

[Police, Administrative Codes - Considering Criminal History in Employment and Housing Decisions]

Ordinance amending the Police Code to require employers and housing providers to limit the use of criminal history information and follow certain procedures and restrictions when inquiring about and using conviction history information to make decisions about employment and tenancy in San Francisco; and amending the Administrative Code to require City contractors and subcontractors to adhere to the same limits, procedures, and restrictions when making decisions regarding employment of persons for work on City contracts and subcontracts.

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

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

Section 1. The San Francisco Police Code is hereby amended by adding Article 49, Sections 4901-4920, to read as follows:

ARTICLE 49: PROCEDURES FOR CONSIDERING ARRESTS AND CONVICTIONS
AND RELATED INFORMATION IN EMPLOYMENT AND HOUSING DECISIONS

Sec. 4901. Policy.

Sec. 4902. Findings.

Sec. 4903. Definitions.

1 Sec. 4904. Procedures for Use of Criminal History Information in Employment

2 Decisions.

3 Sec. 4905. Notice and Posting Requirements for Employers.

4 Sec. 4906. Employer Questionnaire.

5 Sec. 4907. Procedures for Use of Criminal History Information in Housing

6 Decisions.

7 Sec. 4908. Notice and Posting Requirements for Housing Providers.

8 Sec. 4909. Exercise of Rights Protected; Retaliation Prohibited.

9 Sec. 4910. Implementation and Enforcement of Employment Provisions.

10 Sec. 4911. Employer Records.

11 Sec. 4912. Implementation and Enforcement of Housing Provisions.

12 Sec. 4913. Housing Provider Records.

13 Sec. 4914. Rulemaking.

14 Sec. 4915. Outreach.

15 Sec. 4916. Other Legal Requirements.

16 Sec. 4917. Preemption.

17 Sec. 4918. City Undertaking Limited to Promotion of General Welfare.

18 Sec. 4919. Severability.

19 Sec. 4920. Operative Date.

20
21 **SEC. 4901. POLICY.**

22 It is the policy of the City and County of San Francisco to enhance public health and safety by
23 reducing recidivism and its associated criminal justice costs and societal costs, and facilitating the
24 successful reintegration into society of persons with arrest and conviction records. This Article is
25 enacted for the purpose of furthering this policy.

1 **SEC. 4902. FINDINGS.**

2 After public hearings and consideration of testimony and documentary evidence, the Board of
3 Supervisors finds and declares that the health, safety, and wellbeing of San Francisco's communities
4 depend on increasing access to employment and housing opportunities for people with arrest or
5 conviction records in order for them to effectively reintegrate into the community and provide for their
6 families and themselves. Barriers to these opportunities for people with arrest or conviction records
7 increase recidivism and thereby jeopardize the safety of the public, disrupt the financial and overall
8 stability of affected families and of our communities, and impede the City's achieving its maximum
9 potential of economic growth. Further, establishing procedures for the lawful use of criminal history
10 information in employment and housing decisions can assist employers and housing providers by
11 preventing the automatic exclusion of individuals who may be qualified, and in some cases well-
12 qualified, employees or tenants.

13 In San Francisco, as across the country, individuals are often plagued by old or minor arrest or
14 conviction records that discourage them from applying for jobs or housing because a "box" on the
15 application requires disclosure of criminal history information that likely will automatically exclude
16 them from consideration. Precise statistics in this area are difficult to come by, but by any measure the
17 problem is major, affecting a large number of individuals and families. By one measure, some sixty-
18 five million Americans have a criminal record that may show up on a routine background check report.
19 In California, it has been estimated that almost one in four adults have arrest or conviction records.
20 Many thousands of people in our local community are directly impacted by barriers to reintegration
21 based on these records.

22 In today's digital age, there has been widespread proliferation in the use of criminal
23 background checks, with hundreds of companies offering over the internet low-cost criminal
24 background checks. Surveys have shown that as many as ninety percent of employers and eighty
25 percent of private housing providers conduct background checks. And the information that such

1 background checks may yield can have a devastating impact on the employment and housing
2 opportunities of persons with a criminal history, with damaging spillover effects on families and
3 communities. One study found that two-thirds of employers surveyed in five major U.S. cities would not
4 knowingly hire a person with a criminal record, regardless of the offense. Another study found that a
5 criminal record reduces the likelihood of a job callback or offer by nearly fifty percent. Among those
6 seeking assistance from the San Francisco Public Defender's Clean Slate program, a pool of
7 individuals with a criminal record, only about one-third are employed, and the majority of those
8 employed earn an annual income of \$3,000 or less.

9 The problems presented by employers and housing providers who use a person's criminal
10 history to deny that person employment or housing opportunities are growing rather than diminishing.
11 In response to this challenge, more than fifty cities and counties in the United States have adopted
12 policies that to one degree or another regulate the inquiry into an individual's criminal history, at least
13 as to individuals employed by those localities. Eleven of those localities apply their policies to those
14 who contract with them. The cities of Philadelphia, Newark, Seattle, and Buffalo have applied their
15 policies to all private employers within their boundaries. At the state level, ten states have adopted
16 policies to address this challenge and four states—Hawaii, Massachusetts, Minnesota and Rhode
17 Island--have applied their policies to private employers. The economic rationale often cited for these
18 reforms is to maximize the pool of talented, qualified workers for employers and to fully utilize the
19 productive capacity of people with prior arrests or convictions, for the improvement of the economy.

20 Regulating inquiries into an individual's criminal history is gaining traction as one facet of the
21 nationwide effort to reduce the recidivism that leads to serial incarceration. A major rationale for this
22 movement is the growing awareness that incarceration has devastating socioeconomic consequences.
23 Researchers have found that more incarceration has the perverse effect of increasing the crime rate in
24 some communities. Children suffer academically and socially, and have decreased economic mobility,
25 after the incarceration of a parent. Incarceration is also linked to homelessness, impacting public

1 health and safety. Twenty-six percent of homeless people surveyed in San Francisco had been
2 incarcerated within the previous twelve months, and an estimated thirty to fifty percent of parolees in
3 San Francisco are homeless.

4 On October 1, 2011, San Francisco and the rest of California implemented AB 109, a
5 “Realignment” of California’s criminal justice system, which seeks to produce budgetary savings by
6 reducing recidivism and promoting rehabilitation. As stated by Governor Edmund G. Brown, Jr. in
7 signing AB 109, cycling people through the revolving door of “state prisons wastes money, aggravates
8 crowded conditions, thwarts rehabilitation, and impedes local law enforcement supervision.” Added by
9 AB 109, Section 3451 of the California Penal Code states that counties must focus on alternatives to
10 incarceration that have a proven track record of reducing recidivism. Moreover, Section 17.5 of the
11 Penal Code states that criminal justice policies that rely on building and operating more prisons to
12 address community safety concerns are not sustainable, and will not result in improved public safety.
13 Removing unnecessary obstacles to employment and housing that impede reintegration and
14 rehabilitation supports the goals for “Realignment.”

15 Lack of employment and housing are significant causes of recidivism; people who are employed
16 and have stable housing are significantly less likely to be re-arrested. For example, one study of 1,600
17 individuals recently released from prison in Illinois found that only eight percent of those who were
18 employed for a year committed another crime, compared to the state’s average recidivism rate of fifty-
19 four percent. In another study, researchers found that from 1992 to 1997, the slightly more than forty
20 percent of the decline in the overall property crime rate could be attributed to the thirty-three percent
21 decline in the unemployment rate during the same period. Still another study in New York reported
22 that a person without stable housing was seven times more likely to re-offend after returning from
23 prison. There is little doubt that a policy designed to improve the employment and housing prospects of
24 persons with arrest or conviction history will enhance their prospects for becoming productive
25 members of the community, and thereby benefiting all of us.

1 Policies that encourage reintegration and reduce recidivism can also help reduce criminal
2 justice costs. The Legislative Analyst Office estimated that in 2005-2006, counties in California spent
3 on average about \$28,000 per year to incarcerate an adult in jail and about \$1,250 per year to
4 supervise an adult on probation in the community. One study estimated that in terms of court,
5 prosecution, and law enforcement costs, the County spends an average of \$16,379 to process a person
6 who has committed a drug offense through the criminal justice system. When a person successfully
7 reintegrates and does not return to the criminal justice system, these costs are avoided, allowing scarce
8 public dollars to be reinvested in programs that make our communities stronger and safer.

9 Not only is it a matter of public safety to ensure that workers have job and housing
10 opportunities, but it is also critical for a stable economy. Economists at the Center for Economic and
11 Policy Research used Bureau of Justice Statistics data to estimate that in 2008, the United States had
12 between 12 and 14 million formerly incarcerated people and people with felonies of working age.
13 Citing this population's greatly reduced job prospects, the researchers estimated that the total male
14 employment that year was reduced by 1.5 to 1.7 percentage points and that the cost to the U.S.
15 economy was between \$57 and \$65 billion in lost output.

16 The expansion of the criminal justice system and all of its attendant consequences described
17 herein, coupled with the growth of the for-profit criminal background check industry, has created a
18 need for local regulations on the use of arrest and conviction records. On March 29, 2011, the Reentry
19 Council of the City & County of San Francisco, chaired by the Chief Adult Probation Officer, and
20 comprised of that official and the District Attorney, Mayor, Public Defender, and Sheriff, urged the
21 the enactment of an ordinance to reduce unnecessary barriers to housing and employment for
22 individuals based on arrest or conviction records. This Article is an important part of implementing
23 that general recommendation.

