

Attachment 2



CITY OF HESPERIA

Commercial Façade Rehabilitation Program

October 20, 2020

City of Hesperia
Economic Development Department
9700 Seventh Avenue
Hesperia CA 92345

CITY OF HESPERIA
Commercial Façade Rehabilitation Program Guidelines

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SECTION I - OVERVIEW OF PROGRAM

A. Purpose, Goal and Objective of Program

The purpose of the Commercial Façade Rehabilitation Program (“Program”) is to provide financial assistance to property owners with the renovation of commercial buildings and structures within the City of Hesperia Commercial Façade Rehabilitation Program Areas (“Target Areas”) as depicted on the attached map (Exhibit A, Section III). The Program will fund grants to eligible commercially zoned and developed parcels of land located in the Target Areas. Detailed eligibility criteria are outlined under Section II.

The goal of this project is to facilitate commercial revitalization; stimulate private investment; to preserve and beautify the commercial corridors; to upgrade the physical image of the Target Area; and to generate shopping, tourism, and a pleasant walking environment by improving the visual aesthetics of the Target Areas with enhancements in design, color schemes and building façades through the use of the City’s Community Development Block Grant (CDBG) Funds.

The program objective is to provide financial assistance to property owners to make listed facade improvements and correct certain code violations to commercial buildings located within the Target Area, and to revitalize the City’s commercial building stock.

B. Source of Funds and Relationship with Grantor

The source of funds for this program is the City through its allocation of Federal funds from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program funds. In addition, the City, may utilize Section 108 Loan Guarantee funds that are available from HUD through prior or future application request. These funds are designed to meet community development needs and in the removal of blight, particularly in low- and moderate- income areas. In accordance with the CDBG regulations for commercial rehabilitation activities, the funds can only be used to rehabilitate the building exterior. Site improvements and interior improvements are not eligible under the commercial rehabilitation activity.

As a disbursing agent for these funds, the City’s Economic Development Department (“EDD”) will provide administrative services for the Program activities. As such, the EDD is responsible for marketing the Program, processing and packaging all rehabilitation grants for the Program, performing on-site inspections, and acting as a quality control agent relative to Program activity. The City is obligated to fulfill the terms and conditions of its contract with HUD, established policies and procedures, and Federal, State, and local rules and regulations.

C. Types of Assistance Available

Assistance shall be available to eligible property owners, within the Target Areas, in the form of a grant. The City's designated Review Committee ("Committee") will review each application to assure that the rehabilitation work proposed will accomplish the goals set by the City. All grants will require majority approval by the Committee in order to obtain assistance. As part of the application and approval process, the City is requiring that participants in the program make improvements to the parking area and remove any signage that is non-conforming (i.e., pole sign) with the City's Municipal Code as conditionally approved with the cost being the responsibility of the applicant.

Program funds may also be used to pay for architectural services, City planning entitlement processing, and building plan check and permit fees associated with the rehabilitation work proposed under the Program. However, no more than 20 percent of program funds can be used for such purposes. 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, and/or City application fees, the applicant shall be required to reimburse the City for all funds paid to the architect and/or City.

1. **Grants:** Grants shall be available to all property owners who meet the requirements of Section II. Grants shall be provided in the amount of up to \$1,000.00 per lineal foot of building façade that faces onto the primary public right-of-way. The same cost per lineal foot shall apply to building façades that do not directly face a primary public right-of-way but is the primary facade of the structure which contains the main entrance to the building.

Additionally, other building façades which may be indirectly visible, such as the side of the building on a corner lot and could be a benefit to the overall building may be eligible as determined by the City for a grant of up to \$350.00 per lineal foot of building facade. In no case shall a property owner or tenant be eligible for less than \$35,000.00 per building in grant funds, unless the proposed rehabilitation costs are less than that amount.

Sample Assistance Scenario

Grants:

The proposed building to be rehabilitated contains approximately 50 lineal feet of building facade that faces directly onto the public rights-of-way. This building would be eligible to receive a grant in the amount of up to \$50,000 (50 lineal feet of building facade x \$1,000 per lineal foot = \$50,000 of grant funds).

Result:

The applicant would be eligible for a \$50,000 grant to make improvements to the façade of the building and to cover soft costs (architectural services, City entitlement and building permit fees). The maximum amount of the grant funds that can be used for soft costs would be \$10,000.

