

**ECONOMIC DEVELOPMENT AUTHORITY**

| AGENDA SECTION | BUSINESS ITEMS |
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| MEETING DATE | 5-3-2021 |

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| ITEM: | Fire Sprinkler Pilot Grant Program Discussion | |
| DEPARTMENT: | Community Development | BY/DATE: Aaron Chirpich – 4/29/2021 |

BACKGROUND:

Staff would like to discuss with the EDA the creation of a pilot grant program to provide assistance to small businesses that need to install fire suppression systems in existing commercial buildings. Due to the City's adoption of the standards outlined in Chapter 1306 of the Minnesota Administrative Rules (building code), many business owners that propose a change in use, expansion, and/or remodel, must meet modern day sprinkler requirements similar to those for new construction. On several occasions, staff in the Community Development department has interacted with customers that are looking to bring new business ideas into Columbia Heights but their projects stall out due to the high cost of installing fire suppression systems in the City's older commercial buildings.

To combat this situation and stimulate new business growth in the City, staff recommends that the EDA consider investing in a pilot grant program that will help share the cost of the sprinkler system upgrades for commercial buildings. Investing in sprinkler systems not only helps new business ideas enter the community, it will pave the way for the next owner/tenant that looks to occupy each space in the future, thereby lowering the frequency of vacant store fronts along the City's commercial corridors.

In researching options for grant program guidelines, staff became aware of a similar program that is operating in Blaine (see attached flyer). Staff used the parameters of the Blaine program and experiences gained through the façade improvement grant program to establish the parameters listed below as a basis for discussion with the EDA.

Eligible Applicants:

Applicants must be an owner of a commercial property, a commercial tenant with approval from the property owner(s), or a 501 (c)(3) organization in the City of Columbia Heights located along Central Avenue NE between 37th and 47th Avenue NE., or along 40th Avenue between Central and University Avenues, or along University Avenue between 37th and 53rd Avenue NE. Applicants must be in good standing with the City. Including but not limited to, legally operating with proper licensure; and current on property taxes, utility bills, and special assessments.

Eligible Improvements:

- Interior fire suppression systems
- Sprinkler monitoring
- Water line connections

Grant Amounts:

Applicants would be eligible for reimbursement for eligible improvements up to 50% of the total project cost; with a maximum reimbursement of \$15,000.

Required Submittals by Applicant:

- Two or more competitive proposals from licensed and bonded contractors
- Proof of final inspection by the Building Official
- Copy of the final invoice received from the contractor
- Proof of payment to the contractor (i.e. receipt, invoice)

Pilot Program Funding:

Staff recommends establishing the pilot program by using existing funds from the EDA's redevelopment Fund 408. This fund currently serves as the revenue source for the Commercial Revitalization activities of the EDA, which includes the façade improvement grant program and the scattered site acquisition of single-family homes that are zoned commercially. Fund 408 is replenished with approximately \$250,000 each year by the City's special HRA levy. To fund the initial pilot program, staff recommends setting aside \$45,000 to get through the rest of 2021 and all of 2022. This number represents the unused portion of the façade improvement grant funds from the 2020 budget. In subsequent years, staff and the EDA can determine funding levels based upon the success of the program.

Recommendation:

Staff does not recommend any EDA action at this time. If the EDA is amenable to the grant program concept, staff will work to prepare the program application materials and seek formal approval of the program at a later date.

ATTACHMENT(S):

1. City of Blaine Program Flyer