



CITY OF SOUTH GATE
COMMUNITY DEVELOPMENT DEPARTMENT
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COMMERCIAL FACADE IMPROVEMENT PROGRAM

GUIDELINES AND APPLICATION



SECTION I - OVERVIEW OF PROGRAM

A. Purpose, Goal and Objective of Program

The purpose of the Commercial Façade Improvement Program is to provide financial assistance in the form of a matching grant to commercial property and/or business owners to make facade improvements and correct certain code violations to commercial buildings located in South Gate.

The goal of the Program is to facilitate commercial revitalization; stimulate private investment; preserve and beautify the commercial corridors; and generate shopping, and a pleasant walking environment by improving the visual aesthetics of commercial building facades through the use of the City's Community Development Block Grant (CDBG) Funds. By stimulating private investment and customer patronage, the Program adds value to the City's economy and enhances the community experience.

B. Source of Funds

The program is being funded by the Federal Government's Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Fiscal Year 2016-2017 Program funds. These funds are designed to meet community development needs and provide aid in the removal of blight, particularly in low and moderate income areas.

C. Grant Matching Assistance

Funding assistance shall be available to eligible commercial property and/or business owners who meet the requirements of Section II and III. The maximum matching grant amount that will be awarded per applicant is \$30,000. The applicant will be required to contribute 20% of personal funds towards the approved improvements of the building.

Grant funds may be used to pay for improvements, building plan check and permit fees associated with the rehabilitation work proposed under the Program. If the applicant withdraws his/her application for assistance or fails to implement the rehabilitation within 180 days after funds are used for payment of architectural services, construction drawings and/or City application fees, the applicant shall be required to reimburse the City for all funds paid to the architect and/or City.

Sample Assistance Scenario

In order to attain the maximum grant funding of \$30,000, the applicant must provide his/her own personal funds to the project in the amount of \$6,000, which equals 20% of the maximum grant amount. Both the grant funds and the applicant's personal funds would be used to do improvements on the commercial façade for a total of \$36,000.

SECTION II - APPLICANT ELIGIBILITY REQUIREMENTS

A. Property Ownership

The applicant(s) must be either the current property owner(s) or the current business owner(s) (tenant) to be rehabilitated in order to be eligible for Program assistance. Individuals, partnerships, corporations, and other legal entities may apply for assistance. The existing grant deed must list all current owners of the property. Property owner(s) shall be construed to be any person(s) or legal entity that holds title to the subject property. In the case of multiple ownership, the signature of each titleholder is required on all appropriate documents. The City will verify property ownership and require all persons currently on title to give written consent to all work proposed to be performed on the property prior to initiating such work.

If both the property owner and business owner (tenant) apply for participation in the Commercial Façade Improvement Program, the owner of the property will have priority over the business owner.

B. Program Exclusions:

The following businesses are not eligible to receive Program assistance: residential rental buildings (apartments), unless connected to mixed use building, home-based businesses, structures not facing the public right-of-way, banks, churches and other religious institutions.

SECTION III - PROPERTY ELIGIBILITY REQUIREMENTS

A. Eligible Commercial Properties

To be eligible for the Program assistance, the property to be rehabilitated must be located in South Gate and meet the following requirements:

- Commercial building must be dilapidated or blighted
- Business must be located in a CDBG eligible census tract (Attachment B)
- Business must serve low to moderate income clientele
- Storefront must be visible from the street
- Located on a major corridor

B. Minimum Property Rehabilitation Standards

All work performed under the provisions of this Program shall meet all applicable standards contained in the City's adopted zoning ordinance, local building and safety codes. The City's Municipal and Zoning Ordinance can be viewed on the City's web site at www.cityofsouthgate.org.

D. Eligible Property Improvements

The City has determined that the Program assistance may only be used for exterior rehabilitation items. Such exterior improvements may include, but are not limited to:

- exterior refinishing
- signage
- awnings
- fencing
- windows
- doors
- lighting
- paint
- landscaping
- decorative improvements

E. Design Restrictions

City staff will recommend specific improvements based on site analysis or architectural design recommendations. Applicants must incorporate two or more eligible improvement elements. Only improvements made to the street-facing portion of the building are eligible. Improvements are not eligible if they are simply maintenance of the current façade.

Program assistance can also be used for Building and Health Code violations, seismic upgrades, and American with Disabilities Act (ADA) compliance requirements as identified by the City.

