The Local Business Enterprise (LBE) Program – a San Francisco Small Business Inclusion Program for City Contracts

Presented by Stephanie Tang, CMD Director

For Small Business Commission - July 24, 2023
Small Business Inclusion Programs

- Can be at federal, state, local or private level. Guidelines particular to each program.
- Small businesses form the backbone of neighborhoods, contribute to the economy, and are significant for overall economic health.
- Small businesses experience higher costs.
- Experience competitive disadvantage in competing for contracts.
- Seek to provide equal opportunity and create equity.
Local and National Context

- **1984**: CCSF Program for Women and Minority-Owned Businesses initiated with the Human Rights Commission.
- **1996**: Proposition 209 ends race, sex, color, ethnicity, national origin preferential treatment in public employment, education, and contracting.
- **2004**: City enjoined and ends previous small business inclusion program. Initiatives Local Business Enterprise Program.
- **2012**: LBE Program is moved from HRC into newly created Contract Monitoring Division.
- **2023**: Supreme Court ruled 6-3 in Students for Fair Admission Inc v. President and Fellows of Harvard College.
City Contracting

- City spends over $2 billion on goods and services to keep City running
- Public works construction and capital programs engage hundreds of contractors
- Almost every City department engages in some level of contracting or grantmaking

Search for advertised & forecast contracts
LBE Certification

• Benefits in competing for City contracting
• Application review by City staff
• Site visit required
• Certification duration 1 or 3 years
• Firm owner eligible for Women, Minority, or Other Business Ownership designation

Eligibility (selected criteria)

- Principal place of business in SF (or water service area for PUC-LBEs)
- Operational Independence
- Must operate in SF or PUC area for at least 6 months
- Owners must have expertise, license, etc in all categories requested
- Owners must prove performance in all categories requested
Economic Thresholds
The 5-year average of gross annual receipts of all businesses under common ownership must not exceed the following limits:

<table>
<thead>
<tr>
<th>Category</th>
<th>Micro-LBE</th>
<th>Small-LBE</th>
<th>SBA-LBE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A and Class B General Contractors</td>
<td>$12,000,000</td>
<td>$24,000,000</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Specialty Construction Contractors</td>
<td>$6,000,000</td>
<td>$12,000,000</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Goods/Materials/Equipment &amp; General Services</td>
<td>$6,000,000</td>
<td>$12,000,000</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Professional Services &amp; Architect/Engineering</td>
<td>$2,500,000</td>
<td>$5,000,000</td>
<td>$8,500,000</td>
</tr>
<tr>
<td>Trucking</td>
<td>$2,500,000</td>
<td>$5,000,000</td>
<td>$10,000,000</td>
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</tbody>
</table>
LBE Program Benefits for City Contracts

- Bid Discount/Rating Bonus
- Micro Set-Aside Contracts
- LBE Subcontractor/Subconsultant Participation Requirement
- Contractor Development Program

**LBE Program Benefits for City Contracts**
Certification Benefits for Non-City Contracts

Other small business inclusion programs may recognize certified LBEs

- OCII and Private-Public Projects (mainly development projects) may have small business inclusion goals.

- Private companies and contractors may have small business inclusion programs as part of diversity, equity, inclusion and belonging initiatives.
Additional Resources

- CMD Contract Compliance Officers participate in public procurements to ensure fairness
- LBE Advisory Committee meets every other month
- LBE Directory is open for search
- Wednesday Workshops provide an opportunity to learn more about certification and bidding on city contracts
Contact CMD

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