24 But there are some senses in which this Article is of limited scope. This Article does not intend,
25 and shall not be construed, to require an employer to give preference to anyone or to hire an

1 unqualified person with an arrest or conviction record. Nor does it require a housing provider to give
2 preference to anyone or to rent to an unqualified tenant with an arrest or conviction record. Moreover,
3 this Article shall not be construed to limit an employer or a housing provider's ability to choose the
4 most qualified and appropriate candidate from applicants for employment or housing.

5 **SEC. 4903. DEFINITIONS.**

6 For the purposes of this Article, the following words and phrases shall mean and include:

7 "Adverse Action" in the context of employment shall mean to fail or refuse to hire, to discharge,
8 or to not promote any individual; or to limit, segregate or classify employees in any way which would
9 deprive or tend to deprive any individual of employment opportunities, or otherwise adversely affect
10 his/her status as an employee. The "Adverse Action" must relate to employment in whole or
11 substantial part in the City. "Adverse Action" in the context of housing shall mean to evict from, fail or
12 refuse to rent or lease real property to an individual, or fail or refuse to continue to rent or lease real
13 property to an individual, or fail or refuse to add a household member to an existing lease, or to reduce
14 any tenant subsidy The "Adverse Action" must relate to real property in the City .

15 "Affordable Housing" means any residential building in the City that has received funding from
16 the City, either directly or through financing resulting from the City's issuance of tax exempt bonds.
17 Affordable Housing also includes "affordable units" in the City as that term is defined in Article 4 of
18 the Planning Code.

19 "Arrest" shall mean a record from any jurisdiction that includes information indicating that a
20 person has been questioned, apprehended, taken into custody or detention, or held for investigation, by
21 a law enforcement, police, or prosecutorial agency and/or charged with, indicted, tried, or acquitted
22 for any felony, misdemeanor or other criminal offense. "Arrest" is a term that is separate and distinct
23 from, and that does not include, "Unresolved Arrest."

24 "Background Check Report" shall mean any criminal history report, including but not limited
25 to those produced by the California Department of Justice, the Federal Bureau of Investigation, other

1 law enforcement or police agencies, or courts, or by any consumer reporting agency or business,
2 employment screening agency or business, or tenant screening agency or business.

3 “City” shall mean the City and County of San Francisco.

4 “Conviction” shall mean a record from any jurisdiction that includes information indicating
5 that a person has been convicted of a felony, misdemeanor or other offense; provided that the
6 conviction is one for which the person has been placed on probation, fined, imprisoned, or paroled.
7 Those matters identified in Section 4904(a) and/or Section 4907(a) about which an Employer and/or
8 Housing Provider may not inquire and as to which they may not base an Adverse Action, are not
9 considered “Convictions.”

10 “Conviction History” shall mean information regarding one or more Convictions or
11 Unresolved Arrests, transmitted orally or in writing or by any other means.

12 “Directly-Related Conviction” in the employment context shall mean that the conduct for which
13 a person was convicted or that is the subject of an Unresolved Arrest has a direct and specific negative
14 bearing on that person’s ability to perform the duties or responsibilities necessarily related to the
15 employment position. In determining whether the conviction or Unresolved Arrest is directly related to
16 the employment position, the Employer shall consider whether the employment position offers the
17 opportunity for the same or a similar offense to occur and whether circumstances leading to the
18 conduct for which the person was convicted or that is the subject of an Unresolved Arrest will recur in
19 the employment position. “Directly-Related Conviction” in the housing context shall mean that the
20 conduct for which a person was convicted or that is the subject of an Unresolved Arrest has a direct
21 and specific negative bearing on the safety of persons or property, given the nature of the housing. In
22 determining whether the conviction or Unresolved Arrest is directly related to the housing, the Housing
23 Provider shall consider whether the housing offers the opportunity for the same or a similar offense to
24 occur and whether circumstances leading to the conduct for which the person was convicted will recur
25 in the housing, and whether supportive services that might reduce the likelihood of a recurrence of such

1 conduct are available on-site. Those matters identified in Sections 4904(a) and/or Sections 4907(a)
2 about which an Employer and/or Housing Provider may not inquire and as to which they may not base
3 an Adverse Action may not qualify as “Directly-Related Convictions.” “Employer” shall mean any
4 individual, firm, corporation, partnership, labor organization, group of persons, association, or other
5 organization however organized, that is located or doing business in the City, and that employs 20 or
6 more persons regardless of location, including the owner or owners and management and supervisory
7 employees. “Employer” includes job placement and referral agencies and other employment
8 agencies. “Employer” does not include the City and County of San Francisco, any other local
9 governmental unit, or any unit of the state government or the federal government.

10 “Employment” shall mean any occupation, vocation, job, or work, , including but not limited to
11 temporary or seasonal work, part-time work, contracted work, contingent work, work on commission,
12 and work through the services of a temporary or other employment agency, or any form of vocational
13 or educational training with or without pay. The physical location of the employment or prospective
14 employment of an individual as to whom Section 4904 applies must be in whole, or in substantial part,
15 within the City.

16 “Evidence Of Rehabilitation Or Other Mitigating Factors” may include but is not limited to a
17 person’s satisfactory compliance with all terms and conditions of parole and/or probation (however,
18 inability to pay fines, fees, and restitution due to indigence shall not be considered noncompliance with
19 terms and conditions of parole and/or probation); employer recommendations, especially concerning a
20 person’s post-conviction employment; educational attainment or vocational or professional training
21 since the conviction, including training received while incarcerated; completion of or active
22 participation in rehabilitative treatment (e.g., alcohol or drug treatment); letters of recommendation
23 from community organizations, counselors or case managers, teachers, community leaders, or
24 parole/probation officers who have observed the person since his or her conviction; and age of the
25 person at the time of the conviction. Examples of mitigating factors that are offered voluntarily by the

1 person may include but are not limited to explanation of the precedent coercive conditions, intimate
2 physical or emotional abuse, or untreated substance abuse or mental illness that contributed to the
3 conviction.

4 "Housing Provider" shall mean an entity that owns or develops Affordable Housing in the City
5 and receives funding from the City for such projects, either directly or through financing resulting from
6 the City's issuance of tax exempt bonds. "Housing Provider" also includes owners and developers of
7 below market rate housing in the City or "affordable units," as that term is defined in Article 4 of the
8 Planning Code, in the City. Any agent, such as a property management company, that makes tenancy
9 decisions on behalf of the above described entities shall also be considered a Housing Provider.

10 "HRC" shall mean the Human Rights Commission or any successor department or office. The
11 "Director" of HRC shall mean the department head of the HRC.

12 "Inquire" shall mean any direct or indirect conduct intended to gather information from or
13 about an applicant, candidate, potential applicant or candidate, or employee, using any mode of
14 communication, including but not limited to application forms, interviews, and Background Check
15 Reports.

16 "OLSE" shall mean the Office of Labor Standards Enforcement or any successor department or
17 office. The "Director" of OLSE shall mean the head of the OLSE.

18 "Person" shall mean any individual, person, firm, corporation, business or other organization
19 or group of persons however organized. "Person" often means an individual with a Conviction
20 History or Unresolved Arrest or with a record pertaining to the matters identified in Section 4904(a)
21 and/or Section 4907(a).

22 "Unresolved Arrest" shall mean an Arrest that has led to a pending criminal investigation or
23 trial that has not yet been resolved.

24 **SEC. 4904. PROCEDURES FOR USE OF CRIMINAL HISTORY INFORMATION IN**
25 **EMPLOYMENT DECISIONS.**

1 (a) Regarding applicants or potential applicants for employment, or employees, an
2 Employer shall not, at any time or by any means, inquire about, require disclosure of, or if such
3 information is received base an Adverse Action in whole or in part on:

4 (1) An Arrest not leading to a Conviction, excepting under circumstances identified
5 in this Section an Unresolved Arrest;

6 (2) Participation in or completion of a diversion or a deferral of judgment program;

7 (3) A Conviction that has been judicially dismissed, expunged, voided, invalidated,
8 or otherwise rendered inoperative, by way of example but not limitation, under California Penal Code
9 sections 1203.4, 1203.4a, or 1203.41;

10 (4) A Conviction or any other determination or adjudication in the juvenile justice
11 system, or information regarding a matter considered in or processed through the juvenile justice
12 system; or

13 (5) A Conviction that is more than seven years old, the date of Conviction being the
14 date of sentencing.

15 Accordingly, the matters identified in this subsection (a) may not be considered in any manner
16 by the Employer.

17 (b) The Employer shall not require applicants or potential applicants for employment or
18 employees to disclose on any employment application the fact or details of any Conviction History, any
19 Unresolved Arrest, or any matter identified in subsections (a)(1)-(5).. Nor shall the Employer inquire
20 on any employment application about the fact or details of any Conviction History, any Unresolved
21 Arrest, or any matter identified in subsections (a)(1)-(5).

22 (c) The Employer shall not require applicants or potential applicants for employment, or
23 employees, to disclose, and shall not inquire into, their Conviction History or an Unresolved Arrest
24 until either after the first live interview with the person (via telephone, videoconferencing, use of other
25 technology, or in person) or, at the Employer's discretion, after a conditional offer of employment.

1 (d) Prior to any Conviction History inquiry, the Employer shall provide a copy of the notice
2 described in Section 4905(b) to the applicant or employee.

3 (e) Prior to obtaining a copy of a Background Check Report, the Employer shall comply
4 with all state and federal requirements including but not limited to those in the California Investigative
5 Consumer Reporting Agencies Act (ICRAA), California Civil Code sections 1786 et seq., and the
6 Federal Consumer Reporting Act (FCRA), 15 United States Code sections 1681 et seq., to provide
7 notice to the applicant or employee that such a report is being sought. The Employer must also
8 provide the applicant or employee notice in writing of his or her right pursuant to this Section 4904 to
9 provide the Employer with evidence of inaccuracy or Evidence of Rehabilitation or Other Mitigating
10 Factors regarding any items of Conviction History found in the report, and the deadline for providing
11 such information. For such information to be required to be considered by the Employer, the applicant
12 or employee must give the Employer notice, orally or in writing, of such information within seven days
13 of the date that the report is sent by the Employer to the applicant or employee.

