



CITY AND COUNTY OF SAN FRANCISCO  
LONDON BREED, MAYOR

OFFICE OF SMALL BUSINESS  
REGINA DICK-ENDRIZZI, DIRECTOR

July 20, 2018

Ms. Angela Calvillo, Clerk of the Board  
City Hall Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

RE: BOS File No. 170205 - Administrative Code - Citywide Project Labor Agreement for Public Work or Improvement Projects.

**Small Business Commission Recommendation to the Board of Supervisors: To amend the ordinance to have an “unqualified exemption” for Miro- Local Business Enterprises and Local Business Enterprise Businesses (14B) from the Project Labor Agreements. (6 -0 in favor with 1 absence)**

Dear Ms. Calvillo,

On Monday, July 9, 2018 the Small Business Commission (SBC) heard a presentation from representatives of the Local Business Enterprise Business (LBE) Committee, and Sushil Jacobs, Senior Economic Justice Attorney for Lawyers Committee for Civil Rights. The legislation was not referred to the Small Business Commission and was brought to the attention of the SBC by the request of the LBE community to hear it.

In the SBC deliberation the SBC noted that LBE's are essential small businesses that are the back bone of the City and need to be protected. LBE's are often Mom and Pop run businesses and family owned. The majority of contracts consist of funds that are pass throughs and not netted to the small business owner. That is not economically sustainable to require LBE's be involved in PLA under \$10,000,000 let alone \$1,000,000. While it may not be the intent of the legislation, but if passed as is, will result in another form of gentrification of small minority, women, owned business that will ultimately either close or need to relocate out of the City to survive. Setting a \$1,000,000 thresholds based up on other jurisdictions is not logical as other jurisdictions do not have equivalent cost and expense in doing business in San Francisco. The SBC questioned the logic of the Board of Supervisors in not heading the advice of the Controller (the City's financial expert), the departments that will be adversely affected, and concerns from a leading civil rights legal organization in proposing this legislation and continuing to move forward with this legislation? PLA are typically for very large complex projects, such as building a terminal, subway and other major buildings or infrastructure projects.

The Board of Supervisors' Budget and Legislative Analyst noted in its July 20, 2018 BLA report:

The City Services Auditor's March 2016 report on the *Risk-Benefit Assessment of a Citywide Project Labor Agreement* found that, among other findings, the potential effects of a project labor agreement on the City's construction costs are unclear. Based on the report's findings, the City Services Auditor did not find “compelling evidence to suggest that the City would realize significant benefits from a mandated citywide PLA and recommends that departments are instead encouraged to consider the use of PLAs when appropriate for their needs, as in the case of the Airport and the SFPUC.”

There is currently much discussion at the Board of Supervisors as to the City's responsibility and need to ensure affordable housing. It is essential to the health of this City's economy when there is a range of housing prices to rent and purchase. This holds true with the business environment, a healthy business economy has a range of business size, revenue and ownership. In 2006, the Board of Supervisor's recognized this when it established the 14B ordinance. San Francisco's commitment to ensuring equity and economic opportunities has not changed since 2006 and it in fact is much more heightened in 2018.

The SBC's recommendation to the Board of Supervisors for an *unqualified exemption* for the 14B LBE program, is that the City has an economic civil rights responsibility is to retain 14B program. Unintentional redlining has the same effect as intentional redlining.

It is to be noted that BOS File No: 170205 was never referred to the Small Business Commission and LBE's are small businesses, therefore this legislation falls within the Small Business Commission's purview. The Small Business Commission was established as a Charter Commission by the voters in 2003. It was the voter's intent to preserve San Francisco small businesses and for the Mayor and the Board of Supervisors to take the recommendations and advise of the Small Business Commission on legislation and policy matters and its implications to the economic viability of San Francisco's small businesses.

The Commission respectfully requests that you amend this legislation as recommended. Please feel free to contact me should you have any questions.

Sincerely,



Regina Dick-Endrizzi  
Director, Office of Small Business

cc: Kanishka Karunaratne Cheng, Mayor's Liaison to the Board of Supervisors  
Andres Power, Policy Director, Office of Mayor London Breed  
Naomi Kelly, City Administrator  
Lisa Pagan, Office of Economic and Workforce Development  
John Caroll, Clerk of the Government Audit and Oversight Committee