

**AN ORDINANCE TO UPDATE THE LIFE SAFETY LOAN PROGRAM FUNDING AND PROCESS BY AMENDING CHAPTER 3.28 OF THE RAPID CITY MUNICIPAL CODE**

WHEREAS, the City of Rapid City has established a Life Safety Loan Program to assist property owners who wish to install fire suppression systems; and

WHEREAS, the City's Fire Marshall and Finance Officer have made recommendations to update provisions of the ordinances governing the Life Safety Loan Program; and

WHEREAS, the changes proposed will allow further funding of the program as revenue and annual budgets allow, in addition to streamlining the process to apply for and receive a loan; and

WHEREAS, the Common Council finds it to be in the best interests of the City of Rapid City to enact the proposed changes as outlined below.

NOW THEREFORE, BE IT ORDAINED by the City of Rapid City, that Chapter 3.28 of the Rapid City Municipal Code be and is hereby amended to read in its entirety as follows:

**CHAPTER 3.28: LIFE SAFETY LOAN PROGRAM**

Section

- 3.28.010 Establishment of Life Safety Loan Program.**
- 3.28.020 Loan criteria.**
- 3.28.030 Life Safety Loan Program request procedures.**
- 3.28.040 Life Safety Loan Program disbursements.**

**3.28.010 Establishment of Life Safety Loan Program.**

There is established the Life Safety Loan Program to be used to assist property owners who remodel existing structures with the installation of fire ~~suppression~~ sprinkler protection systems and associated alarm components. The Program shall be funded by such appropriation as the Common Council deems necessary and proper. ~~Not more than \$500,000 from the SAB 28 fund shall be used to fund loans made under the Life Safety Loan Program.~~

**3.28.020 Loan criteria.**

- A. The Finance Officer shall prepare a standard form Life Safety Loan Program application. The application shall require the applicant to provide sufficient information to allow the ~~review committee and~~ Council to make a determination as to the applicant's ability to repay the loan.
- B. No loan shall be ~~recommended by the committee nor~~ approved by the Council for more than 80% of the actual cost of installing the fire suppression system.
- C. All loans must be secured by a ~~mortgage~~, bond, or letter of credit in a form acceptable to the City Attorney. ~~The Council must specifically approve any mortgage which is not first in priority.~~
- D. The interest rate for the loan shall be 2%.

E. The term of the loan shall not exceed ~~7~~ 10 years, and the Council may require a shorter term, as may be appropriate for the size of the loan. ~~and the~~

~~F.~~ Payments shall be required to be made at least semi-annually, or more often if required by the Council.

G. Each Borrower shall enter into a loan agreement drafted by the City Attorney. The Finance Officer shall create an amortization schedule based on the interest rate, term, and installments which shall become part of the loan agreement.

~~F~~H. *Yearly credit available.*

1. A yearly credit shall be available to borrowers who make all payments in a timely manner and who have secured the loan with a bond or letter of credit.

2. The credit may only be applied against interest, and may not be applied against principal.

3. The credit shall not be available during the first year of repayment.

4. The credit shall be calculated for eligible borrowers following the end of each year of the loan's term. The credit for the second year of the loan term shall be the amount of the premium and/or fees paid by the borrower for a bond or letter of credit used to secure the loan for the second year, or in case of a multi-year instrument, that portion of the fee attributable to the second year. The credit shall not exceed the total interest payable for the second year. Subsequent years' credits shall be calculated in the same manner with the same restrictions.

5. Each year's credit shall be applied by the Finance Officer to reduce that year's payments. The total credit for any year shall be divided among all the payments payable for that year.

### **3.28.030 Life Safety Loan Program request procedures.**

A. The owner of a commercial property ~~being remodeled~~ may make written application on the form provided by the Finance Officer for a loan to fund the installation of fire suppression equipment. The request for a loan must contain a written estimate of the cost to install the fire suppression system.

B. Upon receipt of a request for a loan, the Fire Official, the Finance Officer, and the City Attorney, or the designee of each, shall review the application. If the application is complete and meets the criteria provided in this Chapter, the application shall be forwarded to the Common Council. ~~a review committee consisting of the Mayor, Council President, Finance Officer or designee, City Attorney or designee and the Fire Official or designee shall meet to review the request. Upon completing its review, the review committee shall forward its recommendation to the Council.~~

C. ~~Upon receiving the recommendation of the review committee, the~~ Nothing in this Chapter shall require the approval of any loan. The Council may approve or reject the application for a loan as presented, or approve a modified loan that meets with the requirements of this Chapter. ~~The Council may approve a loan for an amount that is less than requested by the applicant. The Council may consider the following factors in its decision:~~

1. The amount of money available in the Program.

2. The size of the loan request.

3. The benefits of fire protection for the property that is the subject of the request.

4. The number and amount of other pending loan requests.

5. The benefit of fire protection for the subject property in relation to the other pending requests.

6. The general financial condition of the City.

7. All other relevant factors.

~~—D. Nothing in this Chapter shall require the approval of any loan. The decision whether to approve a loan shall be made on a case by case basis upon due consideration of all factors affecting the ability of the applicant to repay the loan as well as the overall purposes of the fund.~~

**3.28.040 Life Safety Loan Program disbursements.**

~~—A. Disbursements will be made only to reimburse borrowers for amounts expended for construction of the fire suppression system in the building as contemplated by the loan agreement. Upon approval of a loan by the Council, t~~The applicant borrower must submit satisfactory documentation to the Finance Officer of the amounts actually expended for the construction of the fire suppression system. No loan funds can be disbursed until ~~satisfactory~~ such documentation has been received by the Finance Officer.

~~—B. The Finance Officer shall report to the Common Council the status of the fund, outstanding balances owed, status of payments and balance of available funds. This report shall be given in writing to the Common Council at the second meeting in July of each year.~~

CITY OF RAPID CITY

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Mayor

Attest

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Finance Officer

(seal)