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1 [Administrative Code - 14B Local Business Enterprise Program]

2  
3 **Ordinance amending the Administrative Code to comprehensively revise the Local**  
4 **Business Enterprise (LBE) and Non-Discrimination in Contracting Ordinance (Chapter**  
5 **14B) to: 1) codify the transfer of implementation and enforcement of Chapter 14B from**  
6 **the Human Rights Commission to the City Administrator and Contract Monitoring**  
7 **Division; 2) require the Mayor to annually set an overall City-wide LBE participation**  
8 **goal of not less than 40% of the value of upcoming contracts; 3) increase the LBE**  
9 **certification size thresholds for small and micro LBEs; 4) increase the bid discount**  
10 **allowed to SBA-LBEs on contracts between \$10,000 and \$10,000,000; 5) require**  
11 **Administrative Code, Chapter 56 development agreements to include an LBE utilization**  
12 **plan and be subject to certain Chapter 14B provisions; 6) authorize preparation of an**  
13 **implementation plan for an LBE contractor advance program to fund loans to**  
14 **subcontractors; 7) increase the Surety Bond Program limit from \$750,000 to \$1,000,000;**  
15 **8) require the City to make good faith efforts to obtain at least three bids from LBEs for**  
16 **contracts under the threshold or minimum competitive amounts; 9) establish a Mentor-**  
17 **Protégé Program between established successful contractors and LBEs; 10) require**  
18 **separate LBE participation on design and construction portions of design-build**  
19 **construction contracts; 11) repeal Ordinance No. 97-10 relating to completion of the**  
20 **Bayview Branch Library Construction Project; and 12) make various other changes in**  
21 **Chapter 14B.**

22 **NOTE:** **Unchanged Code text and uncodified text** are in plain Arial font.  
23 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
24 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
25 **Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~strikethrough Arial font~~.  
**Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

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1 Be it ordained by the People of the City and County of San Francisco:

2 Section 1. The Administrative Code is hereby amended by revising Chapter 14B, to  
3 read as follows:

4 **SEC. 14B.1. PURPOSE AND FINDINGS.**

5 (A) **Short Title.** This ~~Chapter ordinance~~ shall be entitled "Local Business Enterprise  
6 Utilization and Non-Discrimination in Contracting-~~Chapter Ordinance~~."

7 (B) **Findings.**

8 (1) The Board of Supervisors finds that San Francisco's small businesses are  
9 a significant sector of the local economy and form the backbone of our neighborhoods. Small  
10 businesses contribute hundreds of millions of dollars to San Francisco's economy each year.  
11 Through payroll taxes alone, small businesses make a significant investment in the economic  
12 health of our City and the quality of life of its citizens and visitors.

13 (2) Because San Francisco's small businesses experience higher costs than  
14 large businesses or businesses located outside the City, they suffer disadvantage in any  
15 competition with those businesses. The Board finds that small local businesses are at a  
16 competitive disadvantage in competing for work on public contracts. Because of their size,  
17 very small, or "micro," local businesses are at an even greater competitive disadvantage in  
18 competing for work on public contracts.

19 (3) The public has an interest in fostering a strong and vibrant network of  
20 small and very small micro businesses in San Francisco. In part, San Francisco can  
21 accomplish this goal by ensuring that small and micro local businesses can compete for public  
22 contracts on a level playing field.

23 (4) The Board finds that the disadvantages suffered by very small and micro  
24 local businesses in competing as prime contractors on public contracts can be reduced by  
25 discounting their bids and ratings by ten percent. Granting a ten percent discount does not

1 unduly burden businesses not eligible for such discounts, and is similar to the corrective  
2 adjustments given to small and very small micro businesses in other jurisdictions. The Board  
3 finds that the additional disadvantages suffered by micro local businesses can be reduced by  
4 setting aside appropriate small contracts for competition only among micro businesses.

5 (5) San Francisco has a long history of working to end discrimination in all  
6 aspects of public contracting. The City must continue to award and administer its public  
7 contracts in a manner that is fair and provides equal opportunity to all local businesses,  
8 regardless of race, gender, or other category protected by law. San Francisco must ensure  
9 that it does not discriminate and does not contract with any business that discriminates on the  
10 basis of race, gender, or other protected category.

11 Specifically, this Board initially passed Ordinance No. 139-84 on April 2,  
12 1984 to combat the City and County of San Francisco's own active and passive participation  
13 in discrimination against minority- and women-owned businesses, both in its own contracting  
14 for goods and services, and in the private market for such goods and services. At the time of  
15 passage, women- and minority-owned businesses were virtually excluded as contractors on  
16 prime City contracts.

17 Since that time, this Board and the City's Human Rights Commission  
18 have actively and extensively documented and studied discrimination against and  
19 disadvantages faced by these groups to gauge the effectiveness of the prior Minority, Women  
20 and Local Business Enterprise Ordinances (the "M/W/LBE Ordinances") and to assess the  
21 need for further and continuing action. The earlier studies are documented in the legislative  
22 history of the previous amendments and re-enactments of the ordinance, including Ordinance  
23 Nos. 175-89, 155-92, 210-97, 457-97, 82-98, 296-98, 210-99, 283-99, and 134-03. The  
24 findings underlying these ordinances have been reviewed and analyzed in the preparation of  
25 this *Chapter Ordinance* and are hereby incorporated by reference into the legislative history of

1 this Chapter Ordinance. These materials include disparity studies, transcripts of live testimony  
2 by dozens of witnesses, case studies of discrimination, and voluminous other materials. An  
3 index and a separate synopsis of this material are on file with the Clerk of this Board in File  
4 No. 98-0612. These materials are all incorporated by reference into the legislative history of  
5 this Chapter Ordinance. The collection and analysis of relevant information is ongoing.

6 On July 26, 2004, in *Coral Construction, Inc. v. City and County of San*  
7 *Francisco* (Sup. Ct. No. 421249), the San Francisco Superior Court enjoined the City from  
8 enforcing certain provisions of the M/W/LBE Ordinance. In a subsequent order, the court  
9 clarified that the injunction applied to Sections 12D.A.6, 12D.A.7, 12D.A.8, 12D.A.9,  
10 12D.A.10, 12D.A.14, and 12D.A.17 of the Administrative Code, for all contracts for which bids  
11 or proposals are advertised or solicited on or after July 26, 2004. The injunction became  
12 effective immediately.

13 In issuing its injunction, the Superior Court did not dispute the accuracy of  
14 the City's disparity studies or otherwise take issue with the City's underlying findings of  
15 discrimination and disparity. However, the Court ruled that California's Proposition 209 does  
16 not allow the City to address the identified problem through its prior methods. The Board finds  
17 and declares that the need for the City to identify, rectify, and prevent discrimination in its  
18 public contracting still exists, and the City is committed to ensuring that neither MBEs nor  
19 WBEs nor any other business is arbitrarily or unfairly excluded from contracting opportunities.  
20 The City remains committed to addressing discrimination in public contracting to the fullest  
21 extent allowed by law, in a manner that is consistent with all requirements of Federal and  
22 State law.

23 (6) The Board further finds that the public interest is served well if the City is self-  
24 sustaining. Stimulating the expansion of small firms or development of new enterprises fosters  
25 economic growth and independence for San Francisco and its taxpayers. This expansion of local small

1 businesses advances the public interest, contributes to the economic well-being of all San Franciscans,  
2 and tends to minimize the burden on the General Fund to provide for general welfare.

3  
4 **(C) Purpose.**

5 (1) Assistance to Small Local Businesses. ~~The City shall assist small and micro~~  
6 ~~local businesses to increase their ability~~ This Chapter is intended to improve the ability of certified  
7 local business enterprises ("LBE") to compete effectively for the award of City contracts. The  
8 Mayor shall establish Citywide goals for participation by small and micro local businesses in  
9 contracting. The City shall ~~provide the bid use~~ Discounts, set asides, and LBE subcontracting  
10 participation requirements ~~opportunities~~ set forth in this ~~Ordinance~~ Chapter, information and  
11 training, and other assistance ~~to small and micro local businesses~~ in order to reach these goals.  
12 The ~~Human Rights Commission~~ City Administrator and Director of the Contract Monitoring Division  
13 shall oversee and assist other City departments ~~to implement~~ in implementing this Chapter and  
14 otherwise promoting the goal of increasing LBE participation in City contracts ~~by small and micro~~  
15 ~~local businesses.~~

16 (2) The City, as a municipal corporation, shall strive to be economically self-  
17 sustaining.

18 (3) Nondiscrimination. Neither the City nor any of its officers or employees  
19 shall discriminate against any person or business on any basis prohibited by law in the award  
20 or administration of City contracts. Persons or businesses that are awarded City contracts  
21 shall not discriminate against any person or business on any basis prohibited by law in the  
22 performance or administration of any City contract, including in the selection of  
23 subcontractors.

24 ~~(3) Human Rights Commission. The Human Rights Commission shall adopt rules~~  
25 ~~and regulations necessary to carry out this Ordinance.~~

1            (D) Rules and Regulations. The City Administrator shall adopt rules, regulations,  
2 guidelines, and forms and take any and all other actions reasonable and necessary to implement and  
3 enforce this Chapter.

4  
5            **SEC. 14B.2. DEFINITIONS.**

6            "Architect/Engineering Contract" means an agreement for architectural, engineering, or  
7 other professional design, consulting, or construction management services for a public  
8 work/construction project.

9            "Back Contracting" shall mean any agreement or other arrangement between a prime  
10 Contractor and its Subcontractor that requires the prime Contractor to perform or to secure  
11 the performance of the subcontract in such a fashion and/or under such terms and conditions  
12 that the prime Contractor enjoys the financial benefits of the subcontract. Such agreements  
13 or other arrangements include, but are not limited to, situations in which either a prime  
14 contractor or Subcontractor agrees that any term, condition, or obligation imposed upon the  
15 Subcontractor by the subcontract shall be performed by or be the responsibility of the prime  
16 contractor.

17            "Bid" means a quotation, proposal, solicitation, or offer by a Bidder or Contractor to  
18 perform or provide labor, materials, equipment, supplies, or services to the City for a price.

19            "Bidder" means any business that submits a Bid or proposal.

20            "City" means the City and County of San Francisco.

21            "City-wide LBE Participation Goal" means the overall, aspirational City-wide LBE  
22 participation goal set by the Mayor each fiscal year as a percentage on the overall dollar value of  
23 Contracts anticipated to be awarded in the upcoming fiscal year subject to this Chapter.

24            "Commercially Useful Function" shall mean that the business is directly responsible for  
25 providing the materials, equipment, supplies or services to the City as required by the

1 solicitation or request for quotes, Bbids or proposals. Businesses that engage in the business  
2 of providing brokerage, referral or temporary employment services shall not be deemed to  
3 perform a "Ceommercially Useful Ffunction" unless the brokerage, referral or temporary  
4 employment services are those required and sought by the City. When the City requires and  
5 seeks specialty products made to order for the City or otherwise seeks products which, by  
6 industry practice, are not regularly stocked in warehouse inventory but instead are purchased  
7 directly from the manufacturer, no more than five percent of the cost of the product shall be  
8 credited towards LBE subcontracting participation requirementsgoals. When the City requires  
9 and seeks products which are, by industry practice, stocked in warehouse inventory and are  
10 in fact, regularly stocked by the listed supplier or distributor, no more than sixty percent of the  
11 cost of the product shall be credited towards LBE subcontracting participation  
12 requirementsgoals. If the listed supplier or distributor does not regularly stock the required  
13 product, no more than five percent of the cost of the product shall be credited towards LBE  
14 subcontracting participation requirementsgoals.

15 *"Commission" means the Human Rights Commission.*

16 *"CommoditiesCommodity Contract" means an agreement to purchase any product,*  
17 *including materials, equipment, and supplies, including associated incidental services.*

18 *"Contract" means any agreement between the City and a person to provide or procure*  
19 *labor, materials, equipment, supplies, or services to, for, or on behalf of the City for a price to*  
20 *be paid out of monies deposited in the City Treasury or out of trust monies under the control*  
21 *of or collected by the City. "Trust monies" include, without limitation, all monies to which the City is*  
22 *entitled to receive or deposit in the City Treasury. A "Contract" includes an agreement between a*  
23 *non-profit or public entity and a Contractor for the performance of construction or construction-*  
24 *related services, where the contract is funded by the City. For purposes of this Chapter, a*  
25 *"Contract" includes any agreement between the City and a person to provide or procure labor.*

1 materials, equipment, supplies, or services to, for, or on behalf of the City for PUC Regional Projects.

2 A "Contract" does not include: (1) grants, whether funded by the City or by Federal or State  
3 grant funds, to a nonprofit entity to provide services to the community; (2) sales of the City's  
4 personal or real property; (3) loan transactions, whether the City is a debtor or creditor; (4)  
5 lease, franchise, or concession agreements; (5) agreements to use City real property; (6) gifts  
6 of materials, equipment, supplies, or services to the City; ~~or~~ (7) agreements with a public  
7 agency except for contracts or other agreements between the City and persons or entities,  
8 public or private, in which such persons or entities receive money from or through the City for  
9 the purpose of contracting with businesses to perform public improvements, or (8) agreements  
10 awarded under the emergency provisions of Administrative Code Sections 6.60 or 21.15 where there is  
11 either (a) no time to apply Discounts or establish subcontracting participation requirements, or (b) no  
12 immediately available LBEs are certified for the needed emergency work. Without limitation of the  
13 foregoing, "Contract" includes any agreement between the City and a person to provide or procure  
14 labor, materials, equipment, supplies, or services to, for, or on behalf of the City for PUC Regional  
15 Projects.

16 "Contract Awarding Authority" means any City officer, department, commission,  
17 employee, or board authorized to enter into Contracts on behalf of the City. A non-profit or  
18 public entity that receives funds from the City to pay for construction or construction related  
19 services is a "Contract Awarding Authority" for the purposes of contracting for the  
20 performance of those services.

21 "Contract Monitoring Division (CMD)" means the Contract Monitoring Division of the Office  
22 of the City Administrator to which the City Administrator has delegated responsibility to implement this  
23 Chapter, and shall also mean and include any department or division of the Office of the City  
24 Administrator that the City Administrator may in the future designate as successor to the Contract  
25 Monitoring Division to assume the duties of the Contract Monitoring Division set forth in this Chapter.

1 "Contractor" means any person who enters into a Contract with the City.

2 "Control" means a person possesses the legal authority to manage business assets,  
3 good will, and the day-to-day operations of a business and actively and continuously  
4 exercises such authority.

5 "Design-Build Contracts" means Public Works/Construction Contracts authorized under  
6 Administrative Code Section 6.61.

7 "Director" means the Director of the ~~Human Rights Commission~~Contract Monitoring  
8 Division, or his or her designee.

9 "Discount" means a downward adjustment in price or upward adjustment in rating of a  
10 proposal, whichever applies, that is made under Section 14B.7.

11 "Eligible Public Works/Construction Contract" means a Contract with (1) an estimated  
12 cost which exceeds \$10,000 but is less than or equal to the Threshold Amount, and (2) a  
13 scope of work which, based on HRCCMD Micro-LBE availability data, would attract bids from  
14 at least two qualified Micro-LBEs. Eligible Public Works/Construction Contracts include Job  
15 Order Contracts set aside for Micro-LBEs under Administrative Code Section 6.62(C).

16 "Eligible Services/Commodities Contract" means a Professional Services, General  
17 Services, Architect/Engineering or Commodities Contract with (1) an estimated cost which  
18 exceeds \$10,000 but is less than or equal to the Minimum Competitive Amount, and (2) a  
19 scope of work which, based on HRCCMD Micro-LBE availability data, would attract bids from  
20 at least two qualified Micro-LBEs.

21 "General Manager" means the General Manager of the San Francisco Public Utilities  
22 Commission, or his or her designee.

23 "General Services Contract" means an agreement for those services that are not  
24 professional services. Examples of "general services" include, but are not limited to, janitorial,  
25 security guard, pest control, and landscaping services.

1           "Integrated Project Delivery Contracts" means Public Works/Construction Contracts  
2 authorized under Administrative Code Section 6.68.

3           "Joint Venture" *shall* means an association of two or more professional services or  
4 architect/engineering businesses acting as a Contractor and performing or providing services  
5 on a Professional Services or Architect/Engineering Contract, in which each Joint Venture  
6 partner combines property, capital, efforts, skill, and/or knowledge and each Joint Venture  
7 partner shares in the Ownership, Control, management responsibilities, risks, and profits of  
8 the Joint Venture in proportion to its claimed level of participation. Joint Venture partners may be  
9 in different industries provided that each joint venture partner meet the minimum qualifications in the  
10 Bid, and each are acting as a prime contractor and otherwise meet the definition of a Joint Venture.

11           "Local Business Enterprise (LBE)" means a business that is certified as an LBE under  
12 Section 14B.3.

13           "Minimum Competitive Amount" means (i) for the procurement of commodities,  
14 professional services, and architect/engineering services, the "Minimum Competitive Amount"  
15 as defined in Section 6.40(A) of the Administrative Code, which shall be \$100,000 and (ii) for  
16 the procurement of general services, an amount equivalent to the "Threshold Amount" as  
17 defined in Chapter 6.1(M) of the Administrative Code which shall be \$400,000, provided that  
18 on January 1, 2015, and every five years thereafter, the Controller shall recalculate the  
19 applicable Minimum Competitive Amount (and the Threshold Amount from which the Minimum  
20 Competitive Amount for general services is calculated) to reflect any proportional increase in  
21 the Urban Regional Consumer Price Index from January 1, 2010, rounded to the nearest  
22 \$1,000.

23           "Minority Business Enterprise (MBE)" means a business that is certified as an MBE  
24 under Section 14B.3(E)(1)14B.4(B).

1 "Other Business Enterprise (OBE)" means a business that is certified as an OBE under  
2 Section ~~14B.3(E)(3)~~14B.4(D).

3 "Owns" or "Ownership" means a Person:

4 (a) possesses a record ownership interest, such as partnership interest or  
5 stock interest, of at least fifty-one percent (51%) of the business or such lesser amount as the  
6 HRCMD determines, under the circumstances of the particular business' overall ownership  
7 and control structure, constitutes a significant ability to influence business operations and a  
8 strong personal stake in the business's viability;

9 (b) possesses incidents of ownership, including an interest in profit and loss,  
10 equal to at least the record ownership interest;

11 (c) contributes capital to the business equal to at least the record ownership  
12 percentage (unsecured promissory notes or notes secured by the business or business  
13 assets are not sufficient to constitute capital contributions); and

14 (d) actively and continuously devotes expertise to the operations of the  
15 business relevant to the business's "Commercially Useful Function" of a quality and quantity  
16 proportionate to the record ownership interest.

17 "Owns" or "Ownership" for purposes of determining whether a business is an MBE  
18 means that a minority Person possesses all of the above indicia of ownership, and either  
19 individually, or in combination with the interests of other owners who are minority Persons,  
20 the ownership by minority Persons constitutes at least fifty-one percent (51%) of the overall  
21 business ownership.

22 "Owns" or "Ownership" for purposes of determining whether a business is a WBE  
23 means that a woman possesses all of the above indicia of ownership, and that either  
24 individually, or in combination with the interests of other owners who are women, the  
25

1 ownership by women constitutes at least fifty-one percent (51%) of the overall business  
2 ownership.

3 "Person" means any individual or group of individuals, including but not limited to  
4 partnerships, associations, and corporations.

5 "Professional Services Contract" means an agreement for services that require  
6 extended analysis, the exercise of discretion and independent judgment, or the application of  
7 an advanced, specialized type of knowledge, expertise, or training customarily acquired either  
8 by a prolonged course of study or equivalent experience in the field. Examples of professional  
9 service providers include, but are not limited to, licensed professionals such as accountants,  
10 and non-licensed professionals such as parking lot management, software developers and  
11 financial consultants. For the purpose of this *Ordinance Chapter*, a Contract for architectural,  
12 engineering, or other professional design, consulting or construction management services for  
13 a public work project shall be considered an Architect/Engineering Contract and not a  
14 Professional Services Contract.