Additionally, to participate in the Commercial Facade Improvement Program, all signage on the property to be rehabilitated must be brought up to conformance and maintained in conformance with the Sign Ordinance of the City.

SECTION IV - PROGRAM PROCEDURES

1. Applicant Intake and Eligibility Determination

A. Application.

Property owners and business owners may apply for program assistance by completing application forms available online at www.cityofsouthgate.org and submitting such materials to the Community Development Department. Applications will be reviewed in the order in which they are received. The City will maintain a waiting list for all prospective participants.

B. Verification and Eligibility Determination.

The City shall verify all information as necessary. Applicants will be notified in writing regarding eligibility status.

C. Rehabilitation Feasibility Determination.

Once an applicant has been determined to meet eligibility requirements, an initial inspection of the property will be made by the City to determine the extent of any code violations as well as any health and safety issues that need to be corrected pursuant to the provisions of this assistance program.

D. Approval and Notifications.

The matching grant shall first be approved by the City. In order to obtain matching grant funding, applicants must meet all property and eligibility guidelines in effect at the time of funding approval. Applicants will be provided with written notification of approval or denial. Reason(s) for project denial will be provided, to the applicant, in writing.

E. Matching Funds.

The applicant will be required to submit a certified check payable to the City of South Gate to cover his/her 20% contribution. [The check will be deposited in an account for the project.]

2. Procurement and Contractor Selection

A. Procurement.

The City shall maintain a list of qualified contractors who have expressed interest in bidding on rehabilitation work and have been cleared by the State Contractors License Board and are not listed on the debarred, suspended or ineligible contractors list as per 24 CFR part 5. The City will coordinate with the property owner or business owner to obtain at least three (3) estimates from qualified contractors for each rehabilitation project. The property owner(s) or business owners shall be responsible for obtaining estimates for improvements. Estimates shall be submitted to the City in the prescribed form.

B. Selection.

The applicant will make the final contractor selection from among three (3) qualified contractors who submit construction estimates. As required by HUD, the award of the contract will be awarded to the lowest responsive and responsible bidder. In case where the applicant desires to award the construction contract to an approved contractor other than the lowest responsible bidder, the City may set the amount of the award equal to the amount of the bid of the lowest responsible bidder. The applicant shall be responsible for any difference in the cost of construction.

C. Minimum Limits of Insurance for Contractor

The Contractor shall, at its own expense, procure and maintain during the term of the contract each of the following:

General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Each policy of insurance shall:

- i. Be issued by a financially responsible insurance company or companies
- ii. admitted and authorized to do business in the State of California or
- iii. which is approved in writing by the City.
- iv. Name and list as additional insured the City, its officers and employees.
- v. Specify that such insurance acts as primary insurance.
- vi. Contain a clause substantially in the following words: "It is hereby
- vii. understood and agreed that this policy shall not be canceled nor materially changed except upon thirty (30) days prior written notice to
- viii. the City of South Gate such cancellation or material change."
- ix. Cover the operations of the Consultant pursuant to the terms of any
- x. contract, including the Consultant's indemnity obligations thereunder.

D. Labor Compliance - Davis Bacon Requirements

In accordance with CDBG Program Entitlement Grant Regulations, Davis-Bacon requirements apply to the rehabilitation of all commercial buildings and structures. All participating contractors must follow the requirements below:

1. The Contractor must comply with the prevailing wage rates as determined by the State of California. Pursuant to the provisions of Section 1–3 of the Labor Code of the State of California, the City has obtained the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in this locality for each craft, classification or type of workman needed to execute this contract. These rates are on file with the City Clerk of the City of South Gate and copies will be made

available to any interested party on request. Contractor shall post a copy of such wage rates at the job site, and shall pay the adopted prevailing wage rates. The provisions of Section 1810 to 1815 of the Labor Code will be compiled with.

2. All mechanics and laborers employed or working upon the site of the work in the construction or development of the project, will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations under Copeland Act 29 CFR Part 3), the full amount due at time of payment computed as wage rates not less than those contained in the above determination, regarding of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. For the purpose of this clause, contributions made or cost reasonably anticipated under section 1 (b) (2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subjected to the provisions of 29 CFR 5.5. (a) (1) (iv). Also for the purpose of this clause, regular contributions made or cost incurred for more than a weekly period under plans, funds, or programs, but covering the particular weekly period, are deemed to be constructively made or incurred during such weekly period.
3. The Contractor shall not require nor permit any laborer or mechanic in any work week in which he is employed on such work to work in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in such work week unless such laborer or mechanic compensation at a rate not less than one and one-half (1 ½) times basic rate of pay for all hours worked in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in such week, as the case may be.
4. The Contractor shall submit weekly a copy of all certified payroll to the City. The copy shall be accompanied by a statement signed by the employer and his agent indication that the payroll are corrected and completed, that the wage rates contained therein are not less than those determined by the Director of the Department of Industrial Relationship and that the classification set forth for each laborer or merchant conforms with the work he performed. The prime contractor shall be responsible for the submission of copies of payroll of all subcontractors. The Contractor will make the records required under labor standards clauses of the Contractor available for inspection by authorized representatives of the City and Department of Labor, and will permit such representative to review employees during working hours on the job. Contractors employing apprentices or trainees under approved programs shall include a notation

