**BOARD of SUPERVISORS** 



City Hall 1 Dr. Carlton B. Goodlett Place, Room 244 San Francisco 94102-4689 Tel. No. 554-5184 Fax No. 554-5163 TDD/TTY No. 554-5227

# MEMORANDUM

TO: All City Department Heads via Mawuli Tugbenyoh, Liaison to the Board of Supervisors, Mayor's Office
Adrienne Pon, Executive Director, Office of Civic Engagement & Immigrant Affairs
Jaci Fong, Director, Office of Contract Administration
Romulus Asenloo, Acting Director, Contract Monitoring Division
Harlan Kelly, Jr., General Manager, Public Utilities Commission
FROM: Alisa Somera, Legislative Deputy Director

Land Use and Transportation Committee

DATE: March 29, 2017

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Ronen on March 21, 2017:

File No. 170295

Ordinance amending the Administrative Code to prohibit City contracting with companies who bid on contracts or contract with the Federal Government to provide services or goods to construct the border wall referenced in Executive Order No. 13767, dated January 25, 2017.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: <u>alisa.somera@sfgov.org</u>.

c: Kofo Domingo, Office of Contract Administration Rachel Gage, Office of Contract Administration Rochelle Fretty, Contract Monitoring Division Juliet Ellis, Public Utilities Commission Donna Hood, Public Utilities Commission John Scarpulla, Public Utilities Commission FILE NO. 170295

ORDINANCE NO.

[Administrative Code - Ban on City Contracts with Border Wall Contractors]

Ordinance amending the Administrative Code to prohibit City contracting with companies who bid on contracts or contract with the Federal Government to provide services or goods to construct the border wall referenced in Executive Order

No. 13767, dated January 25, 2017.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in <u>single-underline italics Times New Roman font</u>. Deletions to Codes are in <u>strikethrough italics Times New Roman font</u>. Board amendment additions are in <u>double-underlined Arial font</u>. Board amendment deletions are in <u>strikethrough Arial font</u>. 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 Administrative Code is hereby amended by adding Chapter 12E,

Sections 12E.1-12E.10, to read as follows:

# CHAPTER 12E: PROHIBITING CONTRACTING WITH CONTRACTORS WORKING ON <u>THE BORDER WALL</u>

# SEC. 12E.1. FINDINGS AND PURPOSE.

San Francisco has a long history of valuing immigrants and all the contributions they make to

the City and to the United States. The City values immigrants' rights and the dignity of all persons.

regardless of their immigration status.

San Francisco is a city of immigrants and refugees, with approximately a third of its residents being foreign-born. The City's diversity provides a strong foundation for its economic vitality, cultural

vibrancy, and social character. San Francisco's immigrant community makes significant contributions
to power the City's economy and revitalize local communities that otherwise are in decline.
Throughout the 2016 presidential race, Donald J. Trump, then a candidate for the presidency of
the United States, made racist and xenophobic statements that became a cornerstone of his campaign.
Amidst a whirlwind of statements disparaging Mexican immigrants, he stated "[t]hey're bringing
drugs. They're bringing crime. They're rapists." He stated that Mexican immigrants "are killers and
rapists." He blamed the Mexican government for sending "the bad ones over because they don't want
to pay for them," and made other derogatory and discriminatory assertions. Donald J. Trump built
much of his presidential campaign around the promise of building a wall on the southern border to stop
illegal immigration to the United States, based on his defamatory characterizations of those who cross
the border into the United States.
Once elected, President Donald J. Trump issued Executive Order No. 13,767 on January 25,
2017, titled, "Border Security and Immigration Enforcement Improvements." 82 Federal Register
8793. The Executive Order directs the Department of Homeland Security to take all appropriate steps
to immediately plan, design, and construct a physical wall along the southern border between the
United States and Mexico, using appropriate materials and technology to achieve complete operational

control of the southern border. The Executive Order also directs the Administration to prioritize the use of Federal lands and funding for the enforcement of border security and the construction of the border wall.