SECTION II - APPLICANT ELIGIBILITY REQUIREMENTS

A. Property Ownership

The applicant(s) must be the current property owner(s) of the property to be rehabilitated in order to be eligible for Program assistance. Individuals, partnerships, corporations, nonprofit 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.

Applicants will be required to make all site improvement deemed by the City to be necessary to bring the property in to compliance with all applicable Federal, State, and local (Municipal Code) standards. This includes, but is not limited to, parking areas, signage, and landscaping areas.

B. Utilization

As a result of participating in this rehabilitation program, it must be adequately demonstrated that the subject property will continue to be utilized for commercial purposes as provided by the City's adopted Land Use Element and Zoning Ordinance.

SECTION III - PROPERTY ELIGIBILITY REQUIREMENTS

A. Target Area Eligible under the Program

To be eligible for the Program, the property to be rehabilitated must be located within the City limits of the City of Hesperia and located within the “Target Area” as depicted in the attached Target Area Map (Exhibit A located at the end of this Section).

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, and the Uniform Building Code and such other codes as designated by the Community Development Supervisor, Principal Planner, and Building Official. The City's Municipal and Zoning Ordinance can be viewed on the City's web site at https://library.municode.com/ca/hesperia/codes/code_of_ordinances

C. Eligible Structures

Buildings or structures eligible for rehabilitation under this Program must be commercially zoned and developed for uses permitted by the local regulations. Non-conforming commercial buildings and uses may be assisted if the City finds that such assistance will be in the public's interest and consistent with local regulations and ordinances.

D. Rehabilitation Priority Repair

The City of Hesperia Economic Development Department has determined that it will utilize CDBG funds and possibly Section 108 Loan Guarantee funds from HUD, if available. These funds have specific restrictions that will only allow the funds to be used for the rehabilitation of the exterior of the commercial building and soft costs directly associated with the exterior rehabilitation. Such exterior improvements may include, but are not limited to, exterior refinishing, new signage attached to the building, and building façade reconfiguration. Program assistance may, at the discretion of the City, be used for Building Code violations, seismic upgrades, and American with Disabilities Act (ADA) compliance requirements as identified by the City.

All improvements must be physically attached to the property and permanent in nature. The Economic Development Department staff will recommend specific improvements based on site analysis or architectural design recommendations.

Additionally, to participate in the Program, all signage on the property to be rehabilitated,

whether on the building or a pole/free standing sign, must be brought up to compliance with the City's Municipal Code and maintained in conformance with the Sign Ordinance of the City.

E. Permit and Entitlement Fees

In addition to the eligible direct construction costs, grant funds may be used to pay Building Department plan check and building permit fees; Planning entitlement fees; and any other fee(s) determined by the City to be necessary and directly associated with the commercial rehabilitation work being performed under this program (see Section I).

SECTION IV – PROGRAM PROCEDURES

A. Applicant Intake and Eligibility Determination

1. Pre-Screening. To the extent possible, prospective applicants shall be pre-screened for basic eligibility requirements over the telephone by calling the Economic Development Department of the City of Hesperia. A log of pre-screening calls shall be maintained by the Economic Development Department.
2. Application. Persons may apply for program assistance by completing application forms available at the City and submitting the application, in addition to required supporting documentation/materials, to the Economic Development Department of the City of Hesperia. Applications will be reviewed in the order in which they are received. The Department will maintain a waiting list for all prospective clients.
3. Verification and Eligibility Determination. The Economic Development Department shall verify all information as necessary. Applicants will be notified in writing regarding eligibility status.
4. Rehabilitation Feasibility Determination. Once an applicant has been determined to meet eligibility requirements, an initial inspection of the property will be made by the Development Services Department 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.
5. Processing. As a goal, processing time from the date the Economic Development Department determines that the applicant is eligible for assistance under the Program until a grant is approved or denied shall be ninety (90) days.
6. Approval and Notifications. All applications shall be reviewed by the Economic Development Department staff to ensure that the information provided is complete and accurate. Once the applicant's application has been deemed complete, the Development Services Department will meet with the applicant to determine the rehabilitation work that is proposed for the building. The determination will include the site improvements that will be required by the applicant as part of the grant acceptance requirements.

Once the applicant and the Economic Development and Development Services Department staff have determined the proposed improvements that will be completed under the Program and by the applicant, the application will be

submitted to the Committee. The Committee will review and approve, deny, or approve with conditions, the application and funding levels for the rehabilitation work. The Committee shall be comprised of Economic Development and Development Services staff. In order to obtain a grant, applicants must meet all property and eligibility guidelines in effect at the time of 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. The applicant will be required to enter into a Participation Agreement with the City and a separate Construction Agreement with the contractor performing the work.