14 (f) In making an employment decision based on an applicant's or employee's Conviction
15 History, an Employer shall conduct an individualized assessment, considering only Directly-Related
16 Convictions, the time that has elapsed since the Conviction or Unresolved Arrest, and any evidence of
17 inaccuracy or Evidence of Rehabilitation or Other Mitigating Factors.

18 (g) If an Employer intends to base an Adverse Action on an item or items of Conviction
19 History found in the applicant or employee Background Check Report and the applicant or employee
20 submits evidence of the items' inaccuracy or Evidence of Rehabilitation or Other Mitigating
21 Circumstances within the required time period, the Employer shall delay any Adverse Action for a
22 reasonable time after receipt of the information and during that time shall reconsider the prospective
23 Adverse Action in light of the information.

1 (h) Upon taking any final Adverse Action based upon the Conviction History of an applicant
2 or employee, an Employer shall deliver to the applicant or employee a copy of the completed
3 questionnaire described in Section 4906.

4 (i) It shall be unlawful for any Employer to produce or disseminate any solicitation or
5 advertisement that is reasonably likely to reach persons who are reasonably likely to seek employment
6 in the City, and that expresses, directly or indirectly, that any person with an Arrest or Conviction
7 will not be considered for employment or may not apply for employment.

8 (j) Nothing in this Section 4904 shall be construed to prohibit an Employer from observing
9 the conditions of a seniority system or an employee benefit plan, provided such systems or plans are not
10 a subterfuge to evade the purposes or requirements of this Article.

11 **SEC. 4905. NOTICE AND POSTING REQUIREMENTS FOR EMPLOYERS.**

12 (a) The Employer shall state in all solicitations or advertisements for employees that are
13 reasonably likely to reach persons who are reasonably likely to seek employment in the City, that the
14 Employer will consider for employment qualified applicants with criminal histories in a manner
15 consistent with the requirements of this Article.

16 (b) The OLSE shall, by the operative date of this Article, publish and make available to
17 Employers, in English, Spanish, Chinese, and all languages spoken by more than 5% of the San
18 Francisco workforce, a notice suitable for posting by Employers in the workplace informing applicants
19 and employees of their rights under this Article. The OLSE shall update this notice on December 1 of
20 any year in which there is a change in the languages spoken by more than 5% of the San Francisco
21 workforce. At a minimum the notice described above shall contain the following information:

22 (1) A description of those matters identified in Section 4904(a) that may not be
23 considered by the Employer under any circumstances;

1 (2) A description of the restrictions and requirements that Section 4904 imposes on
2 Employers when inquiring about Conviction History in connection with an employment or hiring
3 decision;

4 (3) The definition of Evidence of Rehabilitation or Other Mitigating Factors
5 provided in Section 4903, and under what circumstances the applicant or employee has a right to
6 provide such evidence;

7 (4) The OLSE telephone number and email address that the applicant or employee
8 may use to make a report if he or she believes the Employer has violated any of the provisions of
9 Article 49.

10 (c) Employers shall post the notice described in subsection (b) in a conspicuous place at
11 every workplace, job site, or other location under the Employer's control frequently visited by their
12 employees or applicants, and shall send a copy of this notice to each labor union or representative of
13 workers with which they have a collective bargaining agreement or other agreement or understanding.
14 The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the
15 employees at the workplace, job site, or other location at which it is posted.

16 **SEC. 4906. EMPLOYER QUESTIONNAIRE.**

17 (a) The OLSE shall, by the operative date of this Article, publish and make available to
18 Employers, a questionnaire to be completed by the Employer prior to taking any final Adverse Action
19 against an applicant or employee on the basis of his or her Conviction History, that contains at a
20 minimum the following information:

21 (1) A statement that the notice is being provided in order to comply with Article 49
22 of the San Francisco Police Code.

23 (2) Questions that shall prompt the Employer to provide the following information in
24 yes/no or multiple choice format:

1 (A) *Whether, and if so when, the applicant or employee was asked to*
2 *voluntarily disclose information about his or her Conviction History;*

3 (B) *Whether, and if so when, a Background Check Report was obtained by*
4 *the Employer;*

5 (C) *If the applicant or employee requested a copy of the Background Check*
6 *Report and any items of Conviction History appeared on the report, whether the applicant or employee*
7 *submitted any evidence of inaccuracy or Evidence of Rehabilitation or Other Mitigating Factors;*

8 (D) *Whether the Employer gave consideration to any information by the*
9 *applicant or employee of the report's inaccuracy or to any Evidence Of Rehabilitation Or Other*
10 *Mitigating Factors;*

11 (E) *Whether the Employer gave any consideration to the amount of time*
12 *elapsed since the conviction or release from incarceration or conduct that is the subject of an*
13 *Unresolved Arrest;*

14 (F) *Whether the employment position at issue would give the applicant or*
15 *employee the opportunity to commit the same or similar offenses;*

16 (G) *Whether the circumstances leading to the conduct for which the applicant*
17 *or employee was convicted or that is the subject of an Unresolved Arrest would recur in the*
18 *employment position at issue; and*

19 (H) *The OLSE telephone number and email address that the applicant or*
20 *employee may use to make a report if he or she believes the Employer has violated any of the*
21 *provisions of Article 49.*

22 (b) *Upon taking any Adverse Action an Employer shall deliver to the applicant or employee*
23 *a copy of the completed questionnaire.*

24 **SEC. 4907. PROCEDURES FOR USE OF CRIMINAL HISTORY INFORMATION IN**
25 **HOUSING DECISIONS.**

1 (a) Regarding applicants or potential applicants for housing, and their household members,
2 a Housing Provider shall not, at any time or by any means, inquire about, require disclosure of, or if
3 such information is received base an Adverse Action in whole or in part on:

4 (1) An Arrest not leading to a Conviction, excepting under circumstances identified
5 in this Section an Unresolved Arrest;

6 (2) Participation in or completion of a diversion or a deferral of judgment program;

7 (3) A Conviction that has been judicially dismissed, expunged, voided, invalidated,
8 or otherwise rendered inoperative, by way of example but not limitation, under California Penal Code
9 sections 1203.4, 1203.4a, or 1203.41;

10 (4) A Conviction or any other determination or adjudication in the juvenile justice
11 system, or information regarding a matter considered in or processed through the juvenile justice
12 system; or

13 (5) A Conviction that is more than seven years old, the date of Conviction being the
14 date of sentencing.

15 Accordingly, the matters identified in this subsection (a) may not be considered in any manner
16 by the Housing Provider.

17 (b) The Housing Provider shall not require applicants for housing to disclose on any
18 housing application the fact or details of any Conviction History, any Unresolved Arrest, or any matter
19 identified in subsections (a)(1)-(5). Nor shall the Housing Provider inquire on any housing application
20 about the fact or details of any Conviction History, any Unresolved Arrest, or any matter identified in
21 subsections (a)(1)-(5).

22 (c) The Housing Provider shall not require applicants to disclose, and shall not inquire
23 into, Conviction History until the Housing Provider has first determined:

24 (1) that the applicant is legally eligible to rent the housing unit; and
25

1 (2) that the applicant is qualified to rent the housing unit under the Housing
2 Provider's criteria for assessing rental history and credit history; provided, however, that this
3 subsection (c)(2) shall apply only if the Housing Provider uses rental history and credit history
4 information in determining qualifications of applicants for housing; and provided further, that this
5 subsection (c)(2) shall not preclude a Housing Provider from obtaining a Background Check Report at
6 the same time as the Housing Provider obtains the rental history report and credit history report for an
7 applicant, so long as the Housing Provider reviews the Background Check Report only after
8 determining based on rental history and credit history that the applicant is qualified to rent the housing
9 unit.

10 (d) Prior to any Conviction History inquiry, the Housing Provider shall provide a copy of the
11 notice described in Section 4907(b) to the applicant..

12 (e) Prior to obtaining a copy of a Background Check Report, the Housing Provider shall
13 comply with all state and federal requirements including but not limited to those in the California
14 Investigative Consumer Reporting Agencies Act (ICRAA), California Civil Code sections 1786 et seq.,
15 and the Federal Consumer Reporting Act (FCRA), 15 United States Code sections 1681 et seq., to
16 provide notice to the applicant that such a report is being sought.

17 (f) In making a housing decision based on Conviction History, a Housing Provider shall
18 conduct an individualized assessment, considering only Directly-Related Convictions, and the time that
19 has elapsed since the Conviction or Unresolved Arrest. If a Housing Provider intends to base an
20 Adverse Action on an item or items of Conviction History found in a Background Check Report or
21 otherwise known by the Housing Provider, the Housing Provider shall notify the applicant in writing of
22 the prospective Adverse Action, the items forming the basis for the prospective Adverse Action, and the
23 time period for the applicant to submit further information to the Housing Provider, as provided in
24 subsection (g).

1 (g) The applicant shall have 14 days from the Housing Provider's sending of the notice
2 described in subsection (f) to submit to the Housing Provider, orally or in writing, evidence of the
3 inaccuracy of the item or items of Conviction History and/or Evidence of Rehabilitation or Other
4 Mitigating Factors. If such information is submitted within that time period, the Housing Provider
5 shall delay any Adverse Action for a reasonable period after receipt of the information and during that
6 time shall reconsider the prospective Adverse Action in light of the information. If the Housing
7 Provider then takes a final Adverse Action against the applicant, the Housing Provider shall so advise
8 the Applicant in writing.