15 "Public Works/Construction Contract" means a Contract for the erection, construction,  
16 renovation, alteration, improvement, demolition, excavation, installation, or repair of any public  
17 building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility, or similar  
18 public facility that is performed by or for the City, and the cost of which is to be paid wholly or  
19 partially out of moneys deposited in the City Treasury or out of trust monies under the control  
20 of or collected by the City. For purposes of this *Ordinance Chapter* only, "Public  
21 Works/Construction Contract" includes Contracts between a Person, including a non-profit  
22 entity or public agency, and a Contractor for construction or construction-related services,  
23 where the Contract is funded by the City.

24 "PUC" or "Public Utilities Commission" means the San Francisco Public Utilities  
25 Commission ("SFPUC"), the City Department that provides water, wastewater, and municipal

1 power services to San Francisco and, under contractual agreement with 29 wholesale water  
2 agencies, also supplies water to 1.6 million additional customers within three Bay Area  
3 counties.

4 "PUC Regional Projects" means (1) projects to be performed outside of the  
5 jurisdictional boundaries of San Francisco that are identified as regional projects and included  
6 in the formally approved Capital Improvement Program of the San Francisco Public Utilities  
7 Commission's ("~~SFPUC~~") approximately \$4.6 billion project to seismically reinforce and  
8 otherwise enhance the Hetch Hetchy water supply system, also known as the Water System  
9 Improvement Program ("WSIP"), as it may be amended from time to time; (2) projects to be  
10 performed exclusively outside of the jurisdictional boundaries of San Francisco for which  
11 some or all of the cost will be shared by members of the Bay Area Water Supply and  
12 Conservation Agency ("BAWSCA"); or (3) projects under Contracts with the SFPUC to be  
13 performed exclusively 70 miles or more beyond the jurisdictional boundaries of San  
14 Francisco. "PUC Regional Projects" shall include, but are not limited to, Repair and  
15 Replacement work ("R&R") to be performed in association with a regional Capital  
16 Improvement Program or other BAWSCA cost sharing project, or to be performed exclusively  
17 70 miles or more beyond the jurisdictional boundaries of San Francisco.

18 "Risk Manager" means the Director of Risk Management, a division of the Office of the City  
19 Administrator.

20 "Subcontractor" means any personLBE providing goods or services to a Contractor or a  
21 lower tier Subcontractor in fulfillment of the Contractor or Subcontractor's LBE utilization  
22 obligations arising from a Contract with the City.

23 "Threshold Amount" means, for public works/construction projects, the "Threshold  
24 Amount" as defined in Chapter 6.1 (M) of the Administrative Code which shall be \$400,000  
25 provided that on January 1, 2015, and every five years thereafter, the Controller shall

1 recalculate the Threshold Amount to reflect any proportional increase in the Urban Regional  
2 Consumer Price Index from January 1, 2010, rounded to the nearest \$1,000.

3 "Woman Business Enterprise (WBE)" means a business that is certified as a WBE  
4 under Section 14B.~~4(C)~~3(E)(2).

5  
6 **SEC. 14B.3. LBE CERTIFICATION.**

7 **(A) Criteria for LBE Certification.** ~~Through appropriately promulgated procedures, if~~  
8 ~~any, the~~The Director shall certify as an LBE any business that meets all of the following criteria  
9 and also meets the criteria set forth in Section 14-B.3(B), Section 14-B.3(C) or Section  
10 14B.3(D):

- 11 (1) The business is financially and operationally independent from, and  
12 operates at arm's length to, any other business.
- 13 (2) The business is continuously in operation.
- 14 (3) The business is a for-profit enterprise.
- 15 (4) The business performs a ~~e~~Commercially ~~u~~Useful ~~f~~Function.
- 16 (5) The business maintains its principal place of business in a fixed office  
17 within the geographic boundaries of the City that provides all of the services for which LBE  
18 certification is sought, other than work required to be performed at a job site; provided,  
19 however, that suppliers are not required to maintain their principal place of business in San  
20 Francisco, but are required to maintain a fixed office in San Francisco that meets all of the  
21 requirements of this Section other than the principal place of business requirement.

22 An office is a fixed and established place of business, as determined by  
23 the Director, including a qualified home office, where business is conducted on a regular basis  
24 of the type for which certification is sought. A residence qualifies as an office only if the  
25 residence is situated within the geographic boundaries of the City, and none of the business owners

1 also maintain an office outside the residence in the same or related field, and a business  
2 owner claimed the home office as a business deduction on the prior year's income tax return,  
3 or for businesses started after the last tax return, would qualify for a deduction on the next tax  
4 return. None of the following constitutes an office: a post office box, a temporary location, a  
5 movable property, a location that was established to oversee a project such as a construction  
6 project office, or a work space provided in exchange for services as opposed to monetary  
7 rent.

8 To establish a principal place of business in San Francisco, a business  
9 must demonstrate that the majority of its principals are based in the San Francisco office.

10 *There shall be a rebuttable presumption that a business that pays San Francisco payroll taxes on at  
11 least fifty one percent (51%) of its total payroll has its principal place of business in San Francisco.*

12 *The Director may, based upon the circumstances of a particular business' overall business model,  
13 ownership and control structure, find a business paying San Francisco payroll taxes on a lower  
14 percentage of its payroll in compliance with the "principal place of business" requirement.*

15 Suppliers must maintain a warehouse in the City that is continuously  
16 stocked with inventory consistent with their certification. Truckers must park their registered  
17 vehicles and trailers within the City.

18 (6) The business possesses a current San Francisco Business Tax  
19 Registration Certificate.

20 (7) The business has been located and doing business in San Francisco for  
21 at least six (6) months preceding the application for certification.

22 (8) At least one business owner has valid licenses or other relevant trade or  
23 professional certifications or, where licensing is not required, the business owners individually  
24 and collectively have relevant training and experience that are appropriate for the type of  
25 business for which the business seeks certification.

1 (9) The business is Owned and Controlled as defined herein by individuals  
2 who reside in the United States or its territories.

3 (10) The business has average gross annual receipts in the prior three (3)  
4 fiscal years that satisfy the criteria set forth in Section 14B.3(B), Section 14B.3(C), or Section  
5 14B.3(D).

6 (11) The business is not Owned or Controlled as defined herein in part or in  
7 whole by a full time City employee.

8 **(B) Criteria for Small-LBE.** The Director shall certify as a "Small-LBE" any  
9 business that meets the requirements of 14B.3(A) and has average gross annual receipts in  
10 the prior three (3) fiscal years that do not exceed the following limits: (1) public  
11 works/construction - \$~~1420~~710,000,000; (2) specialty construction contractors - \$~~710~~355,000,000; (3)  
12 goods/materials/equipment and general services - \$~~710~~355,000,000; (4) professional services  
13 and architect/engineering - \$2,500,000; and (5) trucking - \$3,500,000. The *CityDirector* shall  
14 determine gross receipts according to recognized accounting methodologies that the  
15 *CityDirector* determines most accurately reflect the actual money that the business received  
16 during the relevant period.

17 Any business under common ownership, in whole or in part, with any other business *in*  
18 *a related industry* meets the requirements of this subparagraph only if the aggregate gross  
19 annual receipts of *their percentage of ownership added together of* all of the businesses under  
20 such common ownership do not exceed these limits. All businesses owned by married  
21 spouses or domestic partners are considered under common ownership unless the  
22 businesses are in unrelated industries and no community property or other jointly owned  
23 assets were used to establish or are used to operate either business.

24 **(C) Criteria for Micro-LBE.** The Director shall certify as a "Micro-LBE" any  
25 business that meets the requirements of 14B.3(A) and also has average gross annual receipts

1 in the prior three (3) fiscal years that do not exceed the following limits: (1) public  
2 works/construction - \$710,000,000; (2) specialty construction contractors -  
3 \$5,000,000~~3,500,000~~; (3) goods/materials/equipment and general services - \$3,500,000; (4)  
4 professional services and architect/engineering - \$1,250,000; and (5) trucking - \$1,750,000.  
5 The CityDirector shall determine gross receipts according to recognized accounting  
6 methodologies that the CityDirector determines most accurately reflect the actual money that  
7 the business received during the relevant period.

8 Any business under common ownership, in whole or in part, with any other business in  
9 a related industry meets the requirements of this subparagraph only if the aggregate gross  
10 annual receipts of their percentage of ownership added together of all of the businesses under  
11 such common ownership do not exceed these limits. All businesses owned by married  
12 spouses or domestic partners are considered under common ownership unless the  
13 businesses are in unrelated industries and no community property or other jointly owned  
14 assets were used to establish or are used to operate either business.

15 **(D) Criteria for SBA-LBE.** The Director shall certify as a "SBA-LBE" any business  
16 that: (1) meets the requirements of 14B.3(A) and also has average gross annual receipts in  
17 the prior three (3) fiscal years that do not exceed the following limits: (1) public  
18 works/construction - \$33.5 million; (2) specialty construction contractors - \$17 million; (3)  
19 goods/materials/equipment and general services - \$17 million; (4) professional services and  
20 architect/engineering - \$7 million and (5) trucking - \$8.5 million. The CityDirector shall  
21 determine gross receipts according to recognized accounting methodologies that the  
22 CityDirector determines most accurately reflect the actual money that the business received  
23 during the relevant period.

24 Any business under common ownership, in whole or in part, with any other business in  
25 a related industry meets the requirements of this subparagraph only if the aggregate gross

1 annual receipts of their percentage of ownership added together of all of the businesses under  
2 such common ownership do not exceed these limits. All businesses owned by married  
3 spouses or domestic partners are considered under common ownership unless the  
4 businesses are in unrelated industries and no community property or other jointly owned  
5 assets were used to establish or are used to operate either business.

6 ~~SEC. 14B.4. NON-DISCRIMINATION CERTIFICATION.~~

7 ~~(EA) For purposes of ensuring non-discrimination in City contracting and subcontracting,~~  
8 ~~and subject to appropriately promulgated procedures, if any, the The Director shall further certify all~~  
9 ~~Small-LBEs and Micro-LBEs as MBEs, WBEs and OBEs according to the Ownership and~~  
10 ~~Control of the LBE and shall maintain data on the availability and utilization of MBEs, WBEs, and~~  
11 ~~OBEs in City Contracting.~~

12 \_\_\_\_\_(1B) MBE Certification. The Director shall certify as an MBE any business that  
13 is certified as an LBE and is Owned and Controlled by ~~one or more minority persons. A~~  
14 ~~minority a Pperson or Ppersons who~~ is a member of one or more of the following ethnic groups:

15 \_\_\_\_\_(a1) African Americans, defined as persons whose ancestry is from any  
16 of the Black racial groups of Africa or the Caribbean;

17 \_\_\_\_\_(b2) Arab Americans, defined as persons whose ancestry is from an  
18 Arabic speaking country that is a current or former member of the League of Arab States;

19 \_\_\_\_\_(c3) Asian Americans, defined as persons with Chinese, Japanese,  
20 Korean, Pacific Islander, Samoan, Filipino, Asian Indian, and Southeast Asian ancestry;

21 \_\_\_\_\_(d4) Iranian Americans, defined as persons whose ancestry is from the  
22 country of Iran;

23 \_\_\_\_\_(e5) Latino Americans, defined as persons with Mexican, Puerto Rican,  
24 Cuban, Central American or South American ancestry. Persons with European Spanish  
25 ancestry are not included as Latino Americans; and

1            ~~(f6)~~ Native Americans, defined as any person whose ancestry is from  
2 any of the original peoples of North America, and who maintains cultural identification through  
3 tribal affiliation or community recognition.

4            ~~(2C)~~ WBE Certification. The Director shall certify as a WBE any business that  
5 is certified as an LBE and is Owned and Controlled by one or more women.

6            ~~(3D)~~ OBE Certification. The Director shall certify as an OBE any business that  
7 is certified as an LBE and (i) does not demonstrate to the satisfaction of the Director that it is  
8 Owned and Controlled by one or more women or one or more minority Persons or (ii) is not  
9 certified as an MBE or a WBE.

10  
11            **SEC. 14B.4. TERM OF CERTIFICATION, CERTIFICATION DENIAL PROTESTS AND**  
12 **APPEALS**

13            ~~(AE)~~ **Period of Certification.** *The Director may certify LBEs as small LBEs or Micro-*  
14 *LBEs, and as MBEs, WBEs or OBEs for a period not to exceed three years provided that businesses*  
15 *must at all times throughout the certification period meet the criteria in Section 14B.3 and Section*  
16 *14B.4 as applicable. Certification for all categories of LBE shall be effective for a three (3) year period*  
17 *provided that (1) businesses must at all times throughout the certification period meet the criteria in*  
18 *Section 14B.3 and Section 14B.4 as applicable; and (2) the Director may, in his or her discretion,*  
19 *certify a business for a shorter period based on the unique attributes of any applicant or renewal*  
20 *applicant that relate to such business' eligibility or continued eligibility for certification. The Director*  
21 *may require certified businesses annually to submit copies of their federal income tax returns and*  
22 *other documentation for the purpose of verifying continuing eligibility for any certification status*  
23 *hereunder. The Director may suspend or revoke the certification of any LBE that fails to submit*  
24 *requested tax returns or other documentation in a timely fashion or otherwise fails to cooperate with*  
25 *the Director in any investigation of that business' continued eligibility for certification.*

1           (B) Certification or Re-Certification Denial. *Whenever the Director determines that an*  
2 *applicant or a certified business whose certification period is expiring (“renewal applicant”) is not*  
3 *eligible for any requested certification, the Director shall notify the applicant or renewal applicant in*  
4 *writing of the basis for such decision, and the date on which the business will be eligible to reapply for*  
5 *the same certification; provided, however, that in all cases, the applicant or renewal applicant has the*  
6 *right to notice of the Director’s determination and a full and adequate opportunity to be heard before*  
7 *the Director’s decision is final. The Director shall require a business to wait at least six months but*  
8 *not more than two years after the denial before reapplying for certification in the same category.*

9           (C) Appeals. *Applicants and renewal applicants may appeal a Director’s denial or refusal*  
10 *to renew certification, or length of waiting period for reapplication imposed hereunder to the City*  
11 *Administrator, or Hearing Officer appointed by the City Administrator, for a de novo determination of*  
12 *the matter appealed. After affording the applicant a full and adequate opportunity to be heard, the City*  
13 *Administrator’s decision shall be the City’s final administrative decision on the matter. Unless the City*  
14 *Administrator issues an order to the contrary, the Director’s determination shall not be stayed during*  
15 *the appeal process.*

16  
17           **SEC. 14B.5. PUC-LBE CERTIFICATION.**

18           **(A) PUC-LBE Certification.** In order to increase the ability of small businesses that  
19 are located within the PUC water system service area but outside of the jurisdictional  
20 boundaries of San Francisco to compete for ~~regional~~ PUC Regional eContracts, the Director  
21 shall certify businesses as PUC-LBEs, including as either Small-PUC-LBEs or Micro-PUC-  
22 LBEs, and as either PUC-MBEs, PUC-WBEs, or PUC-OBES, that meet all of the following  
23 criteria:  
24  
25

1           (1) ~~Only established small public works/construction, construction material~~  
2 ~~supplies, construction equipment rental, and trucking firms may be certified as PUC-LBEs or any~~  
3 ~~subcategory of PUC-LBE.~~

4           ~~(2)~~ Only firms located within the PUC water system service area may be  
5 certified as PUC-LBEs or any subcategory of PUC-LBE.

6           (23) Only firms with average gross annual receipts in the prior three fiscal  
7 years that meet the requirements of Section 14B.3(B) or Section 14B.3(C) for Small-LBEs or  
8 Micro-LBEs, respectively may be certified as PUC-Small-LBEs or PUC-Micro-LBEs.

9           (34) PUC-LBEs owned and controlled by one or more minority persons or  
10 women according to all of the criteria set forth in Section 14B.3(B) or 14B.3(C), respectively,  
11 shall be certified as PUC-MBEs or PUC-WBEs. PUC-LBEs that do not demonstrate qualifying  
12 ownership and control by minority persons or women shall be certified as PUC-OBEs.

13           (45) Firms shall meet all criteria that the City Administrator shall by rule adopt  
14 to the end that firms certified as PUC-LBEs shall be similarly situated to LBEs to the extent  
15 practicable, taking into account the special circumstances of their location and the needs of  
16 the PUC Regional ~~P~~projects.

17           **(B) PUC Small Firm Advisory Committee.** There is hereby established a PUC  
18 Small Firm Advisory Committee as follows:

19           (1) The PUC Small Firm Advisory Committee shall have five (5) members  
20 who shall be appointed by the PUC General Manager to represent the interest of individuals  
21 and businesses that are or may be eligible for PUC-LBE certification. Members shall serve at  
22 the pleasure of the PUC General Manager. Members of the PUC Small Firm Advisory  
23 Committee shall not be compensated, but shall be reimbursed for expenses in accordance  
24 with the Controller's published policies.

25           (2) The purposes and duties of the PUC Small Firm Advisory Committee are:

1 (a) To adopt rules and procedures within the Advisory Committee's  
2 responsibilities;

3 (b) To assist the Director in verifying the eligibility for certification of  
4 PUC-LBE applicants by conducting site visits or undertaking other local or regional fact  
5 gathering to ensure that applications for PUC-LBE certification undergo substantially the same  
6 scrutiny as applications for other LBE certification;

7 (c) To outreach to the business community about PUC-LBE  
8 certification and contracting opportunities and to provide information to the Director regarding  
9 the availability of potential PUC-LBEs;

10 (d) To receive reports from the City, to publicly discuss, and make  
11 recommendations for rules and procedures regarding the implementation of this  
12 Chapter Ordinance for PUC regional projects to the Director and the PUC;

13 (e) To make recommendations to the SFPUC's General Manager HRC to  
14 study the feasibility of additional programs that will increase the participation of eligible firms  
15 for the regional program;

16 (f) To provide status reports on the Advisory Committee's activities to  
17 the Commission and the SFPUC General Manager and the Director.

18 (34) The PUC Small Firm Advisory Committee shall establish bylaws, rules  
19 and/or regulations for the conduct of its business. Administrative assistance and staffing for  
20 the PUC Small Firm Advisory Committee shall be provided inat the discretion of the PUC.

21 (45) Except for the PUC Small Firm Advisory Committee's authority as  
22 provided in Section 14B.5(B)(2), the Director shall have the authority over the implementation  
23 of this Chapter Ordinance for PUC Regional Projects to the same extent as all other Bbids,  
24 proposals, and Contracts subject to the Chapter Ordinance. ~~The Director shall consult fully with~~  
25 ~~the PUC to the extent required in the Ordinance.~~

1 (C) Except as provided in Subsection 14B.5(D), PUC-LBEs shall have the status of  
2 LBEs for all purposes of this ~~Chapter Ordinance only for construction, specialty construction,~~  
3 ~~construction material suppliers, construction equipment rental firms, and trucking services for PUC~~  
4 ~~Regional Projects~~. PUC-LBEs shall not have the status of LBEs for PUC Contracts for  
5 architectural and engineering services, professional services or general services or for any  
6 other Bid, proposal, or Contract subject to this Chapter Ordinance.

7 (D) Contract Awarding Authorities shall only apply Discounts to Bids from PUC-  
8 LBEs for the purpose of determining the apparent highest ranked proposal or the apparent  
9 lowest bid, for PUC Regional Projects that will be performed exclusively 70 miles or more  
10 beyond the jurisdictional boundaries of San Francisco and for which no cost will be directly  
11 shared by members of the BAWSCA, where application of the Discount will not adversely  
12 impact the ranking for negotiation or award process of a Bid submitted by any Micro-LBE,  
13 Small-LBE, or SBA-LBE certified under Section 14B.3.

14  
15 **SEC. 14B.6. NON-PROFIT LBE CERTIFICATION.**

16 (A) Notwithstanding any other provisions of this Chapter Ordinance, in order to  
17 increase the ability of small, local non-profit enterprises to compete for City contracts on an  
18 equal basis with small, local for-profit enterprises, the Director shall certify as Non-profit LBEs,  
19 ~~non-profit~~ enterprises that meet all of the following criteria:

20 (1) The non-profit ~~enterprise~~ is financially and operationally independent from,  
21 and operates at arm's length to, any other non-profit or for-profit enterprise.