<u>The City and County of San Francisco does not support the building of such a wall, as it stands</u> <u>as a symbol of prejudice, discrimination, and the denial of human dignity. The City should not support</u> <u>through its contracting process any business that seeks to capitalize off of building this wall. The City</u> <u>and the country have always stood in support of the innovation, work ethic, and strengths that</u> <u>immigrants bring to this country. San Francisco has been a direct beneficiary of those contributions.</u>

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The Executive Order, and the wall it seeks to build, represent an affront to American values, and to the dignity that is owed to all persons, regardless of their national origin or immigration status.

<u>The City has a strong interest in dissociating itself from the symbol this wall represents, which</u> <u>requires dissociating itself from the entities and individuals that seek to enrich themselves at the</u> <u>expense of the values the City holds dear and the solidarity the City treasures among its immigrant and</u> <u>native-born residents. The Board of Supervisors finds that the City should adhere to its values of</u> <u>diversity, inclusion and openness when exercising its contracting authority, and make a concrete</u> <u>statement of these values by refusing to contract with business partners who seek to benefit financially</u> <u>from perpetuating the divisive symbolism that the Trump Administration's border wall reflects and</u> <u>promotes. The City should not expend City funds on businesses that seek to profit from building a wall,</u> <u>which contravenes these values.</u>

## SEC. 12E.2. DEFINITIONS.

<u>"Border Wall" means, as defined in the Executive Order and in the Secure Fence Act of 2006,</u> <u>a contiguous, physical wall or other similarly secure, contiguous, and impassable physical barrier</u> <u>along the land border between the United States and Mexico, including all points of entry, as well as</u> <u>associated improvements to gain operational control along such land border, including but not limited</u> <u>to, roads, lighting, cameras, and sensors.</u>

<u>"Border Wall Contract" means a contract with the Federal Government to provide services or</u> goods to build the Border Wall.

<u>"Border Wall Entity" means any corporation, partnership, individual, sole proprietorship, joint</u> venture, or other non-governmental legal entity or combination thereof, which has submitted a bid or proposal in response to a procurement request, or otherwise proposes to enter into or has entered into a Border Wall Contract on or after January 25, 2017.

	"Border Wall Work" means any work performed or goods provided pursuant to a Border Wall
	Contract.
	"City" means the City and County of San Francisco.
	"Contract" means an agreement between a Contracting Department and any person or entity
	that provides, at the expense of the City, for public works or public improvements to be purchased
	under Chapter 6 of the Administrative Code, or for commodities or services to be purchased under
	Chapter 21 of the Administrative Code. Notwithstanding the foregoing, "Contract" shall not include:
	(a) Agreements for the investment of trust money or relating to the management of trust
	assets, agreements to invest City moneys in U.S. government securities, or agreements for the
	investment, deposit, or safekeeping of City moneys, where, for any such agreement, the Treasurer, as a
	fiduciary of the City, determines that entering into the agreement is in the interest of soundly investing
a	public assets; or
8	(b) Agreements entered into for underwriting services for the purchase and sale of City
	bonds, notes, and other forms of indebtedness; or
i.	(c) Agreements for a cumulative amount of \$10,000 or less per Contractor in each fiscal
;	year; or
	(d) Agreements advertised, solicited, or initiated prior to the Operative Date of this
5	Chapter 12E, including amendments to existing Contracts. Only agreements first advertised, solicited,
)	or initiated on or after the Operative Date are included in the definition of "Contract."
)	"Contracting Department" means the City department, office, board, commission, or other
ĺ.	City agency authorized to enter into a Contract on behalf of the City.
2	"Contractor" means any corporation, partnership, individual, sole proprietorship, joint
3	venture, or other non-governmental legal entity or combination thereof, which enters into a Contract
Ļ	with the City.

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<u>"Executive Order" means the Executive Order entitled, "Border Security and Immigration</u> <u>Enforcement Improvements," Exec. Order No. 13,767, 82 Fed. Reg. 8793 (January 25, 2017).</u> "Operative Date" means 90 days after the effective date of Chapter 12E.

