

NPE ("Non Profit Entity") CERTIFICATION

Pursuant to the San Francisco Administrative Code Chapter 14B Local Business Enterprise and Non-Discrimination in Contracting Ordinance and accompanying Rules and Regulations, a business contracting with the City and County of San Francisco may be eligible for one of three types of certification: LBE certification, PUC-LBE Certification and NPE certification. The purpose of each certification is to promote the utilization and participation of local businesses with respect to City contracts. Specifically, certified businesses benefit from bid discounts, sub-contracting goals and micro-set asides that are set for most City contracts. To receive these benefits, a business must be certified with the San Francisco Contract Monitoring Division *prior* to the submittal of a bid or proposal. The main requirements for NPE certification are summarized below.

Legal Status as a Non-Profit: The non-profit enterprise must be a California Nonprofit Organization that is both (a) regulated as either a Nonprofit Public Benefit Corporation under California Corporations Code Sections 5110-6815 or a Nonprofit Religious Corporation under California Corporations Code Sections 9110-9690, and (b) tax-exempt under section 501(c)(3) of the Internal Revenue Code. All applicable filings with State and Federal agencies must be current, including: the California Attorney General (Form RRF-1), the California Franchise Tax Board (Forms 199 or 109), the California Secretary of State (Form SI-100) and the Internal Revenue Service (Form 990).

Primary Place of Business: NPE certification is available only to non-profit enterprises whose primary place of business is a fixed office in San Francisco at which location the non-profit enterprise conducts, on a regular basis, all of the services for which LBE certification is sought, other than work required to be performed at a job site. Satellite or regional offices in San Francisco, cannot be used to meet the primary place of business requirement. In addition, none of the following constitute a fixed office: a post office box, a temporary location, a movable property, a location that was established to oversee a project such as a construction project office, or work space provided in exchange for services, as opposed to monetary rent.

- **Home Offices:** A residence may qualify as an office only if: (a) the persons who operate or control the non-profit enterprise do not also maintain an office outside the residence in the same or related field and (b) the persons who operate or control the non-profit enterprise claimed a business deduction on the prior year's income tax return or, for non-profit enterprise started after the last tax return, would qualify for a deduction on the next tax return.
- **Storage of Company Equipment:** Any equipment owned by the non-profit enterprise that is required for it to conduct its operations must be warehoused or stored within San Francisco.
- **Storage of Trucking & Hauling Vehicles:** Non-profit enterprises that provide trucking and hauling services must park their registered vehicles and trailers within San Francisco.
- **Exception for Suppliers:** Although non-profit enterprise suppliers are required to maintain a fixed office in San Francisco, that office need not be the suppliers' primary place of business. However, non-profit enterprise suppliers must maintain a warehouse in San Francisco that is continuously stocked with inventory consistent with their certification.

Minimum of Six Months of Continuous Operations: The non-profit enterprise must continuously operate in San Francisco for at least six months prior to the time of certification.

Board of Directors: The Board of Directors or other governing body of the non-profit enterprise must consist exclusively of individuals who reside in the U.S. or its territories. In addition: (a) full-time city employees, if any, that serve on the entity's Board of Directors or other governing body shall not constitute a majority of the membership or be capable of exercising a controlling number of votes; and (b) any non-profit that includes any full-time employee of the City of San Francisco on its Board of Directors or other governing body shall be ineligible for award of any contract to be awarded or overseen by the City Department that employs such member.

Paid and Volunteer Staff: The non-profit enterprise must demonstrate that the majority of its paid and volunteer staff is based in the San Francisco office. The non-profit enterprise must also have staff under continuous contractual commitment with

licenses and/or other relevant trade or professional certifications, or, where licensing is not required, relevant training and experience that are appropriate for the type of business for which the non-profit enterprise seeks certification.

Commercially Useful Function: The non-profit enterprise must perform a commercially useful function. Commercially useful business functions for which NPE certification is available are listed in Appendix A.

Maximum Economic Thresholds: Based on the average gross receipts of an NPE over a period of three years directly preceding the date of certification, the entity will be deemed either a Micro-NPE or [Small-NPE. NPE's are not eligible for SBA-NPE certification.](#) The maximum thresholds for each such category are listed in the following table.

MAXIMUM ECONOMIC THRESHOLDS FOR NPE CERTIFICATION			
Industry Category	Micro Bid Discount: 10%	Small Bid Discount: 10%	SBA Bid Discount: 2%*
Class A and Class B General Contractors	\$7,000,000	\$14,000,000	NA
Specialty Construction Contractors	\$3,500,000	\$7,000,000	NA
Trucking and Hauling	\$1,750,000	\$3,500,000	NA
Goods Materials and Equipment Suppliers	\$3,500,000	\$7,000,000	NA
General Service Providers	\$3,500,000	\$7,000,000	NA
Architect/Engineering	\$1,250,000	\$2,500,000	NA
Professional Services	\$1,250,000	\$2,500,000	NA

Bid Discounts: Micro- and Small- NPE's are eligible for a 10% bid discount whereby their bids are reduced by 10% when compared to bids submitted by non-LBE certified firms. In addition, Micro-NPE's can participate as prime contractors for contracts specifically set aside for them by the City so long as they are a City Vendor.

Woman-Owned and Minority-Owned Designation: NPE's are not eligible for Woman-Owned or Minority-Owned designation.