22 (2) The non-profit ~~enterprise~~ is continuously in operation.

23 (3) The ~~business~~non-profit is a California Nonprofit Organization that is both  
24  
25

1 (a) regulated as either a Nonprofit Public Benefit Corporation under  
2 California Corporations Code Sections 5110-6815 or a Nonprofit Religious Corporation under  
3 California Corporations Code Sections 9110-9690, and

4 (b) tax-exempt under section 501(c)(3) of the Internal Revenue Code.

5 (4) The non-profit *enterprise* performs a eCommercially uUseful fFunction. In  
6 the case of non-profits, the eCommercially uUseful fFunction may be related or unrelated to its  
7 stated charitable mission. The tax, or other implications, including forfeiture of tax-exempt  
8 status, that a certified non-profit may incur for engaging in substantial business operations  
9 unrelated to its charitable mission are solely the responsibility of the non-profit and not a  
10 criteria for certification hereunder.

11 (5) The non-profit *enterprise* maintains its principal place of business in a  
12 fixed office within the geographic boundaries of the City.

13 An office is a fixed and established place of business, including a  
14 qualified home office, where business is conducted on a regular basis of the type for which  
15 certification is sought. A residence qualifies as an office only if none of the persons who own  
16 or control the business also maintains an office related to a for-profit or non-profit enterprise  
17 outside the residence in the same or related field, and the persons who own or control the  
18 business claimed a business deduction on the prior year's income tax return, or for  
19 businesses started after the last tax return, would qualify for a deduction on the next tax  
20 return. None of the following constitutes an office: a post office box, a temporary location, a  
21 movable property, a location that was established to oversee a project such as a construction  
22 project office, or work space provided in exchange for services, as opposed to monetary rent.

23 To establish a principal place of business in San Francisco, a non-profit  
24 *enterprise* must demonstrate that the majority of its paid and volunteer staff are based in the  
25 San Francisco office.

1 Suppliers must maintain a warehouse in the City that is continuously  
2 stocked with inventory consistent with their certification. Truckers must park their registered  
3 vehicles and trailers within the City.

4 (6) The non-profit *enterprise* has applicable current filings with State and  
5 Federal agencies, including the California Attorney General (Form RRF-1), the California  
6 Franchise Tax Board (Forms 199 and 109), the California Secretary of State (Form S1-100)  
7 and the Internal Revenue Service (Form 990).

8 (7) The non-profit *enterprise* has been located and doing the same type of  
9 business activity as the type(s) for which certification is sought in San Francisco for at least  
10 six months preceding the application for certification.

11 (8) The non-profit has staff under continuous contractual commitment with  
12 licenses or other relevant trade or professional certifications, or, where licensing is not  
13 required, relevant training and experience that are appropriate for the type of business for  
14 which the non-profit seeks certification.

15 (9) The Board of Directors or other governing body of the non-profit *enterprise*  
16 consists exclusively of individuals who reside in the United States or its territories.

17 (10) The non-profit *enterprise* has average gross annual receipts in the prior  
18 three fiscal years that satisfy the criteria set forth in either Section 14B.3(B) or 14B.3(C).

19 (11) (a) Full-time City employees, if any, ~~that~~who serve on the Board of  
20 Directors or other governing body of the non-profit *enterprise* shall not constitute a majority of  
21 the membership of such body or be capable of exercising a controlling number of votes for  
22 such body, and

23 (b) any non-profit that includes any full time City employees on its  
24 Board of Directors or other governing body shall be ineligible for award, as a prime  
25

1 eContractor or sSubcontractor, of any eContract to be awarded by, and/or overseen by, the  
2 City Department or entity that employs such Board or other governing body member.

3 (B) Only firms with average gross annual receipts in the prior three fiscal years that meet  
4 the requirements of Section 14B.3(B) or Section 14B.3(C) for Small-LBEs or Micro-LBEs, respectively,  
5 may be certified as Non-profit Small-LBEs or Non-profit Micro-LBEs. Criteria for Small-LBE. The  
6 Director shall certify as a "Small-LBE" any non-profit enterprise that meets the requirements of  
7 14B.6(A) and has average gross annual receipts in the prior three fiscal years that do not exceed the  
8 following limits: (1) public works/construction—\$14,000,000; (2) specialty construction contractors—  
9 \$7,000,000; (3) goods/materials/equipment and general services—\$7,000,000; (4) professional  
10 services and architect/engineering—\$2,500,000; and (5) trucking—\$3,500,000. The CityDirector shall  
11 determine gross receipts according to recognized accounting methodologies that the  
12 CityDirector determines most accurately reflect the actual money that the non-profit enterprise  
13 received or was entitled to receive during the relevant period. Any non-profit enterprise under  
14 common ownership, in whole or in part, with any other for-profit or non-profit enterprise meets the  
15 requirements of this subparagraph only if the aggregate gross annual receipts of all of the for-profit  
16 and non-profit enterprises under such common ownership do not exceed these limits. All for-profit and  
17 non-profit enterprises owned by married spouses or domestic partners are considered under common  
18 ownership unless all such enterprises are in unrelated industries and no community property or other  
19 jointly owned assets were used to establish or are used to operate any such enterprise.

20 (C) ~~Criteria for Micro-LBE. The Director shall certify as a "Micro-LBE" any non-profit~~  
21 ~~enterprise that meets the requirements of 14B.6(A) and has average gross annual receipts in the prior~~  
22 ~~three fiscal years that do not exceed the following limits: (1) public works/construction—\$7,000,000;~~  
23 ~~(2) specialty construction contractors—\$3,500,000; (3) goods/materials/equipment and general~~  
24 ~~services—\$3,500,000; (4) professional services and architect/engineering—\$1,250,000; and (5)~~  
25 ~~trucking—\$1,750,000. The City shall determine gross receipts according to recognized accounting~~

1 ~~methodologies that the City determines most accurately reflect the actual money that the non-profit~~  
2 ~~enterprise received or was entitled to receive during the relevant period. Gross receipts for non-profits~~  
3 ~~shall include all gifts, grants and other revenues from business activities and investments, according to~~  
4 ~~methodologies that the City determines most accurately reflect the available resources of the non-~~  
5 ~~profit. Any non-profit enterprise under common ownership, in whole or in part, with any other for-~~  
6 ~~profit or non-profit enterprise meets the requirements of this subparagraph only if the aggregate gross~~  
7 ~~annual receipts of all of the for-profit and non-profit enterprises under such common ownership do not~~  
8 ~~exceed these limits. All for-profit and non-profit enterprises owned by married spouses or domestic~~  
9 ~~partners are considered under common ownership unless all such enterprises are in unrelated~~  
10 ~~industries and no community property or other jointly owned assets were used to establish or are used~~  
11 ~~to operate any such enterprise. A non-profit shall be considered affiliated with a for-profit if the parent~~  
12 ~~non-profit seeking certification has an ownership interest in the for-profit subsidiary, whether or not~~  
13 ~~the for-profit subsidiary is engaged in the same charitable mission or business activities as the parent~~  
14 ~~non-profit. A non-profit shall be considered affiliated with another non-profit if the parent non-profit~~  
15 ~~seeking certification has legal control in whole or in part of the non-profit subsidiary whether or not~~  
16 ~~the non-profit subsidiary is engaged in the same charitable mission or business activities as the parent~~  
17 ~~non-profit.~~

18 **(CD) Certification as OBE.** All Nonprofit-profit LBEs shall be certified as OBEs. Non-  
19 profits shall not be eligible for certification as MBEs or WBEs. Non-profit LBEs shall have the  
20 status of LBEs for all purposes of this Chapter Ordinance, including but not limited to  
21 Bid/Ratings Discounts and subcontracting participation credit.

22 **(DE) Additional Requirements.** Certification of Nonprofit -profit LBEs shall be subject  
23 to such requirements, if any, that the Director City Administrator shall by rule adopt, to the end  
24 that eligibility requirements for certification for Nonprofit -profit LBEs shall conform to eligibility  
25

1 requirements for certification for-profit LBEs to the extent practicable taking into consideration  
2 the differences in their ownership and operational structures.

#### 4 SEC. 14B.7. PRIME CONTRACTS

5 (A) Good Faith Efforts by Awarding Authorities to Obtain LBE Bids on Prime  
6 Contracts ~~Subject to this Ordinance.~~ Contract ~~A~~ awarding ~~A~~ authorities shall use good-faith  
7 efforts for all eContracts subject to the Discount provisions of this Ordinance to solicit and ~~to~~  
8 obtain Bbids from the broadest possible diversity range of LBEs and to ensure that ~~neither~~  
9 MBEs, ~~nor~~ WBEs, and ~~nor~~ OBEs are not arbitrarily excluded from participation. Good faith  
10 efforts shall include the following:

11 (1) Arranging eContracts by size and type of work to maximize the  
12 opportunities for LBEs to participate. This includes dividing projects into smaller parts.

13 (a) As soon as practical before soliciting Bids, Contract Awarding  
14 Authorities shall submit Large eContract pProposals to the Director for review. The Director  
15 shall determine whether the proposed eContract can be divided into smaller eContracts so as  
16 to enhance the opportunity for participation by LBEs. For purposes of this paragraph, "Large  
17 eContract pProposals ~~large project~~" means any Public Works/Construction Contract estimated  
18 to cost more than \$5,000,000, any Professional Services Contract estimated to cost more  
19 than \$100,000,000, and any Commodities Contract with a term greater than one year,  
20 including any options to renew or extend.

21 (b) If the Director determines, after consulting with the Contract  
22 Awarding Authority, that the Contract can be divided into smaller eContracts, then the Director  
23 and the Contract Awarding Authority shall confer regarding all of the costs and benefits of  
24 soliciting the Contract as a single eContract or dividing it into smaller eContracts, including but  
25 not limited to the potential for enhanced opportunities for LBE participation as Pprime

1 eContractors, the potential for LBE participation as Subcontractors, suitability of procuring the  
2 work through Micro-LBE Set-Aside under 14B.7(K), relative costs, administrative issues, and any  
3 other matters relevant to the accomplishment of the purpose of the subject Contract or  
4 Contracts. If, after exchanging information and conferring regarding these issues, the Contract  
5 Awarding Authority and the Director are unable to agree on whether to divide the Contract into  
6 smaller eContracts or how to divide the Contract, the City Administrator~~Mayor~~ or the City  
7 Administrator~~Mayor~~'s designee shall resolve the matter.

8 (2) Outreaching to LBEs with appropriate certifications for the work or services to  
9 be performed to solicit their interest in specific contracting opportunities, and eEncouraging LBEs to  
10 attend prebid meetings ~~that are held to inform potential bidders of contracting opportunities.~~

11 (3) Posting contracting opportunities on the Department, Office of Contract  
12 Administration, and/or other centralized City website, as applicable, with adequate lead time for LBEs  
13 effectively to respond to the opportunity ~~Advertising in general circulation media, trade association~~  
14 ~~publications and local business media, and posting the contracting opportunity on the Department's~~  
15 ~~website or other centralized City website.~~

16 (4) ~~Notifying LBEs that are certified to perform the work contemplated in a contract~~  
17 ~~and soliciting their interest in the contract.~~

18 ~~(5)~~ Providing all Bidders, including LBEs ~~access to~~ ~~with~~ adequate information  
19 about the plans, specifications, and requirements of the proposed eContract.

20 ~~(6)~~ ~~When allowed by local laws governing City contracting, negotiating with LBEs~~  
21 ~~in good faith.~~

22 ~~(57)~~ Using the services of community and contractors' groups to assist in the  
23 recruitment of LBEs.

24 ~~(68)~~ For Professional Services, General Services, Architect/Engineering and  
25 Commodities Contracts, the estimated cost of which exceeds \$10,000 but is less than the

1 Minimum Competitive Amount or for Public Works/Construction Contracts, the estimated cost  
2 of which exceeds \$10,000 but is less than the Threshold Amount, Contract Awarding  
3 Authorities are not required to undertake the good faith efforts steps set forth in Sections  
4 14B.7(A)(3) when it is impracticable to do so.

5 **(B) Best Efforts on Contracts Not Otherwise Subject to this Chapter Ordinance.**  
6 Contract Awarding Authorities should adopt the same good faith efforts set forth in Section 14B.7(A)  
7 for ~~In~~ the award of leases, franchises, concessions, and other ~~C~~contracts not subject to the  
8 Discount provisions of this Chapter Ordinance, ~~Contract Awarding Authorities shall utilize the good~~  
9 ~~faith efforts steps~~ unless impracticable to do so. At a minimum, Contract Awarding Authorities  
10 should notify LBEs that are certified to perform the work contemplated in a Contract and solicit  
11 their interest in the Contract.

12 **(C) Non-Discrimination Equal Opportunity in Prime Contracting.** Contract Awarding  
13 Authorities shall ensure that all aspects of their contracting process are transparent, fair, and  
14 do not arbitrarily disadvantage or free from discriminate discrimination against LBEs or any other  
15 business or Pperson on any basis prohibited by law, ~~and ensure broad contracting opportunities for~~  
16 all categories of LBEs. Contract Awarding Authorities shall ~~document maintain such documentation~~  
17 of their selection processes as required by the Director to monitor and ensure compliance with  
18 this provision. The Director shall report any contracting process by a Contract Awarding Authority  
19 that the Director believes may be discriminatory in nature to the Human Rights Commission.

20 **(D) Contracts Subject to Prime Bidding Discounts.** Contract Awarding Authorities  
21 shall apply Discounts to all Contracts the estimated cost of which exceeds \$10,000 and is less  
22 than \$10,000,000, except that the Bid Discount provisions applicable to SBA-LBEs shall apply  
23 only to ~~e~~Contracts (other than Commodities Contracts) with an estimated cost no less than  
24 \$400,000 and no greater than \$20,000,000, and to Commodities Contracts with an estimated  
25 cost no less than \$400,000 and no greater than \$10,000,000. Discounts shall apply to Bids

1 ~~from LBE Prime or Joint Ventures only to bids~~ where the LBE ~~p~~Prime or ~~j~~Joint ~~v~~Venture bidder  
2 ~~partner~~ will perform a ~~e~~Commercially ~~#~~Useful ~~f~~Function on the Contract. ~~A~~ LBE ~~p~~Prime or  
3 ~~j~~Joint ~~v~~Venture bidders whose Bid receives a Discount and who thereafter fails to perform a  
4 ~~e~~Commercially ~~#~~Useful ~~f~~Function under the Contract at least equivalent in scope and value to the  
5 role represented in its Bid documents may be ~~are~~ subject to sanctions as set forth in Section  
6 14B.17(D) for noncompliance with this Chapter.

7 (E) Amount of Discount. Unless otherwise provided in this Chapter Ordinance,  
8 Contract Awarding Authorities shall apply the following Discounts to each evaluation stage of the  
9 selection process, including qualifications, proposals, and interviews:

10 (1) For Contracts estimated by the Contract Awarding Authority to cost in excess of  
11 \$10,000 but less than \$10,000,000, a ten percent (10%) Discount to any Bid from a Small or  
12 Micro-LBE. ~~Contract awarding authorities shall apply these Discounts to each stage of the selection~~  
13 ~~process, including qualifications, proposals and interviews.~~ If after the application of the Discounts  
14 provided for in this Subsection 14B.7(E)(1) or Subsection 14B.7(F) to any Bid from a Small or  
15 Micro-LBE, the apparent low Bidder or highest ranking pProposer is not a Small or Micro-LBE,  
16 Contract Awarding Authorities shall apply a 52% Bid-Discount to any Bid from an SBA-LBE.  
17 Contract ~~A~~awarding ~~A~~uthorities shall apply this five ~~two~~ percent (52%) Ddiscount to Contracts  
18 at each stage of the selection process, including qualifications, proposals and interviews, except that  
19 the ~~five~~ two percent (52%) Discount for SBA-LBEs shall not be applied at any stage if it would  
20 adversely affect a Small or Micro-LBE.

21 (2) For eContracts estimated by the Contract Awarding Authority to cost in  
22 excess of \$10,000,000 but less than \$20,000,000, Contract Awarding Authorities shall apply a  
23 two percent (2%) Discount to any Bid from a Small, Micro, or SBA LBE for Public  
24 Works/Construction, Architect/Engineering, Professional Services, or General Services

1 ~~Contracts from an SBA LBE, but not~~ Bids from Small, Micro, or SBA LBEs for Commodities  
2 Contracts in excess of \$10,000,000 are not eligible for the Discount.

3 **(F) Joint Ventures For Professional Services and Architect/Engineering.**

4 Unless otherwise provided in this ~~Chapter Ordinance, for Contracts estimated by the Contract~~  
5 Awarding Authority to cost in excess of \$10,000 but less than \$10,000,000, Contract Awarding  
6 Authorities shall ~~extend~~ apply the following Bid/rating Discount to ~~all~~ Bids from Joint Ventures  
7 with a Small and/or Micro-LBEs Joint Venture partner participation on Professional Services and  
8 Architect/Engineering prime Contracts:

9 \_\_\_\_\_(1) five percent (5%) to a Joint Venture with Small and/or Micro-LBE ~~p~~Prime  
10 ~~e~~Contractor participation that equals or exceeds thirty-five percent (35%) but is under forty  
11 percent (40%);

12 \_\_\_\_\_(2) seven and one-half percent (7.5%) to a Joint Venture with Small and/or  
13 Micro-LBE ~~p~~Prime eContractor participation that equals or exceeds forty percent (40%); and

14 \_\_\_\_\_(3) ten percent (10%) to a Joint Venture exclusively among Small and/or Micro-LBE  
15 ~~p~~Prime eContractors ~~or a Joint Venture among Small and/or Micro-LBE prime contractors.~~

16 \_\_\_\_\_(4) Contract Awarding Authorities shall apply the Bid/rating Discount to each  
17 stage of the selection process, including qualifications, proposals, and interviews.

18 \_\_\_\_\_(5) The Contract Awarding Authority shall apply the Joint Venture Bid/ratings  
19 Discount described in this Section only to Bids from Joint Ventures, as defined in this Chapter and its  
20 duly promulgated Rules and Regulations, on Professional Services and Architect/Engineering  
21 Contracts, and only to those Joint Venture Bids where the Director finds that the Small and/or  
22 Micro LBE Joint Venture partner (a) will be responsible for, and has sufficient skill, experience, and  
23 financial capacity to perform (1) that meets the requirements contained in this Ordinance and (2) when  
24 the LBE is an active partner in the Joint Venture, performs work, manages the job, takes financial risks  
25 in proportion to the required level of participation stated in the bid documents, is responsible for a

1 clearly defined portion of the work ~~to be performed~~, and (b) shares *proportionately* in the  
2 Ownership, Control, management responsibilities, risks, and profits of the Joint Venture at  
3 least in proportion to the value of its assigned Joint Venture work. The Joint Venture's Bid must  
4 portion of the LBE Joint Venture's work shall be set forth in detail the Small and/or Micro-LBE Joint  
5 Venture partner's portion of the work separately from the work to be performed by the non-LBE  
6 Joint Venture partner, and such work The LBE Joint Venture's portion of the Contract must be  
7 assigned a commercially reasonable dollar value.

8 **(G) Affidavit.**

9 (1) Each Bidder, proposer and Contractor shall be required to sign an affidavit  
10 declaring under penalty of perjury its intention to comply fully with the provisions of this  
11 Chapter Ordinance and attesting to the truth and accuracy of all information provided regarding  
12 such compliance.

13 (2) Any Bidder that fails to comply with the provisions of Chapter 14B in connection  
14 with the submission of a Bid may be subject to appropriate sanctions under Section 14B.17(D) whether  
15 or not such Bidder is awarded a Contract.

16 (3) No person shall knowingly make, file or cause to be filed with the City any  
17 materially false or misleading statement or report in connection with this Chapter. If the Director has  
18 reason to believe that any person has done so, the Director may conduct an investigation, and after  
19 notice and a full and adequate opportunity to be heard, may impose appropriate sanctions under  
20 Section 14B.17(D), or the Director may refer the matter to an appropriate governmental law  
21 enforcement agency.

