

File No. 120082

Committee Item No. 10

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance SUB-Committee

Date: April 4, 2012

Board of Supervisors Meeting

Date _____

Cmte Board

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<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Budget & Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Ethics Form 126
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form (for hearings)
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OTHER

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Completed by: Victor Young

Date: March 30, 2012

Completed by: Victor Young

Date: _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

FILE NO. 120082

ORDINANCE NO.

[Administrative Code - Benefit Corporation Discount]

Ordinance amending the San Francisco Administrative Code by adding Chapter 14C, Sections 14C.1 through 14C.3, to provide for a downward adjustment in price or upward adjustment in rating of a proposal or bid from a California Benefit Corporation for a competitively-solicited City contract.

NOTE: Additions are single-underline italics Times New Roman;
deletions are ~~strike-through italics Times New Roman~~.
Board amendment additions are double-underlined;
Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. The San Francisco Administrative Code is hereby amended by adding Chapter 14C, Sections 14C.1 through 14C.3, to read as follows:

SEC. 14C.1. SHORT TITLE.

This Chapter shall be entitled "the California Benefit Corporation ('Benefit Corporation') Discount Ordinance".

SEC. 14C.2. DEFINITIONS.

(a) "Benefit Corporation" means is defined as a California Benefit Corporation that is incorporated in California under California Corporations Code §§14600-14631, as amended, or any successor legislation, and is in good standing with the State of California.

(b) "Benefit Corporation Discount" means the downward adjustment in price or upward adjustment in rating of a proposal or bid, whichever applies, that is made under Section 14C.3(c).

(c) "Contract" means any agreement that falls within the scope of Administrative Code Chapter 6 or Chapter 21.

1 (d) "Contractor" means any person or entity who contracts directly with the City.

2 (e) "Contract Awarding Authority" means any City officer, department head, commission, or
3 board authorized to enter into Contracts on behalf of the City.

4 (f) "HRC" means the Human Rights Commission.

5 (g) "Nonprofit" means a nonprofit corporation that is incorporated in California under
6 California Corporations Code §5000 et seq. as amended, or any successor legislation
7 organized primarily or exclusively for charitable purposes and qualifies for the exemptions
8 provided under California Revenue and Taxation Code Section 23701 and Internal Revenue
9 Code Section 501(c)(3).

10 (h) "S.F. Business" means a business that is physically located at, and registered with
11 the Office of the Treasurer & Tax Collector's Business Registration records, and maintains an
12 address located within the geographic limits of the City and County of San Francisco.

13 (i) "14B LBE" means a Micro-LBE, a Small-LBE, non profit enterprise, PUC-LBE, SBA-
14 LBE as defined in San Francisco Administrative Code Chapter 14B, including Joint Ventures
15 for Professional Services and Architect/Engineering with one or more 14B LBE prime
16 contractor participant.

17 (j) "14B LBE Discount" means a downward adjustment in price or upward adjustment in
18 rating of a proposal, whichever applies, that is made under San Francisco Administrative
19 Code Chapter 14B.

20 **SEC. 14C.3. BENEFIT CORPORATION DISCOUNTS.**

21 (a) Discount. Notwithstanding any other provision of the Administrative Code, Contract
22 Awarding Authorities shall apply a Benefit Corporation Discount as provided in this Chapter to bids or
23 proposals submitted by a Benefit Corporation for purpose of determining the apparent highest ranked
24 proposal or the apparent low bid, unless application of the Benefit Corporation Discount would
25

1 adversely impact the ranking for negotiation or award process of a bid or proposal submitted
2 by a 14B LBE, a Nonprofit bidder or proposer, or an S.F. Business.

3 (b) Contracts Subject to Discount. The Benefit Corporation Discount shall apply to all
4 Contracts the estimated cost of which exceeds the Threshold Amount in Chapter 6 or the Minimum
5 Competitive Amount in Chapter 21, but is less than \$10,000,000.