#### SEC. 12E.3. BORDER WALL ENTITY LIST

(a) The Controller shall develop and post, using credible information available to the public, a list of Border Wall Entities as determined by the Controller to have bid, proposed on and/or entered into Border Wall Contracts. The Controller shall develop the initial list no later than the Operative Date, except that the Controller has the obligation to use his or her best efforts to develop the list as soon as practicable after enactment. Once developed, such list will be posted on the Controller's website, and updated twice a year thereafter.

(b) Prior to the final development and posting of the list required to be produced pursuant to subsection 12E.3(a), and with each biannual update of the list, the Controller shall provide written notice to all Border Wall Entities to be included on the list, together with written notice informing such entity or person that inclusion on such list would make the entity or person unable to enter into Contracts with the City, and that such entity or person may apply to the Controller to appeal the Controller's decision and seek to be removed from such list pursuant to the requirements of subsection 12E.3(c), or may seek a court order for the same purpose.

(c) In the event an entity or person included by the Controller on the list referenced in subsection 12E.3(a) appeals the Controller's decision. it must certify, in writing, to the Controller's satisfaction that such entity or person permanently has ceased submitting bids or proposals for the purpose of entering into a Border Wall Contract and, in the case of a Border Wall Entity that has performed Border Wall Work, has ceased performing such work, or obtains a court order from a court of competent jurisdiction that such entity or person shall be removed from such list due to the court's determination that such entity or person permanently has ceased submitting bids or proposals for the

purpose of entering into a Border Wall Contract and, in the case of a Border Wall Entity that has performed Border Wall Work, has ceased performing such work. If the Controller receives a satisfactory certification or court determination as described in the preceding sentence, then the Controller shall remove such entity or person from its list referenced in subsection 12E.3(a).

## SEC. 12E.4 CONTRACTING.

(a) The City shall not enter into a Contract with a Border Wall Entity.

(b) Contracting Departments shall require all entities or persons that submit a bid or proposal in response to a solicitation for procurement for a Contract, or otherwise proposes to enter into a Contract, to certify that the entity or person is not identified on the list referenced in subsection 12E.3(a) and that the entity or person will not bid on, propose to perform Border Wall Work, or enter into a Border Wall Contract during the term of the proposed Contract. All entities or persons that submit a bid or proposal in response to a solicitation for procurement for a Contract, or otherwise propose to enter into a Contract, shall execute a certification that the entity or person is not on the list referenced in subsection 12E.3(a) and that it commits to not pursue Border Wall Work or enter into a Border Wall Contract during the term of the proposed Contract.

## SEC. 12E.5. NONAPPLICABILITY, EXCEPTIONS, AND WAIVERS.

(a) Section 12E.4 shall not apply to Contracts in the following circumstances:

(1) The services or goods under the applicable Contract are available only from one source as approved by the appropriate authority pursuant to applicable provisions of the Administrative Code: there are no qualified responsive bidders, proposers, or prospective vendors that

comply with the requirements of Section 12E.4 to perform the applicable Contract; or, as determined in writing by the Controller, the City would otherwise be unable to obtain essential goods or services on a reasonable basis; or

(2) The Contracting Department determines, pursuant to applicable provisions of the Administrative Code, that the Contract is necessary to respond to an emergency which endangers the public health or safety: and further determines that no entity that complies with subsection 12E.4 and is capable of responding to the emergency is immediately available to perform the required services; or

(3) The General Manager of the San Francisco Public Utilities Commission may waive the requirements of this Chapter 12E where the Contractor is providing wholesale or bulk water, power, or natural gas, the conveyance or transmission of same, or ancillary services such as spinning reserve, voltage control, or loading scheduling, as required for assuring reliable services in accordance with good utility practice, to or on behalf of the San Francisco Public Utilities Commission; provided that the purchase of same may not practically be accomplished through the City's standard competitive bidding procedures; and further provided that this waiver provision shall not apply to Contractors or franchisees providing direct, retail services to end users within the City; and

(4) A Contractor has demonstrated that it has ceased to seek to perform or to perform Border Wall Work, so long as the scope of those services has ceased before the Operative Date.