7. Owners Indemnity: To the furthest extent allowed by law, Property Owner shall indemnify, hold harmless and defend City and each of its officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by City, Property Owner or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of participation in the Commercial Façade Rehabilitation Program ("Program"). Property Owner's obligations under the preceding sentence shall apply regardless of whether City or any of its officers, officials, employees, agents or volunteers are negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused solely by the gross negligence, or caused by the willful misconduct, of City or any of its officers, officials, employees, agents or volunteers.

If Property Owner should contract all or any portion of the work to be performed under this Program, Property Owner shall require each consultant and/or contractor to indemnify, hold harmless and defend City and each of its officers, officials, employees, agents and volunteers in accordance with the terms of the preceding paragraph.

This section shall survive termination or expiration of Property Owner's participation in the Program.

8. Insurance: During Property Owner's participation in the Commercial Façade Rehabilitation Program ("Program"), Property Owner shall pay for and maintain in full force and effect all policies of insurance required hereunder with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A- VII" in Best's Insurance Rating Guide, or (ii) as may be authorized in writing by City Manager or his/her designee at any time and in his/her sole discretion. The following policy of insurance is required:

- A. PROPERTY INSURANCE covering the Project premises against all risks of loss at full replacement cost with no coinsurance penalty provision.

During the course of construction, Property Owner shall pay for and maintain in full force and effect all policies of insurance required hereunder with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A- VII" in Best's Insurance Rating Guide, or (ii) as may be authorized in writing by City Manager or his/her designee at any time and in his/her sole discretion. The following policy of insurance is required:

- B. BUILDERS RISK (COURSE OF CONSTRUCTION) INSURANCE utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the Project and no coinsurance penalty provision.

Property Owner shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and Property owner shall also be responsible for payment of any self-insured retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the City Manager or his/her designee. At no time shall City be responsible for the payment of any deductibles or self-insured retentions.

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after 30 calendar day written notice has been given to City. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, Property Owner shall furnish City with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the Property Owner's participation in the Program, Property Owner shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than 15 calendar days prior to the expiration date of the expiring policy.

The Property and Builders Risk (Course of Construction) insurance policies shall name the City as a loss payee to the extent of the monetary value of the Grant.

Property Owner shall furnish City with all certificate(s) and applicable endorsements effecting coverage required hereunder. **All certificates and applicable endorsements are to be received and approved by City Manager or his/her designee in his/her sole discretion prior to City's issuance of the Grant.** Upon request of City, Property Owner shall immediately furnish City with a

complete copy of any insurance policy required hereunder, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of Property Owner's participation in the Program.

Any failure to maintain the required insurance shall be sufficient cause for City to terminate Property Owner's participation in the Program.

9. Bonds: Upon the City's request, Property Owner shall obtain, pay for and deliver or cause to be obtained, paid for and delivered good and sufficient surety bonds from a corporate surety, admitted by the California Insurance Commissioner to do business in the State of California and Treasury-listed, in a form satisfactory to the City and naming the City as Co-Obligee.
 - A. The "Faithful Performance Bond" shall be at least equal to 100% of Property Owner's estimated construction costs to guarantee faithful performance of the Project, within the time prescribed, in a manner satisfactory to the City, and that all materials and workmanship will be free from original or developed defects.
 - B. The "Material and Labor Bond" shall be at least equal to 100% of Property Owner's estimated construction costs to satisfy claims of material supplies and of mechanics and laborers employed for this Project. The bond shall be maintained by Property Owner in full force and effect until the Project is completed and accepted by the City, and until all claims for materials and labor are paid, and shall otherwise comply with any applicable provisions of Chapter 7, Title 15, Part 4, Division 3 of the California Civil Code.

B. Procurement and Contractor Selection

1. Procurement. The Economic Development Department 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 Economic Development Department will coordinate with the property owner to obtain at least three (3) estimates from qualified contractors for each rehabilitation project. The property owner(s) shall be responsible for obtaining estimates for repairs. Estimates shall be submitted to the Economic Development Department in the prescribed form.
2. 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.