6 (c) Amount of Discount. Contract Awarding Authorities shall apply a Benefit Corporation
7 Discount as follows:

8 (1) For bids and proposals from Benefit Corporations that are ineligible for Administrative
9 Code Chapter 14B LBEs or SBA-LBE Discounts 14B LBE Discounts, Contract Awarding
10 Authorities shall apply a Discount in the amount of eight four percent (8% 4%), such that bids or
11 proposals shall be reduced increased or increased reduced, as appropriate, by an amount equal to
12 eight four percent (8% 4%) at each stage of the proposal selection process for purposes of
13 determining the apparent highest ranked proposal or the apparent low bid. Benefit Corporations that
14 receive a 14B LBE Discount may not also receive a Benefit Corporation Discount,; and

15 ~~-(2) For bids and proposals from B Corporations that will receive Administrative~~
16 ~~Code Chapter 14B LBE or SBA-LBE Discounts, Contract Awarding Authorities shall apply a~~
17 ~~Discount in the amount of four percent (2%) in addition to the Administrative Code Chapter~~
18 ~~14B Discount, such that bids or proposals shall be increased or reduced, as appropriate, by~~
19 ~~no more than a total of twelve percent (12%) at each stage of the proposal selection process~~
20 ~~for purposes of determining the apparent highest ranked proposal or the apparent low bid;~~
21 ~~and~~

22 (23) The Benefit Corporation Discount shall not apply to bids or proposals submitted by
23 Joint Ventures unless all Joint Venture Members for Professional Services and
24 Architect/Engineering would individually qualify for the Benefit Corporation Discount.
25

1 (d) Verification of Status. Contract Awarding Authorities shall verify current Benefit
2 Corporation status with the California Secretary of State and apply provide for the Benefit
3 Corporation Discount and shall verify current Benefit Corporation status with the California
4 Secretary of State.

5 (e) Eligibility. In addition, To be eligible for the Benefit Corporation Discount, the
6 corporation must: (1) have been incorporated in California as a Benefit Corporation for at least
7 six (6) months preceding the application of the Benefit Corporation Discount; (2)
8 B Corporations shall, when applying for a B Corporation Discount, submit with their bid or
9 proposal copies of their share certificates required under Division 1, Chapter 4 (beginning with
10 Section 400) of the California Corporations Code, and a copy of their most recent annual benefit
11 report required under Division 3 of Title 1, Sections 14621 and 14630 of the California
12 Corporations Code; and (3) provide evidence, as determined by the HRC, of third party
13 verification of their compliance with and contribution to the community consistent with the
14 general public benefit and specific public benefit as outlined in their articles of incorporation in
15 accordance with California Corporations Code §14610.

16 (f) Review by HRC and Controller. For the first two years of the Ordinance, the
17 Director of the HRC in coordination with the Controller, shall conduct a biannual evaluation of
18 the impact of the Benefit Corporation Discount in City contracting. Thereafter, the Director
19 shall conduct an annual evaluation. This report shall analyze Benefit Corporation participation
20 levels by reviewing the number of City contracts awarded to Benefit Corporation bidders or
21 proposers, including the size, type, and dollar amount of the contract; and analyzing the
22 effectiveness of the third party verification mechanism for measuring whether Benefit
23 Corporations awarded City Contracts are contributing to the community. This report may
24 provide recommendations to the Board of Supervisors for amendments to this Ordinance.

1 (gf) Exceptions. This Ordinance Chapter shall not apply where the Contracting Awarding
2 Authority finds that the requirements of this Ordinance Chapter would violate or conflict are
3 inconsistent with the terms or conditions of a grant, subvention or agreement with a public agency or
4 other grant awarding entity or the instructions of an authorized representative of any such agency with
5 respect to any such grant, subvention or agreement, provided that the Contracting Awarding Authority
6 shall make a good faith attempt to change the terms or conditions of any such grant, subvention or
7 agreement to authorize application of this Ordinance Chapter.

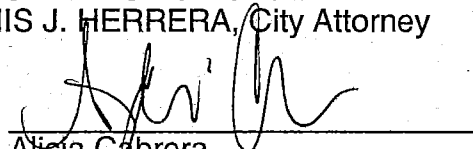
8 (g) Severability. If any section, clause, phrase, or portion of this Ordinance Chapter is for
9 any reason held invalid or unconstitutional by any court or Federal or State agency of competent
10 jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such
11 holding shall not affect the validity of the remaining portions thereof. To this end, the provisions of this
12 Ordinance ordinance shall be deemed severable.

13 Section 2. Effective Date. This Ordinance shall become effective 30 days from the
14 date of passage.

15 Section 3. This section is uncoded. In enacting this Ordinance, the Board intends to
16 amend only those words, phrases, paragraphs, subsections, sections, articles, numbers,
17 punctuation, charts, diagrams, or any other constituent part of the Administrative Code that
18 are explicitly shown in this legislation as additions, deletions, Board amendment additions,
19 and Board amendment deletions in accordance with the "Note" that appears under the official
20 title of the legislation.