on the first weekly certificate payroll submitted to the contracting agencies that their employment is pursuant to an approved program and shall identify the program. Payroll and basic records relationship thereto will be maintained by the Contractor during the course of the work and preserved for a period of three (3) years thereafter for all laborers and mechanics working at the site of the work in the construction or development of the project.

5. The Contractor shall insert in any subcontracts the required of this section and also clause required any subcontractor to include these requirements in any lower tier subcontracts into which they may in turn be made.

E. Contractor Insurance/License File.

The City shall maintain a file for each contractor performing work pursuant to the terms and conditions of this program. The file shall include the following information:

- i. Copies of the contractor's current liability and workers compensation insurance policies;
- ii. Copies of the contractor's current California Contractor's License;
- iii. All required Davis-Bacon information and certifications; and
- iv. Copy of contractor's City Business License.

Any contractor with an expired General Liability and/or Workers Compensation insurance or a valid state contractor's license shall be removed from the job until he/she is able to provide proof of current insurance and/or license. All contractors shall be required to obtain a City Business License prior to the issuance of a building permit.

F. Ineligible Contractors.

In accordance with CDBG guidelines, the City and the applicant(s) shall agree not to award any contract for rehabilitation work, to be paid for in whole or in part with proceeds from the Program, to any contractor who does not have a valid state contractors license, who cannot produce sufficient evidence of current Workers Compensation and Liability Insurance coverage, or who is on the federal Housing and Urban Development's (HUD's) Debarred Contractor list.

All owner/builders, or any member of the applicant's family, are considered ineligible, regardless of credentials or license. Any ineligible contractor found working at the job site will be removed immediately, without compensation.

3. Award of Contract

- A. Notification.
The City shall notify the selected contractor of the award of bid and shall establish a date, time and place for the pre-construction conference. The City shall notify, in writing, the non selected contractors.

- B. Rehabilitation Construction Contract.
The contract, for the approved rehabilitation work shall be prepared by the City and shall be entered into between the property owner and the selected contractor.

- C. Private Arrangements.
The City cautions the property/business owner and the contractor not to enter into "side deals" for additional work or deviations from the approved scope of work.

- D. Pre-Construction Meeting.
Prior to construction, the City will arrange a pre-construction meeting which shall be attended by the contractor, the property/business owner(s), and representative City staff. The purpose of this meeting is to explain all applicable HUD requirements including Labor Standard Requirements (Davis-Bacon provisions), explain all Program requirements and procedures, coordinate and schedule the work start date, and answer questions related to contract documents.

- E. Start of Construction.
No work shall commence until a "Notice to Proceed" has been issued to the contractor, signed by the property/business owner(s) and the City. In addition, no work shall commence until all required permits have been issued by the City's Department of Building and Safety.

4. Contractor Payments

- A. Inspections.
To ensure the integrity of the authorized work, the Program Inspector shall conduct site inspections prior to the issuance of progress payments and prepare detailed inspection reports which identify any deficiencies in a contractor's materials or workmanship. Only one (1) progress payment and the final payment will be processed. The Program Inspector shall make regular and/or unannounced inspections of work-in-progress to identify the quality of the work and assess owner satisfaction.

- B. Payment Request Packages.
The Contractor shall submit a progress payment request package to the City in

the prescribed format. All requests shall be signed by the contractor, property/business owner(s), and the Program Inspector, certifying that the work has been satisfactorily completed. All pertinent invoices, releases, certifications, list of subcontractors and materialmen, and copies of applicable permits shall be attached to the payment request. Final payment request shall also include the property owner's certification of acceptance, Building and Safety Department sign-off, and a Notice of Completion. Only one (1) progress payment request package shall be submitted to the City for approval. Progress payments will be paid for 90% of the job costs. The final payment for the 10% retention shall be paid 30 days after the Notice of Completion has been recorded.