22 **(H) Additional Requirements and Required Contract Terms.** ~~Contract Awarding~~  
23 ~~Authorities shall include in all Contracts with their Contractors, and all Contractors shall include in~~  
24 ~~their Contracts with Subcontractors the following requirements, in addition to other requirements set~~  
25

1 ~~forth in the Municipal Code. For the purposes of this Subsection, "contractor" includes all~~  
2 ~~Subcontractors.~~

3 (1) Each Contract subject to this Chapter 14B shall incorporate ~~this Ordinance~~  
4 by reference, ~~shall and~~ require the Contractors to comply with the requirements imposed on  
5 Contractors therein. In addition, all Contractors shall incorporate by reference in all Subcontracts  
6 entered into in fulfillment of a Contract's subcontracting participation requirement, and require  
7 Subcontractors to comply with, all requirements applicable to Subcontractors under Chapter 14B.  
8 Contractor's compliance with Chapter 14B and Contractor's duty to impose specified requirements in  
9 specified Subcontracts is a material element of the City's agreement to enter into the Contract and  
10 failure to comply shall constitute its provisions in awarding and administering such contracts, and  
11 shall provide that the willful failure of any Bidder or Contractor to comply with the requirements of this  
12 Ordinance or rules and regulations implementing this Ordinance shall be deemed a material breach  
13 of contract.

14 (2) ~~Contracts shall provide that in the event that~~ If the Director finds that any  
15 Bidder, Subcontractor or Contractor ~~willfully fails~~ to comply with any of the provisions of this  
16 ~~Chapter Ordinance~~, rules and regulations implementing the ~~Chapter Ordinance~~, or ~~C~~contract  
17 provisions pertaining to any LBE, ~~MBE, WBE, OBE or Micro~~-LBE participation, or outreach, ~~or~~  
18 ~~non-discrimination~~, the such Bidder, Subcontractor, or Contractor shall be liable for liquidated  
19 damages for each ~~e~~Contract in an amount equal to the Bidder's or Contractor's net profit on  
20 the Contract, ten percent (10%) of the total amount of the Contract or \$1,000, whichever is  
21 greatest, as determined by the Director. ~~All Contracts shall also contain a provision in which the~~  
22 ~~Bidder, Subcontractor or Contractor acknowledges and agrees that~~ The liquidated damages  
23 assessed shall be payable to the City upon demand and may be set off against any monies  
24 due to the Bidder, Subcontractor, or Contractor from any Contract with the City.

1           (3) ~~Contracts shall require all e~~Contractors ~~and Subcontractors shall to~~ maintain  
2 ~~all~~ records, including ~~but not limited to~~ such information ~~specified by the Director, requested by the~~  
3 ~~Director or Commission,~~ necessary for monitoring their compliance with ~~the duties imposed on~~  
4 ~~Contractors under this Chapter, for this Ordinance. Contracts shall require prime contractors to~~  
5 ~~include in any subcontract with a LBE a provision requiring the subcontractor to maintain the same~~  
6 ~~records. Contracts shall require contractors and subcontractors to maintain such records for three five~~  
7 ~~(5) years following expiration of the Contract, or, as applicable, Subcontract, completion of the~~  
8 ~~project and shall permit the Director, Commission and Controller City to inspect and audit such~~  
9 records.

10           (4) ~~Contracts shall require prime contractors, D~~during the term of the eContract,  
11 ~~Prime Contractors shall to~~ fulfill the LBE participation commitments ~~submitted with stated in their~~  
12 ~~b~~Bids ~~and memorialized in their Contracts. Willful A Contractor's~~ failure to ~~comply with achieve~~ the  
13 level of LBE subcontractor participation specified in the eContract shall be deemed a material  
14 breach of contract.

15           (5) ~~Contracts shall require, and shall require p~~Prime eContractors ~~shall to~~ include  
16 in ~~all any s~~Subcontracts with a LBE a provision requiring, the ~~p~~Prime eContractor to compensate  
17 ~~any the~~ LBE Subcontractor for damages for breach of contract or liquidated damages equal to  
18 5% of the ~~s~~Subcontract amount, whichever is greater, if the ~~p~~Prime eContractor ~~willfully~~ fails to  
19 ~~comply with its commitment to~~ use the LBE ~~s~~Subcontractor as specified in the Bid ~~and Contract~~  
20 unless the Director and the eContract ~~a~~Awarding ~~a~~Authority both give advance approval to the  
21 ~~p~~Prime eContractor to substitute ~~the LBE s~~Subcontractors or otherwise modify the ~~LBE~~  
22 commitments in the Bid ~~and Contract~~ documents. ~~It shall be a material breach of Contract for a~~  
23 ~~Prime Contractor to fail to include such clause in all Subcontracts with LBEs.~~ This provision shall  
24 also state that it is enforceable in a court of competent jurisdiction.  
25

1           (6) ~~Contracts shall require prime contractors, W~~Whenever amendments,  
2 modifications, supplements, or change orders cumulatively increase the total dollar value of  
3 the ~~e~~Contract by more than 10 percent, ~~the Prime Contractor must~~ comply with those  
4 provisions of this ~~Chapter Ordinance~~ that applied to the original ~~C~~contract with respect to the  
5 amendment, modification, supplement, or change order.

6           (7) ~~Contracts shall require prime contractors to~~Contract Awarding Authorities shall  
7 submit to the Director for approval all proposed eContract amendments, modifications,  
8 supplements, and change orders that cumulatively increase by more than twenty percent  
9 (20%) the total dollar value of all ~~e~~Contracts originally valued at \$50,000 or more. The Director  
10 shall ~~review~~impose or increase the Subcontracting participation requirement as necessary to reflect  
11 additional opportunities for LBE participation from the proposed amendment, modification,  
12 supplement, or change order as appropriate to correct any contracting practices that exclude any  
13 category of LBEs from new contracting opportunities.

14           (8) Prime Contractors and Subcontractors may not engage in any Back Contracting  
15 or other work shifting to a Contracts in which subcontracting is used shall prohibit back contracting to  
16 the prime contractor or lower-tier sSubcontracting to evade using LBE Subcontractors to perform  
17 work or for any other purpose inconsistent with the provisions of this ~~Chapter Ordinance~~, or rules  
18 and regulations adopted pursuant to this ~~Chapter Ordinance~~, or contract provisions pertaining to  
19 LBE utilization.

20           (9) For the duration of any contract subject to LBE participation requirements,  
21 ~~Contracts in which subcontracting is used shall require~~ the pPrime ~~e~~Contractor shall to pay its  
22 sSubcontractors within three working days after receiving payment from the City unless the  
23 pPrime ~~e~~Contractor notifies the Director in writing within ten (10) working days prior to  
24 receiving payment from the City that there is a bona fide dispute between the pPrime  
25 ~~e~~Contractor and the sSubcontractor, in which case the pPrime ~~e~~Contractor may withhold the

1 disputed amount but shall pay the undisputed amount. The Director may, upon making a  
2 determination that a bona fide dispute exists between the ~~p~~Prime ~~e~~Contractor and  
3 ~~s~~Subcontractor, waive this three-day payment requirement. In making the determination as to  
4 whether a bona fide dispute exists, the Director shall not consider the merits of the dispute.  
5 ~~Contracts in which subcontracting is used shall also require the contractor, The Prime Contractor~~  
6 ~~shall submit~~ within 10 working days following receipt of payment from the City, ~~to file an affidavit~~  
7 ~~statement, in a form specified by the Director, attesting under penalty of perjury, that he or she has~~  
8 ~~paid all sSubcontractors all undisputed amounts from previous City payments. The affidavit shall~~  
9 ~~provide the names and address of all subcontractors and the amount paid to each.~~

10 (I) ~~Reserved. Exceptions. Notwithstanding any other provision of this Section, Contract~~  
11 ~~Awarding Authorities shall not apply a Discount where to do so would result in a Contract being~~  
12 ~~awarded to a business without the capacity to perform it. The Commission may adopt rules and~~  
13 ~~regulations setting standards for determining that an LBE has sufficient skill, experience, and financial~~  
14 ~~capacity to perform the Contract.~~

15 (J) **Waivers.** The Director shall waive the ~~LBE Bid Discounts~~ provided in Section  
16 14B.7(D), ~~and report the waiver to the Commission, if:~~

17 (1) The Director finds, with the advice of the Contract Awarding Authority and  
18 the Office of Contract Administration, that needed goods or services are available from a sole  
19 source that is not currently disqualified to do from doing business with the City; or

20 (2) ~~The Contract Awarding Authority certifies in writing to the Director, prior to the~~  
21 ~~Controller's contract certification, that the Contract is being awarded under the emergency provisions~~  
22 ~~of Administrative Code Section 6.60 or Administrative Code Section 21.15 and that there is either (ai)~~  
23 ~~no time to apply bid dDiscounts or establish subcontracting participation requirements goals, or (bii)~~  
24 ~~no immediately available LBEs that are certified for the needed capable of performing the emergency~~  
25 ~~work; or~~

1           (3) — For Contracts in excess of \$5,000,000, a Contract Awarding Authority  
2 establishes that sufficient qualified LBEs capable of providing the needed goods and services  
3 required by the Contract are not available, or the application of the LBE Discount will result in  
4 significant additional costs to the City if the waiver of the Bid Discount is not granted.

5           **(K) Micro-LBE Set-Aside Program.**

6           (1) Each fiscal year, each Contract Awarding Authority, in consultation with  
7 the Director, shall set aside the following for award to Micro-LBEs:

8                   (a) Not less than 50% of eligible Public Work/Construction Contracts  
9 and

10                   (b) Not less than 25% of Eligible Services/Commodities Contracts.

11           (2) Contracts under the Micro-LBE Set-Aside Program shall be competitively  
12 awarded in accordance with the Municipal Code Purchaser's regulations, except that if (a) fewer  
13 than two qualified Micro-LBEs submit Bids, or (b) the Contract Awarding Authority  
14 determines that the Contract would not be awarded at a fair market price, then the Contract  
15 Awarding Authority may reject all Bids and rebid the Contract outside the set-aside program.

16           (3) Each Contract Awarding Authority shall include the following information  
17 concerning ~~report~~ its compliance with the Micro-LBE Set-Aside Program to the Board of  
18 Supervisors ~~by submitting the following information quarterly in the year of 2011 and thereafter~~  
19 ~~annually~~ as part of its annual report under Section 14B.15(B):

20                   (a) Each Eligible Public Works/Construction Contract and, each  
21 Eligible Services, / Commodities Contract awarded under the Micro-LBE Set-Aside Program,  
22 and its dollar amount; and

23                   (b) Each Eligible Public Works/Construction Contract and each  
24 Eligible Services, / Commodities Contract not awarded under the Micro-LBE Set-Aside  
25

1 Program, accompanied by an explanation as to why each such Contract either was not set  
2 aside, or, if set aside, was not awarded under the Micro-LBE Set-Aside Program.

3 (4) Contracts that are set-aside for award to Micro-LBEs shall not be subject  
4 to the subcontracting goals participation requirement under Section 14B.8. Micro-LBEs that  
5 subcontract any portion of a set-aside contract should subcontract to businesses certified as  
6 Micro-LBEs, to the maximum extent possible. Micro-LBEs that subcontract any portion of a  
7 set-aside ~~e~~Contract must serve a ~~e~~Commercially ~~u~~Useful ~~f~~Function based on the ~~C~~contract's  
8 scope of work, and must perform work directly with a value of at least twenty-five percent (25%)  
9 of the total eContract amount~~work~~.

10 **(L) San Francisco First Program.**

11 (1) Unless otherwise provided in this Chapter, Contract Awarding Authorities shall use the  
12 good faith efforts set forth in Section 14B.7(A) to attempt to obtain at least three Bids from LBEs for all  
13 Public Works/Construction Contracts estimated to cost in excess of \$10,000 but less than the Threshold  
14 Amount and all Commodities, Architect/Engineering, Professional Services, and General Services  
15 Contracts estimated to cost in excess of \$10,000 but less than the Minimum Competitive Amount.

16 (2) If the Contract Awarding Authority is unable to obtain at least three Bids from LBEs, the  
17 Contract Awarding Authority shall prepare a written finding explaining why at least three Bids from  
18 LBEs were not obtained.

19 **(LM) Prompt payment.** The City shall pay LBEs Prime Contractors within thirty (30)  
20 days of the date on which the City receives an invoice for work performed for and accepted by  
21 the City. ~~The Controller shall work with the Director and Contract Awarding Authorities to implement~~  
22 ~~this Citywide prompt payment policy. The City shall consult with affected community members and~~  
23 ~~relevant City officials, including the Director, the Controller, and Contract Awarding Authorities, to~~  
24 ~~design and implement a prompt payment program within six (6) months of the effective date of this~~  
25

1 ~~Ordinance. Such program shall include procedures for the payment of late penalties where prompt~~  
2 ~~payment does not occur.~~

3  
4 **SEC. 14B.8. SUBCONTRACTING.**

5 (A) **LBE Subcontracting Participation Requirements Goals.** Prior to soliciting ~~b~~Bids,  
6 Contract Awarding Authorities shall provide the Director with a proposed job scope for each  
7 (1) Public Works/Construction Contract that equals or exceeds fifty percent (50%) of the  
8 Threshold Amount, and (2) each Architect/Engineering, Professional Service, and General  
9 Services Contracts that equal or exceed fifty percent (50%) of the Minimum Competitive  
10 Amount. The Contract Awarding Authority may ask the Director to waive LBE subcontracting  
11 participation requirements goals where it anticipates that there are no subcontracting  
12 opportunities or there are not sufficient LBEs available to perform the subcontracting work  
13 available on the Contract.

14 The Director shall set LBE subcontracting participation requirements goals for  
15 each such Contract, where appropriate, based on the following factors:

- 16 (1) The extent of subcontracting opportunities presented by the scope of the  
17 proposed Contract; and  
18 (2) The availability of ~~Small and Micro~~-LBE Subcontractors certified to provide  
19 goods and services required under the scope of the proposed Contract.

20 Except where the Director determines there are not sufficient Small and Micro-LBEs  
21 available to perform the subcontracting opportunities presented by the scope of the proposed Contract,  
22 Bidders must list and use only Small and Micro-LBEs to satisfy the LBE subcontracting participation  
23 requirement set by the Director. Where the Director determines that there are not sufficient Small and  
24 Micro-LBEs available, the Director may authorize Contractors to satisfy the LBE subcontractor  
25 participation requirement by using Small, Micro or SBA-LBEs, or may set separate subcontractor

1 participation requirements for Small and Micro-LBEs, and for SBA-LBEs. For each Contract where  
2 the Director sets a LBE subcontracting requirement at less than twenty percent, the Director shall  
3 prepare a written explanation of the details justifying the LBE subcontracting requirement set.  
4 ~~Contractors shall satisfy the LBE subcontracting participation goals by using Small and Micro-LBEs~~  
5 ~~with the following exception: If the Director determines there are not sufficient Small and Micro-LBEs~~  
6 ~~available to perform the subcontracting work on the Contract, the Director may set goals based on the~~  
7 ~~availability of all LBEs and permit Contractors to satisfy the goals by using Small, Micro or SBA-~~  
8 ~~LBEs, or may set separate goals for Small and Micro-LBEs and for SBA-LBEs.~~

9 **(B) Satisfaction of Good Faith Efforts Requirements.** At the time of a Bid, all  
10 Bidders must meet the LBE subcontracting participation ~~requirement~~goals set by the Director,  
11 and also must conduct good faith efforts and file evidence of good faith efforts as required in  
12 Sections 14B.8(D) and (E) respectively, with the following exceptions:

13 (1) ~~If upon submission of a Bid, LBE subcontracting participation in the submitted~~  
14 ~~the Bid demonstrates total LBE participation that exceeds by thirty-five percent (35%) the~~  
15 ~~established LBE subcontracting participation requirement~~goal set by the Director for the Contract  
16 ~~by at least thirty-five percent (35%)the Bid, the Bidder is not required excused from to conducting or~~  
17 ~~documenting its good faith efforts or to file evidence of good faith efforts as otherwise required in~~  
18 Sections 14B.8(D) and (E). ~~For the sole purpose of determining whether a Bid exceeds by thirty-five~~  
19 ~~percent (35%) the established LBE subcontracting participation shall be determined in this Section~~  
20 ~~14B.8(B)(1) only, as the sum of all participation by goal, and therefore exempts the Bidder from the~~  
21 ~~requirement to conduct and file evidence of good faith efforts, participation by the following LBEs shall~~  
22 ~~be counted:~~ Small and Micro-LBE ~~p~~Prime ~~e~~Contractors, Small and Micro-LBE Joint Venture  
23 partners, and Small and Micro-LBE Subcontractors. Participation by SBA-LBE Subcontractors  
24 shall ~~be counted toward LBE subcontracting participation for purposes of determining whether the~~  
25 ~~Bidder is excused from conducting and documenting good faith efforts only if, under Subsection~~

1 14B(8)(A), the Director permitted ~~Bidders to list~~ use of SBA-LBE firms to satisfy subcontracting  
2 ~~participation requirements~~ goals on the Contract.

3 (2) Where the Director has set LBE subcontracting participation requirements for  
4 ~~Bidders on~~ Public Works/Construction Contracts in an amount less than the Threshold Amount  
5 or on Architect/Engineering, Professional Services, or General Services Contracts in an  
6 amount less than the Minimum Competitive Amount, Bidders are not required to conduct good  
7 faith efforts or to file evidence of good faith efforts as required in Sections 14B.8(D) and (E), ~~to~~  
8 ~~select Subcontractors to meet LBE goals.~~

9 (C) Non-responsive Bids. Bids that do not meet the LBE subcontracting participation  
10 ~~requirements~~ goal set under 14B.8(A) will be rejected as non-responsive unless the Director  
11 finds that the Bidder diligently undertook all the good faith efforts required by this Chapter (or  
12 that the Bidder is exempt from good faith efforts requirements under Section 14B.8(B)) Ordinance and  
13 that the failure to meet the good faith efforts requirements and/or the subcontracting participation  
14 requirements goal resulted from an excusable error. ~~The Contract Awarding Authority shall require~~  
15 Bidders ~~must~~ contact a LBE before listing that LBE as a Subcontractor in the Bid. Unless  
16 otherwise excused by the Director, a Bid that fails to document compliance ~~comply~~ with this  
17 requirement will be rejected as non-responsive. In addition only LBEs that have been  
18 contacted and agreed to be listed as Subcontractors shall be credited toward meeting the LBE  
19 subcontracting participation requirements goal.

20 (D) **Good Faith Outreach.** In addition to meeting the LBE subcontracting  
21 participation requirements goal, Bidders on (1) Public Works/Construction Contracts that equal  
22 or exceed the Threshold Amount; and (2) Architect/Engineering, Professional Services, or  
23 General Services Contracts that equal or exceed the Minimum Competitive Amount shall  
24 undertake good faith outreach as set forth in this Section 14B.8 (D) and duly promulgated Rules  
25 and Regulations to select Subcontractors to meet LBE subcontracting participation

1 ~~requirements~~goals. Except where a Contract does not include a LBE subcontracting participation  
2 ~~requirement subcontracting goal~~ or a Bid is exempt from good faith outreach under Section  
3 14B.8(B), Bids from Bidders who fail to conduct and/or to document adequate good faith  
4 outreach steps as required by this Chapter Ordinance and its duly promulgated ~~HRC~~ Rules and  
5 Regulations shall be declared nonresponsive.

