

LEGISLATIVE DIGEST

[Administrative Code - Establish a Trial Local Business Enterprise Joint Venture and Core Discipline Incentive Program]

Ordinance amending the Administrative Code to establish a trial Local Business Enterprise (LBE) incentive program that would allow an LBE joint venture rating bonus on professional services and design-build contracts over \$20 million, and allow departments to use the amount of LBE subcontractor participation in core disciplines as selection criteria in professional services contract procurements.

Existing Law

Chapter 14B of the Administrative Code provides up to a 10% bid discount or rating bonus on bids or proposals from joint ventures where at least one joint venture partner is a certified small or micro Local Business Enterprise (LBE). This joint venture bid discount or rating bonus can apply to professional services contracts estimated to cost between \$10,000 and \$10 million.

All professional services contracts that equal or exceed \$55,000 include an LBE subcontracting participation requirement set by the Contract Monitoring Division (CMD). Contractors must meet this requirement by subcontracting out portions of the contract work to LBEs. The LBE subcontracting participation requirement can be met with any certified small or micro LBE.

Amendments to Current Law

This ordinance would add additional joint venture and LBE subcontractor participation incentives for use by City departments on a trial 3-year basis.

Joint Venture Incentive

The ordinance would provide departments, at their discretion, to apply up to a 6% joint venture rating bonus on professional services contracts costing more than \$20 million. The rating bonus would apply to bids or proposals from joint ventures with at least one small or micro- LBE joint venture partner.

For design-build construction contracts, the ordinance would allow departments, at their discretion, to apply up to a 6% joint venture rating bonus on design-build contracts costing more than \$20 million to proposals from design-builders where the lead designer (architect or engineer) is a joint venture with a small or micro LBE joint venture partner.

The rating bonus for professional services and design-build contracts cannot apply to the cost portion of the selection or evaluation process.

Core Discipline LBE Subcontractor Participation Incentive

This ordinance would allow departments in professional services procurements, to include as selection criteria a prime contractor's use of micro or small LBEs in core disciplines to meet the contract's LBE Subcontractor participation requirement. The department would specify in the RFQ/RFP or other procurement documents what trades, scopes of work, or discipline areas would be considered core disciplines for that contract.

Background Information

The intent of Chapter 14B of the Administrative Code is to improve the ability of small, local business enterprises (LBEs) to compete effectively for the award of City contracts. The program's main tools to achieve this goal is through a contracting preference program and the setting of LBE subcontractor participation requirements. The preference program, for purposes of bid comparison, adds "points" to contract proposals from qualified small, local business where contracts will be awarded based on the highest score or applies "discounts" to bids from qualified small, local business for comparison where contracts will be awarded based on lowest cost. The Contract Monitoring Division (CMD), the division of the City Administrator's office charged with implementing Chapter 14B, sets LBE subcontracting participation requirements for each contract subject to Chapter 14B based on the extent of subcontracting opportunities presented by the scope of the proposed contract, and the availability of LBE subcontractors certified to provide goods or services in the categories related to the contract's scope of work.

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