



CONTRACT MONITORING DIVISION CITY ADMINISTRATOR'S OFFICE



London N. Breed, Mayor
Carmen Chu, City Administrator

Romulus Asenloo, Director

LBEAC December 10, 2020 Special Meeting Minutes

1. Call to Order

Co-Chair Choy- Sommer called the meeting to order at 10:03 a.m.

Committee Members Present: Matthew Ajiake, Juliana Choy-Sommer, Darolyn Davis, Miguel Galarza, Bruce Giron, Dwayne Jones, Nicolas King, Todd Senigar, Kimberly Wilson, Iris Martin-Lopez.

Committee Members Absent: Elahe Enssani, Wayne Perry, Ruben Santana, Stephanie Tang.

Staff Present: Romulus Asenloo, Regina Chan, Jason Chow, Mindy Lee, Nichole Truax.

Public Present: Oscar Perez- Forero, Montez Group; Oscar Zavaleta; Shmek Pawlik, UDC PRO Inc; Natalie Saylor, Saylor Consulting; Christopher Roach; Clifton Burch; Lauren Sullivan; Randy Collins, FTF Engineering; Scott Carlson; Noelle Bonner, Bonner Communications; Bernadette Villanueva-Aguillon; Alan Guy, Anvil Builders; Ernie Avila, Avila Associates; Tricia Gregory, HVYW8 Inc; Todd Lansing, Creo Landscape Architecture; Susan Aiken, Hamilton Aiken Architects; Seth Boor, Boor Project; Saam Esfandiari, RES; Ross Esfandiari, RES; Eugene Tuan, Tuan Robinson; Eric Szyrko, Blocka Construction; Eric Robinson; Crystal Miiks; Charles Dilworth; James Mabrey; Caro Dratva; Lamar Heystek, Asian, Inc; Tara Eshghi, GLS Landscape; Christina Yoo, Atelier Cho Thompson; Badri Prasad, OLMM Consulting Engineers.

2. Update on the Proposed Threshold Increases

a. Director Asenloo explained the following about the procedure to make changes to Chapter 14B:

- i. Larger adjustments/additions to the Ordinance will add time to the drafting of the legislation.
- ii. Some of the adjustments/additions will be made through CMD Rules and Regulations. Administrative code changes require approval from the Board of Supervisors.
- iii. The potential adjustments/additions will be in Section 14.B.2, 14.B.3, 14B.7, 14B.8, 14B.16, 14B.20.

b. The proposed changes to the Ordinance are:

- i. Increase size threshold to specific disciplines.
- ii. The SBA- LBE Threshold for Public Works/Construction cannot be changed from an income base approach to an employee base approach without conducting a study.



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- iii. For contracts between \$10M and \$20M, a three percent (3%) rating bonus to a Joint Venture between an SBA-LBE and a small/micro LBE Contractor participation that equals or exceeds 40%.
 - iv. Increase amount Prime breaching of contract with LBEs for liquidated damages up to 25% of the subcontract amount. Also added provision that the failure will also be noted in the Prime contractors required contract evaluation report upon completion of the contract.
 - v. Where a project is in an economically disadvantaged area (as defined by Fed Government as New Market Tax Credit), the Director can make decision to require that only Micro LBE firms located in that specific area be used.
 - vi. Add ability for Director to set LBE subcontracting requirements to consider hyper-local subcontracting requirements, and separate subcontracting requirements dependent on size of business.
- c. The LBEAC discussed the proposed changes to Ordinance and provided comments:
- i. There are concerns about changing headquarters requirement, not supportive of the change to headquarters.
 - ii. There are concerns regarding the idea of "services in exchange for monetary rent" since expectation in owning a business is to pay some level of rent.
 - iii. "Certificate of Preference" allows the businesses that had to leave an opportunity to return to the city.
- d. Public Comment
- i. It would help businesses to exist in San Francisco in a "Shared Space".
 - ii. City should set a separate Micro-LBE participation requirement.
 - iii. City department heads should be required to meet annually with the Director of CMD to set separate Micro/Small LBE subcontracting participation requirements on contracts.
 - iv. There should be restrictions in allowing former businesses to participation in the program. If the City is going to allow former businesses to participate, the businesses will have had to have been participating in the past.
 - v. Why is the proposed change to 50% trucking requirement left out?
Romulus's response: This requirement can potentially be adjusted through the CMD Rules and Regulations. It does not need to go through Administrative code change.
 - vi. Firms that are outside of the program are significantly larger than the SBA-LBEs. Therefore, there needs to be a more gradual transition for the SBA-LBEs to transition out of the program so when the SBA-LBEs do graduate from the program they will be ready to compete.
 - vii. Committee should consider in discount certain items out of the gross receipts to determine economic thresholds.



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- viii. It is important that at least 10% of the LBE requirement on city contracts include Micro-LBEs. Micro-LBE firms should get more preference on contracts and LBE truckers should receive more business in the City.
 - ix. Companies who just moved here in the last 5-10 years and are taking the business away from us real locals, born and raised in the city.
 - e. Suggestions/comments to the proposed changes to the Chapter 14B Legislation:
 - I. Suggestions/comments to be send over to CMD Staff.
 - II. Deadline for submission is December 31, 2020.
3. Adjournment
The Committee adjourned at 12:13 p.m.