6 ~~The Human Rights Commission shall by Rule and Regulation assign a numeric value to~~  
7 ~~each of the good faith outreach steps listed below. Adequate good faith outreach shall be a minimum of~~  
8 ~~80 points with a total of 100 points possible.~~

9 ~~(1) Attending any presolicitation, or prebid, meetings scheduled by the City to~~  
10 ~~inform all bidders of LBE program requirements for the project for which the Contract is awarded;~~

11 ~~(2) Identifying and selecting subcontracting opportunities to meet LBE goals;~~

12 ~~(3) Advertising for LBE Subcontractors by posting the opportunity in an accessible~~  
13 ~~location, specified by the City, not less than ten (10) calendar days before the date the Bids can first be~~  
14 ~~submitted. The advertisement must include information where Bidders may obtain adequate~~  
15 ~~information about the plans, specifications, and requirements for the work. This paragraph applies~~  
16 ~~only if the City gave public notice of the project not less than fifteen (15) calendar days prior to the~~  
17 ~~date the Bids can first be submitted;~~

18 ~~(4) Not less than ten (10) calendar days before the date the bids can first be~~  
19 ~~submitted, contacting at least the requisite number of LBEs by trade certified to perform the identified~~  
20 ~~work required by the 14B Rules and Regulations; and~~

21 ~~(5) Performing follow up contact on the initial solicitation with interested~~  
22 ~~Subcontractors and negotiating in good faith with LBEs, as set forth in the 14B Rules and Regulations,~~  
23 ~~and not unjustifiably rejecting their Bids.;~~

1           ~~(6) Advising and assisting interested LBEs that are bidding on and performing City~~  
2 ~~Public Work and Construction Contracts with the City's bonding and financial assistance programs to~~  
3 ~~obtain bonds, lines of credit, or insurance required by the City or the Bidder.~~

4           **(E) Documentation of Good Faith Outreach.** Each Bid that equals or exceeds the  
5 Threshold Amount or the Minimum Competitive Amount, as applicable, shall document good  
6 faith outreach and include the documentation with the Bid. Unless otherwise excused by this  
7 Chapter, sSuch documentation shall include: (1) the dollar amount of each subcontract and a  
8 statement of the scope of work to be performed under the subcontract; (2) the identification of  
9 each subcontract awarded to an LBE and, (3) for each subcontract, copies of the  
10 Subcontractor Bids submitted. Such documentation shall contain at least the Bid amount and  
11 a description of the scope of work, and separately, for each subcontract, a full and complete  
12 statement of the reason(s) for selection of the Subcontractor. If the reason is based on relative  
13 qualifications, the statement must address the particular qualifications at issue. If the reason is  
14 the Bid's respective dollar amounts, the statement must state the amounts and describe the  
15 similarities and/or dissimilarities in the scope of work covered by the Bids. If no written Bids  
16 were submitted by some or all of the Subcontractors who bid the job, the Bidder shall submit a  
17 written statement containing (1) the amount of each oral bid; and (2) separately, for each  
18 subcontract, a full and complete statement of the reason(s) for selection of the Subcontractor.  
19 Successful Bidders shall maintain the documentation described in this paragraph for three (3)  
20 years following ~~submission of the Bid or~~ completion of the Contract, whichever is later.

21  
22           **SEC. 14B.9. ENSURING NON-DISCRIMINATION IN SUBCONTRACTING.**

23           **(A) Prohibition on Discrimination.** A ~~b~~Bidder may not discriminate in its selection  
24 of ~~s~~Subcontractors against any person on the basis of race, gender, or any other basis  
25 prohibited by law. Contract Awarding Authorities and the City Administrator shall refer all formal

1 complaints of discrimination and all other instances where discrimination may have occurred of which  
2 they become aware to the Human Rights Commission for investigation and resolution pursuant to  
3 Administrative Code Chapter 12A and Section 14B.9(D).

4 **(B) Availability Data.** ~~In order to prevent unlawful discrimination in the selection of~~  
5 ~~subcontractors, and to~~ identify and correct unlawful practices, the City will monitor the  
6 administration of City Contracts, including the selection of subcontractors, as provided in this  
7 Section. For Public Work/Construction, Architect/Engineering, Professional Services, and General  
8 Services Contracts ~~public work/construction, architect/engineering, professional service, and general~~  
9 ~~service contracts~~ which the eContract aAwarding aAuthority reasonably anticipates will include  
10 subcontractor participation, prior to the solicitation of Bids~~bids or proposals~~, the Director shall  
11 assemble certification data regarding the availability of MBEs, WBEs, and OBEs to provide  
12 work that is likely to be subcontracted. The Director, in the Director's sole discretion, shall  
13 determine the appropriate methodology.

14 **(C) Requirements for Solicitations.** In all solicitations of Public Work/Construction,  
15 Architect/Engineering, Professional Services, and General Services Contracts for public  
16 ~~work/construction, architect/engineering, professional service, and general service contracts~~ which  
17 the eContract aAwarding aAuthority reasonably anticipates will include subcontractor  
18 participation, the eContract aAwarding aAuthority shall include the availability data described  
19 above. Bidders shall undertake all required good faith efforts outreach steps in such a manner  
20 as to ensure that neither MBEs nor WBEs nor OBEs are unfairly or arbitrarily excluded from  
21 the required outreach.

22 **(D) Review and Investigation by the Human Right Commission of Bid.** The Director of  
23 the Human Rights Commission may review or investigate any bBid, including the selection of the  
24 Bidder's subcontractors, to determine whether discrimination may have occurred. The  
25 Director of the Human Rights Commission shall review bBids, during the bid protest period, to

1 determine whether: (1) a potential Subcontractor or other person has filed a complaint of  
2 discrimination; (2) there is a significant difference between the percentages of MBEs, WBEs,  
3 or OBEs available to provide goods and services as Subcontractors on the contract and the  
4 percentages of the bidder's Subcontractors who are MBEs, WBEs, or OBEs; or (3) other  
5 facts and circumstances suggest that further inquiry is warranted. The Director of the Human  
6 Rights Commission, in the Director of the Human Rights Commission's sole discretion, shall  
7 determine whether and when to investigate further the conduct of a bidder or eContractor.  
8 *Investigations will be conducted under the procedures in Section 14B.17.*

9  
10 **SEC. 14B.10. POWERS AND DUTIES OF THE CITY**

11 **ADMINISTRATOR~~COMMISSION~~ AND THE CONTRACT MONITORING DIVISION**  
12 **(CMD)~~DIRECTOR~~.**

13 (A) City Administrator~~Human Rights Commission~~. In addition to the duties and powers  
14 given to the City Administrator~~Human Rights Commission~~ elsewhere, the City Administrator or  
15 designee ~~Commission~~ shall:

16 (1) When necessary, subpoena persons and records, books and documents  
17 ~~for a proceeding of the Commission or any hearing or~~ investigation by the City Administrator or  
18 Director or ~~an~~ audit pursuant to Section 14B.10(B)(5) concerning certification under, or  
19 compliance with this Chapter~~conducted to further the purposes of this Ordinance~~.

20 (2) Adopt rules and regulations establishing standards and procedures for  
21 effectively carrying out this Chapter~~Ordinance~~.

22 (3) Issue forms for the Controller or eContract ~~a~~Awarding Authorities  
23 ~~departments~~ to collect information from eContractors as that the City Administrator deems  
24 necessary to perform its duties under this Chapter~~prescribed by this Ordinance~~.

1           (4) Hear appeals challenging certification denial decisions by ~~(i) the Director's~~  
2 ~~or the imposition of any sanction specified in Section 14B.17(D) against a Bidder, Contractor,~~  
3 ~~Subcontractor, certified LBE, or applicant for certification, disqualification of a bidder or Contractor,~~  
4 ~~(ii) the Director's denial of an application for or revocation of the certification of a business as a~~  
5 ~~Small LBE, Micro LBE, MBE, WBE, or OBE or (iii) the Director's denial of a request to waive or to~~  
6 ~~reduce subcontractor participation goals.~~

7           (5) By regulation require Direct eContract aAwarding aAuthorities, departments  
8 and the Controller to provide to the Director such information as will be necessary to enable  
9 the Director to issue reports required by this Chapter to the Mayor and the Board of Supervisors  
10 ~~at the end of each fiscal year on the progress each City department has made towards the achievement~~  
11 ~~of LBE participation goals and towards the goal of ensuring against discrimination and exclusion of~~  
12 ~~MBEs, WBEs, or OBEs, and otherwise to perform his/her other duties imposed hereunder. The~~  
13 ~~database is a public record available to the public as provided by state and local law.~~

14           (6) ~~Adopt rules and regulations as deemed necessary by the Director to ensure that~~  
15 ~~the joint venture Bid/bid/rating dDiscount is applied only to joint ventures where the LBE has sufficient~~  
16 ~~skill, experience, and financial capacity to perform the portion of the work identified for the LBE.~~

17           **(B) CMDHRC Director.** In addition to the duties and powers given to the CMDHRC  
18 Director elsewhere, the Director shall:

19           (1) Levy the same sanctions that a eContract aAwarding aAuthority may levy  
20 as specified in Section 14B.17(D).

21           (2) Ensure that the necessary data concerning LBE, MBE, WBE, and OBE  
22 availability and participation in City Contracting is collected, ~~and~~ analyzed, ~~and~~ included in CMD's-  
23 ~~Annually, and more often if the Director deems necessary, the Director shall identify areas of~~  
24 ~~contracting where the City or any of its departments are failing to meet LBE participation goals or are~~  
25 ~~contracting with MBEs, WBEs, or OBEs at rates less than would be expected in the absence of~~

1 ~~discrimination. The results of this study shall be included in the Commission's~~ annual report required  
2 by Section 14B.15(B).

3 (3) Provide information and other assistance to LBEs to increase their ability  
4 to compete effectively for the award of City Contracts.

5 (4) Grant waivers as set forth in Sections 14B.7(J) and 14B.8(A), and  
6 disqualify a Bbidder or Contractor as set forth in Section 14B.17.

7 (5) In cooperation with the Controller, randomly audit at least three prime  
8 eContractors each fiscal year in order to insure their compliance with the provisions of this  
9 Chapter Ordinance. The Director, in cooperation with the Controller, shall furthermore randomly  
10 audit 10 percent (10%) of the Joint Ventures granted Bid Discounts in each fiscal year. ~~The~~  
11 ~~Controller shall have the right to audit the books and records of the contractors, joint venture~~  
12 ~~participants, and any and all subcontractors to insure compliance with the provisions of this~~  
13 ~~Ordinance.~~

14 (6) Take actions to ensure compliance with the provisions of this  
15 Chapter Ordinance, including, without limitation, intervening in the selection process, or issuing  
16 guidelines for selection processes administered directly by Contract Awarding Authorities to ensure  
17 that the minimum qualifications, evaluation criteria, or scoring methodologies set forth in the requests  
18 for bids, qualifications, or Proposals, or the selection panel deliberations do not inadvertently  
19 disadvantage qualified Small- ~~by modifying the criteria used for selecting selection panelists or~~  
20 ~~contractors to correct any practices that hinder equal business opportunities for LBEs, or Micro-~~  
21 ~~LBEs, and for MBEs, WBEs, and OBEs, in competing for opportunities in City contracting.~~

22  
23 **SEC. 14B.11. POWERS AND DUTIES OF THE CONTROLLER.**

24 (A) In addition to the duties given to the Controller elsewhere, the Controller shall  
25 work cooperatively with the Director to provide such contractual encumbrance and payment

1 data as the Director advises are necessary to monitor the participation of Small-LBEs, Micro-  
2 LBEs, MBEs, WBEs, and OBEs in City ~~prime~~-contracts. If any department refuses or fails to  
3 provide the required data to the Controller, the Controller shall immediately notify the Mayor,  
4 ~~this~~the Board of Supervisors, and the Director.

5 (B) The Controller shall not certify the award of any ~~e~~Contract subject to this  
6 ~~Chapter Ordinance~~ where the Director has notified the Controller that the ~~e~~Contract ~~a~~Awarding  
7 ~~a~~Authority has not provided the information the Director advises is necessary under this  
8 ~~Chapter Ordinance~~.

9 (C) The Controller shall have the right to audit the books and records of Contractors, Joint  
10 Venture participants, and Subcontractors to ensure compliance with the provisions of this Chapter.

11 ~~Each request for payment to a City contractor submitted to the contract awarding authority~~  
12 ~~shall be accompanied by a subcontractor participation form approved by the Commission. That form~~  
13 ~~shall contain information that the Commission has determined is necessary to enable the Commission~~  
14 ~~and the Director (1) to monitor compliance by City departments and their prime contractors with their~~  
15 ~~obligations under this Ordinance (2) to determine whether City departments are achieving their prime~~  
16 ~~and subcontracting goals under this Ordinance, and (3) to make such other reports and analyses as are~~  
17 ~~required by this Ordinance.~~

18 ~~————— In the event that a request for payment fails to include the information required pursuant~~  
19 ~~to this Section, the contract awarding authority shall, within two working days, notify the Director and~~  
20 ~~the affected prime contractor[s] of the failure and afford each affected prime contractor an opportunity~~  
21 ~~to be heard promptly. That notice shall inform the contractor that the contract awarding authority has~~  
22 ~~tentatively determined that the information has not been provided, what information is missing and that~~  
23 ~~if this failure is substantiated, then the Controller will be notified to withhold 20 percent of the~~  
24 ~~requested payment until the information is provided. If the Controller finds, after consultation with the~~

1 ~~Director and notice and opportunity to be heard, that the information has not been provided, the~~  
2 ~~Controller shall withhold 20 percent of the payment otherwise due until the information is provided.~~

3 ~~(D) — The contract awarding authority shall require all prime contractors to submit, within 10~~  
4 ~~days following payment to the prime contractor of moneys owed for work completed on a project, an~~  
5 ~~affidavit under penalty of perjury, that all subcontractors on the project or job have been paid and the~~  
6 ~~amounts of each of those payments. The name, telephone number and business address of every~~  
7 ~~subcontractor shall be listed on the affidavit. If a prime contractor fails to submit this affidavit, the~~  
8 ~~contract awarding authority shall notify the Director who shall take appropriate action as authorized~~  
9 ~~under Section 14B.17.~~

10  
11 **SEC. 14B.12. POWERS AND DUTIES OF THE MAYOR.**

12 In addition to the duties given to the Mayor elsewhere, the Mayor shall:

13 (A) By July 1st of each fiscal year, set and report to the Board of Supervisors a City-wide  
14 LBE Participation Goal on the overall dollar value of all Contracts projected to be awarded in the  
15 upcoming fiscal year that will be subject to this Chapter. The City-wide LBE Participation Goal shall  
16 be based on prior fiscal year LBE utilization data and current LBE availability, but shall not be less  
17 than forty percent (40%). Contract Awarding Authorities shall use, among other methods, the good  
18 faith efforts in Section 14B.7(A) to attain the City-wide LBE Participation Goal. The City-wide LBE  
19 Participation Goal may be achieved by Small, Micro, and SBA LBE participation as a prime  
20 Contractor, Joint Venture partner, or Subcontractor.

21 (B) Issue notices to all City departments informing them of their duties under this  
22 Chapter Ordinance. The notice shall contain the following information: (1) the City-wide LBE  
23 Participation Ggoals set in Section 14B.12(A) that all City departments are encouraged expected to  
24 use good faith efforts to attain during the fiscal year, and that a department's failure to use good  
25 faith efforts to attain the City-wide LBE Pparticipation Goalgoals shall be reported to this Board in

1 ~~CMD~~~~the Commission's~~ annual report; (2) the availability of MBEs, WBEs, and OBEs to perform  
2 City contracting and that departments are expected to take all steps necessary to ensure  
3 against illegal or arbitrary discrimination or exclusion of any certified business; and (3) the  
4 data each department is required to provide the Controller on each contract award.

5 (B) Coordinate and enforce cooperation and compliance by all ~~City d~~Departments  
6 with this ~~Chapter~~~~Ordinance~~.

7 ~~(C) — Designate a liaison to the Human Rights Commission to facilitate communication and~~  
8 ~~compliance with this Ordinance.~~

9  
10 **SEC. 14B.13. POWERS AND DUTIES OF CONTRACT AWARDING AUTHORITIES.**

11 (A) In addition to the powers and duties given to ~~e~~Contract ~~a~~Awarding ~~a~~Authorities  
12 elsewhere, ~~e~~Contract ~~a~~Awarding ~~a~~Authorities shall:

13 (1) Adjust ~~bid~~~~bonding~~ and insurance requirements in accordance with the  
14 ~~requirements set by most current version of the City's "Contract Insurance Manual" or as otherwise~~  
15 ~~authorized by the City Risk Manager, or as allowed by law, Department of Administrative Services.~~

16 (2) ~~Use~~ Make information available about the City's ~~Surety~~ Bonding ~~and Financial~~  
17 ~~Assistance~~ Program set forth in Section 14B.16 to assist LBEs bidding on and performing City  
18 public works/construction contracts to meet bonding requirements and/or obtain construction  
19 loans.

20 (3) ~~Submit to the Office of Contract Administration (OCA) in electronic format or a~~  
21 ~~format specified by the OCA, all~~ Bbid opportunities, requests for Pproposals, and solicitations for  
22 which published notice or advertising is required, ~~no later than~~ at least 10 calendar days prior to  
23 the Bid due date ~~of the bid opportunity, request for proposals or solicitation. A contract awarding~~  
24 ~~authority must obtain a waiver from its commission, or in the case of a department that has no~~  
25 ~~commission, from the Board of Supervisors, if it cannot meet the requirements of this Section.~~

1           (4)    Require each request for payment submitted by a Contractor to the Contract  
2 Awarding Authority to include Subcontractor participation data in a form approved by the Director,  
3 verifying the Contractor's payments to its LBE Subcontractors and the Contractor's progress toward  
4 meeting its LBE participation requirements.

5           \_\_\_\_\_ If a request for payment fails to include the required information in the form  
6 approved by the Director, the Contract Awarding Authority in consultation with the Director, after  
7 notice and an opportunity to be heard, may notify the Controller to withhold twenty percent (20%) of  
8 the requested payment until the information is provided. Such notice shall be made within two working  
9 days of the request for payment, and must inform the Contractor that the Contract Awarding Authority  
10 has tentatively determined that the Contractor has not submitted required information, list what  
11 information is missing, and provide that if the failure is substantiated, twenty percent (20%) of the  
12 requested payment will be withheld until the information is provided.

13           \_\_\_\_\_ (5)    Require all Contractors to submit, within 10 days following payment by the City  
14 to the Contractor for work completed or services performed on a Contract, in a form approved by the  
15 Director, a statement signed under penalty of perjury, attesting that the Contractor has paid all  
16 Subcontractors, less any contractually provided retention, for the Subcontractor's portions of the work  
17 invoiced and included in the City's payment. Contract Awarding Authorities shall notify the Director  
18 of any failure to provide the required information or statement. The Director shall investigate and, as  
19 necessary, take appropriate enforcement action against any noncomplying Contractor as authorized  
20 under Section 14B.17.

21           \_\_\_\_\_ (6)    Impose, in consultation with the Director, such sanctions or take such other  
22 actions as are designed in Section 14B.17(D) to ensure compliance with the provisions of this  
23 Chapter Ordinance, which shall include, but are not limited to:

24                           (a) Refuse to award a contract.

25                           (b) Order the suspension of a contract.

1 ~~\_\_\_\_\_ (c) \_\_\_\_\_ Order the withholding of funds.~~

2 ~~\_\_\_\_\_ (d) \_\_\_\_\_ Order the revision of a contract based upon a material breach of contract~~  
3 ~~provisions pertaining to LBE participation or outreach to MBEs, WBEs, or OBEs.~~

4 ~~\_\_\_\_\_ (e) \_\_\_\_\_ Disqualify a bidder, contractor, subcontractor, or other business from~~  
5 ~~eligibility for providing goods or services to the City for a period not to exceed five years, based on the~~  
6 ~~standards set forth in this Ordinance and rules and regulations promulgated by the Commission. Any~~  
7 ~~business disqualified under this subsection shall have a right to review and reconsideration by the~~  
8 ~~Commission after two years upon a showing of corrective action indicating that violations are not~~  
9 ~~likely to recur.~~

10 (75) Not award any eContract to a Person or business that is disqualified from  
11 doing business with the City under the provisions of this Chapter Ordinance.

12 (86) Designate a staff person to be responsible for responding to the Director  
13 and City Administrator Commission regarding the requirements of this Chapter Ordinance.

14 (97) Maintain accurate records as required by ~~the this Chapter~~ Director and the  
15 Commission for each eContract awarded, its dollar value, the nature of the goods or services to be  
16 provided, the name of the contractor awarded the contract, its identity as a Small LBE, Micro LBE,  
17 MBE, WBE or OBE, the efforts made by the contract awarding authority to solicit bids from LBEs,  
18 including Micro LBEs, MBEs, WBEs and OBEs, responses received from such businesses, and a full  
19 and complete statement of the reason(s) for selection of the contractor addressing the particular  
20 qualifications at issue.

