

**LEGISLATIVE DIGEST**

[Administrative Code - Contractor Prompt Payment for Public Works Construction and Professional Services Contracts]

**Ordinance amending the San Francisco Administrative Code by adding sections 6.22(Q) and 6.42(F) to require all public works contractors to pay subcontractors within seven days of receipt of payment from the City.**

Existing Law

Section 6.22 of the San Francisco Administrative Code specifies the minimum terms and conditions that all public works construction contracts awarded by the City shall contain. These minimum terms and conditions include among others provisions regarding insurance, indemnification, prevailing wage, and retention of progress payments.

Section 6.42 of the San Francisco Administrative code similarly specifies the minimum terms and conditions for all public works professional services contracts.

Amendments to Current Law

This Ordinance would require that all public works construction and professional services contracts include a provision that requires prime contractors to pay its subcontractors within seven calendar days after receipt of payment from the City. This Ordinance would also provide for a penalty of 2% of the amount due per month for every month that payment is not made. The penalty would be payable to the subcontractor from the prime contractor and enforceable in a court of competent jurisdiction.