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

24 By:

25 
Alicia Cabrera
Deputy City Attorney

Supervisor Chiu
BOARD OF SUPERVISORS

LEGISLATIVE DIGEST

[Administrative Code – Benefit Corporation Discount]

Ordinance amending the San Francisco Administrative Code by adding Chapter 14C, Sections 14C.1 through 14C.3, to provide for a downward adjustment in price or upward adjustment in rating of a proposal or bid from a California Benefit Corporation for a competitively-solicited City contract.

Existing Law

Currently, the City does not apply an adjustment in price for bids or proposals submitted by a Benefit Corporation for a competitively-solicited City contract.

Amendments to Current Law

Under the proposal, Contract Awarding Authorities would apply a downward adjustment in price or upward adjustment in rating of a proposal from a Benefit Corporation for purposes of determining the apparent highest ranked proposal or the apparent low bid. The proposed discount would apply to City contracts that exceed the Threshold Amount in Chapter 6 or the Minimum Competitive Amount in Chapter 21.

Budget and Finance Committee Amendments

On March 14, 2012, Supervisor Chiu proposed the following amendments to this legislation:

1) Limit the application of the Benefit Corporation Discount to apply only if the application of the discount would not adversely impact the ranking for negotiation or award process of a bid or proposal submitted by a Micro-LBE, Small-LBE, SBA-LBE, or a California non-profit; and

2) Limit the Benefit Corporation Discount to all Contracts that exceed the Threshold Amount in Chapter 6 or the Minimum Competitive Amount in Chapter 21, but are less than \$10,000,000. Even though the Benefit Corporation Discount applies to contracts that are less than \$10,000,000, but a SBA-LBE only receives a 14B Discount for contracts over \$10,000,000, this legislation protects SBA-LBEs because a Benefit Corporation could not receive a bid discount that would displace a SBA-LBE; and

3) Reduce the California Benefit Corporation Discount from eight percent (8%) to four percent (4%); and

4) Delete the provision that would have allowed companies receiving a Local Business Enterprise (Administrative Code 14B) bid discount or rating bonus from combining or aggregating discounts; and

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5) Require businesses applying for the Benefit Corporation Discount to have been incorporated as a B Corporation for at least six (6) months preceding the application of the discount; and

6) For the first two years of the Ordinance, the Director of the Human Rights Commission in coordination with the Controller, shall conduct a biannual evaluation of the impact of the B Corporation Discount on 14B LBEs and City contracting. Thereafter, the Director shall conduct an annual evaluation.

During the March 14, 2012 Budget and Finance Committee, Supervisor Chiu asked the City Attorney's Office to include language that would: 1) expand the categories of protected businesses a Benefit Corporation could not displace to also include San Francisco Businesses; and 2) to require a Benefit Corporation to provide evidence, as determined by the Human Rights Commission, of third party verification.

Item 10
File 12-0082
(continued from March 14, 2012 meeting)

Departments:
 Human Rights Commission (HRC)
 City Controller's Office

EXECUTIVE SUMMARY

Legislative Objectives

- Ordinance amending the City's Administrative Code by adding Chapter 14C to provide for a four percent bid discount for companies qualifying under State law as a benefit corporation.

Key Points

- Under the traditional corporate structure, corporations must consider profit-making and the financial interests of shareholders above all else. As of January 2012, the California State Legislature authorized a new form of incorporation, known as a benefit corporation, which created a legal framework for socially-minded companies to consider non-financial interests when making business decisions.
- Since 1984, the City has granted bid preferences for several categories of disadvantaged businesses. The proposed ordinance provides a four percent bid discount for bid proposals from benefit corporations, if the result of the ranked proposal would not displace a local business enterprise (LBE), a nonprofit organization or a San Francisco-based business from being the apparent lowest bidder.