21 (108) Where feasible, provide technical assistance to LBEs to increase their  
22 ability to compete effectively for ~~the award of~~ City Contracts.

23 ~~\_\_\_\_\_ (9) \_\_\_\_\_ Work with the Director and the Controller to implement a City-wide prompt~~  
24 ~~payment policy requiring that LBEs be paid by the City within 30 days of the date on which the City~~  
25 ~~receives an invoice from a LBE for work performed for the City.~~

1           (1110) ~~Provide~~ Notify the Director in writing within 10 days whenever the cumulative  
2 value of with written notice of all contract amendments, modifications, supplements, and change  
3 orders to a Contract subject to this Chapter that cumulatively result in an increase or decrease of  
4 the eContract's dollar amount of by more than ~~10ten~~ percent (10%). ~~Such notice shall be provided~~  
5 ~~within 10 days of each such contract modification.~~

6           (1211) Whenever ~~contract~~ amendments, modifications, supplements, or change  
7 orders to a Contract subject to this Chapter cumulatively increase the total dollar value of a  
8 eContract by more than ~~10ten~~ percent (10%), the eContract ~~a~~Awarding ~~a~~Authority shall require  
9 compliance with those provisions of this ~~Chapter Ordinance~~ that applied to the original  
10 eContract.

11           (1312) ~~Obtain prior approval of the Director for a~~All eContract amendments,  
12 modifications, supplements, or change orders ~~that cumulatively increase by more than 20 percent~~  
13 ~~the total dollar value of all to a Ceontracts~~ originally valued at or above \$50,000 fifty percent (50%)  
14 of the Mminimum Ceompetitive Aamount, or more that cumulatively increase the contract's total value  
15 by more than 20twenty percent (20%) of its original or last CMD approved value. Theshall be subject  
16 to prior approval of the Director, who shall reviewensure that -the proposed amendment,  
17 modification, supplement, or change order does not adversely impact contracting opportunities that  
18 would have been present for LBEs had the Contract been initially awarded at the proposed increased  
19 value to correct contracting practices that exclude Small LBEs or Micro LBEs from new contracting  
20 opportunities or discriminate against MBEs, WBEs or OBEs.

21           (B) Contract ~~a~~Awarding ~~a~~Authorities or departments may issue Bids for Professional  
22 Services or Architect/Engineering Services that invite, encourage, or request businesses to form  
23 Jjoint Vventures on any professional services or architecture/engineering contact to promote LBE  
24 participation.  
25

1 (C) For the purpose of determining LBE participation, contracts awarded to joint  
2 ventures in which one or more LBEs are combined with one or more businesses that are not  
3 LBEs shall be deemed by the contract awarding authority to be awarded to LBEs only to the  
4 extent of the LBE participation in the joint venture.

5 (D) Subject to the budgetary and fiscal provisions of the San Francisco Charter and  
6 to any limitations or requirements associated with the issuance of municipal financings,  
7 including but not limited to the use of tax-exempt financing and other long-term obligations,  
8 ~~eContract aAwarding aAuthorities shall set aside the following percentage of the value of each~~  
9 ~~eContract, as defined in Section 14B.2, to be used solely to fund the CMD's actual costs of~~  
10 ~~administering and enforcing administration and enforcement of this Chapter for that specific~~  
11 ~~Contract 14B by the HRC. Such funds shall be used solely for the actual costs of administering and~~  
12 ~~enforcing this Chapter. The HRC shall provide monthly statements to contract awarding authorities~~  
13 ~~and the Controller's Office that account for all expenditures related to administering and enforcing this~~  
14 ~~Chapter, broken down by staff member, project, and activity. Any funds that are not expended on the~~  
15 ~~actual costs of administration and enforcement relating to the subject contract shall be returned to the~~  
16 ~~source fund as soon as practicable.~~ This Section 14B.13(CD) shall not apply to eContracts that are  
17 funded by bonds that were authorized prior to June 10, 2006 ~~the effective date of this Ordinance.~~

18 (1) For eContracts having an estimated value under \$1 million, the eContract  
19 aAwarding aAuthority shall set aside 2% of the value of the eContract for the purpose  
20 described in this Section.

21 (2) For eContracts having an estimated value of at least \$1 million but less  
22 than \$10 million, the eContract aAwarding aAuthority shall set aside 1% of the value of the  
23 eContract for the purpose described in this Section.  
24  
25

1 (3) For eContracts having an estimated value of at least \$10 million but less  
2 than \$50 million, the eContract aAwarding aAuthority shall set aside 0.5% of the value of the  
3 eContract for the purpose described in this Section.

4 (4) For eContracts having an estimated value of \$50 million or more, the HRC  
5 Director, in consultation with the eContract aAwarding aAuthority, shall determine the level of  
6 funding necessary to administer and enforce this Chapter Ordinance with respect to the subject  
7 eContract, provided that the funding shall not exceed 0.5% of the value of the eContract. The  
8 eContract aAwarding aAuthority shall set aside the designated funds to be used solely for the  
9 purpose described in this Section.

10 (5) Notwithstanding Sections 14B.13(CD)(1), (2), (3) and (4), with respect to  
11 each Contract to be issued byfor the Port of San Francisco, the San Francisco Public Utilities  
12 Commission, the San Francisco Department of Public Works, and the San Francisco  
13 International Airport, each such eContract aAwarding aAuthority and the HRC Director shall  
14 confer with the Director and jointly shall estimate the costs of administering and enforcing this  
15 Chapter with respect to each eContract to be issued by each such contract awarding authority. The  
16 eContract aAwarding aAuthority shall set aside the agreed-upon funds to be used solely for the  
17 purpose described in this Section.

18 If, after exchanging information regarding the nature of the eContract and  
19 the administrative activities required, the eContract aAwarding aAuthority and the Director do  
20 not agree on the cost of administering and enforcing this Chapter, the Mayor or the Mayor's  
21 designee shall determine the appropriate amount to be set aside for the purpose described in  
22 this Section.

23 The Human Rights Commission Director shall report on compliance by  
24 eContract aAwarding aAuthorities with set-asides determined under this Section  
25

1 14B.13(CD)(5) and on the agreed upon funds for contract awarding authorities under  
2 14B.13(CD)(5) in ~~CMD~~the Commission's annual report under Section 14B.15(AB).

3 ~~The Board of Supervisors shall assess the operation of this Section 14B.13(D)(5)~~  
4 ~~in its three year review under Section 14B.18(G).~~

5  
6 **SEC. 14B.14. POWERS AND DUTIES OF THE OFFICE OF CONTRACT**  
7 **ADMINISTRATION.**

8 In addition to the duties given the Office of Contract Administration elsewhere, the  
9 Office of Contract Administration shall:

10 (A) Maintain, with the assistance of the Director, a current list of Small-LBEs, Micro-  
11 LBEs, MBEs, WBEs, and OBEs to provide each of those commodities or services subject to  
12 this ~~Chapter Ordinance~~ that the Office of Contract Administration indicates are required by the  
13 City.

14 (B) Maintain a central ~~website~~ where the following information for all formal bids,  
15 requests for proposals and solicitations for Commodities and Services will be posted and  
16 kept current; the title and number; the name of the ~~e~~Contract ~~a~~Awarding ~~a~~Authority; and the  
17 name and telephone number of the person to be contacted for further information. Such  
18 information shall be posted with sufficient lead time to provide adequate notice and  
19 opportunity to potential City contractors and vendors to participate in the bid opportunity,  
20 request for proposals or solicitation, but in no event less than 10 calendar days prior to the  
21 due date for such bid opportunity, request for proposals, or solicitation.

22 ///  
23 ///  
24 ///

1           **SEC. 14B.15. REPORTING AND REVIEW.**

2           **(A) Quarterly Reports**~~Reporting by CMD~~*the Director. Commencing January 1, 2007, and*  
3 ~~no later than the first day of every third month thereafter, the~~ By July 1, October 1, January 1, and  
4 April 1 of each fiscal year, CMD Director shall issue quarterly a written reports for the prior fiscal  
5 quarter to the Mayor and the to this Board of Supervisors. ~~That~~The report shall document:

6           (1) Each Contract Awarding Authority's progress towards achieving the goals of  
7 this Chapter City department's performance under the terms of this Ordinance, including, among  
8 other things, each City department's Contract Awarding Authority's progress in meeting the City-  
9 wide LBE Participation Goal, and individual Contract LBE participation requirements. ~~goals and~~  
10 ~~ensuring non-discrimination against MBEs, WBEs, and OBEs, and the success of each~~  
11 ~~department's prime contractors in complying with the LBE subcontracting provisions of this Ordinance~~  
12 ~~and ensuring non-discrimination against MBEs, WBEs, and OBEs.~~ ~~The~~at report shall also  
13 documentstate the level of participation of all categories of LBEs, and whether or not each  
14 Contract Awarding Authority City department has fully reported all data required by this  
15 Chapter Ordinance or requested by CMD, the City Administrator, HRC or the Controller.

16           (1) Whenever CMD~~the Director's~~ report concludes that a Contract  
17 Awarding Authority has department management's intentionally disregarded or negligently  
18 performance performed any of obligations imposed by this Chapter Ordinance ~~has contributed to that~~  
19 ~~department's failure to meet its prime contracting goals or requirements of this Ordinance, or finds~~  
20 consistent non-compliance with this Chapter by a Contract Awarding Authority's Prime Contractors.  
21 the failure of its prime contractors to meet their Subcontracting goals or requirements of this  
22 Ordinance, or whenever the Director's report concludes that a Contract Awarding Authority City  
23 department has failed to provide any data required by this Chapter Ordinance or requested by ~~the~~  
24 HRC CMD, the City Administrator, or the Controller, the Clerk of this Board shall schedule  
25 before the appropriate Committee of the Board a hearing on that report. The Clerk shall also

1 give notice of that hearing to the heads of the Departments identified in the report and request  
2 the attendance of the heads of those Departments at the Committee hearing. The Clerk's  
3 notice shall inform the Department heads that they must be prepared to respond to the  
4 Director's finding of intentional disregard and/or negligent performance and to explain what  
5 steps they intend to take to forestall repetition of the problems identified in CMD's the Directors'  
6 report. The same procedure shall be followed whenever the Director's report identifies any department  
7 as having failed to meet its prime or subcontracting goals for three (3) consecutive quarters. If the  
8 Director's report indicates that a City department has not meet its goals for three (3) consecutive  
9 quarters, HRC and the City department shall institute a targeted program to remedy lack of  
10 participation by LBEs in any affected industry.

11 (2) The Director shall report to the Commission all All waivers of LBE Bid  
12 Discounts granted by the Director under acted upon pursuant to Section 14B.7(J) and all waivers of  
13 LBE Subcontracting Participation requirements granted by the Director under 14B.8(A). Such report  
14 shall be made on a monthly basis following the granting of the waiver.

15 (B) Annual Reporting by City Departments.

16 (1) —As part of their annual budget submission report to the Board of  
17 Supervisors, all Contract Awarding Authorities and City departments shall report annually:

18 (1a) to the Mayor on On their progress in the preceding fiscal year toward the  
19 achievement of the City-wide LBE Participation Goal and Contract-specific LBE subcontracting  
20 participating requirements in the preceding year goals and their steps to ensure non-discrimination  
21 against MBEs, WBEs, and OBEs; and

22 (2b) to the Board of Supervisors, on On their compliance with the Micro-LBE Set  
23 Aside Program in accordance with Section 14B.7(K)(3).

1                   (2) ~~All Contract Awarding Authorities and City departments shall cooperate with~~  
2 ~~requests by the Human Rights Commission for information needed by the Human Rights Commission to~~  
3 ~~make the reports to the Board of Supervisors required by Chapter 14B.15(A).~~

4           (C) **Annual Reporting by the City Administrator Commission.** By July 1st of each fiscal  
5 year, the City Administrator Commission shall submit an annual report to the Mayor and ~~this~~  
6 ~~Board of Supervisors~~ on the progress of the City toward achieving the goals of this  
7 Chapter Ordinance, together with an identification of problems and specific recommendations  
8 for: ~~(1) improving the City's performance in fostering LBE participation by all categories of LBEs in~~  
9 ~~City contracting and (2) ensuring non-discrimination against MBEs, WBEs, and OBEs.~~ The  
10 Commission's report shall include an analysis of the availability of MBEs, WBEs, and OBEs and the  
11 bidding environment in the various industries that participate in City contracts.

12           (D) **Board of Supervisors Public Hearing.** Each year, after receiving ~~the~~  
13 ~~Commission's~~ CMD's quarterly reports and the annual reports of CMD and City departments, the  
14 Board shall hold a hearing to review the City's performance under this Chapter Ordinance, the  
15 administration of this Chapter Ordinance by CMD ~~the HRC~~, and the progress of City departments  
16 towards achieving the purposes of this Chapter Ordinance, and other subjects pertaining to the  
17 Chapter Ordinance.

18           ~~The Board shall act upon the Commission's recommendations by the first Board meeting~~  
19 ~~of January in each fiscal year.~~

20  
21           **SEC. 14B.16. SAN FRANCISCO BONDING AND OTHER ASSISTANCE.**

22           (A) **San Francisco Bonding and Financial Assistance Program.**

23           (1) **Program Description.** The City and County of San Francisco, acting  
24 through the City Administrator, or, in his or her discretion, as delegated to ~~the~~ the Director of  
25 Risk Management, a division of the Office of the City Administrator ("Risk Manager"), intends to

1 provide guarantees to private bonding companies and financial institutions in order to induce  
2 those entities to provide required bonding and financing to eligible Contractors and  
3 Subcontractors bidding on and performing City Public Works / Construction Contracts.  
4 This bonding and financial assistance program is subject to the provisions of this Section  
5 14B.16(A).

6 (2) **Eligible Contracts.** The assistance described in this Section 14B.16(A)  
7 shall be available for any City Public Works / Construction Contract to which this  
8 Chapter Ordinance applies.

9 (3) **Eligible Businesses.** Businesses must meet the following criteria to  
10 qualify for assistance under this Section 14B.16(A).

11 (a) The business may be either a prime Contractor or Subcontractor;  
12 and

13 (b) The business must be certified by the ~~Contract Monitoring Division~~  
14 ~~of the Office of the City Administrator ("CMD")~~ as an LBE according to the requirements of  
15 Section 14B.3, 14B.5, or 14B.6;

16 (c) The business may be required to participate in a "bonding  
17 assistance training program" as offered by the Risk Manager, which is anticipated to provide  
18 the following:

- 19 (i) Bond application assistance.
  - 20 (ii) Assistance in developing financial statements,
  - 21 (iii) Assistance in development of a pre-bond surety profile,
  - 22 (iv) Identification of internal financial control systems, and
  - 23 (v) Development of accurate financial reporting tools.
- 24  
25

1           **(4) Agreements Executed by the Risk Manager.** The Risk Manager is  
2 hereby authorized to enter into the following agreements in order to implement the bonding  
3 and financial assistance program described in this Section 14B.16(A):

4           (a) With respect to a surety bond, the agreement to guaranty up to  
5 ~~40~~forty percent (40%) of the face amount of the bond or \$1,000,000~~750,000~~, whichever is less;

6           (b) With respect to a construction loan to be made to a contractor or  
7 subcontractor, an agreement to guaranty up to ~~50~~fifty percent (50%) of the original principal  
8 amount of the construction loan or ~~50~~fifty percent (50%) of the actual loss suffered by the  
9 financial institution as a result of a loan default, whichever is less; provided that in any event  
10 the City's obligations with respect to a guaranty shall not exceed \$1,000,000~~750,000~~;

11           (c) Any other documents deemed necessary by the Risk Manager to  
12 carry out the objectives of this program, provided that such documents shall be subject to  
13 review and approval by the City Attorney's Office.

14           **(5) Monitoring and Enforcement.** The Risk Manager shall maintain records  
15 on the use and effectiveness of this program, including but not limited to (1) the identities of  
16 the businesses and bonding companies participating in this program, (2) the types and dollar  
17 amounts of public work contracts for which the program is utilized, and (3) the types and dollar  
18 amounts of losses which the City is required to fund under this program. The Risk Manager  
19 shall submit written reports to the Board of Supervisors every six months beginning January 1,  
20 ~~2015~~2007, advising the Board of the status of this program and its funding capacity, and an  
21 analysis of whether this program is ~~providing~~proving to be useful and needed.

22           **(6) Contributions to the San Francisco Self-Insurance Surety Bond**  
23 **Fund.** Subject to the budgetary and fiscal provisions of the San Francisco Charter, each  
24 department that conducts public works or improvements under Chapter 6 of the Administrative  
25 Code shall contribute annually to the San Francisco Self-Insurance Surety Bond Fund ("the

1 Fund") an amount that is set by multiplying the annual contribution rate set pursuant to  
2 Section 10.100-~~317371~~(c) times its total appropriations for capital construction and  
3 improvement.

4 (7) The Risk Manager shall seek annual certification of funds from the Self-  
5 Insurance Bond Fund and approval as to form of such certification from the Controller and City  
6 Attorney. Such certification shall be monitored by the Risk Manager to ensure the program operates  
7 within the transactional bounds of the Self-Insurance Bond Fund and the appropriated budget for its  
8 administration. The Risk Manager will review the amount certified each fiscal year with the Controller  
9 and City Attorney, should there be a call on any bond funded through the program.

10 (78) The ~~Risk Manager~~~~Treasurer of the City and County of San Francisco~~ is hereby  
11 authorized to negotiate a line(s) of credit or any credit enhancement program(s) or financial  
12 product(s) with a financial institution(s) to provide funding; the program's guaranty pool may  
13 serve as collateral for any such line of credit.

14 In the event the City desires to provide credit enhancement under this  
15 Subsection for a period in excess of one fiscal year, the full aggregate amount of the City's  
16 obligations under such credit enhancement must be placed in a segregated account  
17 encumbered solely by the City's obligations under such credit enhancement.

18 (8) **Default on Guarantees.** The ~~Director~~~~City Administrator~~ shall decertify any  
19 ~~C~~contractor that defaults on a loan or bond for which the City has provided a guarantee on the  
20 ~~C~~contractor's behalf. However, the ~~Director~~~~City Administrator~~ may in *his or her*s sole discretion  
21 refrain from such decertification upon a finding that the City has contributed to such default.

22 (B) **Education and Training.** The City Administrator and Director shall continue to  
23 develop and strengthen existing education and training programs for LBEs and City contract  
24 awarding personnel.

1           **(C) Cooperative Agreements.** With the approval of the Board of Supervisors, the  
2 City Administrator may enter into cooperative agreements with agencies or entities, public and  
3 private, concerned with increasing the use of LBEs in government contracting or in private  
4 developments within San Francisco.

5           **(D) Mentor-Protégé Program.** The Director shall establish a Mentor-Protégé Program  
6 (MPP) to foster partnerships between established, successful contractors and LBEs to provide training,  
7 networking, and mentoring opportunities with the goal to improve LBE MPP participants' ability to  
8 compete effectively for City contracts. As a benefit to participating in the MPP, the Director may  
9 exempt mentor Contractors from the good faith outreach requirements in Section 14B.8.

10           **(E) LBE Contractor Advance Payment Program.** The City Administrator, in consultation  
11 with the Controller, shall develop a LBE advance payment program to fund temporary loans to LBE  
12 Subcontractors for approved invoices on City-funded contracts. The City Administrator shall prepare  
13 an implementation plan, including a feasibility study, and shall submit the implementation plan to the  
14 Mayor by June 1, 2015.

15  
16           **SEC. 14B.17. ENFORCEMENT.**

17           **(A)** The Director shall monitor the City's utilization of Small-MBEs, Micro-LBEs,  
18 MBEs, WBEs, and OBEs in City contracting. The Director shall issue Contract~~an~~ exit reports  
19 for any eContract that ~~with~~includes LBE subcontracting participation requirements and/or LBE  
20 prime contract participation as a ~~J~~oint ~~v~~enture partner. The purpose of this exit report is to  
21 ensure ~~verify~~ that prime eContractors satisfied their LBE Subcontractor participation requirements  
22 are ~~complying with their commitments to use LBE subcontractors~~ and LBEs Joint Venture partner  
23 commitments, if applicable ~~are performing services as set forth in the bid/proposal and contract~~  
24 documents for the joint ventures.