9 (h) It shall be unlawful for any Housing Provider to produce or disseminate any
10 advertisement that expresses, directly or indirectly, that any person with an arrest or conviction record
11 will not be considered for the rental or lease of real property or may not apply for the rental or lease of
12 real property, except as required by local, state, or federal law.

13 **SEC. 4908. NOTICE AND POSTING REQUIREMENTS FOR HOUSING PROVIDERS.**

14 (a) The Housing Provider shall state in all solicitations or advertisements for the rental or
15 lease of residential real property placed by the Housing Provider or on behalf of the Housing
16 Provider, that the Housing Provider will consider for tenancy qualified applicants with criminal
17 histories in a manner consistent with the requirements of this Article.

18 (b) The HRC shall, by the operative date of this Article, publish and make available to
19 Housing Providers, in English, Spanish, and Chinese, and all languages spoken by more than 5% of the
20 San Francisco population, a notice suitable for posting that informs applicants for the rental or lease of
21 residential real property of their rights under this Article. The HRC shall update this notice on
22 December 1 of any year in which there is a change in the languages spoken by more than 5% of the San
23 Francisco population.

24 (c) Housing Providers shall post the notice prominently on their website and at any location
25 under their control that is frequently visited by applicants or potential applicants for the rental or lease

1 of residential real property. At a minimum the notice described above shall contain the following
2 information:

3 (1) A description of those matters identified in Section 4907(a) that may not be
4 considered by the Housing Provider under any circumstances;

5 (2) A description of the restrictions and requirements that Section 4907 imposes on
6 Housing Providers when inquiring about Conviction History in connection with an application for the
7 rental or lease of residential real property;

8 (3) The definition of Evidence of Rehabilitation and Other Mitigating Circumstances
9 provided in Section 4903, and under what circumstances the applicant or potential applicant has a
10 right to provide such evidence; and

11 (4) The HRC telephone number and email address the applicant or potential
12 applicant may use to make a report if he or she believes the Housing Provider has violated any of the
13 provisions of Article 49.

14 **SEC. 4909. EXERCISE OF RIGHTS PROTECTED; RETALIATION PROHIBITED.**

15 (a) It shall be unlawful for an Employer, Housing Provider, or any other person to interfere
16 with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under this Article.

17 (b) It shall be unlawful for an Employer to refuse to hire an applicant, or to discharge,
18 threaten to discharge, demote, suspend, or otherwise take Adverse Action against an employee in
19 retaliation for exercising rights protected under this Article. Such rights include but are not limited to:

20 (1) the right to file a complaint or inform any person about any Employer's alleged
21 violation of this Article;

22 (2) the right to inform any person about an Employer's alleged violation of this
23 Article;

24 (3) the right to cooperate with the OLSE or other persons in the investigation or
25 prosecution of any alleged violation of this Article;

1 (4) the right to oppose any policy, practice, or act that is unlawful under this Article;

2 or

3 (5) the right to inform any person of his or her rights under this Article.

4 (c) It shall be unlawful for a Housing Provider to interrupt, terminate, or fail or refuse to
5 initiate or conduct a transaction involving the rental or lease of residential real property, including
6 falsely representing that a residential unit is not available for rental or lease, or otherwise take Adverse
7 Action against a person in retaliation for exercising rights protected under this Article. Such rights
8 include but are not limited to:

9 (1) the right to file a complaint or inform any person about any Housing Provider's
10 alleged violation of this Article;

11 (2) the right to inform any person about a Housing Provider's alleged violation of
12 this Article;

13 (3) the right to cooperate with the HRC or other persons in the investigation or
14 prosecution of any alleged violation of this Article;

15 (4) the right to oppose any policy, practice, or act that is unlawful under this Article;

16 or

17 (5) the right to inform any person of his or her rights under this Article.

18 (d) Protections of this Section 4909 shall apply to any person who mistakenly but in good
19 faith alleges violations of this Article.

20 (e) Taking Adverse Action against a person within 90 days of the exercise of one or more of
21 the rights described in this Section 4909 shall create a rebuttable presumption that such Adverse Action
22 was taken in retaliation for the exercise of those rights.

23 **SEC. 4910. IMPLEMENTATION AND ENFORCEMENT OF EMPLOYMENT**
24 **PROVISIONS.**

25 (a) **Administrative Enforcement.**

1 (1) With regard to the employment provisions of this Article, the OLSE is authorized to take
2 appropriate steps to enforce this Article and coordinate enforcement, including the investigation of any
3 possible violations of this Article. Where the OLSE has reason to believe that a violation has occurred,
4 it may order any appropriate temporary or interim relief to mitigate the violation or maintain the status
5 quo pending completion of a full investigation or hearing. The OLSE's finding of a violation may not
6 be based on the validity of the Employer's bona fide business reason for taking an Adverse Action
7 against an applicant or employee based on his or her Conviction History. Instead, the Agency's review
8 shall be limited to an Employer's adherence to procedural, posting and documentation requirements
9 set forth in this Article.

10 (2) Where the OLSE determines that a violation has occurred, it may issue a determination
11 and order any appropriate relief, provided, however, that for a first violation, or for any violation
12 during the first twelve months following the operative date of this Article, the OLSE must issue
13 warnings and notices to correct, and offer the Employer technical assistance on how to comply with the
14 requirements of this Article. For a second violation, the OLSE may impose an administrative penalty
15 of no more than \$50.00 that the Employer must pay to the City for each employee or applicant as to
16 whom the violation occurred or continued. Thereafter, for subsequent violations, the penalty may
17 increase to no more than \$100, payable to the City for each employee or applicant whose rights were,
18 or continue to be, violated. Such funds shall be allocated to the OLSE and used to offset the costs of
19 implementing and enforcing this Article.

20 (3) If multiple employees or applicants are impacted by the same procedural violation at the
21 same time (e.g., all applicants for a certain job opening are asked for their Conviction History on the
22 initial application), the violation shall be treated as a single violation rather than multiple violations.

23 (4) Where prompt compliance is not forthcoming, the OLSE may refer the action to the City
24 Attorney to consider initiating a civil action pursuant to Subsection (b) .

1 (5) An employee, applicant or other person may report to the OLSE any suspected violation
2 of this Article within 60 days of the date the suspected violation occurred. The OLSE shall encourage
3 reporting pursuant to this subsection by keeping confidential, to the maximum extent permitted by
4 applicable laws, the name and other identifying information of the employee, applicant or person
5 reporting the violation; provided, however, that with the authorization of such person, the OLSE may
6 disclose his or her name and identifying information as necessary to enforce this Article or for other
7 appropriate purposes.

8 (6) The Director of the OLSE shall establish rules governing the administrative process for
9 determining and appealing violations of this Article. The Rules shall include procedures for:

- 10 (A) providing the Employer with notice that it may have violated this Article;
11 (B) providing the Employer with a right to respond to the notice;
12 (C) providing the Employer with notice of the OLSE's determination of a violation;
13 (D) providing the Employer with an opportunity to appeal the OLSE's determination
14 to a hearing officer, who is appointed by the City Controller or his or her designee.

15 (7) If there is no appeal of the OLSE's determination of a violation, that determination shall
16 constitute a failure to exhaust administrative remedies, which shall serve as a complete defense to any
17 petition or claim brought by the Employer against the City regarding the OLSE's determination of a
18 violation.

19 (8) If there is an appeal of the OLSE's determination of a violation, the hearing before the
20 hearing officer shall be conducted in a manner that satisfies the requirements of due process. In any
21 such hearing, the OLSE's determination of a violation shall be considered prima facie evidence of a
22 violation, and the Employer shall have the burden of proving, by a preponderance of the evidence, that
23 the OLSE's determination of a violation is incorrect. The hearing officer's decision of the appeal shall
24 constitute the City's final decision. The sole means of review of the City's final decision, rendered by
25 the hearing officer, shall be by filing in the San Francisco Superior Court a petition for writ of mandate

1 under Section 1094.5 of the California Code of Civil Procedure. The OLSE shall notify the Employer
2 of this right of review after issuance of the City's final decision by the hearing officer.

3 (b) **Civil Enforcement.** The City may bring a civil action in a court of competent
4 jurisdiction against the Employer or other person violating this Article, and, upon prevailing, shall be
5 entitled to such legal or equitable relief as may be appropriate to remedy the violation including, but
6 not limited to: reinstatement; back pay; the payment of benefits or pay unlawfully withheld; the
7 payment of an additional sum as liquidated damages in the amount of \$50.00 to each employee,
8 applicant or other person whose rights under this Article were violated for each day such violation
9 continued or was permitted to continue; appropriate injunctive relief; and, further shall be awarded
10 reasonable attorney's fees and costs.

11 (c) **Interest.** In any administrative or civil action brought under this Article, the OLSE or
12 court, as the case may be, shall award interest on all amounts due and unpaid at the rate of interest
13 specified in subdivision (b) of Section 3289 of the California Civil Code.

14 (d) **Remedies Cumulative.** The remedies, penalties, and procedures provided under this
15 Article are cumulative.

16 (e) **Limitation on Actions.** Civil Actions to enforce the employment provisions of this
17 Article must be filed within one year after the date of the violation.

18 **SEC. 4911. EMPLOYER RECORDS.**

19 (a) An Employer shall retain records of employment, application forms, and other pertinent
20 data and records required under this Article, for a period of three years, and shall allow the OLSE
21 access to such records, with appropriate notice and at a mutually agreeable time, to monitor
22 compliance with the requirements of this Article.

23 (b) An Employer shall provide information to the OLSE, or the OLSE's designee, on an
24 annual basis as may be required to verify the Employer's compliance with this Article.
25

1 (c) In no event shall the OLSE require an Employer to provide any information or
2 documents the disclosure of which would violate state or federal law.