3. Contractor Insurance/License File. The Economic Development Department shall maintain a file for each contractor performing work pursuant to the terms and conditions of this program. The applicant shall obtain these documents as part of contractor procurement and the file and shall include the following information:
 - A. Contractor's social security number or federal tax ID number;
 - B. Copies of the contractor's current liability and workers compensation insurance policies in addition to others noted under "Insurance for Contractor" below;
 - C. Copies of the contractor's current California Contractor's License;
 - D. Contractor's certification regarding equal employment opportunity;
 - E. All required Davis-Bacon information and certifications;
 - F. Copy of contractor's City Business License; and
 - G. A list of all of the project sub-contractors (including State Contractors License number) to be used by the General Contractor.

Any contractor with lapsed 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.

4. Indemnity for Contractor. The following will be included in all contractor agreements and required of all contractors under the Commercial Rehabilitation Program:

To the furthest extent allowed by law, Contractor shall indemnify, hold harmless and defend Property Owner, City and each of City's officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by Property Owner, City, Contractor or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of the participation in and performance of work under the Commercial Façade Rehabilitation Program (Program"). Contractor's obligations under the preceding sentence shall apply regardless of whether Property Owner, City or any of City's officers, officials, employees, agents or volunteers are negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused solely by

the gross negligence, or caused by the willful misconduct, of Property Owner, City or any of City's officers, officials, employees, agents or volunteers.

If Contractor should subcontract all or any portion of the work to be performed under this Program, Contractor shall require each subcontractor to indemnify, hold harmless and defend Property Owner, City and each of City's officers, officials, employees, agents and volunteers in accordance with the terms of the preceding paragraph.

This section shall survive termination or expiration of Contractor's participation in and performance of work under this Program.

5. Insurance for Contractor. The following will be included in all contractor agreements and required of all contractors under the Commercial Rehabilitation Program:

Throughout Contractor's participation in and performance of work under the Commercial Façade Rehabilitation Program ("Program"), Contractor shall pay for and maintain in full force and effect all policies of insurance required hereunder with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A-VII" in Best's Insurance Rating Guide, or (ii) as may be authorized in writing by City Manager or his/her designee at any time and in his/her sole discretion. The following policies of insurance are required:

- A. COMMERCIAL GENERAL LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and include insurance for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the Agreement) with limits of liability of not less than the following:
 - \$1,000,000 per occurrence for bodily injury and property damage
 - \$1,000,000 per occurrence for personal and advertising injury
 - \$2,000,000 aggregate for products and completed operations
 - \$2,000,000 general aggregate
- B. COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Service Office (ISO) Business Auto Coverage Form CA 00 01, and include coverage for all owned, hired,

and non-owned automobiles or other licensed vehicles (Code 1 - Any Auto) with limits of liability of not less than \$1,000,000 per accident for bodily injury and property damage.

- C. WORKERS' COMPENSATION insurance as required under the California Labor Code.
- D. EMPLOYERS' LIABILITY insurance with limits of liability of not less than \$1,000,000 each accident, \$1,000,000 disease policy limit and \$1,000,000 disease each employee.

In the event Contractor purchases an Umbrella or Excess insurance policy(ies) to meet the minimum limits of insurance set forth above, this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies).

Contractor shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and Contractor shall also be responsible for payment of any self-insured retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the City Manager or his/her designee in his/her sole discretion. At the option of the City Manager or his/her designee, either (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its officers, officials, employees and agents; or (ii) Contractor shall provide a financial guarantee, satisfactory to the City Manager or his/her designee in his/her sole discretion, guaranteeing payment of losses and related investigations, claim administration and defense expenses. At no time shall City be responsible for the payment of any deductibles or self-insured retentions.

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after 30 calendar day written notice has been given to City. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, Contractor shall furnish City with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the work to be performed for City, Contractor shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than 15 calendar days prior to the expiration date of the expiring policy.

The General Liability (including ongoing operations and products-completed operations), and Automobile Liability insurance policies shall be written on an occurrence form, and name the Property Owner, City and each of City's as an additional insured. All such policies of insurance shall be endorsed so Contractor's

insurance shall be primary, and no contribution shall be required of Property Owner, City or City's officers, officials, employees and agents. Any Workers' Compensation insurance policy shall contain a waiver of subrogation as to Property Owner, City, and City's officers, officials, employees and agents. The coverage(s) shall contain no special limitations on the scope of protection afforded to Property Owner, City and City's officers, officials, employees and agents. Should Contractor maintain insurance with broader coverage and/or limits of liability greater than those shown above, Property Owner and City require and shall be entitled to the broader coverage and/or the higher limits of liability maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to Property Owner and City.