1           **(B) Investigations.** The Director shall, at his or her discretion, investigate instances of  
2 potential noncompliance with violations of this Chapter Ordinance.

3           Bidders, eContractors, and sSubcontractors ~~and applicants for certification~~ shall  
4 ~~provide to the City any information that the City deems relevant, and~~ shall cooperate in all ~~other~~  
5 respects with such an investigation. ~~The Director may issue a written~~ A request for information  
6 ~~to from a Bbidder, eContractor, or sSubcontractor or applicant shall identify that identifies~~ the  
7 records and any other information CMD requires ~~d~~ and impose a reasonable deadline for  
8 ~~responding the time for response. If the A Bbidder, eContractor, or sSubcontractor or applicant that~~  
9 fails to respond to the Director's request for information, or otherwise fails to cooperate in the  
10 investigation, or any such party who the Director determines, after investigation, has not complied  
11 with the Chapter, shall be subject, after notice and a full and adequate opportunity to be heard, to  
12 appropriate sanctions, including but not limited to the sanctions set forth as provided in Section  
13 14B.17(DC), may be imposed. In an investigation of potential discrimination by a prime bidder prior  
14 to contract award, if the bidder fails to respond to the request for information, or otherwise fails to  
15 cooperate in the investigation, the bid will be rejected as non-responsive, and additional sanctions may  
16 be imposed.

17           **(C) Conference and Conciliation.** In the Director's sole discretion, the Director  
18 may attempt to resolve noncompliance with this Chapter Ordinance by any Bbidder, eContractor,  
19 or sSubcontractor ~~or applicant for certification~~ through informal processes, including conference  
20 and conciliation.

21           **(D) Sanctions.** The City, including the Director and eContract ~~a~~ Awarding  
22 a Authorities, as appropriate, may after affording notice of the alleged noncompliance and full and  
23 adequate due process, impose any of the following sanctions on a Bbidder, eContractor, or  
24 sSubcontractor ~~or applicant for certification~~ who fails to comply with this Chapter Ordinance,  
25 provided that, any violation related to certification must be based on a finding by the Director:

1 (1) ~~Reject all bids;~~

2 ~~(2) Declare a Bidbid non-responsive;~~

3 (23) Suspend a eContract;

4 (34) Withhold Contract paymentsfunds;

5 (45) Assess contractual or statutory penalties;

6 (56) Debar a Bbidder under Chapter 28;

7 (67) ~~Deny certification;~~

8 ~~(78) Revoke certification.~~

9 (E) Referral to Human Rights Commission. The City, including the Director and Contract  
10 Awarding Authorities, as appropriate, shall refer instances of alleged discrimination in contracting to  
11 the Human Rights Commission for investigation and, as appropriate, imposition of sanctions under  
12 Administrative Code Chapter 12A.

13 (F) Notwithstanding any other provision of this Chapter, a Bidder, Contractor, or  
14 Subcontractor who demonstrates by clear and convincing evidence that such person or entity made  
15 reasonable efforts to comply with, and monitor its compliance with, the provisions of this Chapter, that  
16 its failure to fully comply occurred in spite of such measures, that such party or entity acted at all times  
17 in good faith and without knowledge of its noncompliance, and that it has taken corrective steps to  
18 remedy future noncompliance, shall not be subject to Sanctions.

19 (GE) Procedures for Denials or Revocation of Certification and Appeals Thereof. The  
20 procedures for appealing the Director's denial of an application for certification or nonrenewal upon  
21 expiration of the Certification term, shall be governed by Section 14B.4(CF). The procedures for  
22 appealing the revocation or suspension of Certification during the Certification term shall be governed  
23 by Section 14B.17(I). Whenever the Director proposes to deny an application for or revoke the  
24 certification of a business, the Director shall notify the applicant or certified business in writing of the  
25 basis for the denial or revocation, and the date on which the business will be eligible to reapply for

1 ~~certification. The Director shall provide the applicant or certified business with an opportunity to be~~  
2 ~~heard before a final determination is made. The Director shall require a business to wait at least six~~  
3 ~~months but not more than two years after the denial or revocation before reapplying for certification in~~  
4 ~~the same category.~~

5 ~~(F) — Procedures for Director Findings of Discrimination. In determining whether a bidder,~~  
6 ~~contractor or subcontractor has engaged in discrimination in violation of this Ordinance, the Director~~  
7 ~~may consider: (1) direct evidence of discrimination, (2) procedures used to select subcontractors,~~  
8 ~~including relative qualifications, (3) significant differences not attributable to any legitimate non-~~  
9 ~~discriminatory business reason between the available percentages of MBEs, WBEs, or OBEs capable of~~  
10 ~~providing goods and services as subcontractors on a contract or a series of contracts and the~~  
11 ~~percentages of the bidder's subcontractors who are MBEs, WBEs, or OBEs, or (4) any other relevant~~  
12 ~~evidence.~~

13 ~~— Whenever the Director proposes to issue a finding of discrimination against any bidder,~~  
14 ~~contractor or subcontractor, the Director shall notify the bidder, contractor or subcontractor in writing~~  
15 ~~of the basis for the finding, provided that any proposal to debar a business shall be governed by Section~~  
16 ~~14B.17(G). The Director shall provide the bidder, contractor or subcontractor with an opportunity to be~~  
17 ~~heard before a final determination is made.~~

18 **(HG) Procedures for Debarment.** The Director shall have the authority to act as a  
19 charging official under San Francisco Administrative Code Chapter 28 to debar a Bbidder, or  
20 eContractor, or certified LBE for violations of this Chapter. The debarment procedures of  
21 Chapter 28 shall govern.

22 **(IH) City Administrator Commission to Hear Appeals.** Except as provided in Sections  
23 14B.4(CF) and 14B.17(HG), the City Administrator or City Administrator's Designee Commission  
24 shall hear appeals challenging any determination of the Director under this Section. The City  
25 Administrator or City Administrator's Designee Commission may sustain, reverse or modify the

1 Director's findings and sanctions imposed, or take such other action to effectuate the purpose  
2 of this ~~Chapter Ordinance~~. Unless the City Administrator or City Administrator's  
3 Designee Commission so orders, an appeal shall not stay the Director's determination findings and  
4 the imposition of sanctions.

5 ~~(I) — Referral to Other Agencies. No person shall knowingly make, file or cause to be filed~~  
6 ~~with the City any materially false or misleading statement or report in connection with this Ordinance.~~  
7 ~~If the Director has reason to believe that any person has knowingly made, filed, or caused to be filed~~  
8 ~~with the City any materially false or misleading statement or report made in connection with this~~  
9 ~~Ordinance, the Director shall report that information may impose any sanction described in this~~  
10 ~~Section 14B.17, or may refer the matter to the City Attorney or the District Attorney for appropriate~~  
11 ~~action.~~

12 **(J) Willful Noncompliance by Contract Awarding Authority.** Whenever the  
13 Director ~~finds after investigation determines~~ that a Contract Awarding Authority~~contract awarding~~  
14 ~~authority~~ has willfully failed to comply with its duties under this ~~Chapter Ordinance~~, the Director  
15 shall attempt to resolve the matter informally with the Contract Awarding Authority. Should such  
16 attempt fail to resolve the issue, the Director shall inform the City Administrator of the Director's  
17 determination and the impasse in resolving the matter. If the City Administrator confirms the  
18 noncompliance and also is unable to resolve the matter informally, the City Administrator shall issue  
19 ~~transmit~~ a written finding of noncompliance specifying the nature of the noncompliance, to the  
20 Contract Awarding Authority~~contract awarding authority, the Commission, the Mayor and this the~~  
21 Board of Supervisors.

22 ~~The Director shall attempt to resolve any noncompliance through conference and~~  
23 ~~conciliation. Should such attempt fail to resolve the noncompliance, the Director shall transmit a copy~~  
24 ~~of the finding of noncompliance along with a finding that conciliation was attempted and failed to the~~  
25 ~~Commission and this Board.~~

1           ~~\_\_\_\_\_ The finding of noncompliance shall be communicated to the Mayor for appropriate~~  
2 ~~action to secure compliance.~~

3           **(K) Reporting Improper Government Activity; Protection of Whistleblowers. Complaints**  
4 that a City officer or employee has engaged in improper government activity, including acts of reprisal,  
5 retaliation, threats, coercion, or similar acts, shall be made in accordance with the provisions of  
6 Article IV of the Campaign and Governmental Conduct Code.

7  
8           **SEC. 14B.18. APPLICABILITY; EXCEPTIONS, OPERATIVE DATE AND TRANSITION**  
9 **PROVISIONS.**

10           ~~(A) Operative date of this Chapter. Chapter 14B shall become operative on September 1,~~  
11 ~~2006, and shall govern all contracts initiated on or after that date.~~

12           ~~(B) Applicability. Chapters 12D.A, 14A and 14B shall apply as follows:~~

13           ~~\_\_\_\_\_ (1) Any amendment to a contract initiated before July 26, 2004 in which the~~  
14 ~~Contractor agreed to comply with Chapter 12D.A shall be governed by Chapter 12D.A; provided,~~  
15 ~~however, that if a competitive solicitation for an agreement to the proposed changes to the contract is~~  
16 ~~required by law, or the law would otherwise require execution of a new contract, rather than an~~  
17 ~~amendment to an existing contract, the provisions of Chapter 14B and not Chapter 12D.A shall apply.~~

18           ~~\_\_\_\_\_ Chapter 14A shall apply to (1) all contracts in which the Contractor agreed to~~  
19 ~~comply with Chapter 14A and any amendment to those contracts and (2) all contracts initiated on or~~  
20 ~~after July 26, 2004 and before September 1, 2006 and any amendment to such contracts; provided,~~  
21 ~~however, that if a competitive solicitation for an agreement to the proposed changes to the contract is~~  
22 ~~required by law, or the law would otherwise require execution of a new contract, rather than an~~  
23 ~~amendment to an existing contract, the provisions of Chapter 14B and not Chapter 14A shall apply.~~

24           ~~\_\_\_\_\_ (2) This Chapter 14B shall govern all contracts initiated on or after September 1,~~  
25 ~~2006, and any amendments thereto.~~

1           ~~(3) For all contracts described in Section 14B.18(B)(1) and Section 14B.18(B)(2) to~~  
2 ~~which this Chapter 14B applies, when any provision of the San Francisco Municipal Code or other~~  
3 ~~local law refers to Chapter 12D.A or 14A of the San Francisco Administrative Code, it shall be read as~~  
4 ~~referring instead to Chapter 14B.~~

5           ~~(C) Transition Provisions. In order to effect an orderly transition from Chapter 14A to this~~  
6 ~~Ordinance, any business certified as an LBE under Chapter 12D.A or a DBE under Chapter 14A shall~~  
7 ~~be deemed an LBE under this Chapter 14B until the earlier of (1) the expiration of the business'~~  
8 ~~certification under 12D.A or 14A, (2) the business' failure to maintain the certification criteria under~~  
9 ~~which it was certified, or (3) January 1, 2007. The Director may, by appropriate rules and regulations,~~  
10 ~~establish procedures to allow such businesses certified as LBEs or DBEs under 12D.A or 14A to~~  
11 ~~demonstrate their eligibility for certification under Section 14B.3 of this Ordinance on an expedited~~  
12 ~~basis, prior to the expiration of their existing certification.~~

13           ~~The Director shall deem any application for DBE certification under Chapter 14A that~~  
14 ~~is pending on the effective date of this Ordinance to be an application for certification under Chapter~~  
15 ~~14B.~~

16           **(AD) State or Federal Provisions.** In contracts which involve the use of any funds  
17 furnished, given or loaned by the Government of the United States or the State of California,  
18 all laws, rules and regulations of the Government of the United States or the State of  
19 California or of any of its departments relative to the performance of such work and the  
20 conditions under which the work is to be performed, shall prevail over the requirements of this  
21 Ordinance when such laws, rules or regulations are in conflict.

22           **(BE) Severability.** The provisions of this Chapter Ordinance are declared to be  
23 separate and severable. The invalidity of any clause, sentence, paragraph, subdivision,  
24 section, or portion of this Chapter Ordinance, or the invalidity of the application thereof to any  
25

1 ~~P~~erson or circumstances shall not affect the validity of the remainder of this  
2 Chapter Ordinance, or the validity of its application to other persons or circumstances.

3 **(CF) General Welfare Clause.** In undertaking the enforcement of this  
4 Chapter Ordinance, the City is assuming an undertaking only to promote the general welfare. It  
5 is not assuming, nor is it imposing on its officers and employees, an obligation for breach of  
6 which it is liable in money damages to any person who claims that such breach proximately  
7 caused injury.

8 ~~(G) Three year Review. No later than three years from the effective date of this Ordinance,~~  
9 ~~the Board of Supervisors shall hold a hearing for the purpose of conducting a comprehensive review of~~  
10 ~~this Ordinance. The Board shall take testimony from all affected parties, and shall enact any changes~~  
11 ~~that it deems appropriate.~~

12 **(DH) Municipal Transportation Agency.** Consistent with Charter Section  
13 8A.101(~~gd~~), the Municipal Transportation Agency shall comply with the provisions of this  
14 Chapter ~~14B~~ and shall be solely responsible for its administration and enforcement with respect to  
15 matters within the Municipal Transportation Agency's jurisdiction.

16  
17 **SEC. 14B.19. SUBCONTRACTING PARTICIPATION REQUIREMENTS: DESIGN-**  
18 **BUILD AND INTEGRATED PROJECT DELIVERY CONTRACTS.**

19 LBE Subcontracting participation requirements shall be implemented for Design-Build and  
20 Integrated Project Delivery Contracts as follows:

21 (A) Design-Build Contracts.

22 (1) The Director shall establish separate LBE participation requirements for the  
23 design and construction portions of the Design-Build Contract.

24 (2) Except as provided in Section 14B.19 (CX), LBE subcontracting participation  
25 requirements for Design-Build Contracts shall be governed by Section 14B.8.

1           (B) Integrated Project Delivery Contracts. ~~The For design-build contracts authorized under~~  
2 ~~Administrative Code Section 6.61 and integrated project delivery contracts authorized under~~  
3 ~~Administrative Code Section 6.68, the~~ Director shall establish a project-wide subcontracting and  
4 subconsulting goals for LBE subcontracting participation requirement.

5           ~~(B) The procedure to attain the project-wide LBE goals for low bid design-build contracts~~  
6 ~~awarded under Administrative Code Chapter 6, Section 6.61, shall be in accordance with Section~~  
7 ~~14B.8.~~

8           (C) LBE Subcontracting Participation Requirements for Trade Subcontractors. LBE  
9 Subcontracting participation requirements for ~~The procedure to attain the project-wide LBE goal for~~  
10 trade package subcontracts awarded under ~~a~~Design-bBuild Contracts under ~~(Administrative~~  
11 ~~Code Chapter 6, Section 6.61(L))~~ and ~~i~~Integrated pProject ~~a~~Delivery contracts ~~(Administrative~~  
12 ~~Code Chapter 6, Section 6.68), shall be as follows:~~

13           (1) Prior to the advertisement of any trade packages, the Design-Builder or  
14 Construction Manager/General Contractor ("Prime Contractor"), in consultation with the Director,  
15 shall establish a written plan for achieving the LBE subcontracting participation requirement. The plan  
16 shall be based on ~~design-build contract or an integrated project delivery contract, the Director shall~~  
17 ~~determine~~ the availability of LBEs who could perform the work or supply materials and  
18 equipment for each trade package, ~~with reference to the project-wide LBE subcontracting and~~  
19 ~~subconsulting participation goals.~~ In the case of a ~~a~~Design-bBuild prime Contract, the  
20 professional design services such as architectural or engineering performed by LBE firms will  
21 be credited toward the established LBE participation requirement on the design portion of the  
22 Contract project-wide goal. In the case of a trade package subcontract where some or all of the  
23 work is design-build, the plan should credit professional design services such as architectural or  
24 engineering performed by LBE firms ~~will be credited~~ toward the established trade package LBE  
25 participation requirement goal.

1           (2)    The ~~Design Builder or Construction Manager/General Contractor (the "Prime~~  
2 Contractor") shall set forth the applicable LBE subcontracting participation requirements in the bid  
3 specifications for each trade package. The Prime Contractor shall undertake the good faith  
4 outreach required in Section 14B.8(D) for each trade package until the cumulative trade package  
5 LBE utilization commitments meet the project-wide subcontracting participation requirements.

6           (3)    ~~The Prime Contractor, with the assistance of the Director, shall set forth the LBE~~  
7 ~~goal for each trade package. Upon receipt of bids from trade package subcontractors for a specific~~  
8 ~~scope of work, the~~ The Director shall have sole authority for determining ~~evaluate~~ whether or not  
9 ~~each~~ the trade package low bidder has met the applicable stated LBE subcontracting participation  
10 requirement goal.

11           (4)    In the event ~~at~~ the trade package apparent low bidder fails to ~~bBid does not~~  
12 ~~meet the~~ LBE subcontracting participation requirement stated goal, the Prime Contractor shall allow  
13 the bBidder up to ten business days after bid opening to amend the bBid shall be allowed to make up  
14 the shortfall, goal within two weeks of bid opening, provided that the amendment conforms with CMD  
15 Rules and Regulations and the bidder does not violate the California Subletting and  
16 Subcontracting Fair Practices Act (Public Contract Code Section 4100 et seq.). The Prime  
17 Contractor shall deem an apparent low bBid that does not make up a shortfall in LBE subcontracting  
18 participation requirements within the ten day extension, or such additional time as the Director may, in  
19 writing, allow, non-responsive and ineligible for award of the trade package subcontract. Failure by  
20 the bidder to achieve the goal within the two week period, or within some other time allowed by the  
21 Director in writing, shall deem the bidder ineligible for award of the trade package subcontract. In  
22 such an instance, the Director and the Prime Contractor shall proceed to evaluate the second  
23 low bidder in the same manner, and so on for potential contract award.

24           (5)    The Director shall monitor the Prime Contractor's actual LBE subcontracting  
25 participation ~~being attained~~ as the trade package bids are received. In the event the Director

1 determines that ~~the actual~~ LBE subcontracting participation commitments at a particular time in  
2 the bidding of trade packages ~~is~~ are materially lower than stated in the Prime Contractor's plan  
3 prepared under Section (C)(1) above, less than anticipated, relative to the project LBE goal, the  
4 Director shall encourage the Prime Contractor ~~shall make all efforts to take immediate corrective~~  
5 steps, including to negotiate and award trade packages to LBEs using the seven and one half  
6 percent (7½%) of total trade package costs available to it for negotiating subcontracts  
7 ~~under~~ Administrative Code ~~Chapter 6, Sections 6.61(L)(3) or 6.68(H)(3), as~~  
8 applicable appropriate. After all the trade packages have been awarded, the Prime Contractor  
9 ~~must have met~~ shall be solely responsible for complying with the LBE subcontracting participation  
10 requirements and may the project-wide LBE subcontracting/subconsulting goal. Otherwise, the Prime  
11 ~~Contractor shall~~ be subject to sanctions as described herein in Section 14B.17 for failure to do  
12 so.

13  
14 **SEC. 14B.20. DEVELOPMENT AGREEMENTS.**

15 In addition to any requirement in Section 56.7 of the Administrative Code, a development  
16 agreement entered into by the City under Chapter 56 of the Administrative Code shall require a  
17 detailed LBE utilization plan. The plan shall require compliance with the Good Faith Outreach  
18 requirements in Section 14B.8(D), the nondiscrimination provisions in Section 14B.9, and shall include  
19 a LBE utilization requirement set by the Director in conformance with the City-wide LBE Participation  
20 Goal, a reporting and monitoring program as approved by the Director, and an enforcement plan that  
21 allows the Director to assess penalties or other sanctions as provided in Section 14B.17.

