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I. INTRODUCTION

A. REPORTING REQUIREMENTS OF CHAPTER 14B.

The Director of the Contract Monitoring Division (“CMD”) is required to report departmental performance and progress in effectuating the requirements of the LOCAL BUSINESS ENTERPRISE UTILIZATION AND NON-DISCRIMINATION IN CONTRACTING Ordinance (“LBE Program”) on a quarterly basis.

Per Chapter 14B.15(A), CMD shall issue quarterly written reports for the prior fiscal quarter to the Mayor and the Board of Supervisors. The report documents overall Contract Awarding Authorities' progress toward achieving the goals of this Chapter, including, among other things, overall Contract Awarding Authorities' LBE participation by industry, and based upon MBEs (by ethnicity), WBEs and OBEs.

B. FINANCIAL & PROCUREMENT SYSTEM (“FSP”)

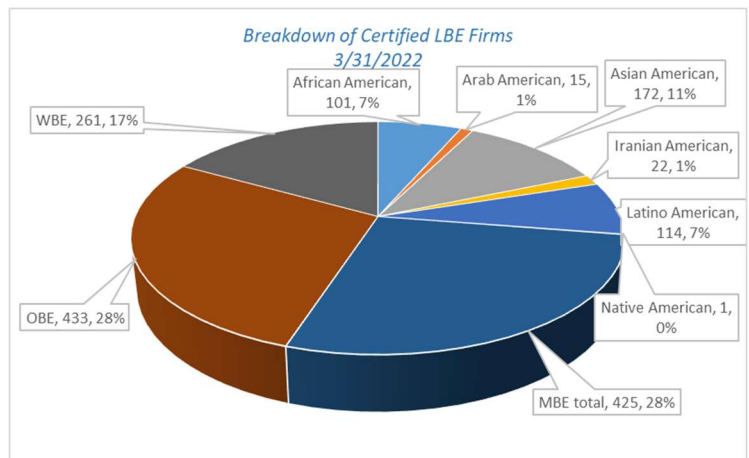
FSP provides the CMD and the Controller’s Office, contracting data about vendors, both prime and subcontractors who were awarded contracts and received City dollars. On July 1, 2017, the System became available for departmental use.

For this quarterly report, the data set consists of all contracting information departments have entered into the System for Quarter 3, FY 21-22 through FSPs Business Intelligence Module.¹

II. BREAKDOWN OF LBE CERTIFIED FIRMS

At the conclusion of Q3 FY21-22, the number of certified Local Business Enterprises (i.e. micro-LBEs, Small-LBEs and SBA-LBEs) in the program is 1,159.² Below is a breakdown of all 1,071 micro and small-LBEs (by Ethnicity³ and Gender (self-reported))

LBE Type	Count	%
African American	101	9%
Arab American	15	1%
Asian American	172	16%
Iranian American	22	2%
Latino American	114	11%
Native American	1	0%
MBE Total	425	40%
WBE	261	24%
OBE	433	40%
Total LBEs (micro/sml)	1071	100%



¹ Q3 data was combined as departments and CMD focused on making changes to Chapter 14B.

² In addition to SF-headquartered LBEs, Chapter 14B also certifies eligible firms that reside in certain zip codes along the Hetch Hetchy Water System Program area (WSIP) and allowed to participate in LBE Program-covered WSIP regional projects.

³ Data for MBE, WBE and OBE total 1119, however 48 are double counted due to claiming both WBE and MBE.

III. EVALUATION OF DEPARTMENTAL PERFORMANCE IN THE IMPLEMENTATION OF CHAPTER 14B

A. LBE PARTICIPATION OF CERTIFIED FIRMS AS PRIME AND SUBCONTRACTORS

Breakdown of LBE participation of certified firms as prime and subcontractors on all contracts. For more details, see Appendix 1.

Contract Type Description	Number of Contracts	Percent of Total	Amount Awarded	LBE Amount Awarded	LBE %
Construction Contracts	19	12.8%	\$ 70,531,201	\$ 16,822,715	23.9%
Professional Services - Chapter 6	12	8.1%	\$ 33,866,270	\$ 14,357,608	42.4%
Professional Services - Chapter 21	59	40%	\$ 84,282,430	\$ 438,165	0.5%
Purchasing Contract	27	18%	\$ 83,015,500	\$ 10,000	0.0%
Purchasing Contract - Term Contract	32	21.5%	\$ 92,383,656	\$ 4,200,000	4.5%
General Services					
Grand Total	149	100.0%	\$ 364,079,057	\$ 35,828,488	9.8%

B. LBE PARTICIPATION OF CERTIFIED FIRMS BROKEN DOWN BY CONTRACT VALUE

During this reporting period, of the 149 contracts awarded, LBEs had the greatest ability to participate and win contracts valued between \$1M and \$5M. This equates to approximately \$25M in dollars awarded to LBEs at the Prime and subcontractor levels.