(b) For any determination of nonapplicability, exception, or waiver pursuant to subsection 12E.5(a), the Contracting Department shall maintain a record documenting the basis for such decision. Each Contracting Department that makes a determination of nonapplicability, exception, or waiver pursuant to subsection 12E.5(a) shall submit a report to the Controller summarizing the Contract and the basis for inapplicability. Such reports shall be submitted annually within 30 days of the end of the fiscal year.

## SEC. 12E.6. CONTRACT REQUIREMENTS; LIQUIDATED DAMAGES.

Every Contract subject to the requirements of this Chapter 12E shall include the provisions set forth below.

1	(a) Failure to comply with the requirements of this Chapter 12E shall constitute a
2	material breach by Contractor of the terms of the Contract. The City in its sole discretion shall
3	determine such failure.
4	(b) If a Contractor fails to comply with the requirements of this Chapter 12E, the City
5	shall have the right to pursue any rights or remedies available under this Chapter, under the terms of
6	the Contract, and under applicable law, consistent with the procedures set forth in Section 12E.7. In
7	such an event, the City may take any or all of the following actions:
8	(1) Inform the Controller that the Contractor should be added to the list
9	prescribed in subsection 12E.3(a);
10	(2) Assess liquidated damages as provided for in the Contract; or,
11	(3) Terminate the Contract.
12	(c) Liquidated Damages. Contractor agrees:
13	(1) To be liable to the City for liquidated damages as provided in this Section
14	<u>12E.6;</u>
15	(2) That Contractor's commitment to comply with the requirements of this
16	Chapter 12E is a material element of the City's consideration for the Contract and that the failure of
17	Contractor to comply will cause significant and substantial harm to the City and the public which is
18	extremely difficult to determine or quantify, and that the liquidated damages set forth in this Chapter
19	<u>12E are reasonable amounts to pay for the harm caused by the Contractor's non-compliance;</u>
20	(3) That for failure to comply with the requirements of this Chapter 12E, the
21	City may require the Contractor to pay the City liquidated damages of up to \$100 for each day that the
22	Contractor is found to be in violation of this Chapter 12E;
23	(4) That while liquidated damages in the maximum amounts set forth in this
24	subsection 12E.6(c) are a reasonable estimate of the harm caused by the Contractor's non-compliance
25	with contractual provisions required by this Chapter 12E, the Contracting Department may determine

that less than the full amount is warranted depending on the circumstances of each case. The Contracting Department shall give due consideration to the following factors in determining the amount of liquidated damages: the size of the Contractor's business, the Contractor's good faith, the gravity of the violation, and the history of previous violations.

## SEC. 12E.7. ENFORCEMENT

(a) Determination of Violation. Upon determining that a Contractor may have violated the terms of a Contract required under this Chapter 12E, the Contracting Department shall send written notice to the Contractor of the possible violation and of the Contractor's right to respond to the Contracting Department's initial determination by submitting pertinent documents and other information. The written notice also shall notify the Contractor that the Contracting Department is authorized to direct the Controller to withhold payment otherwise due to the Contractor following a final determination by the Contracting Department, pursuant to the provisions of this Section 12E.7. If after providing the Contractor with a reasonable opportunity to respond to the allegations the Contracting Department makes a final determination that a violation has occurred, the Contracting Department shall provide a written notice of violation to the Contractor.

(b) Right to Appeal. The Contractor may appeal the Contracting Department's final determination. The Contractor must file an appeal with the Controller in writing, and serve a copy on the appropriate Contracting Department, specifying the basis for contesting the determination, no later than 15 days after the date of the notice of determination. Failure to file an appeal in writing with the Controller within 15 days shall cause the Contracting Department's determination to be deemed a final administrative decision by the City.