5. Applicant Complaint Resolution Process

Complaints concerning the Program should first be made to the Program Administrator. If unresolved to the satisfaction of the applicant, an appeal may be made, in writing, to the Director of Community Development Department, Joe Perez, 8650 California Avenue, South Gate, CA 90280.

The City will contact the property owner and attempt to resolve the problem. A written response will be made within ten (10) working days. If the problem cannot be resolved, it will be presented to the Director of Community Development Department for review and consideration. The decision of the Director shall be final.

6. Applicant Responsibilities

- A. Property Maintenance.
The property/business owner(s) is/are responsible for property maintenance during the rehabilitation work (contractor is responsible for keeping the property clean of all construction material). The property/business owner(s) is/are responsible for insuring that the rehabilitation work is not impeded because of their actions or the actions of their tenant(s). The City shall encourage the contractor and his/her employees to provide adequate pedestrian and property protection at the construction site.

- B. Property Tax Bills.
Current property tax bills for the subject property must be current. The property owner(s) is/are responsible for insuring that the property taxes are current. The City will verify that the property taxes for the property are current. If the property's tax statement indicates a delinquency, at the time of the Program application, the City shall not proceed with grant processing until it is supplied with a Certificate of Redemption from the Los Angeles County Tax Assessor's Office or other appropriate documentation of proof of payment.

- C. Notice of Completion:
The property owner(s) is/are responsible for filing a Notice of Completion with the City within 10 days of the completion of the work.

SECTION V - MISCELLANEOUS PROGRAMMATIC REQUIREMENTS

A. City of South Gate Business License

Applicants must have a current City of South Gate Business License to be eligible to apply for funding. To apply for a Business License or obtain more information, you may visit the Business License Division service counter in City Hall, Monday – Thursday from 7am to 5:30pm, or call (323) 563-9545.

B. Fire and Flood Insurance Requirements

Applicants are obligated to carry sufficient fire insurance coverage on the subject property to be rehabilitated under the provisions of this Program. Prior to any grant assistance, minimum fire insurance coverage shall be provided in an amount which is equivalent to the value of the subject building or structure including the proposed rehabilitation improvements. Uninsured applicants must obtain coverage in the required amount prior to receiving grant assistance. Applicants in a "Flood Hazard Area" will be required to purchase flood hazard insurance.

C. Substitution of Contractor

In the event that the selected contractor shall fail or refuse to complete the work, in a professional and workman like manner, as set forth in the Rehabilitation Construction Contract, including its General Conditions and Standard Specifications, or fails to use due diligence in performing the required work, the applicant may terminate the Rehabilitation Construction Contract, upon providing a written notice to the City and Contractor. The City shall assist the applicant in completing the necessary termination document(s) as needed. No further rehabilitation is to commence until an agreement releasing the original contractor from his/her contractual obligations, is on file with the City, and a new contract is signed between the substitute contractor and the property owner(s).

D. Non-commencement by Original Contractor

The applicant shall notify the City in writing that the original selected contractor has failed to perform the rehabilitation work and the reason(s) why a substitution of contractor has been requested. The applicant(s) shall obtain additional bids from contractors willing to perform the rehabilitation work. A new Rehabilitation Construction Contract, Notice to Proceed, and Waiver and Hold Harmless Agreement

shall be prepared by the City and appropriately signed.

The City shall inspect the job site and compile a list of incomplete or unacceptable items in order to determine the extent of work to be completed by the substitute contractor.

A meeting shall be held between the City, the applicant(s) and the original contractor to establish an amount and method of payment for any work which has been completed in accordance with the agreement. Funds withheld from the original contractor shall be identified. Lien releases and invoices from the original contractor and subcontractor(s) shall be provided. The City shall prepare a revised work write-up, based upon the inspection findings, which shall contain only those items necessary to complete the job. The applicant(s) shall obtain bids from contractors willing to perform such work, and to the extent possible, assure that the new contract does not exceed available grant funding. A new Rehabilitation Construction Contract, Notice to Proceed, and Waiver and Hold Harmless Agreement shall be prepared by the City and appropriately signed.

SECTION VI - AMENDMENTS

Amendments to these guidelines may be made from time to time by the City. Vested authority shall be granted to the City Manager or his/her designee to grant a minor waiver or make minor amendments to these guidelines, with the exception of Federal regulations. All major amendments to these guidelines shall be approved by the City Council.