San Francisco Office of the City Administrator

Contract Monitoring Division

Rules and Regulations Changes to the Local Business Enterprise Program, San Francisco Administrative Code, Chapter 14B

Wednesday, June 29th Public Hearing
On November 17, 2021, the Mayor signed legislation passed by the Board of Supervisors amending Chapter 14B of the Administrative Code (the “LBE Participation Program”).

Purpose of changes:

• Encourage more micro-LBE participation

• Create separate micro, small and SBA-LBE sub-requirements to track how each of these types of businesses do work with the City AND

• Provide enhanced technical and business development assistance through the Contracts Monitoring Division (CMD).
These changes will occur in two phases. **Phase 1**, which became effective December 13, 2021, resulted in an increase to LBE certification thresholds.

<table>
<thead>
<tr>
<th>Category</th>
<th>New Micro</th>
<th>New Small</th>
<th>New SBA-LBE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works Construction</td>
<td>$12M</td>
<td>$24M</td>
<td>$40M</td>
</tr>
<tr>
<td>Specialty Construction</td>
<td>$6M</td>
<td>$12M</td>
<td>$20M</td>
</tr>
<tr>
<td>Goods/Materials/Equipment</td>
<td>$6M</td>
<td>$12M</td>
<td>$20M</td>
</tr>
<tr>
<td>Trucking</td>
<td>$2.5M</td>
<td>$5M</td>
<td>$10M</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$2.5M</td>
<td>$5M</td>
<td>$8.5M</td>
</tr>
</tbody>
</table>

A business can now qualify to become an LBE based on its annual gross receipts from the prior five years, instead of prior three years.
Phase 2, effective July 1, 2022, includes the following summary of changes:

• Increases contract penalty amounts and penalties on contractor performance evaluations for violating 14B

• Expedites payment requests from Primes to LBE contractors

• Separates LBE subcontracting requirements for Micro, Small, and/or SBA-LBEs

• Changes specific LBE certification requirements

• Extends the bonding assistance program

• Encourages break up of portions of work when projects are funded by both local and federal and/or state funds
Phase 2, effective July 1, 2022, includes three pilot programs:

**Neighborhood LBE Program**
Provides bid discounts to local LBE Primes or Subcontractors bidding on Chapter 6 Construction and Professional Services projects (between $10K-$10M) in their San Francisco neighborhood.

**Micro-LBE Trucking Pilot**

**Expansion of the Mentor-Protégé**
Provides mentor contractors, bidding on Chapter 6 Construction and Public projects, with up to a 1% Bid Discount (not to exceed $300,000) and/or a waiver of the good faith outreach requirements.
To Make Public Comment:

Click on the Reactions icon and hit “Raise Hand”

Or press “ *9 ” (star, nine) on your phone’s keypad

Please wait until the Host calls on you and invites you to unmute. You will have 2 minutes to make your public comment.

Email: LBEcert@sfgov.org