Fiscal Impacts

- It is uncertain as to how many, and what types of, companies will seek benefit corporation status, and of those, which will seek contracts with the City and County of San Francisco, such that the Budget and Legislative Analyst cannot quantify the fiscal impact of the proposed ordinance at this time. However, as a comparison, the Budget and Legislative Analyst reviewed 2011 construction contract award information for construction contracts of less than \$10,000,000, in which an LBE was awarded the contract and a bid discount was applied, and found that the total additional cost to the City as a result of granting such LBE bid discounts was \$822,172.
- In response to inquiries by the Budget and Finance Committee on March 14, 2012, an analysis was also completed on 2011 commodities purchases, which showed a potential impact only in the vehicle purchasing category, and on 2011 professional services contracts, which was inconclusive due to the subjective nature of the proposal review process for professional services contracts.

Policy Consideration

- According to the proposed ordinance, the process of applying the bid discount will require the collection and verification of additional documents. The Budget and Legislative Analyst recommends that one City department, the HRC, manage the benefit corporation bid discount process on a centralized basis in which to ensure a uniform process and to facilitate data tracking for future evaluation purposes.

Recommendations

- Amend the proposed ordinance to centralize the management of the benefit corporation bid discount program at the HRC.
- Approval of the ordinance, as amended, is a policy decision for the Board of Supervisors.

MANDATE STATEMENT

According to Charter Section 2.105, the Board of Supervisors shall act only by written ordinance or resolution, except that it may act by motion on matters over which the Board of Supervisors has exclusive jurisdiction.

BACKGROUND

Benefit Corporation Status

A benefit corporation is a new form of incorporation that is legally recognized in seven States, including California. Under the traditional corporate structure, corporations must consider profit-making and the financial interests of shareholders above all else. Benefit corporation status was developed as a response to the inability of existing legal frameworks to meet the needs of entrepreneurs and investors seeking to use business to solve social and environmental problems so that companies can balance the pursuit of corporate profits with environmental and social goals.

Because traditional corporate law has a narrow definition of fiduciary duty that makes it difficult for business leaders to focus on a mission that is broader than simply maximizing profit, businesses with a social mission need alternatives that allow them to be operate in ways that benefit more stakeholders. Maryland was the first State to allow benefit corporations in April 2010.

California Benefit Corporation Legislation – AB 361

Assembly Bill (AB) 361 was adopted by the California State Legislature on October 9, 2011, and became effective on January 1, 2012, making California the sixth of seven States in the United States to recognize benefit corporations. AB 361 states that a benefit corporation may be formed for the purpose of creating a general public benefit, defined as a material positive impact on society and the environment, taken as a whole.

AB 361 is intended to encourage environmental and social responsibility, as well as greater standards of accountability and transparency for corporations, and as such allows benefit corporations to identify one or more specific public benefits including but not limited to: (a) providing low-income or underserved communities with beneficial products or services; (b) promoting economic opportunity for individuals or communities beyond the creation of jobs in the ordinary course of business; (c) preserving the environment; and (d) improving human health. In addition, AB 361 expands the fiduciary duty to create clarity for boards of directors about their obligations and liability protection, as well as for consumers and investors about what to expect from the business.

Since AB 361 became effective in January of 2012, 21 California companies have filed for incorporation as benefit corporations.

Existing Bid Discounts for Competitively Solicited Contracts in San Francisco

Since 1984, with the passage of the Minority/Women/Local Business Utilization Ordinance by the Board of Supervisors, the City and County of San Francisco has granted bid preferences for disadvantaged businesses. These businesses include minority-owned business enterprises (MBEs), women-owned business enterprises (WBEs), and locally-owned business enterprises (LBEs). Today, in accordance with City Administrative Code Chapter 14B, those businesses are now collectively categorized as LBEs, and receive 2 percent to 10 percent bid discounts when competing for City contracts.

Locally-owned businesses in San Francisco must receive certification of their LBE status from the San Francisco Human Rights Commission (HRC), which administers the bid discount. There are three levels of discounts available to certified LBEs, as follows: (1) a two-percent preference to Small Business Administration firms (SBAs)¹; (2) a seven and one-half percent preference to joint ventures with local MBE or WBE participation; and (3) a 10 percent preference to "micro" and "small" LBEs. Classifications for "micro", "small" and "SBA" businesses are based on maximum annual gross revenues for each type of business, as shown in Table 1 below.

