



**James Johnson
City of Long Beach
Councilmember, Seventh District**

Date: November 9, 2010
To: Honorable Mayor and Members of the City Council
From: Councilmember James Johnson, Seventh District *for JJ*
Councilmember Dee Andrews, Sixth District *JA*
Subject: Use of Pre-Qualified Vendors for Façade Improvement Programs

RECOMMENDATION:

Request the City Manager have the Purchasing Agent formulate a plan to allow residents engaged in city-financed façade improvements to have the choice to utilize vendors pre-qualified by the city.

DISCUSSION

Encouraging façade improvements is a major element of the City's plans to beautify neighborhoods and improve quality of life. Encouraging business owners to improve signage, repaint, and conduct other façade improvements is a "win-win" that improves private property while contributing to the improvement of the greater neighborhood. Community Development Block Grant (CDBG) dollars are a major source of funding for such facade improvements.

Currently, for CDBG façade improvements, private property owners search for and select contractors to conduct the improvements. The City then writes a check to reimburse owners for the improvement, from 85% to 100% of the cost of the improvements up to a dollar maximum. These contractors often charge significantly more than would be charged to the City, given our purchasing power. Redevelopment Agency façade improvement programs already offer the property or business owner the ability to use agency vendors. Most owners choose to use Redevelopment's pre-approved vendors, saving themselves and the City money.

I propose to give the private property owners the opportunity to have the City request bids for CDBG façade improvement work and thus "pre-qualify" contractors to conduct this work. By doing so, the City and private property owners would be able to reduce the cost of façade improvement to the city and to the private property owner, if a match

is required. Such a reduction in cost would mean that these scarce dollars could fund more improvements. Additionally, the administrative burden on the private property owners would be lessened, as the City would have already found qualified vendors, checked their references, confirmed the necessary insurance requirements, and prepared proposed contracts.

FISCAL IMPACT

Potential savings to the City are considerable, given the large amount of funds spent annually on façade improvements. Actual dollars saved will depend on several variables, such as the amount of CDBG funds used for facade improvements, the prices quoted by pre-qualified bidders, and utilization of pre-qualified bidders by program participants. Purchasing has indicated that new vendors could be added to a pre-qualified bidders list and that bids from pre-qualified vendors could be presented to private property owners for a given project. Purchasing feels that this activity could be absorbed into the current Request for Qualifications (RFQ) process and that staff time to implement this program would be minimal.