

## **LBE (“Local Business Enterprise”) 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 LBE certification are summarized below.

**Primary Place of Business:** LBE certification is available only to businesses whose primary place of business is a fixed office in San Francisco at which location the business 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 own or control the business do not also maintain an office outside the residence in the same or related field and (b) the persons who own or control the business claimed a business deduction on the prior year's income tax return or, for businesses 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 business that is required for the business to conduct its operations must be warehoused or stored within San Francisco.
- **Storage of Trucking & Hauling Vehicles:** Businesses that provide trucking and hauling services must park their registered vehicles and trailers within San Francisco when not on a job site.
- **Exception for Suppliers:** Although suppliers are required to maintain a fixed office in San Francisco, that office need not be the suppliers' primary place of business. However, 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 business must continuously operate in San Francisco for at least six months prior to the time of certification.

**San Francisco Business License:** The business must possess a current San Francisco Business License. The license must have been issued at least six months prior to the time of certification.

**Principals:** The business must demonstrate that the majority of its principals are based in its San Francisco office.

- The business must be owned and controlled by individuals who reside in the United States or its territories.
- The business cannot be owned or controlled in part or in whole by a full time employee of the City and County of San Francisco.
- Where the business owners are employed for another entity for more than 32 hours per week, the business must designate at least one individual to operate the business during those hours the owners are not available to operate the business.
- A majority of the business owner(s) must possess the licenses, certifications, skills and/or training required for the type of business they seek to have certified.

**Employees:** The business must demonstrate that the majority of its employees, other than field employees, are based in its San Francisco office.

**Commercially Useful Function:** The business must perform a commercially useful function. Commercially useful business functions for which LBE certification is available are listed in Appendix A.

**Maximum Economic Thresholds:** Based on the average gross receipts of an LBE over a period of three years directly preceding the date of certification, the entity will be deemed a Micro-LBE, a Small-LBE or an SBA-LBE. The maximum thresholds for each such category are listed in the following table.

MAXIMUM ECONOMIC THRESHOLDS FOR LBE 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	\$33,500,000
Specialty Construction Contractors	\$3,500,000	\$7,000,000	\$17,000,000
Trucking and Hauling	\$1,750,000	\$3,500,000	\$8,500,000
Goods Materials and Equipment Suppliers	\$3,500,000	\$7,000,000	\$17,000,000
General Service Providers	\$3,500,000	\$7,000,000	\$17,000,000
Architect/Engineering	\$1,250,000	\$2,500,000	\$7,000,000
Professional Services	\$1,250,000	\$2,500,000	\$7,000,000

**Bid Discounts:** Micro- and Small- LBE'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. For SBA-LBE's, the bid discount is limited to 2%, subject to certain exceptions and limitations.

**Woman-Owned and Minority-Owned Designation:** Micro-, Small- and SBA-LBEs with either woman or ethnic minority ownership greater than or equal to 51% will be designated as being a "Woman-Owned" (WBE) or "Minority-Owned" (MBE) business in their certification letter. *The woman or minority owner(s) must be the license qualifier(s) and/or possess the credentials required for the category for which they seek certification.* WBE and MBE designation is granted solely for the purpose of monitoring the availability and utilization rate of WBE and MBE businesses by the City and does not provide the certified firm with any additional discounts or benefits. The following constitute ethnic minorities with respect to LBE certification: (i) African Americans, defined as persons whose ancestry is from any of the Black racial groups of Africa or the Caribbean; (ii) Arab Americans, defined as persons whose ancestry is from an Arabic speaking country that is a current or former member of the League of Arab States; (iii) Asian Americans, defined as persons with Chinese, Japanese, Korean, Pacific Islander, Samoan, Filipino, Asian Indian, and Southeast Asian ancestry; (iv) Iranian Americans, defined as persons whose ancestry is from the country of Iran; (v) Latino Americans, defined as persons with Mexican, Puerto Rican, Cuban, Central American or South American ancestry; and (vi) Native Americans, defined as any person whose ancestry is from any of the original peoples of North America, and who maintains cultural identification through tribal affiliation or community recognition.