to reinvest into their buildings. Unlike some Façade Improvements, the fire suppression systems will be installed and available for the next business that chooses to call the building home. Staff conducted a comparison of other cities with similar programs. Of the eight cities reviewed, five cities had a maximum allotment of \$20,000 - \$30,000. While one of the cities had a maximum grant of \$10,000 covering up to 100% of the expenses. Staff believe setting the EDA's program at \$30,000 is a good middle ground that affords the EDA at least two grants per year if the \$60,000 annual budget allotment remains intact.

In addition to the increasing of the grant amounts, community development staff are recommending a few edits to the program guidelines. The first edit is to update the guidelines to include industrial properties. By limiting the program to commercial properties, the EDA eliminates improvements to the City's small industrial sector. By including industrial properties, the City may be able to attract businesses like Ruff Love. The second proposed edit is to expand the Program along Central Ave to 53rd Ave. This would bring the program into alignment with the Façade Grant Program's boundaries. This would have been the original intent, but the Façade Grant's boundaries were extended after the development of the Fire Suppression grant program.

RECOMMENDED MOTION(S):

MOTION: Move to waive the reading of Resolution 2023-04, there being ample copies available to the public.

MOTION: Move to approve Resolution 2023-04, a resolution of the Economic Development Authority of Columbia Heights, Minnesota, approving the form and substance of the Fire Suppression Grant Agreement, and approving authority staff and officials to take all actions necessary to enter the authority into the Fire Suppression Grant Agreement with Jessen Como.

MOTION: Move to edit the Fire Suppression Grant Guidelines as presented.

ATTACHMENT(S):

- 1. Resolution 2023-04**
- 2. Ruff Love Dogs Fire Suppression Grant Application**
- 3. Fire Suppression Grant Agreement**
- 4. Fire Suppression Grant Guidelines Edits**