

1 [Administrative Code – Contractor Prompt Payment for Public Works Construction and
2 Professional Services Contracts]

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

7 NOTE: Additions are *single-underline italics Times New Roman*;
8 deletions are ~~*strike-through italics Times New Roman*~~.
9 Board amendment additions are double-underlined;
10 Board amendment deletions are ~~strike through normal~~.

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

12 Section 1. The San Francisco Administrative Code is hereby amended by adding
13 Section 6.22(Q), to read as follows:

14 *(Q) Contractor Prompt Payment. All construction contracts under this Chapter shall*
15 *require the contractor to pay its subcontractors within seven calendar days after receipt of each*
16 *progress payment from the City, unless otherwise agreed to in writing in advance by both contractor*
17 *and subcontractor. In the event that there is a good faith dispute over all or any portion of the amount*
18 *due on a progress payment from a contractor to a subcontractor, the contractor may withhold the*
19 *disputed amount but shall pay the undisputed amount.*

20 *Any contractor who violates this subsection shall pay to the subcontractor a penalty of 2% of*
21 *the amount due per month for every month or portion thereof that payment is not made. This*
22 *subsection is enforceable in a court of competent jurisdiction, and is not intended to create a*
23 *private right of action against the City and County of San Francisco.*

24 Section 2. The San Francisco Administrative Code is hereby amended by adding
25 Section 6.42(F), to read as follows:

1 (F) Contractor Prompt Payment. All professional services contracts under this Chapter
2 shall require the contractor to pay its subcontractors within seven calendar days after receipt of each
3 progress payment from the City, unless otherwise agreed to in writing in advance by both contractor
4 and subcontractor. In the event that there is a good faith dispute over all or any portion of the amount
5 due on a progress payment from a contractor to a subcontractor, the contractor may withhold the
6 disputed amount but shall pay the undisputed amount.

7 Any contractor who violates this subsection shall pay to the subcontractor a penalty of 2% of
8 the amount due per month for every month or portion thereof that payment is not made. This
9 subsection is enforceable in a court of competent jurisdiction, and is not intended to create a
10 private right of action against the City and County of San Francisco.

11 Section 3. Effective Date. This ordinance shall become effective 30 days from the
12 date of passage.

13 Section 4. This section is uncodified. In enacting this Ordinance, the Board intends to
14 amend only those words, phrases, paragraphs, subsections, sections, articles, numbers,
15 punctuation, charts, diagrams, or any other constituent part of the Administrative Code that
16 are explicitly shown in this legislation as additions, deletions, Board amendment additions,
17 and Board amendment deletions in accordance with the "Note" that appears under the official
18 title of the legislation.

19 APPROVED AS TO FORM:
20 DENNIS J. HERRERA, City Attorney

21 By: _____
22 Yadira Taylor
23 Deputy City Attorney