(c) Administrative Hearing.

(1) Within 15 days after the Controller receives an appeal, it shall appoint a hearing officer and shall notify the Contracting Department and the Contractor of the appointment.

(2) The hearing officer shall promptly set a date for a hearing. The hearing shall commence within 45 days of the notification of the appointment of the hearing officer and conclude within 75 days of such notification, unless all parties agree to an extension of either or both time periods, subject to subsection 12E.7(d)(1).

(3) The Contracting Department shall have the burden of producing evidence that the
<u>Contractor has violated the requirements of this Chapter 12E and the burden of proving the violation.</u>
(d) Hearing Officer's Decision.

(1) Within 30 days of the conclusion of the hearing, the hearing officer shall issue a written decision consisting of findings and a decision affirming, modifying, or vacating the Contracting Department's determination. If the hearing officer vacates the Contracting Department's determination in its entirety, that decision shall also vacate any assessment of liquidated damages. If the hearing officer affirms the Contracting Department's determination, the hearing officer shall issue a decision upholding the Contracting Department's determination, including the amount of the liquidated damages assessed by the Contracting Department. With respect to liquidated damages, the hearing officer's jurisdiction to modify the Contracting Department's assessment is limited and the following procedures apply. If the hearing officer modifies the Contracting Department, which shall within five business days modify the assessment of liquidated damages consistent with the hearing officer's decision based on the criteria set forth in subsection 12E.6(c)(4) and transmit the modified assessment to the hearing officer. Upon receiving the modified assessment from the Contracting Department, the hearing officer shall within three business days issue a final decision, which shall include the amount of the liquidated damages assessment as modified by the Contracting Department.

(2) The decision of the hearing officer shall be final. The Contractor may seek review of the hearing officer's decision only by filing a petition for a writ of mandate under California Code of

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*Civil Procedure Section 1094.5, as may be amended from time to time, in the San Francisco Superior Court.* 

(3) The failure of the Controller or hearing officer to comply with the time requirements of this Section 12E.7 shall not cause the Controller or the hearing officer to lose jurisdiction over an appeal from the Contracting Department's determination filed under this Section.

(4) Upon receiving the hearing officer's decision affirming or modifying the <u>Contracting Department's determination, the Contractor shall take the corrective action, including the</u> <u>payment of liquidated damages, if any, within 14 days of receiving the hearing officer's decision. If a</u> <u>Contractor fails to take corrective action within that time, the City may immediately pursue all</u> <u>available remedies against the Contractor.</u>

(e) Withholding of Payments by Controller.

(1) When the Contracting Department sends notice to a Contractor under Section 12E.7(a) of its final determination that the Contractor has violated the requirements of this Chapter 12E and of the Contractor's right of appeal to the Controller, the Contracting Department may direct the Controller to deduct from the payment or payments otherwise due to the Contractor the amount that the Contracting Department has determined the Contractor must pay to the City for liquidated damages. The Controller, in issuing any warrant for any such payment, shall deduct the amounts specified by the Contracting Department.

(2) The Controller shall withhold these funds until (A) the hearing officer issues a decision finding that the Contractor does not owe all or a portion of the amount withheld, in which case the Controller shall release funds to the Contractor consistent with the hearing officer's decision, or (B) the Contractor consents to pay to the City the amounts that the Contracting Department or hearing officer found due. As to any funds being withheld for which neither (A) nor (B) applies, the Controller shall retain the funds until the hearing officer's decision is no longer subject to judicial review, at which time the Controller shall distribute the funds as provided in subsection 12E.7(e)(3), provided

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(3) The Controller shall deposit sums imposed as liquidated damages and withheld by the City in the City's General Fund.

(f) The Controller may adopt rules, regulations, and guidelines to implement this Chapter 12E.