3 (d) Where an Employer does not maintain or retain adequate records documenting
4 compliance with this Article or does not allow the OLSE reasonable access to such records, it shall be
5 presumed that the Employer did not comply with this Article, absent clear and convincing evidence
6 otherwise. The Office of Treasurer and Tax Collector shall have the authority to provide any and all
7 nonfinancial information to OLSE necessary to fulfill OLSE's responsibilities as the enforcing agency
8 under this Article. With regard to all such information provided by the Office of Treasurer and Tax
9 Collector, OLSE shall be subject to the confidentiality provisions of Subsection (a) of Section 6.22-1 of
10 the San Francisco Business and Tax Regulations Code.

11 (e) Pursuant to its rulemaking authority under this Article, the OLSE shall adopt rules that
12 establish procedures for Employers to maintain and retain accurate records and to provide annual
13 reporting of compliance to OLSE in a manner that does not require disclosure of any information that
14 would violate State or Federal privacy laws.

15 **SEC. 4912. IMPLEMENTATION AND ENFORCEMENT OF HOUSING PROVISIONS.**

16 **(a) Administrative Enforcement.**

17 (1) With regard to the housing provisions of this Article, the HRC is authorized to
18 take appropriate steps to enforce this Article and coordinate enforcement, including the investigation of
19 any possible violations of this Article.

20 (2) Where the Director of HRC determines that a violation has occurred, he or she
21 may issue a determination and order any appropriate relief, provided, however, that for a first
22 violation, or for any violation during the first twelve months following the operative date of this Article,
23 the Director must issue warnings and notices to correct, and offer the Housing Provider technical
24 assistance on how to comply with the requirements of this Article. For a second violation, the Director
25 may impose an administrative penalty of no more than \$50.00 that the Housing Provider must pay for

1 each applicant as to whom the violation occurred or continued. Thereafter, for subsequent violations,
2 the penalty may increase to no more than \$100, payable to the City for each applicant whose rights
3 were, or continue to be, violated. Such funds shall be allocated to the HRC and used to offset the costs
4 of implementing and enforcing this Article.

5 (3) If multiple applicants are impacted by the same procedural violation at the same
6 time (e.g. all applicants for a certain housing unit are asked for their Conviction History on the initial
7 application), the violation shall be treated as a single violation rather than multiple violations.

8 (4) An applicant or other person may report to the HRC any suspected violation of
9 this Article within 60 days of the date the suspected violation occurred. The HRC shall encourage
10 reporting pursuant to this subsection by keeping confidential, to the maximum extent permitted by
11 applicable laws, the name and other identifying information of the employee, applicant or person
12 reporting the violation; provided, however, that with the authorization of such person, the HRC may
13 disclose his or her name and identifying information as necessary to enforce this Article or for other
14 appropriate purposes.

15 (5) The Director of the HRC shall establish rules governing the administrative
16 process for determining and appealing violations of this Article. The Rules shall include procedures
17 for:

18 (A) providing the Housing Provider with notice that it may have violated this Article;

19 (B) providing the Housing Provider with a right to respond to the notice;

20 (C) providing the Housing Provider with notice of the Director's determination of a
21 violation;

22 (D) providing the Housing Provider with an opportunity to appeal the Director's
23 determination to the HRC.

24 (6) If there is no appeal of the Director's determination of a violation, that
25 determination shall constitute a failure to exhaust administrative remedies, which shall serve as a

1 complete defense to any petition or claim brought by the Housing Provider against the City regarding
2 the Director's determination of a violation.

3 (7) If there is an appeal of the Director's determination of a violation, the City
4 Controller or his or her designee shall appoint a person, other than a member of the Commission, to
5 serve as a hearing officer. The hearing before the hearing officer shall be conducted in a manner that
6 satisfies the requirements of due process. In any such hearing, the Director's determination of a
7 violation shall be considered prima facie evidence of a violation, and the Housing Provider shall have
8 the burden of proving, by a preponderance of the evidence, that the Director's determination of a
9 violation is incorrect.

10 (8) If the hearing officer finds that the Housing Provider has engaged in conduct in
11 violation of this Article, the hearing officer shall issue an order requiring the Housing Provider to
12 cease and desist from the practice and to offer the housing accommodation to the applicant or
13 applicants under the terms for which the unit was offered to the public. The Housing Provider shall not
14 be required to offer the housing accommodation if the unit has already been rented or leased to a
15 tenant, but the Housing Provider shall be required to offer a comparable unit, if available, to the
16 applicant or applicants.

17 (9) The decision of the hearing officer shall be final unless the Commission vacates
18 his or her decision on appeal.

19 (10) Either party may file an appeal of the hearing officer's decision with the
20 Commission. Such an appeal to the Commission from the determination of the hearing officer must be
21 made within 15 days of the mailing of the decision and findings of fact. The appeal shall be in writing
22 and must state the grounds for appellant's claim that there was either error or abuse of discretion on
23 the part of the hearing officer. Each appeal shall be accompanied by a \$15 filing fee; provided,
24 however, the fee shall be waived for an individual who files an affidavit under penalty of perjury stating
25 that he or she is an indigent person who does not have and cannot obtain the money to pay the filing fee

1 without using money needed for the necessities of life. The filing of an appeal will not stay the effect of
2 the hearing officer's decision.

3 (11) Upon receipt of an appeal, the entire administrative record of the matter,
4 including the appeal, shall be filed with the Commission.

5 (12) The Commission may in its discretion determine to hear an appeal. In deciding
6 whether to hear an appeal, the Commission shall consider, among other things, fairness to the parties,
7 hardship to either party and promotion of the policies and purposes of this Article. In determining
8 whether to hear an appeal the Commission may also review material from the administrative record of
9 the matter as it deems necessary. A vote of the majority of the Commission shall be required for an
10 appeal to be heard.

11 (13) In those cases where the Commission is able to determine on the basis of the
12 documents before it that the hearing officer has erred, the Commission may without determining
13 whether to hear the appeal remand the case for further hearing in accordance with its instructions
14 without conducting an appeal hearing. Both parties shall be notified as to the time of the re-hearing,
15 which shall be conducted within 30 days of the remand by the Commission. In those cases where the
16 Commission is able to determine on the basis of the documents before it that the hearing officer's
17 findings contain numerical or clerical inaccuracies, or require clarification, the Commission may
18 continue the hearing for purposes of referring the case back to said hearing officer in order to correct
19 the findings.

20 (14) Appeals accepted by the Commission shall be heard within 45 days of the filing
21 of an appeal. Within 30 days of the filing of an appeal, both parties shall be notified in writing as to
22 whether the appeal has been accepted. If the appeal has been accepted, the notice shall state the time of
23 the hearing and the nature of the hearing. Such notice must be mailed at least 10 days prior to the
24 hearing.

1 (15) At the appeal hearing, the parties shall have an opportunity to present oral and
2 written argument in support of their positions. The Commission may in its discretion allow the parties
3 to present additional evidence that was not considered by the hearing officer. After such hearing and
4 after any further investigation which the Commission may deem necessary, the Commission may, upon
5 hearing the appeal, affirm, reverse or modify the hearing officer's decision or may remand the case for
6 further hearing in accordance with its findings. The Commission's decision must be rendered within 45
7 days of the completion of the hearing and the parties must be notified of such decision.

8 (16) In accordance with the above subsection, the Commission shall give the parties
9 written notice of the decision. The notice shall state that the decision is final.

10 **SEC. 4913. HOUSING PROVIDER RECORDS.**

11 (a) A Housing Provider shall maintain and retain records of tenant application forms, and
12 other pertinent data and records required under this Article, for a period of three years, and shall
13 allow the HRC access to such records, with appropriate notice and at a mutually agreeable time, to
14 monitor compliance with the requirements of this Article.

15 (b) A Housing Provider shall provide information to the HRC, or the HRC's designee, on an
16 annual basis as may be required to verify the Housing Provider's compliance with this Article.

17 (c) In no event shall the HRC require a Housing Provider to provide any information or
18 documents the disclosure of which would violate state or federal law.

19 (d) Where a Housing Provider does not maintain or retain adequate records documenting
20 compliance with this Article or does not allow the HRC reasonable access to such records, it shall be
21 presumed that the Housing Provider did not comply with this Article, absent clear and convincing
22 evidence otherwise. The Office of Treasurer and Tax Collector shall have the authority to provide any
23 and all nonfinancial information to the HRC necessary to fulfill the HRC's responsibilities as the
24 enforcing agency under this Article. With regard to all such information provided by the Office of
25

1 Treasurer and Tax Collector, the HRC shall be subject to the confidentiality provisions of Subsection
2 (a) of Section 6.22-1 of the San Francisco Business and Tax Regulations Code.

3 (e) Pursuant to its rulemaking authority under this Article, the HRC shall adopt rules that
4 establish procedures for Housing Providers to maintain and retain accurate records and to provide
5 annual reporting of compliance to the HRC in a manner that does not require disclosure of any
6 information that would violate State or Federal privacy laws.

7 **SEC. 4914. RULEMAKING.**

8 (a) The Director of OLSE shall have authority to adopt regulations and guidelines that
9 implement the employment provisions of this Article or that relate to provisions of this Article of
10 general import or applicability; provided that the Director of OLSE may adopt regulations or
11 guidelines relating to provisions of general import or applicability only after consultation with the
12 Director of HRC.

13 (b) A designee of the Director of OLSE shall not have the authority under subsection (a) to
14 adopt regulations or guidelines. But, at the discretion of the Director of OLSE, a designee shall have
15 the authority to conduct hearings leading to the adoption of regulations or guidelines, and to consult
16 with the Director of HRC regarding regulations or guidelines relating to provisions of general import
17 or applicability.

