



**San Francisco Office of the City Administrator
City Administrator Carmen Chu**

Local Business Enterprise (LBE) Amendments

Administrative Code Chapter 14B

Board of Supervisors' Rules Committee

October 18, 2021

Introduction

- 14B program – Local Business Enterprise program provides a bid preference for certified local businesses
- Contract Monitoring Division (CMD) administers this program
- Ordinance governing 14B last amended in 2015

Overview of Major Changes

- Increases the certification thresholds for LBE firms
 - Thresholds for Micro, Small and SBA Small
- Adjusts the Minimum Competitive and Threshold Amounts
- Ensures greater accountability from Prime Contractors
- Builds capacity of LBE firms to bid and perform work on City contracts

Increases Certification Thresholds

Effective Immediately

Category	Current Micro	Proposed Micro	Current Small	Proposed Small	Current SBA-LBE	Proposed SBA-LBE
Public Works Construction	\$10M	\$12M	\$20M	\$24M	\$33.5M	\$40M
Specialty Construction	\$5M	\$6M	\$10M	\$12M	\$17M	\$20M
Goods/ Materials/ Equipment	\$5M	\$6M	\$10M	\$12M	\$17M	\$20M
Trucking	\$1.75M	\$2.5M	\$3.5M	\$5M	\$8.5M	\$10M
Professional Services	\$1.25M	\$2.5M	\$2.5M	\$5M	\$7M	\$8.5M

Certification Thresholds – Addt'l

- Economic threshold for certification based on annual gross receipts average over a five-year period instead of the current three-year period – this change recognizes longer term gross receipts experience of businesses
- Automatically increase the economic threshold amounts every 5 years based on CPI, consistent with other thresholds
- Creates 9 subcategories for professional services

Adjusts Minimum Competitive and Threshold Amounts

Bid Amount	Current	Proposed
Minimum Competitive Amount (Ch. 21)	\$129,000	\$200,000
Threshold Amount (Ch. 6)	\$706,000	\$1,000,000

Ensures Prime Accountability

- Prompt payment - requires Prime Contractors to submit subcontractor invoices for approved work to the City within 30 days.
- Increases penalty for failure to use an LBE subcontractor from 10% to 25% of the subcontractor amount.
- Requires documentation in the contractor evaluation if a Prime intentionally fails to use a subcontractor

Helps LBEs build capacity

- Establishes pilot programs in key areas including:
 - Micro- LBE trucking – set-aside;
 - Mentor-Protégé program – 1% bid discount NTE \$300K;
 - Neighborhood LBE program – 0.5% - 1.5% bid discount.
- Extends bonding assistance and loan program.
- Authorizes distinct subcontract goals at Micro-, Small- and SBA LBE Levels.