Contract Amount	Prime or Sub	LBE Status	Amount Awarded	Percent of Cont Amount Total
< \$1MM	Prime	LBE	\$713,460	0.2%
	Prime	Non-LBE	\$17,448,145	4.8%
	Sub	LBE	\$64,809	0.0%
	Sub	Non-LBE	\$988,402	0.3%
< \$1MM Total			\$19,214,816	5.3%
\$1MM - \$5MM	Prime	LBE	\$13,630,000	3.7%
	Prime	Non-LBE	\$59,443,291	16.3%
	Sub	LBE	\$10,570,209	2.9%
	Sub	Non-LBE	\$13,360,581	3.7%
\$1MM - \$5MM Total			\$97,004,081	26.6%
\$5MM - \$10MM	Prime	LBE		
	Prime	Non-LBE	\$88,944,882	24.4%
	Sub	LBE	\$967,000	0.3%
	Sub	Non-LBE	\$6,047,644	1.7%
\$5MM - \$10MM Total			\$95,959,526	26.4%
> \$10MM	Prime	LBE	\$9,208,010	2.5%
	Prime	Non-LBE	\$140,000,000	38.5%
	Sub	LBE	\$675,000	0.2%
	Sub	Non-LBE	\$2,017,625	0.6%
> \$10MM Total			\$151,900,635	41.7%
Grand Total			\$364,079,058	100.0%

C. LBE PARTICIPATION OF CERTIFIED FIRMS BROKEN DOWN BY CONTRACT VALUE

Based upon the data entered into FSP by all departments, following is a breakdown of participation of all LBEs broken down by MBE/WBE/OBE during Q3 FY21-22:

Goals	Construction	A & E	Prof. Services-Ch21	Purchasing	Commodities	GS
MBE	11.8%	16.7%	5.4%	0.0%	0.0%	0.0%
WBE	0.0%	8.3%	0.0%	0.0%	0.0%	0.0%
OBE	5.9%	8.3%	1.8%	3.7%	0.0%	0.0%
Total	17.7%	33.3%	7.2%	3.7%	0.0%	0.0%

IV. CONCLUSION

With the exception of LBE participation in Construction, Architectural and Engineering contracts, CMD concludes that the current data illustrates that MBEs, WBEs continue to be under-utilized on both the prime and sub-level in all of the above identified industries. Of great concern, is the Departments' underutilization of LBEs owned by members of disadvantaged communities in the following industries: Non-A/E Professional Services, Purchasing, Commodities and General Services.

CMD further concludes that all departments need to maintain their commitment in utilizing micro-LBEs and letting more micro-LBE set aside contracts, as practicable, – especially those contracts/projects that are in or benefit the City's most disadvantaged communities⁴ through the use of more micro-LBE set asides.

CMD also wishes to acknowledge the work of both CON and Departments' continuing efforts to ensure that City staff, contractors/subcontractors are entering all required contracting data accurately in a timely manner.

⁴ Disadvantaged Neighborhoods defined as areas in San Francisco identified as HUB Zones and/or qualifying New Market Tax Credit Areas.

Appendix 1
 Q3 FY21-22 LBE Participation
 By Ethnicity and Gender

Owner Type	Ethnicity/Race	Amount Awarded	Percent of Total
MBE	African American	\$276,915	0.1%
	Arab American		
	Asian American	\$2,983,306	0.8%
	Iranian	\$1,715,000	0.5%
	Latino	\$9,244,304	2.5%
	Mexican		
	Native American		
	Other	\$1,710,000	0.5%
MBE Total		\$15,929,525	4.4%
OBE Total		\$14,343,515	3.9%
WBE Total		\$3,795,184	1.0%
LBE Total		\$34,068,225	9.4%
Non-LBE Total		\$330,010,833	90.6%
Grand Total		\$364,079,058	100.0%

¹ Contract LBE amount total on page 3 is \$1.76M more than the LBE total reflected in this appendix per FSB data. Grand totals match. \$1.76M is included in non-LBE total in this appendix.