18 (c) The HRC shall have authority to adopt regulations and guidelines that implement the
19 housing provisions of this Article. The HRC may delegate this function to the Director of HRC.

20 (d) A designee of the Director of HRC shall not have the authority under subsection (c) to
21 adopt regulations or guidelines. But, at the discretion of the Director of HRC, a designee shall have
22 the authority to conduct hearings leading to the adoption of regulations or guidelines, and to consult
23 with the Director of OLSE regarding regulations or guidelines relating to provisions of general import
24 or applicability.

25 **SEC. 4915. OUTREACH.**

1 (a) The OLSE shall establish a community-based outreach program to conduct education
2 and outreach to employees, applicants, and potential applicants for employment regarding rights and
3 procedures under this Article. The program may be targeted at workers or potential workers in
4 industries or communities where, in the judgment of the OLSE, the need for education and outreach is
5 greatest.

6 (b) The HRC shall establish a community-based outreach program to conduct education
7 and outreach to applicants and potential applicants for housing regarding rights and procedures under
8 this Article. The program may be targeted at individuals or communities where, in the judgment of the
9 HRC, the need for education and outreach is greatest.

10 (c) In establishing outreach programs as required by subsections (a) and (b), the OLSE and
11 the HRC may partner with each other and/or with community-based organizations. Nothing in this
12 Section 4913 shall preclude the OLSE or the HRC, by contract or grant, and consistent with other
13 provisions of City law, from engaging the services of such organizations in establishing such
14 community-based outreach programs, participating in such programs, or developing materials for such
15 programs. Nothing in this Section 4913 shall preclude the OLSE or the HRC from combining the
16 outreach programs required by subsections (a) and (b) with other related community outreach
17 programs.

18 **SEC. 4916. OTHER LEGAL REQUIREMENTS.**

19 This Article provides the minimum requirements pertaining to the protection of applicants for
20 employment, potential applicants for employment, employees, and applicants and potential applicants
21 for the rental and lease of residential real property, and shall not be construed to preempt, limit, or
22 otherwise affect the applicability of any other law, regulation, requirement, policy, or standard, or,
23 with regard to employment, any provision of a collective bargaining agreement that provides for
24 greater or other rights of or protections for applicants, potential applicants, or employees. This
25 provision shall apply both to laws, regulations, requirements, policies, standards, and collective

1 bargaining agreements in existence at the time the Article becomes operative, and to those that come
2 into existence thereafter.

3 **SEC. 4917. PREEMPTION.**

4 The City recognizes that in some circumstances state or federal law governs some of the matters
5 addressed in this Article. Nothing in this Article shall be interpreted or applied by a court or an
6 agency of City government so as to create any requirement, power, or duty in conflict with federal or
7 state law or with a requirement of any government agency, including any agency of City government,
8 implementing federal or state law. Consistent with the foregoing principle, for example, the OLSE and
9 the HRC are authorized to not enforce any provision of this Article upon determining that its
10 application in a particular context would conflict with federal or state law or with a requirement of a
11 government agency implementing federal or state law.

12 **SEC. 4918. CITY UNDERTAKING LIMITED TO PROMOTION OF GENERAL**
13 **WELFARE.**

14 In enacting and implementing this Article, the City is assuming an undertaking only to promote
15 the general welfare. The City is not assuming, nor is it imposing on its officers and employees, an
16 obligation for breach of which it is liable in money damages to any person who claims that such breach
17 proximately caused injury. This Article does not create a legally enforceable right against the City.

18 **SEC. 4919. SEVERABILITY.**

19 If any part or provision of this Article including but not limited to a section, subsection,
20 paragraph, sentence, phrase, or word, or the application thereof to any person or circumstance, is held
21 invalid, the remainder of the Article, including the application of such part or provision to other
22 persons or circumstances, shall not be affected thereby and shall continue in full force and effect. To
23 this end, provisions of this Article are severable.

24 **SEC. 4920. OPERATIVE DATE.**

1 This Article shall become operative on 180 days after enactment and shall have prospective
2 effect only, measured from the operative date forward. Enactment occurs when the Mayor signs the
3 ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of
4 receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

5
6 Section 2. The San Francisco Administrative Code is hereby amended by adding
7 Chapter 12T, Sections 12T.1-12T.11 to read as follows:

8 **CHAPTER 12T: CITY CONTRACTOR/SUBCONTRACTOR CONSIDERATION OF**
9 **CRIMINAL HISTORY IN HIRING AND EMPLOYMENT DECISIONS**

10 **SEC. 12T.1. DEFINITIONS**

11 For the purposes of this Chapter, the following words and phrases shall mean and include:

12 "Adverse Action" shall have the same meaning as in Police Code Section 4903.

13 "Arrest" shall have the same meaning as in Police Code Section 4903.

14 "Background Check Report" shall have the same meaning as in Police Code Section 4903.

15 "City" shall mean the City and County of San Francisco.

16 "Contract" shall mean an agreement for public works or improvements to be performed, or for
17 goods or services to be purchased or grants to be provided, at the expense of the City or to be paid out
18 of moneys deposited in the treasury or out of trust moneys under the control or collected by the City,
19 and does not include Property contracts, agreements entered into after June 1, 1997 pursuant to
20 settlement of legal proceedings, contracts for urgent litigation expenses, or contracts for a cumulative
21 amount of \$5,000 or less per vendor in each fiscal year.

22 "Contractor" means any person or persons, firm, partnership, corporation, or combination
23 thereof, who enters into a Contract or Property Contract with a department head or officer empowered
24 by law to enter into Contracts or Property Contracts on the part of the City.

25 "Conviction" shall have the same meaning as in Police Code Section 4903.

1 "Conviction History" shall have the same meaning as in Police Code Section 4903.

2 "Directly-Related Conviction" shall have the same meaning as in Police Code Section 4903.

3 "Employment" shall have the same meaning as in Police Code Section 4903.

4 "Evidence Of Rehabilitation Or Other Mitigating Factors" shall have the same meaning as in
5 Police Code Section 4903.

6 "HRC" and "Director of HRC" shall have the same meaning as in Police Code Section 4903 .

7 "Inquire" shall have the same meaning as in Police Code Section 4903.

8 "OLSE" and "Director of OLSE" shall have the same meaning as in Police Code Section 4903.

9 "Person" shall have the same meaning as in Police Code Section 4903.

10 "Property Contract" shall mean a written agreement for the exclusive use or occupancy of real
11 property for a term exceeding 29 days in any calendar year, whether by singular or cumulative
12 instrument (i) for the operation or use by others of real property owned or controlled by the City for the
13 operation of a business, social, or other establishment or organization, including leases, concessions,
14 franchises and easements, or (ii) for the City's use or occupancy of real property owned by others,
15 including leases, concessions, franchises and easements. For the purposes of this Chapter, "exclusive
16 use" means the right to use or occupy real property to the exclusion of others, other than the rights
17 reserved by the fee owner. "Property Contract" shall not include a revocable at-will use or
18 encroachment permit for the use of or encroachment on City property regardless of the ultimate
19 duration of such permit, except that " Property Contract" shall include such permits granted to a
20 private entity for the use of City property for the purpose of a for-profit activity. "Property contract"
21 shall also not include street excavation, street construction or street use permits, agreements for the use
22 of City right-of-way where a contracting utility has the power of eminent domain, or agreements
23 governing the use of City property which constitutes a public forum for activities that are primarily for
24 the purpose of espousing or advocating causes or ideas and that are generally recognized as protected
25 by the First Amendment to the U.S. Constitution, or which are primarily recreational in nature.

1 "Subcontract" shall mean an agreement to (i) provide goods and/or services, including
2 construction labor, materials or equipment, to a Contractor, if such goods or services are procured or
3 used in the fulfillment of the Contractor's obligations arising from a Contract with the City, or (ii) to
4 transfer the right to occupy or use all or a portion of a real property interest subject to a Property
5 Contract to a Subcontractor and pursuant to which the Contractor remains obligated under the
6 Property Contract.

7 "Subcontractor" means any person or persons, firm, partnership, corporation or any
8 combination thereof, who enters into a Subcontract with a Contractor. Such term shall include any
9 person or entity who enters into an agreement with any Subcontractor for the performance of 10
10 percent or more of any subcontract.

11 "Unresolved Arrest" shall have the same meaning as in Police Code Section 4903.

12 **SEC. 12T.2 APPLICABILITY OF CHAPTER TO CONTRACTORS AND**
13 **SUBCONTRACTORS**

14 The requirements of this Chapter shall only apply to a Contractor's operations within San
15 Francisco, and only to the extent those operations are in furtherance of performing a Contract with the
16 City.

17 **SEC. 12T.3 ALL CONTRACTS AND PROPERTY CONTRACTS TO INCLUDE**
18 **PROVISION REQUIRING COMPLIANCE WITH THIS CHAPTER**

19 All contracting agencies of the City, or any department thereof, acting for or on behalf of the
20 City, shall include in all Contracts and Property Contracts hereinafter executed or amended in any
21 manner or as to any portion thereof, a provision requiring Contractor compliance with this Chapter
22 and shall require such Contractor to include a similar provision in all Subcontracts executed and
23 amended thereunder, and failure to do so shall constitute a material breach of contract.

24 **SEC. 12T.4 PROCEDURES FOR CONTRACTOR USE OF CRIMINAL HISTORY**
25 **INFORMATION IN EMPLOYMENT DECISIONS**

1 (a) In making employment decisions, a Contractor or Subcontractor shall not require
2 applicants for employment or its employees to disclose, orally or in writing, the fact or details of any
3 prior Conviction History, including any inquiry about conviction history on any employment
4 application, and shall not inquire into any prior Conviction History, until after the first live interview
5 (via telephone, video conference or in person) or after a conditional offer of employment.