Table 1:
Maximum Annual Gross Revenues for LBE Certified Firms

	Micro Bid Discount: 10%	Small Bid Discount: 10%	SBA Bid Discount: 2%
Class A and Class B General Contractors	\$7,000,000	\$14,000,000	\$33,500,000
Specialty Construction Contractors	3,500,000	7,000,000	17,000,000
Trucking and Hauling	1,750,000	3,500,000	8,500,000
Goods, Materials and Equipment Suppliers	3,500,000	7,000,000	17,000,000
General Service Providers	3,500,000	7,000,000	17,000,000
Architect/Engineering	1,250,000	2,500,000	7,000,000
Professional Services	1,250,000	2,500,000	7,000,000

DETAILS OF LEGISLATION

This report is based on the amended ordinance that was signed on March 26, 2012. The sponsor of the ordinance will be submitting additional amendments to the Budget and Finance Committee on April 4, 2012.

The proposed ordinance would add Chapter 14C, Sections 14C.1 through 14C.3 to the City's Administrative Code in order to provide a four percent bid discount for benefit corporations that

¹ SBA firms are defined by the U.S. Small Business Administration.

submit bids for competitively solicited City contracts. The proposed four percent bid discount is intended to provide a competitive advantage to benefit corporations, whose ability to submit the lowest bids for City contracts may be compromised by their commitment to supporting social and environmental justice.

Under the proposed ordinance, the subject discount of four percent would apply to (a) all commodities and professional services contracts between \$100,000 and \$10,000,000, and (b) all general services contracts between \$400,000 and \$10,000,000, as established in Chapters 6 and 21 of the City's Administrative Code.

Under the proposed ordinance, the subject four percent bid discounts for benefit corporations would be administered by individual City departments that award contracts, such that each department's awarding authorities would be required to verify the benefit corporation's current status with the California Secretary of State. In addition, in accordance with the proposed ordinance, each City department's contracting authorities would be required to obtain (a) a copy of the benefit corporation's share certificates, which is required under Division 1, Chapter 4 of the California Corporations Code, and (b) a copy of the benefit corporation's most recent annual benefit report, which is required under Sections 14621 and 14630 of Division 3, Title 1 of the California Corporations Code². Additionally, under the proposed ordinance, benefit corporations would be required to provide evidence of third-party certification of compliance with public benefit goals, as determined by the HRC, to each City department contracting authority.

In accordance with the proposed ordinance, the City department contracting authority would only apply a four percent discount to the benefit corporation if the results of the ranked proposals would not displace a 14B³ LBE, a non-profit organization or a San Francisco-based business⁴ from being the apparent lowest bidder. In addition, under the proposed ordinance, the four percent bid discount could not be combined with any other bid discount – for example, LBEs that are also benefit corporations would only be eligible for the LBE ten percent bid discount, as opposed to a combined 14 percent bid discount. Table 2 below details the proposed bid discount percentages.

²California Corporations Code, Title 1, Division 3, Section 14630 requires that California benefit corporations produce an annual benefit report that details the reasons for selecting the third-party standard, the ways in which a public benefit was pursued, and an assessment of overall social and environmental performance, based on the selected third party standard. California Corporations Code, Title 1, Division 3, Section 14621 requires a statement by the Benefit Corporation's Board of Directors to be included in the annual benefit report, stating whether or not the Board of Directors believes that the benefit corporation achieved its public benefit goals.

³ "14B LBEs" are LBEs that receive a bid discount when competing for City contracts, according to the Administrative Code Chapter 14B.

⁴ "San Francisco business" is defined in the proposed ordinance as a business that is registered with the Office of the Treasurer and Tax Collector's Business Registration records, and maintains an address located within the geographic limits of the City and County of San Francisco.

Table 2: Bid Discount Amounts

	Current Bid Discount Amount	Benefit Corporation Bid Discount Amount	Total Bid Discount Amount
SBA-LBE	2%	0%	2%
Joint Venture LBE	7.5%	0%	7.5%
Micro/Small LBE	10%	0%	10%
Nonprofit Organization	10%	0%	10%
Non-LBE	0%	4%	4%

The proposed ordinance also requires that the Human Rights Commission (HRC), in coordination with the City Controller's Office, conduct biannual evaluations of the impact of the Benefit Corporation Discount on City contracting for the first two years of the effective date of the proposed ordinance. Thereafter, HRC, in coordination with the Controller's Office, would be required to conduct annual evaluations. These evaluations would analyze Benefit Corporation participation levels by reviewing the number of City contracts awarded by size, type and amount of discount.

FISCAL IMPACT

As noted above, benefit corporation legislation has only been effective in the State of California since January of 2012, and to date, there are only 21 companies that have filed for benefit incorporation with the California Secretary of State. At this time, it is uncertain as to how many, and what types of, companies will eventually seek benefit corporation status, and of those, which will seek contracts with the City and County of San Francisco.

