



MANDAN GROWTH FUND FORGIVABLE LOAN *Fire Sprinkler Assistance Program*

Approved by the Mandan City Commission on May 18, 2021

Introduction

A tragic nightclub fire in Rhode Island during 2003 prompted many cities including Mandan to adopt fire code changes that require sprinkler retrofits for certain buildings and use groups. More information is available in the International Fire Code, Section 903 pertaining to automatic sprinkler systems. Among the requirements is that for A-2 uses involving eating and drinking establishments when the fire area exceeds 5,000 sf, has an occupant load of 100 people or more, or when the fire area is located on a floor other than a level of exit serving such occupancies, an automatic sprinkler system is required. This requirement applies for buildings constructed after 2003 and when there is a change of use or if significant improvements are made to buildings constructed before that time.

Program goals include:

- Assist with community development;
- Support business retention, expansion and start-ups;
- Encourage private sector capital investment in fire safety improvements and upgrades to existing commercial structures; and
- Reduce commercial property vacancies and otherwise optimize use of existing buildings, thus improving community vibrancy.

Program Summary

The program is offered through the Mandan Growth Fund and administered by the City of Mandan's Business Development Office. The funding source is a portion of the City's 1 percent sales tax revenue set aside in the Growth Fund for economic development purposes. Availability of funds for the program will depend on the balance in the Growth Fund at the time of application. Funding for qualified applicants is encumbered on a first-come, first-served basis.

Interested commercial property owners may apply for a forgivable loan, not to exceed \$10,000, for up to 50% of their investment in the installation, upgrade or retrofit of fire sprinkler systems.

The program is available citywide.

The interest-free loan will be pro-rated and forgiven over the course of 5 years contingent upon project completion and sprinkler system remaining intact and operable during this period, subject to annual inspection and verification by the Mandan Fire Department.

Application and Approval Process

1. Submit completed application to the City of Mandan Business Development Office for preliminary review to assure that all necessary information is provided.
2. Participate in a meeting of the Mandan Growth Fund Committee for review and consideration of the application. Applicants will be notified of the meeting and asked to attend to present their project proposal. The Mandan Growth Fund Committee will review projects and make recommendation regarding the award of matching funds in the form of forgivable loans.
3. Growth Fund Committee recommendations for approval will be presented to the City Commission for final approval within 45 days from receipt of the application.
4. For formal commitment of funding and reimbursement to occur, approved applicants will be required to complete and sign the following:
 - a. Forgivable loan and promissory note agreement
 - b. W-9 request for taxpayer identification number and certification
5. In situations where the applicant property is to be served with a fire protection water line that crosses through other properties, the City will require a copy of a shared or common use agreement that has been filed with the Morton County Recorder's Office. Applicants should provide the City with the proposed agreement to be sure it is sufficient prior to recording.

Eligibility Requirements

1. For commercial properties and the commercial portion of mixed-used properties. Properties of a residential nature only are not eligible.
2. Any building owner or business proprietor/tenant with lease authority or authorization from the owner may apply for funding. Business tenants must have a minimum of two years remaining on their lease. Subject building must be in a commercially-zoned area.
3. Subject building must have been constructed prior to 2004.
4. Project must be a component of a business expansion, start-up or part of a retention project involving a major remodel or otherwise required by building code as part of certain improvements.
5. Properties exempt from general property taxes through non-discretionary means are not eligible unless operating a commercial enterprise. For example, a church operating in a downtown storefront is not eligible.
6. Use of property and rehabilitation plan is consistent with published City of Mandan plans (2003 Downtown Mandan Redevelopment Plan, 2018 Downtown Subarea Study, Renaissance Zone, Architectural Review Commission community design and appearance standards (Municipal Code Chapter 105-4-2) and sign code (105-1-15.)
7. Project is ready to proceed in timely fashion (completed within 12 months from City Commission approval).
8. Bids or official cost quotes from licensed commercial contractors or other providers of needed services and materials are required. Applicants seeking to perform any of the work themselves must a) be licensed contractors that perform work for others, b) must obtain quotes from two other licensed contractors, and c) will be held to the lowest quote.
9. Applicants receiving a recommendation for approval must complete a W-9 request for tax payer identification number and certification as well as a promissory note and forgivable loan agreement.
10. As part of a citizen initiated and vote approved ordinance in 2008, now municipal code 111-2-9, depending on use, most properties receiving public funds are subject to an automatic

door requirement. The ordinance states, "Installation of electric handicap accessible entrance doors are required on every building open to the public that has received public funds in any form whatsoever."

11. Utilization of other incentives (i.e., Renaissance Zone, Growth Fund programs, Lewis and Clark Development Group financing, Historic Tax Credits) is permissible as long as all program parameters are met. No public funds may be used as a minimum match in another program. The overall percentage of assistance in relation to the share of private sector investment also may be considered.

Ineligible improvements and costs include:

1. Building permits and fees,
2. Sidewalk or parking lot replacement or repair
3. Dumpster rentals
4. Landfill fees
5. Utility bills

Project Administration Upon Approval

1. To be eligible for reimbursement, contracts for work in the agreed upon scope of the project must not be signed, nor may a building permit be obtained before City Commission approval is attained. Advance project design and engineering services may be obtained and these fees are among the eligible costs.
2. Once the City Commission has approved a project, the applicant will be notified in writing or by email and both the City and the Applicant will sign a Promissory Note and Forgivable Loan Agreement.
3. The applicant will be responsible for all bills and invoices associated with the project. Reimbursement will be based on a request from the applicant that must include a summary of expenditures with copies of invoices and proof of payment for completed work. The Mandan Fire and Building Inspections departments must review the fire sprinkler system installation or retrofit as approved and verify system operability before loan disbursement occurs. Fire sprinkler systems shall be monitored and maintained in accordance with the International Fire Code, at all times, after initial installation.
 - a. If the applicant is a licensed contractor who performed a portion of the work themselves, their invoice must document dates when work was performed, the type of work performed, hours and wage rates within industry standards.
4. The City of Mandan will issue a notice of potential lien on the subject property which will require repayment of the loan to the City within 5 years of project finalization if the subject structure or fire sprinkler system cease to remain intact during this period or if the system is found to be no longer operable by the Mandan Fire Department during annual inspection.
5. Properties that have previously received Fire Sprinkler Assistance funds are not eligible for additional funding.