6 (b) After the first interview or a conditional offer of employment, a Contractor or
7 Subcontractor may inquire about felony and misdemeanor convictions occurring within the previous
8 seven years. The Contractor or Subcontractor shall not inquire about, and in the event that such
9 information is received, shall not base an Adverse Action upon:

10 (1) An arrest not leading to a conviction unless required by state or federal law;

11 (2) Participation in or completion of a diversion or a deferral of judgment program;

12 or

13 (3) A conviction that has been judicially dismissed, for example, pursuant to
14 California Penal Code §§ 1203.4, 1203.4 or 1203.41.

15 (c) Notwithstanding the requirements of this section, if at any time an applicant or employee
16 spontaneously volunteers information about his or her Conviction History without prompting by the
17 Employer, the Employer may ask follow up questions and make further inquiries about the applicant or
18 employee's Conviction History.

19 (d) Prior to any Conviction History inquiry, the Employer shall provide a copy of the notice
20 described in Section 4905(b) to the applicant or employee.

21 (e) Prior to obtaining a copy of a Background Check Report, the Employer shall comply
22 with all state and federal requirements including California Investigative Consumer Reporting
23 Agencies Act (ICRAA) and/or the Federal Consumer Reporting Act (FCRA) to provide notice to the
24 applicant or employee that such a report is being sought. For applicants or employees who elect to
25 receive a copy of the report, the Employer must also notify them of their right pursuant to this section

1 to provide the Employer with evidence of inaccuracy or Evidence of Rehabilitation or Other Mitigating
2 Circumstances regarding any items of Conviction History found in the report, and that such
3 information must be received within 5 days of the date that the report is sent to the applicant or
4 employee in order to receive Employer consideration.

5 (e) In making an employment decision based on an applicant's or employee's Conviction
6 History, a Contractor or Subcontractor shall conduct an individualized assessment, considering only
7 Directly-Related Convictions, the time that has elapsed since the conviction, and any evidence of
8 inaccuracy or Evidence of Rehabilitation or Other Mitigating Circumstances.

9 (f) If a Contractor or Subcontractor intends to base an Adverse Action on an item or items
10 of Conviction History found in the applicant or employee Background Check Report, and the applicant
11 or employee submits evidence of the items' inaccuracy or Evidence of Rehabilitation or Other
12 Mitigating Circumstances within the required time period, the Employer shall delay any Adverse
13 Action for a reasonable time after receipt of this evidence and during that time shall reconsider the
14 proposed Adverse Action in light of this evidence.

15 (g) Upon taking any final Adverse Action based on the Conviction History of an applicant
16 or employee, a Contractor or Subcontractor shall give the applicant or employee written notice of the
17 final Adverse Action in a document that conforms to the requirements of Police Code Section 4905(d).

18 (h) A Contractor or Subcontractor shall not produce or disseminate any advertisement that
19 expresses, directly or indirectly, that any person with an arrest or conviction will not be considered for
20 employment or may not apply for employment, except as required by local, state, or federal law.

21 (i) Nothing in this Section shall be construed to prohibit a Contractor or Subcontractor
22 from observing the conditions of a seniority system or an employee benefit system, provided such
23 systems or plans are not a subterfuge to evade the purposes or requirements of this Chapter.

24 **SEC. 12T.5. NOTICE AND POSTING REQUIREMENTS FOR CONTRACTORS AND**
25 **SUBCONTRACTORS**

1 (a) The Contractor or Subcontractor will state in all solicitations or advertisements for
2 employees placed by or on his or her behalf, that the Contractor or Subcontractor will consider for
3 employment qualified applicants with Conviction Histories in a manner consistent with the
4 requirements of this Chapter.

5 (b) **Notice of Rights under this Chapter.** The OLSE shall, by the operative date of this
6 Chapter, publish and make available to Contractors and Subcontractors, in all languages spoken by
7 more than 5% of the San Francisco workforce, a notice substantially similar in form and content to the
8 notice described in Police Code Section 4905(b). However, the notice shall cite this Chapter rather
9 than Police Code Article 49 as the applicable legal authority for the rights and obligations described
10 therein. Contractors and Subcontractors shall be subject to the same distribution and posting
11 requirements for this notice as described in Police Code Section 4905(c).

12 (c) **Final Adverse Action.** The OLSE shall, by the operative date of this Article, publish
13 and make available to Contractors and Subcontractors, a questionnaire to be completed by the
14 Employer prior to taking any final Adverse Action against an applicant or employee on the basis of his
15 or her Conviction History. The notice shall be substantially similar in form and content to the notice
16 described in Police Code Section 4905(d). However, the notice shall cite this Chapter rather than
17 Police Code Article 49 as the applicable legal authority for the rights and obligations described
18 therein.

19 (d) Upon taking any final Adverse Action against an applicant or employee on the basis of
20 his or her Conviction History, a Contractor or Subcontractor shall deliver to the applicant or
21 employee a copy of the completed questionnaire described above.

22 **SEC 12T.6 IMPLEMENTATION AND ENFORCEMENT**

23 (a) The OLSE is authorized to take appropriate steps to enforce and coordinate enforcement
24 of this Chapter, including the investigation of possible violations of this Chapter. The OLSE's finding
25 of a violation may not be based on the validity of the Contractor's or Subcontractor's bona fide

1 business reason for taking an Adverse Action against an applicant or employee based on his or her
2 Conviction History. Instead, the Agency's review shall be limited to a Contractor's or Subcontractor's
3 adherence to procedural, posting and documentation requirements set forth in this Chapter. If multiple
4 employees or applicants are impacted by the same procedural violation at the same time (e.g., all
5 applicants for a certain job opening are asked for their conviction history on the initial application),
6 the violation shall be treated as a single violation rather than multiple violations.

7 (b) An employee, applicant or other person may report to the OLSE any suspected violation
8 of this Chapter. The OLSE shall encourage reporting pursuant to this subsection by keeping
9 confidential, to the maximum extent permitted by applicable laws, the name and other identifying
10 information of the employee or person reporting the violation; provided, however, that with the
11 authorization of such person, the OLSE may disclose his or her name and identifying information as
12 necessary to enforce this Chapter or for other appropriate purposes.

13 (c) A Contractor or Subcontractor shall be deemed to have breached the provisions
14 regarding the procedures for use of Conviction History in employment upon a finding by the OLSE that
15 the Contractor or Subcontractor has willfully violated these provisions, provided, however, that for a
16 first violation, or for any violation during the first twelve months following the operative date of this
17 Chapter, the OLSE must issue warnings and notices to correct, and offer the Contractor or
18 Subcontractor technical assistance on how to comply with the requirements of this Chapter.

19 (d) Upon a subsequent finding of a violation of this Chapter, the awarding authority shall
20 notify the Contractor or Subcontractor that unless the Contractor or Subcontractor demonstrates to the
21 satisfaction of the OLSE within such reasonable period as the OLSE shall determine, that the violation
22 has been corrected, action will be taken as set forth in subparagraphs (g) through (j) hereof.

23 (e) The Director of the OLSE shall establish rules governing the administrative process for
24 determining and appealing violations of this Chapter. The Rules shall include procedures for:

1 (1) providing the Contractor or Subcontractor with notice that it may have violated
2 this Chapter;

3 (2) providing the Contractor or Subcontractor with a right to respond to the notice;

4 (3) providing the Contractor or Subcontractor with notice of the OLSE's
5 determination of a violation;

6 (4) providing the Contractor with an opportunity to appeal the OLSE's
7 determination to a hearing officer, who is appointed by the City Controller or his or her designee.

8 (f) If there is an appeal of the OLSE's determination of a violation, the hearing before the
9 hearing officer shall be conducted in a manner that satisfies the requirements of due process. In any
10 such hearing, the OLSE's determination of a violation shall be considered prima facie evidence of a
11 violation, and the Contractor or Subcontractor shall have the burden of proving, by a preponderance of
12 the evidence, that the OLSE's determination of a violation is incorrect. The hearing officer's decision
13 of the appeal shall constitute the City's final decision.

14 (g) For a second violation, the awarding authority may deduct from the amount payable to
15 the Contractor or Subcontractor by the City under any Contract subject to this Chapter, or the OLSE
16 may impose upon the Contractor or Subcontractor, a penalty of \$50 for each day or portion thereof
17 and for each employee, applicant or other person as to whom the violation occurred or continued.
18 Thereafter, for subsequent violations, the penalty may increase to no more than \$100, payable to the
19 City for each day or portion thereof, and for each employee or applicant whose rights were, or
20 continue to be, violated. Such funds shall be allocated to the OLSE and used to offset the costs of
21 implementing and enforcing this Chapter.

22 (h) In addition to any other penalties provided for the violation of this Chapter, the Contract
23 or Subcontract may be terminated or suspended, in whole or in part, by the awarding authority upon
24 the basis of a finding as set forth in subsection (f) that the Contractor or Subcontractor has violated the

1 provisions of this Chapter, and all moneys due or to become due hereunder may be forfeited to, and
2 retained by, the City.

3 (i) A violation of the provisions of this Chapter during the performance of a Contract, or
4 Subcontract shall be deemed by the City to be a material breach of Contract and the basis for
5 determination by the awarding authority that the Contractor or Subcontractor is an irresponsible
6 bidder as to all future contracts for which such Contractor or Subcontractor may submit bids. Such
7 Contractor or Subcontractor shall not for a period of up to two years thereafter, be allowed to act as a
8 Contractor or Subcontractor under any Contract or Property Contract.