22  
23 Section 2. Repeal of Ordinance No. 97-10. Ordinance No. 97-10 granted bid  
24 discounts to joint venture partnerships with LBE firms for public works construction projects  
25 procured under the integrated project delivery provision of Section 6.68 of the Administrative

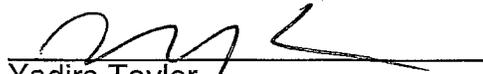
1 Code. The Board of Supervisors finds that the purpose of Ordinance No. 97-10 was to  
2 facilitate completion of the Bayview Branch Library Construction Project. The Board of  
3 Supervisors further finds that the purpose of Bayview Branch Library Construction Project is  
4 complete. In addition, the Board of Supervisors finds that the provisions of Ordinance No. 97-  
5 10 purporting to amend the Administrative Code are not presently codified. Ordinance No.  
6 97-10 is hereby repealed.

7  
8 Section 3. Effective and Operative Dates. This ordinance shall become effective 30  
9 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor  
10 returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it,  
11 or the Board of Supervisors overrides the Mayor's veto of the ordinance. This ordinance shall  
12 become operative on July 1, 2015, and shall apply to all Contracts first advertised for Bids or  
13 initiated on or after this date.

14 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
15 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
16 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
17 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
18 additions, and Board amendment deletions in accordance with the "Note" that appears under  
19 the official title of the ordinance.  
20

21 APPROVED AS TO FORM:  
22 DENNIS J. HERRERA, City Attorney

23 By:

  
24 Yadira Taylor  
Deputy City Attorney

25 n:\legana\as2014\1500091\00958711.doc

**LEGISLATIVE DIGEST**

[Administrative Code - 14B Local Business Enterprise Program]

**Ordinance amending the Administrative Code to comprehensively revise the Local Business Enterprise (LBE) and Non-Discrimination in Contracting Ordinance (Chapter 14B) to: 1) codify the transfer of implementation and enforcement of Chapter 14B from the Human Rights Commission to the City Administrator and Contract Monitoring Division; 2) require the Mayor to annually set an overall City-wide LBE participation goal of not less than 40% of the value of upcoming contracts; 3) increase the LBE certification size thresholds for small and micro LBEs; 4) increase the bid discount allowed to SBA-LBEs on contracts between \$10,000 and \$10,000,000; 5) require Administrative Code, Chapter 56 development agreements to include a LBE utilization plan and be subject to certain Chapter 14B provisions; 6) authorize preparation of an implementation plan for a LBE contractor advance program to fund loans to subcontractors; 7) increase the Surety Bond Program limit from \$750,000 to \$1,000,000; 8) require the City to make good faith efforts to obtain at least three bids from LBEs for contracts under the threshold or minimum competitive amounts; 9) to establish a Mentor-Protégé Program between established successful contractors and LBEs; 10) require separate LBE participation on design and construction portions of design-build construction contracts; 11) repeal Ordinance No. 97-10 relating to completion of the Bayview Branch Library Construction Project; and 12) make various other changes in Chapter 14B.**

**Existing Law**

The Local Business Enterprise (“LBE”) and Non-Discrimination in Contracting Ordinance (“Chapter 14B”) is a race-and-gender neutral, small, local business contracting preference program and non-discrimination program. One of the goals of Chapter 14B is to help small local business that are at a competitive disadvantage in competing for work on public contracts because San Francisco small businesses experience higher costs than larger businesses. The preference program, for purposes of bid comparison, adds “points” to contract proposals from qualified small, local businesses where contracts will be awarded based on the highest score or applies “discounts” to bids from qualified small, local businesses for comparison where contracts will be awarded based on lowest costs.

In addition to the preference program, Chapter 14B provides other programs including contracting set asides, subcontracting requirements, prompt payment provisions, and training to assist small, local businesses to increase their ability to compete effectively for the award of City contracts.

Amendments to Current Law

This Ordinance would comprehensively revise Chapter 14B. Specifically, the Ordinance would:

**General/Definitions**

- **Codify transfer of functions** - Update all relevant provisions in 14B to codify the transfer of functions from the HRC to the City Administrator/CMD, and clarify jurisdiction over discrimination-related complaints/investigations remains with HRC.
- Allow joint venture partners to be in different industries as long as both partners are acting in the capacity as a Prime contractor.
- Make various changes to correct and clarify existing provisions of Chapter 14B.

**Sections 14B.3, 14B.4, and 14B.5 LBE Certification/Term/Denials and Appeals**

- **LBE Certification Business Size Thresholds** - Increase the certification thresholds for Small-LBEs from \$14 Million to \$20 Million for public works/construction businesses, and from \$7 Million to \$10 Million for specialty construction contractors and goods, materials, equipment or general services providers; and increase the thresholds for micro-LBEs from \$7 Million to \$10 million for public works/construction businesses, and from \$3.5 Million to \$ 5 Million for specialty construction contractors and goods, materials, equipment or general services providers. The certification size thresholds would remain the same for professional services and trucking businesses and all SBA-LBEs.
- Remove rebuttable presumption provision concerning San Francisco payroll taxes from criteria needed to establish a principal place of business in San Francisco.
- Clarify that for purposes of LBE certification, any business under common ownership must be in a related industry.
- Provide Director with discretion to certify or renew a certification of a business for a shorter period based on the unique attributes of the particular business.
- Allow Director to suspend or revoke the certification of any LBE that fails to submit requested documentation in a timely fashion or otherwise fails to cooperate in any investigation of that business' continued eligibility for certification.
- Extend PUC-LBE certification to professional and general services firms.
- Move Director's powers over investigations related to applications or renewal applications for LBE certification from Section 14B.17 Enforcement to Section 14B.4.

**Section 14B.7 Prime Contracts**

- **Bid Discount** - Increase the bid discount or rating bonus allowed to SBA LBEs from 2% to 5% on contracts between \$10,000 and \$10 Million, so long as no micro- or

small-LBE is adversely affected. Allow a 2% discount or rating bonus for micro- or small-LBEs on contracts between \$10 Million and \$20 Million.

- **San Francisco First** – Require departments to use the Section 14B.7(A) good faith efforts to attempt to obtain at least three quotes or proposals from LBEs for public works contracts under the threshold amount (\$400,000) or for professional or general services, or commodities contracts under the minimum competitive amount (\$100,000). If three quotes or proposals are not obtained from at least three LBEs, the department shall make a finding justifying why the three quotes or proposals were not obtained.
- Increase “Large Contract Proposal” threshold for professional services contracts from \$100,000 to \$1,000,000 for purposes of good faith requirement imposed on Contract Awarding Authorities.
- Replace the City Administrator with the Mayor as the official who resolves the matter when an awarding authority and the Director are unable to agree on whether to divide a Contract into smaller contracts in order to maximize the opportunities for LBEs to participate.
- Move Section 14B.17(I) concerning referral to other agencies for the making of materially false or misleading statements in connection with Chapter 14B to Section 14B.7 for clarity.
- Increase period Contractors and Subcontractors are required to maintain all records necessary for monitoring compliance with Chapter 14B from three years to five years.
- Remove Section 14B.7(I) that provided Contract Awarding Authorities with authority to not apply a discount where to do so would result in a contract being awarded to a business without the capacity to perform it.

#### **Section 14B.8 Subcontracting**

- Require CMD to make a finding justifying the LBE subcontracting requirement set for each Contract subject to 14B.8(A) [the LBE subcontracting requirement] where the LBE subcontracting requirement is set at less than 20%.
- Remove specific good faith outreach steps listed in 14B.8(D) and provides that the good faith outreach will be set forth in the 14B Rules and Regulations, to allow for greater flexibility in developing innovative programs to foster LBE business development.

#### **Section 14B.9 Ensuring Non-Discrimination in Subcontracting**

- Require that the City Administrator or Contract Awarding Authorities refer all formal complaints of discrimination and all other instances where discrimination may have occurred of which they become aware to the Human Rights Commission for investigation; and clarifies that the power and duty to review and investigate a Bid

or selection of Subcontractors to determine whether discrimination may have occurred is vested with the Human Rights Commission.

**Section 14B.10 -14B.14 Powers and Duties of City Administrator, CMD, Controller, Mayor, and Contract Awarding Authorities**

- **City-wide Overall LBE Participation Goal** - Require the Mayor, with reports to the Board of Supervisors, to annually set an overall City-wide LBE aspirational participation goal of not less than 40% of the value of all upcoming contracts to be awarded the next fiscal year subject to Chapter 14B.
- Move a portion of Section 14B.10(B)(5) related to the audit power of the Controller to a new Section 14B.11(C).
- Move Sections 14B.11(C) and (D) related to subcontractor participation information to be submitted with each request for payment to the City to Section 14B.13.
- Clarify Section 14B.13(A)(4) to consolidate sanctions available to the City in Section 14B.17 Enforcement.
- Remove Section 14B.13(C) which specifies that for the purposes of determining LBE participation, contracts awarded to joint ventures with LBE partners, shall be deemed to be awarded to LBEs only to the extent of the LBE participation in the joint venture.

**Section 14B.15 Reporting and Review**

- Clarify reporting provisions in Section 14B.15, including removing duplicative provisions.

**Section 14B.16 San Francisco Bonding and Other Assistance**

- **Surety Bond Program** - Increase the limit up to which the City may guaranty as part of the Surety Bond Program from \$750,000 to \$1,000,000.
- **Subcontractor Advance Program** - Authorize City Administrator, in consultation with the Controller, to develop a LBE contractor advance payment program to fund loans to subcontractors for approved invoices on City-funded contracts. City Administrator to prepare implementation plan, including feasibility study, with report to Mayor by June 1, 2015.
- **Mentor-Protégé Program** - Allow implementation of new Mentor-Protégé program to foster partnerships between established successful contractors and LBEs by providing the Mentor contractors exemption of good faith outreach requirements.

**Section 14B.17 Enforcement**

- **Hearings/Appeals** – Require that the City Administrator or City Administrator's Designee would hear appeals challenging any determination of the Director, including denials of certification.

- **Anti-Retaliation/Whistleblower Provision** - Provide that complaints that a City officer or employee has engaged in improper government activity, including acts of reprisal or retaliation, shall be made in accordance with the Whistleblower provisions of Article IV of the Campaign and Government Code.
- Add provision to Section 14B.17 that specifies that Director and contract awarding authorities shall refer instances of alleged discrimination in contracting to the HRC for investigation and imposition of sanctions as appropriate under Administrative Code Chapter 12A.

#### **Section 14B.19 Design-Build Construction**

- Require separate LBE participation requirements on design and construction portions of work for Design-Build construction contracts.
- Clarify existing provisions of Section 14B.19

#### **Development Agreements**

- Add new provision requiring development agreements entered into pursuant to Chapter 56 of the Administrative Code to include a LBE utilization plan that requires CMD to set a LBE utilization requirement set in conformance with the City-wide LBE Participation Goal, compliance with the good faith outreach requirements and nondiscrimination provisions of 14B, and a reporting, monitoring, and enforcement program that allows CMD to assess penalties or other sanctions.

#### **Other/Operative Date**

- Repeal Ordinance No. 97-10. Ordinance No. 97-10 granted bid discounts to joint venture partnerships with LBE firms for public works construction projects procured under the integrated project delivery provision of Section 6.68 of the Administrative Code. The provisions of Ordinance No. 97-10 purporting to amend the Administrative Code are not presently codified. Further the purpose of Ordinance No. 97-10 was to facilitate completion of the Bayview Branch Library Construction Project, and the project is complete.
- Become operative on July 1, 2015 and would apply to all Contracts first advertised for Bids or initiated on or after this date.

#### Background Information

Effective July 28, 2012, under the powers granted to the Mayor under Charter Section 4.132, Mayor Lee transferred to the City Administrator all of the duties and functions of the Human Rights Commission (HRC) and the Director of the Human Rights Commission under Chapter 14B, with the exception of the authority of the Director of the HRC set forth in Section

FILE NO. 140999

14B.9(D) and 14B.17(E), to investigate and issue findings concerning possible unlawful discrimination by a bidder or City contractor in selecting subcontractors for City contracts.

Pursuant to this transfer of functions, the City Administrator became responsible for implementing and enforcing all aspects of Chapter 14B and duly adopted regulations. Additionally, until Chapter 14B can be amended, all references to the "Director" in 14B and its rules and regulations shall be read as referring to the Deputy City Administrator designated by the City Administrator to oversee the transferred functions, and all references to the "Human Rights Commission" shall be read as referring to the City Administrator.

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Member, Board of Supervisor  
District 5



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CC, Dep  
CA  
CPage

City and County of San Francisco

**LONDON N. BREED**

November 7, 2014

TO: Angela Calvillo  
Clerk of the Board of Supervisors

RE: Government Audit and Oversight Committee  
COMMITTEE REPORT

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2014 NOV -7 PM 3:17

Clerk of the Board Calvillo,

Pursuant to Board Rule 4.20, as Chair of the Government Audit and Oversight Committee, I have deemed the following matters to be of an urgent nature and request they be considered by the full Board on September 16, 2014, as Committee Reports:

**140999 Administrative Code - 14B Local Business Enterprise Program**

**Sponsors: Mayor; Chiu**

Ordinance amending the Administrative Code to comprehensively revise the Local Business Enterprise (LBE) and Non-Discrimination in Contracting Ordinance ("Chapter 14B") to: 1) codify the transfer of implementation and enforcement of Chapter 14B from the Human Rights Commission to the City Administrator and Contract Monitoring Division; 2) require the Mayor to annually set an overall City-wide LBE participation goal of not less than 40% of the value of upcoming contracts; 3) increase the LBE certification size thresholds for small and micro LBEs; 4) increase the bid discount allowed to SBA-LBEs on contracts between \$10,000 and \$10,000,000; 5) require Administrative Code, Chapter 56, development agreements to include a LBE utilization plan and be subject to certain Chapter 14B provisions; 6) authorize preparation of an implementation plan for an LBE contractor advance program to fund loans to subcontractors; 7) increase the Surety Bond Program limit from \$750,000 to \$1,000,000; 8) require the City to make good faith efforts to obtain at least three bids from LBEs for contracts under the threshold or minimum competitive amounts; 9) establish a Mentor-Protégé Program between established successful contractors and LBEs; 10) require separate LBE participation on design and construction portions of design-build construction contracts; 11) repeal Ordinance No. 97-10 relating to completion of the Bayview Branch Library Construction Project; and 12) make various other changes in Chapter 14B.

These matters will be heard in the Government Audit and Oversight Committee on November 13, 2014, at 11:00 a.m.

London Breed

Supervisor District 5, City and County of San Francisco

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

# MEMORANDUM

TO: Regina Dick-Endrizzi, Director  
Small Business Commission, City Hall, Room 448

FROM: Erica Major, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: October 6, 2014

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Government Audit and Oversight Committee

The Board of Supervisors' Government Audit and Oversight Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

File No. 140999

Ordinance amending the Administrative Code to comprehensively revise the Local Business Enterprise (LBE) and Non-Discrimination in Contracting Ordinance ("Chapter 14B") to: 1) codify the transfer of implementation and enforcement of Chapter 14B from the Human Rights Commission to the City Administrator and Contract Monitoring Division; 2) require the Mayor to annually set an overall City-wide LBE participation goal of not less than 40% of the value of upcoming contracts; 3) increase the LBE certification size thresholds for small and micro LBEs; 4) increase the bid discount allowed to SBA-LBEs on contracts between \$10,000 and \$10,000,000; 5) require Administrative Code, Chapter 56, development agreements to include a LBE utilization plan and be subject to certain Chapter 14B provisions; 6) authorize preparation of an implementation plan for an LBE contractor advance program to fund loans to subcontractors; 7) increase the Surety Bond Program limit from \$750,000 to \$1,000,000; 8) require the City to make good faith efforts to obtain at least three bids from LBEs for contracts under the threshold or minimum competitive amounts; 9) establish a Mentor-Protégé Program between established successful contractors and LBEs; 10) require separate LBE participation on design and construction portions of design-build construction contracts; 11) repeal Ordinance No. 97-10 relating to completion of the Bayview Branch Library Construction Project; and 12) make various other changes in Chapter 14B.

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

\*\*\*\*\*

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: \_\_\_\_\_

- No Comment
- Recommendation Attached

\_\_\_\_\_  
Chairperson, Small Business Commission

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Naomi Kelly, City Administrator, Office of the City Administrator  
Jaci Fong, Director, Office of Contract Administration  
Ben Rosenfield, City Controller, Office of the Controller  
Matthew Hansen, Risk Manager, Risk Management  
Emily Murase, Executive Director, Department on the Status of Women  
Harlan Kelly, Jr., General Manager, Public Utilities Commission  
Mohammed Nuru, Director, Department of Public Works  
Theresa Sparks, Executive Director, Human Rights Department  
Ed Reiskin, Executive Director, Municipal Transportation Agency

FROM: Erica Major, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: October 6, 2014

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Mayor Lee on September 23, 2014:

**File No. 140999**

**Ordinance amending the Administrative Code to comprehensively revise the Local Business Enterprise (LBE) and Non-Discrimination in Contracting Ordinance ("Chapter 14B") to: 1) codify the transfer of implementation and enforcement of Chapter 14B from the Human Rights Commission to the City Administrator and Contract Monitoring Division; 2) require the Mayor to annually set an overall City-wide LBE participation goal of not less than 40% of the value of upcoming contracts; 3) increase the LBE certification size thresholds for small and micro LBEs; 4) increase the bid discount allowed to SBA-LBEs on contracts between \$10,000 and \$10,000,000; 5) require Administrative Code, Chapter 56, development agreements to include a LBE utilization plan and be subject to certain Chapter 14B provisions; 6) authorize preparation of an implementation plan for an LBE contractor advance program to fund loans to subcontractors; 7) increase the Surety Bond Program limit from \$750,000 to \$1,000,000; 8) require the City to make good faith efforts to obtain at least three bids from LBEs for contracts under the threshold or minimum competitive amounts; 9) establish a Mentor-Protégé Program between established successful contractors and LBEs; 10) require separate LBE participation on design and construction portions of design-build construction contracts; 11) repeal Ordinance No. 97-10 relating to completion of the Bayview Branch Library Construction Project; and 12) make various other changes in Chapter 14B.**

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

C:

Monique Zmuda, Office of the Controller  
Iris Wong, Department on the Status of Women  
Juliet Ellis, Public Utilities Commission  
Donna Hood, Public Utilities Commission  
Fuad Sweiss, Department of Public Works  
Frank Lee, Department of Public Works  
Gloria Lopez, Human Rights Department  
Janet Martinsen, Municipal Transportation Agency  
Kate Breen, Municipal Transportation Agency  
Dillon Auyoung, Municipal Transportation Agency

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *EW* Mayor Edwin M. Lee *EW*  
RE: Administrative Code – 14B Local Business Enterprise Program  
DATE: September 23, 2014

---

Attached for introduction to the Board of Supervisors is an ordinance amending the Administrative Code to comprehensively revise the Local Business Enterprise (“LBE”) and Non-Discrimination in Contracting Ordinance (“Chapter 14B”) to: 1) codify the transfer of implementation and enforcement of Chapter 14B from the Human Rights Commission to the City Administrator and Contract Monitoring Division; 2) require the Mayor to annually set an overall City-wide Local Business Enterprise (LBE) participation goal of not less than 40% of the value of upcoming contracts; 3) increase the LBE certification size thresholds for small and micro LBEs; 4) increase the bid discount allowed to SBA-LBEs on contracts between \$10,000 and \$10 Million; 5) require Administrative Code Chapter 56 development agreements to include a LBE utilization plan and be subject to certain Chapter 14B provisions; 6) authorize preparation of an implementation plan for a LBE contractor advance program to fund loans to subcontractors; 7) increase the Surety Bond Program limit from \$750,000 to \$1,000,000; 8) require the City to make good faith efforts to obtain at least three bids from LBEs for contracts under the threshold or minimum competitive amounts; 9) to establish a Mentor-Protégé Program between established successful contractors and LBEs; 10) require separate LBE participation on design and construction portions of design-build construction contracts; 11) repeal Ordinance No. 97-10 relating to completion of the Bayview Branch Library Construction Project; and 12) make various other changes in Chapter 14B.

Please note that this item is co-sponsored by Supervisor David Chiu.

Should you have any questions, please contact Nicole Wheaton at (415) 554-7940.

RECEIVED  
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SAN FRANCISCO  
2014 SEP 23 PM 2:04  
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140999