Contractor shall furnish City with all certificate(s) and applicable endorsements effecting coverage required hereunder. **All certificates and applicable endorsements are to be received and approved by Property Owner and City Manager, or his/her designee in his/her sole discretion, prior to Property Owner's execution of the contract and before work commences.** Upon request of Property Owner or City, Contractor shall immediately furnish Property Owner and City with a complete copy of any insurance policy required under this Agreement, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of Contractor's participation in and performance of work under this Program.

If at any time during Contractor's participation in and performance of work under this Program, Contractor or any of its subcontractors fail to maintain any required insurance in full force and effect, all work under shall be discontinued immediately, until notice is received by City that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to City. Any failure to maintain the required insurance shall be sufficient cause for City to terminate Contractor's participation in and performance of work under this Program.

The fact that insurance is obtained by Contractor shall not be deemed to release or diminish the liability of Contractor, including, without limitation, liability under the indemnity provisions of this Program. The duty to indemnify Property Owner and City shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Contractor. Approval or purchase of any insurance policies shall in no way relieve from liability nor limit the liability of Contractor, its principals, officers, agents, employees, persons under the supervision of Contractor, vendors, suppliers, invitees, consultants, sub-consultants, subcontractors, or anyone employed directly or indirectly by any of them.

If Contractor should subcontract all or any portion of the services to be performed under this Agreement, Contractor shall require each subcontractor to provide insurance protection in favor of Property Owner, City and City's officers, officials, employees and agents in accordance with the terms of each of the preceding paragraphs, except that the subcontractors' certificates and endorsements shall be on file with Contractor, Property Owner and City prior to the commencement of any work by the subcontractor.

6. Ineligible Contractors. In accordance with CDBG guidelines, the Economic Development Department 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 a Program grant or loan, 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.

7. Award of Contract

- a. Notification. The Economic Development Department shall notify the selected contractor of the award of bid and shall establish a date, time and place for the pre-construction conference. The Economic Development Department 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's Purchasing Department and shall be entered into between the property owner and the selected contractor. The Purchasing Department may require the inclusion of certain contractual terms in accordance with CDBG requirements. In the event of any dispute arising under this program, the injured party shall notify the injuring party in writing of its intentions as specified in the agreement between the property owner and the contractor.
- c. Private Arrangements. The Development Services Department cautions the property owner and the contractor not to enter into "side deals" for additional work or deviations from the approved scope of work.

C. Pre-construction Meeting

Prior to construction, the Development Services Department will arrange a preconstruction meeting which shall be attended by the contractor, subcontractor(s), if applicable, 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. The Development Services Department shall maintain written minutes of this meeting.

A preconstruction meeting may be waived for emergency repairs.

D. Start of Construction

No work shall commence until a **“Notice to Proceed”** has been issued to the contractor, signed by the property owner(s) and the Purchasing Department. In addition, no work shall commence until all required permits have been issued by the City’s Department of Building and Safety.

E. Contractor Payments

1. 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. 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.
2. Payment Request Packages. The Contractor shall submit payment request packages to the Economic Development Department in the prescribed format. All requests shall be signed by the contractor, property 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. Payment request packages shall be submitted to the Economic Development Department 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.

F. Applicant Complaint Resolution Process

The Economic Development Department shall maintain a complaint log, documenting the date and nature of any project complaint, and corrective actions taken by City staff to resolve the matter. Complaints concerning the Program should first be made to the Economic Development Administrative Analyst. If unresolved to the satisfaction of the applicant, an appeal may be made, in writing, to the Economic Development Manager.

The Economic Development Department 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 Economic Development Manager for review and consideration. The decision of the Economic Development Manager shall be final.

G. Applicant Responsibilities

1. 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 Development Services Department shall encourage the contractor and his/her employees to provide adequate pedestrian and property protection at the construction site.
2. Property Tax Bills. Current property tax bills for the subject property must be submitted to the Economic Development Department as part of the application process. The property owner(s) is/are responsible for insuring that the property taxes are current. If an applicant's property tax statement indicates a delinquency, at the time of the Program application, the Economic Development Department shall not proceed with grant and/or loan processing until it is supplied with a Certificate of Redemption from the San Bernardino County Tax Assessor's Office or other appropriate documentation of proof of payment.
3. Notice of Completion: The property owner(s) is/are responsible for filing a Notice of Completion with the Economic Development Department within 10 days of the completion of the work.