9 (j) Nothing contained in this Chapter shall be construed in any manner so as to prevent the
10 City from pursuing any other remedies that may be available at law, equity or under any Contract or
11 Property Contract.

12 (k) **Rulemaking Authority.** The Director of OLSE shall have authority to issue regulations
13 or develop guidelines that implement the provisions of this Chapter. A designee of the Director shall
14 not have the authority under the foregoing sentence of this Section; but a designee of the Director shall
15 have the authority to conduct hearings leading to the adoption of regulations or guidelines.

16 **SEC. 12T.7 CONTRACTOR RECORDS**

17 (a) All Contractors and Subcontractors shall be subject to the same requirements for access
18 to and maintenance of employment records as described in Police Code Section 4910. In no event shall
19 OLSE require a Contractor or Subcontractor to provide any information or documents the disclosure
20 of which would violate state or federal law.

21 (b) A Contractor or Subcontractor shall provide information to the OLSE, or the OLSE's
22 designee, such information on an annual basis as may be required to verify the Contractor or
23 Subcontractor's compliance with this Article.

24 (c) Where a Contractor or Subcontractor does not maintain or retain adequate records
25 documenting compliance with this Chapter and does not allow OLSE reasonable access to such

1 records, it shall be presumed that the Contractor or Subcontractor did not comply with this Article,
2 absent clear and convincing evidence otherwise. The Office of Treasurer and Tax Collector shall have
3 the authority to provide any and all nonfinancial information to OLSE necessary to fulfill OLSE's
4 responsibilities as the enforcing agency under this Chapter. With regard to all such information
5 provided by the Office of Treasurer and Tax Collector, OLSE shall be subject to the confidentiality
6 provisions of Subsection (a) of Section 6.22-1 of the San Francisco Business and Tax Regulations
7 Code.

8 (d) The OLSE shall promulgate rules and regulations for the implementation of this
9 Chapter.

10 **SEC. 12T.8. CHAPTER APPLIES ONLY TO EMPLOYMENT PRACTICES OF**
11 **CONTRACTORS AND SUBCONTRACTORS.**

12 This Chapter shall not confer upon the City and County of San Francisco or any agency, board
13 or commission thereof any power not otherwise provided by law to determine the legality of any
14 existing collective bargaining agreement and shall have application only to employment practices by
15 contractors or subcontractors engaged in the performance of City and County contracts or property
16 contracts.

17 **SEC. 12T.9 NONAPPLICABILITY, EXCEPTIONS AND WAIVERS.**

18 (a) The OLSE shall waive the requirements of this Chapter under the following
19 circumstances:

20 (1) Whenever the OLSE finds, upon the advice of the awarding authority, that there
21 is only one prospective contractor willing to enter into a property contract with the City for use of City
22 property on the terms and conditions established by the City, or that the needed goods, services,
23 construction services for a public work or improvement, or interest in or right to use real property are
24 available only from a sole source and the prospective contractor is not currently disqualified from
25

1 doing business with the City, or from doing business with any governmental agency based on any
2 contract compliance requirements;

3 (2) If the contracting department, board or commission certifies in writing to the
4 OLSE that pursuant to Administrative Code Sections 6.30 or 21.25 the contract or property contract is
5 necessary to respond to an emergency which endangers the public health or safety and no entity which
6 complies with the requirements of this Chapter capable of responding to the emergency is immediately
7 available; provided that such certification must be made prior to the Controller's contract certification;

8 (3) Where the City Attorney certifies in writing to the OLSE that the contract
9 involves specialized litigation requirements such that it would be in the best interests of the City to
10 waive the requirements of this Chapter.

11 (b) This Chapter shall not apply where the prospective contractor is a public entity and the
12 OLSE finds that goods, services, construction services for a public work or improvement or interest in
13 or right to use real property of comparable quality or accessibility as are available under the proposed
14 contract or property contract are not available from another source, or that the proposed contract or
15 property contract is necessary to serve a substantial public interest.

16 (c) This Chapter shall not apply where the contracting officer finds that the requirements of
17 this Chapter will violate or are inconsistent with the terms or conditions of a grant, subvention or
18 agreement with a public agency or the instructions of an authorized representative of any such agency
19 with respect to any such grant, subvention or agreement, provided that the contracting officer has made
20 a good faith attempt to change the terms or conditions of any such grant, subvention or agreement to
21 authorize application of this Chapter.

22 (d) Upon the request of a potential contractor or upon the contracting officer's own
23 initiative, after taking all reasonable measures to find an entity that complies with the law, the
24 contracting officer may waive any or all of the requirements of this Chapter for any contract, property
25 contract or bid package advertised and made available to the public, or any competitive or sealed bids

1 received by the City as of the date of the enactment of this ordinance under the following
2 circumstances:

3 (1) Where the contracting officer determines that there are no qualified responsive
4 bidders or prospective contractors who could be certified by the OLSE as being in compliance with the
5 requirements of this Chapter and that the contract or property contract is for goods, a service or a
6 project that is essential to the City or City residents; or

7 (2) Where the contracting officer determines that transactions entered into pursuant
8 to bulk purchasing arrangements through federal, State or regional entities which actually reduce the
9 City's purchasing costs would be in the best interests of the City; or

10 (3) Where the contracting officer determines that the requirements of this Chapter
11 would result in the City's entering into a contract with an entity that was set up, or is being used, for the
12 purpose of evading the intent of this Chapter, which is to prohibit the City from entering into contracts
13 with entities that discriminate based on the criteria set forth in this Chapter;

14 (4) The waiver authority granted to contracting officers in this Section shall be
15 subject to the requirements that:

16 (i) All proposed waivers must be submitted to the OLSE and the Clerk of the
17 Board of Supervisors. All proposed waivers must set forth the reasons the contracting officer is
18 requesting the waiver, what steps were taken to find an entity that complies with this Chapter and why
19 the waiver does not defeat the intent of this Chapter, which is to prohibit the City from entering into
20 contracts with entities that do not comply with the requirements of this Chapter to follow certain
21 procedures when inquiring about and using criminal history information in employment and hiring
22 decisions. Such waivers shall be subject to the prior approval of the OLSE, who shall take action
23 approving or denying a proposed waiver within 30 days of receiving a notification of a proposed
24 waiver from a contracting officer. If after 30 days the OLSE has taken no action on the proposed
25

1 waiver, the waiver shall be deemed approved. The Clerk of the Board of Supervisors shall list the
2 notice of the proposed waiver at the rear of the next available Board agenda, and

3 (ii) Contracting officers report to the OLSE whenever such a waiver is
4 granted within five days of granting the waiver, and

5 (iii) For any contract subject to approval by the Board, the contracting officer
6 shall state in the approving resolution whether any waiver under this section has been or is proposed to
7 be granted for that contract, and

8 (iv) The OLSE shall conduct quarterly comprehensive reviews of the use of
9 the waiver authority by departments and shall make a report to the Board of Supervisors. Contracting
10 officers who have exercised waiver authority under this Section in the previous quarter must appear
11 before a Board of Supervisors committee and report on their use of such waiver authority. If the Board
12 finds abuse of waiver authority by a department under this Section, either as a result of a report of the
13 OLSE or upon its own initiative, the Board may by resolution transfer that waiver authority for that
14 department to the OLSE, to be exercised by the OLSE upon recommendation of the contracting officer
15 under any or all of the circumstances enumerated in this Section;

16 (5) Nothing in this section shall limit the right of the Board of Supervisors to waive
17 the provisions of this Chapter.

18 (e) This Chapter shall not apply to (i) the investment of trust moneys or agreements relating
19 to the management of trust assets, (ii) City moneys invested in U.S. government securities or under pre-
20 existing investment agreements, or (iii) the investment of City moneys where the Treasurer finds that:

21 (1) No person, entity or financial institution doing business in the City and County
22 which is in compliance with this Chapter is capable of performing the desired transactions(s); or

23 (2) The City will incur a financial loss which in the opinion of the Treasurer would
24 violate his or her fiduciary duties.

1 This subparagraph (e) shall be subject to the requirement that City moneys shall be withdrawn
2 or divested at the earliest possible maturity date if deposited or invested with a person, entity or
3 financial institution other than the U.S. government which does not comply with this Chapter.

4 (f) The General Manager of the Public Utilities Commission may waive the requirements of
5 this Chapter where the contractor is providing wholesale or bulk water, power or natural gas, the
6 conveyance or transmission of same, or ancillary services such as spinning reserve, voltage control, or
7 loading scheduling, as required for assuring reliable services in accordance with good utility practice,
8 to or on behalf of the San Francisco Public Utilities Commission; provided that the purchase of same
9 may not practically be accomplished through the City's standard competitive bidding procedures; and
10 further provided that this exemption shall not apply to contractors or franchisees providing direct,
11 retail services to end users within the City and County of San Francisco.

12 **SEC. 12T.11 SEVERABILITY**

13 If any part or provision of this Chapter, or the application thereof to any person or
14 circumstance, is held invalid, the remainder of the Chapter, including the application of such part or
15 provision to other persons or circumstances, shall not be affected thereby and shall continue in full
16 force and effect. To this end, provisions of this Chapter are severable.

18 Section 3. Effective Date and Operative Date.

19 (a) This ordinance shall become effective 30 days after enactment. Enactment
20 occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or
21 does not sign the ordinance within ten days of receiving it, or the Board of Supervisors
22 overrides the Mayor's veto of the ordinance.

23 (b) This ordinance shall become operative 180 days after enactment and shall have
24 prospective effect only, measured from the operative date forward.

1 APPROVED AS TO FORM:
2 DENNIS J. HERRERA, City Attorney

3 By: _____
4 PAUL ZAREFSKY
5 Deputy City Attorney

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