

1 [Bonding and Financial Assistance Program]
2 AMENDING SUBSECTION 12D.A.9(A)(5) AND ADDING SUBSECTION 12D.A.10(C) OF
3 THE SAN FRANCISCO ADMINISTRATIVE CODE TO REPLACE FORMER SECTION 6.20-
4 2.

5 Note: Additions are underlined; deletions are in ((double parentheses)).
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7 Be it ordained by the People of the City and County of San Francisco:

8 Section 1. Chapter 12D.A of the San Francisco Administrative Code is hereby
9 amended by amending Subsection 12D.A.9(A)(5), to read as follows:

10 **SEC. 12D.A.9. POWERS AND DUTIES OF CONTRACT AWARDING AUTHORITIES.**

11 (A) Contract awarding authorities shall:

12 5. Use the City's Surety Bonding Program set forth in Administrative Code Section
13 ((6.20-2)) 12D.A.10 to assist MBEs, WBEs and LBEs to meet bonding, insurance and other
14 fee-related requirements.

15 Section 2. Chapter 12D.A of the San Francisco Administrative Code is hereby
16 amended by adding Subsection 12D.A.10(C), to read as follows:

17 **SEC. 12D.A.10. PUBLIC WORKS CONTRACTS.**

18 **(C) Bonding and Financial Assistance Program.**

19 1. Program Description. The City and County of San Francisco, acting through its
20 Human Rights Commission ("HRC"), intends to provide guarantees to private bonding
21 companies and financial institutions in order to induce those entities to provide required
22 bonding and financing to eligible contractors bidding on and performing City public work
23 contracts. This bonding and financial assistance program is subject to the provisions of this
24 Subsection 12D.A.10(C).
25

1 2. **Eligible Contracts.** The assistance described in this Subsection 12D.A.10(C) shall
2 be available for any City public works contract awarded in accordance with San Francisco
3 Administrative Code Chapter 6.

4 3. **Eligible Contractors.** Contractors must meet the following criteria to qualify for
5 assistance under this Subsection 12D.A.10(C):

6 (a) The contractor may be either a prime contractor or subcontractor construction
7 firm; and

8 (b) The contractor must be certified by the HRC as a Minority Business Enterprise
9 ("MBE"), Woman Business Enterprise ("WBE") or Local Business Enterprise ("LBE")
10 according to the requirements of San Francisco Administrative Code Chapter 12D.A;

11 (c) The contractor may be required to participate in a "bonding assistance training
12 program" as offered by the HRC, which is anticipated to provide the following:

13 (i) Bond application assistance,

14 (ii) Assistance in developing financial statements,

15 (iii) Assistance in development of a pre-bond surety profile,

16 (iv) Identification of internal financial control systems,

17 (v) Development of accurate financial reporting tools, and

18 4. **Agreements Executed by the Human Rights Commission.** The HRC is hereby
19 authorized to enter into the following agreements in order to implement the bonding and
20 financial assistance program described in this Subsection 12D.A.10(C):

21 (a) With respect to a surety bond, the agreement to guaranty up to 40 percent of the
22 face amount of the bond or \$750,000, whichever is less;

23 (b) With respect to a construction loan to be made to a contractor, an agreement to
24 guaranty up to 50 percent of the original principal amount of the construction loan or 50
25 percent of the actual loss suffered by the financial institution as a result of a loan default,

1 whichever is less; provided that in any event the City's obligations with respect to a guaranty
2 shall not exceed \$750,000;

3 (c) Any other documents deemed necessary by the HRC to carry out the objectives
4 of this program, provided that such documents shall be subject to review and approval by the
5 City Attorney's Office.

6 5. **Monitoring and Enforcement.** The HRC shall maintain records on the use and
7 effectiveness of this program, including but not limited to (1) the identities of the contractors
8 and bonding companies participating in this program, (2) the types and dollar amounts of
9 public work contracts for which the program is utilized, and (3) the types and dollar amounts of
10 losses which the City is required to fund under this program. The HRC shall submit written
11 reports to the Board of Supervisors every six months, beginning January 1, 2001, advising the
12 Board of the status of this program and its funding capacity, and an analysis of whether this
13 program is proving to be useful and needed.

14 6. **Funding.** The Board of Supervisors has appropriated or will appropriate funds for
15 the operation of this program. In addition, the City will pursue private contributions to assist in
16 implementation of this program, including both technical assistance to participating entities
17 and monetary contributions to support credit enhancement. In the event the City desires to
18 provide credit enhancement under this Subsection for a period in excess of one fiscal year,
19 the full aggregate amount of the City's obligations under such credit enhancement must be set
20 aside in a segregated account, encumbered solely by the City's obligations under such credit
21 enhancement.

22 7. **Term of Bonding Assistance Program.** The HRC is authorized to enter into the
23 agreements described in this Subsection for a period ending on the date on which the

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1 Controller is no longer able to certify the availability of funds for any new guarantee
2 agreement.

3
4 APPROVED AS TO FORM:

5 LOUISE H. RENNE, City Attorney
6

7
8 By: 
9 RANDALL O. PARENT
Deputy City Attorney



City and County of San Francisco

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Tails

Ordinance

File Number: 001105

Date Passed:

Ordinance amending Subsection 12D.A.9(A)(5) and adding Subsection 15D.A.10(C) of the San Francisco Administrative Code to replace former Section 6.20-2.

June 26, 2000 Board of Supervisors — PASSED, ON FIRST READING

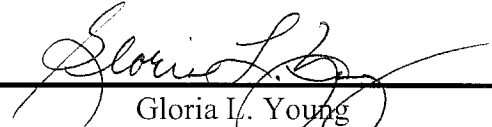
Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

July 10, 2000 Board of Supervisors — FINALLY PASSED

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

File No. 001105

I hereby certify that the foregoing Ordinance
was **FINALLY PASSED** on July 10, 2000 by
the Board of Supervisors of the City and
County of San Francisco.



Gloria I. Young
Clerk of the Board

JUL 14 2000

Date Approved



Mayor Willie L. Brown Jr.