SECTION V - MISCELLANEOUS PROGRAMMATIC REQUIREMENTS

A. Bonus, Commission or Fee

The applicant shall not pay any bonus, commission or fee, for the purpose of obtaining approval of the grant application, or for any other approval or concurrence as may be required by Economic Development Department and/or HUD or the City pursuant to the provisions of this Program.

B. Conflict of Interest

No Program assistance will be provided to any member of the governing body of the Economic Development Department or HUD, or any designee of the Economic Development Department or HUD, or the City of Hesperia, who exercises any authority or responsibilities in connection with the administration of this program. No member of the aforementioned organizations shall have any interest, direct or indirect, in the proceeds from the Rehabilitation Program or in any contract entered into by the applicant for the performance of the work, financed, in whole or in part, with the proceeds of the grant.

C. Disclosure of Information

The Economic Development Department is a public Economic Development Department and information or records (with the exception of financial information which falls under Government Code section 6250 (c), and section 7460 et seq.) submitted or released to the Economic Development Department by the applicant may be considered public records and subject to disclosure under the Public Records Act, Government Code section 6250 et seq.

D. Equal Opportunity Policy

The Economic Development Department shall not discriminate based upon sex, age, race, creed, color, religion, national origin, marital status, ancestry or physical handicap in accepting applications and processing Program applications; or the awarding of a contract for rehabilitation of property assisted by this Program.

E. 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. This requirement may be waived for emergency repairs, at the discretion of the Economic Development Department.

F. Historic Preservation

In order to comply with section 106, National Historic Preservation Act of 1966 as amended (16 U.S.C. 470) and HUD guidelines, the Economic Development Department shall prepare a Basic Property Identification Form for all structures to be assisted. Such form shall be accompanied by photographs and shall be submitted to SHPO for review and clearance.

G. 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 property owner(s) may terminate the Rehabilitation Construction Contract, upon providing proper notice, to such contractor. The Economic Development Department shall assist the property owner(s) 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 Economic Development Department, and a new contract is signed between the substitute contractor and the property owner(s).

1. Non-commencement by Original Contractor. The owner shall notify the Economic Development Department, by means of a registered letter, indicating that the original selected contractor will not be performing the rehabilitation work and the reason(s) why a substitution of contractor has been requested. Both the property owner(s) and the original contractor's signatures are required on this document. The property owner 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 Purchasing Department and appropriately signed.
2. Noncompliance by Original Contractor. The owner shall notify the Purchasing Department, by means of a registered letter, indicating that the original selected contractor has not complied with the terms of the agreement and that a substitution of contractor is being requested. Both the property owner(s) and the original contractor's signatures are required on this document. The property owner shall obtain additional bids from contractors willing to complete the rehabilitation work. A new Rehabilitation Construction Agreement Notice to Proceed, and Waiver

and Hold Harmless Agreement shall be prepared by the Purchasing Department and appropriately signed. The Development Services Department 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 Economic Development Department, the property owner(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 Economic Development Department shall prepare a revised work write-up, based upon the Economic Development Department's inspection findings, which shall contain only those items necessary to complete the job. The property owner(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 Development Services Department and appropriately signed.

H. Davis-Bacon Requirements

In accordance with CDBG Program Entitlement Grant Regulations, Davis-Bacon and Related Acts (DBRA) requirements apply to the rehabilitation of all commercial buildings and structures. The applicant will be responsible for ensuring that the requirements are met and that a completed file is available for the City to review and monitor to ensure that all laborers are paid applicable prevailing wages. All cost for conducting the Davis-Bacon requirements shall be the responsibility of the applicant and can be paid for through the grant proceeds.

I. Re-Application Requirements

Properties shall be eligible for a one-time grant under the program, irrelevant of change of ownership. Once provided a grant, the property will no longer be eligible for a grant under the Commercial Rehabilitation Program. Property owners must maintain the property after a facade project has been completed.

SECTION VI - AMENDMENTS

Substantial Amendments to the Commercial Rehabilitation Program Guidelines may be made from time to time by the Economic Development Department. Vested authority shall be granted to the City Manager to grant a minor waiver or make minor amendments to these guidelines, with the exception of Federal regulations. All Substantial Amendments to these guidelines shall be approved by the City Council.