Therefore, the Budget and Legislative Analyst cannot quantify the actual fiscal impact of the proposed ordinance at this time. However, as a comparison, based on 2011 construction contract award information provided by HRC⁵, for construction contracts of less than \$10,000,000, in which an LBE was awarded the contract and a bid discount was applied, the total additional cost to the City as a result of granting such LBE bid discounts was \$822,172.

In response to inquiries by the Budget and Finance Committee on March 14, 2012, in addition to construction contracts, the Budget and Legislative Analyst has also reviewed 2011 professional services contract award information provided by HRC and individual contract awarding authorities. Because of the more subjective nature of the proposal review process for professional services contracts, where a low bid is only one factor in determining the contract

⁵ The data used in this analysis was provided by HRC for the Recreation and Park Department, Public Utilities Commission, Department of Public Works, and the Airport. The total number of construction contracts under \$10,000,000 awarded in 2011 was 69, for a total amount of \$466,495,034, of which the value of the bid discount was less than one percent.

award, it is impossible to quantify the actual cost to the City as a result of granting such LBE bid discounts for professional services contracts. Unlike construction contracts which are awarded to the lowest most qualified bidder, professional services contracts are awarded based upon an evaluation of various criteria, of which the cost of services only represent one factor in the contract award process.

In addition, the Budget and Legislative Analyst reviewed a sample of data provided by the Purchasing Department reflecting the City's 2011 purchases in three categories: (a) vehicles, (b) Information Technology (IT) equipment, and (c) transportation equipment. The Budget and Legislative Analyst found that most of these purchases were under the threshold of \$100,000 for commodities, as defined by the proposed ordinance, and therefore would not be impacted by the proposed four percent bid discount for benefit corporations. From the sample provided by the Purchasing Department, vehicles were the only category where a bid discount could have had an impact. On the six bids reviewed pertaining to vehicle purchases, three bids, or 50 percent of the bids reviewed, could potentially have gone to a higher bidder, if that bidder had been eligible for a benefit corporation bid discount. Assuming the proposed benefit corporation bid discount of four percent was applied in those three instances, the additional cost to the City from applying these bid discounts would have totaled a maximum amount of \$17,108, or 2.98 percent of the maximum total contract award amount of \$575,170.

POLICY CONSIDERATION

The implementation process for applying the benefit corporation bid discount should be centralized under the management of the HRC to ensure consistency and facilitate data tracking

According to the proposed ordinance, the subject four percent bid discount for benefit corporations would be applied by individual City departments contracting authorities. As noted above, the process of applying these bid discounts would require the individual City departmental contracting authorities to collect the required documentation and verify each benefit corporation's current status. For example, for each benefit corporation seeking City contracts, the appropriate City department must collect annual benefit reports and the benefit corporation's share certificates.


The appropriate City department must also determine whether the four percent benefit corporation bid discount would displace an LBE, a nonprofit organization or a business located in San Francisco from being the lowest bidder. Presently, the department which oversees the contract certification of all LBEs and nonprofit organizations is the Human Rights Commission (HRC). As a result, currently, when LBEs or nonprofit organizations are competing for City contracts, individual City contracting authorities provide relevant proposal review information

to the HRC so that the HRC can apply any applicable bid discount and thereby determine the winning bid.

Given the HRC's current role in managing the LBE and nonprofit organization bid discounts for City contracts, and the new responsibilities of the HRC as set forth in the proposed ordinance to biannually and then annually evaluate the benefit corporation bid discount, the Budget and Legislative Analyst recommends that the HRC be designated to similarly manage, on a centralized basis, the process of certifying benefit corporation status and awarding the benefit corporation bid discount. Implementation of this recommendation would: (1) help ensure a uniform process for applying the benefit corporation bid discount, and (2) help facilitate data tracking and measurement for future evaluation purposes.

RECOMMENDATIONS

1. Amend the proposed ordinance to centralize the management of the benefit corporation bid discount program at the HRC.
2. Approval of the proposed ordinance, as amended, is a policy decision for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Chu
Supervisor Avalos
Supervisor Kim
President Chiu
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Supervisor Olague
Supervisor Wiener
Clerk of the Board
Cheryl Adams
Controller
Kate Howard