# SEC. 12E.8. PREEMPTION.

Nothing in this Chapter 12E shall be interpreted or applied so as to create any requirement, power, or duty in conflict with any federal or state law. In Contracts that involve the use of any funds furnished, given, or loaned by the Government of the United States or the State of California, all laws, rules, regulations, and guidance of the United States or California or of any federal or State agencies relative to the performance of such work and the conditions of such grant, gift or loan, shall prevail over the requirements of this Chapter 12E when such laws, rules, regulations, or guidance are in conflict.

## SEC. 12E.9. UNDERTAKING FOR THE GENERAL WELFARE.

In enacting and implementing this Chapter 12E, the City is assuming an undertaking only to promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an obligation for breach of which it is liable in money damages to any person who claims that such breach proximately caused injury.

If any section, subsection, sentence, clause, phrase, or word of this Chapter 12E, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of the Chapter. The Board of Supervisors hereby declares that it would have passed this Chapter and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this Chapter or application thereof would be subsequently declared invalid or unconstitutional.

Section 2. Renumbering of Existing Chapter 12E and its Sections. Existing Chapter 12E of the Administrative Code, consisting of existing Sections 12E.1-12E.4, shall be renumbered as Chapter 16, Article XIV, of the Administrative Code, consisting of Sections 16.600-16.603; and any cross-references in the Municipal Code to existing Chapter 12E or its component sections shall be renumbered accordingly, including the reference to Section 12E in Administrative Code Section 104.3(e) and the reference in existing Section 12E.3 to existing Section 12E.4. These numbering changes are not made for any substantive reason and shall have no substantive effect. The changes are made solely for the purpose of renumbering the affected chapter and sections, so as to permit this ordinance to be codified in Chapter 12E of the Administrative Code. The City Attorney shall direct the publisher of the Municipal Code to take all appropriate steps to effectuate this

Section 3. Effective and Operative Date.

(a) This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not

sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance. (b) This ordinance shall become operative 90 days after the effective date. APPROVED AS TO FORM: DENNIS J. HERRERA, City Attorney By: JULIA H VEIT Deputy City Attorney 

#### LEGISLATIVE DIGEST

[Administrative Code - Ban on City Contracts with Border Wall Contractors]

Ordinance amending the Administrative Code to prohibit City contracting with companies who bid on contracts or contract with the Federal Government to provide services or goods to construct the border wall referenced in Executive Order No. 13767, dated January 25, 2017.

#### Existing Law

Existing law does not include any restrictions on City contracting with entities or persons that bid, propose on and/or obtain contracts on the border wall that the Trump Administration seeks to build as referenced in Executive Order No. 13767, 82 Fed. Reg. 8793, dated January 25, 2017 ("Executive Order").

#### Amendments to Current Law

The proposed ordinance creates a new chapter in the Administrative Code, which directs that the City will not enter into contracts for commodities or services or contracts for public works or improvements with entities or persons who bid, propose on, or enter into contracts with the Federal Government to perform work on the border wall referenced in the Executive Order. The ordinance would provide limited exceptions to these requirements.

The ordinance would require that the City Controller develop a list of such entities or persons who bid, propose on, or enter into contracts with the Federal Government to perform work on the border wall referenced in the Executive Order, or perform such work, no later than the operative date of the ordinance. ("Border Wall Entity List") The operative date is 90 days after the effective date of the ordinance. Once developed, the Controller must post the list on his or her website, and update it twice a year.

The ordinance also would require that all City issued solicitations to bid, propose on, or enter into contracts covered by the ordinance require a certification from any party seeking such contracts that they are not on the Border Wall Entity List. As a condition of contract formation, the proposed ordinance also would require that each party to the proposed contract with the City certify that it has not bid, proposed on, or entered into contracts with the Federal Government to build the border wall and/or performed any work for the Federal Government to build the border wall, and promises not to do so during the term of the proposed contract.

The ordinance would require that City contracts include liquidated damages clauses for failure to comply with the conditions imposed under the ordinance and that violating terms of the ordinance is a material breach and may be grounds for termination of the contract, among other remedies.