



# CONTRACT MONITORING DIVISION CITY ADMINISTRATOR'S OFFICE



London N. Breed, Mayor  
Carmen Chu, City Administrator

Romulus Asenloo, Director

## LBEAC February 25, 2021 Meeting Minutes

### 1. Call to Order

Chair Galarza called the meeting to order at 10:03 a.m.

*Committee Members Present:* Matthew Ajiake, Darolyn Davis, Elahe Enssani, Miguel Galarza, Dwayne Jones, Nicolas King, Sailaja Kurella, Iris Martin-Lopez, Wayne Perry, Todd Senigar, Stephanie Tang, Kimberly Wilson.

*Committee Members Absent:* Juliana Choy-Sommer, Bruce Giron, Ruben Santana.

*Staff Present:* Romulus Asenloo, Regina Chan, Jason Chow, Mindy Lee, Linda Rainaldi, Kate Svyatets, Nichole Truax, La'uton Wells.

*Other City Personnel:* Kyndra Cox, SFPUC; Alaric Degrafinried, PW; Jennifer Johnston, CAO; Greg Lyman, SFPUC; Taraneh Moayed, OCA.

*Public Present:* Cathy Avila, Avila and Associates; Ernie Avila, Avila and Associates; Noelle Bonner, Bonner Communications; Randy Collins, FTF Engineering; Carl Gordon; Tricia Gregory, HVYW8 Trucking; Rusty Hoseley, Hoseley; LaSonia Mansfield, Mansfield Construction; Crystal Miks; Oscar Perez, Montez; Natalie Saylor, Saylor Consulting; Marcus Tartt, Renaissance Center; Kim Westrick.

### 2. Review and Approval of the November 5, 2020 LBEAC Meeting Minutes and December 10, 2020 LBEAC Special Meeting Minutes

a. Darolyn Davis, seconded by Stephanie Tang, moved to approve the LBEAC Meeting Minutes of November 5, 2020. The motion carried by the following vote:

- i. Ayes: Matthew Ajiake, Darolyn Davis, Elahe Enssani, Miguel Galarza, Dwayne Jones, Nicolas King, Wayne Perry, Todd Senigar, Stephanie Tang.
- ii. Abstains: Iris Martin-Lopez, Sailaja Kurella, Kimberly Wilson.

b. Darolyn Davis, seconded by Nicolas King, moved to approve the LBEAC Special Meeting Minutes of December 10, 2020. The motion carried by the following vote:

- i. Ayes: Matthew Ajiake, Darolyn Davis, Elahe Enssani, Miguel Galarza, Dwayne Jones, Nicolas King, Iris Martin-Lopez, Wayne Perry, Todd Senigar, Kimberly Wilson.
- ii. Abstains: Stephanie Tang, Sailaja Kurella.



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3. Updates on the Proposed Changes to Chapter 14B
  - a. Director Asenloo informed the Committee that the new City Administrator, Carmen Chu, is aware of the proposed changes to the threshold increases, and that the information is being evaluated.
  - b. The LBEAC expressed their concerns regarding the timeline for the threshold increases.
4. Presentation on the OCA Tech Marketplace
  - a. Taraneh Moayed from OCA presented the following regarding the proposed changes to the Tech Marketplace.
    - i. Tech Marketplace consists of a prequalified pool of 53 suppliers, 29 of whom are LBE firms.
    - ii. Contracts are used by the City's 60+ departments to purchase technology goods based on departments' business needs.
    - iii. The current structure of the Tech Marketplace: Consist of three (3) Tiers—Tier 1, Tier 2 and Tier 3.
      1. Tier 1: Consist of 19 LBE firms, the initial contract size is \$20M/3 years and if the contract amount is  $\leq$  \$25K, bid is not required.
      2. Tier 2: Consist of 10 LBE firms, the initial contract size is \$3M/3 years and if the contract amount is  $\leq$  \$25K, bid is not required.
      3. Tier 3: Consist of 24 LBE firms (All Micro-LBE firms), the initial contract size is \$600k/3 years, 1 contract for each LBE Certification category and if the contract amount is  $\leq$  \$129K, bid is not required.
    - iv. By virtue of the threshold amounts of the three (3) Tiers, departments will be more inclined to utilize Tier 3 (Micro Set-Asides) for contracts over the two (2) other Tiers because Tier 3 has a higher threshold for the competitive solicitation process requirement.
    - v. The proposed new structure of the Tech Marketplace: Consist of two (2) Tiers—Tier 1 ("Public" Space) and Tier 2 (SF First Micro and Small LBEs).
      1. Tier 1: Consist of all qualified non-LBEs, heavily weighted to for those with SF presence; and all qualified LBEs. (even if they are in the newly created Tier 2).
      2. Tier 2: All qualified Small and Micro-LBEs utilizing Micro LBE set-aside program and SF First program.
      3. Competitive Solicitation Requirements:
        - Contract amount is  $\leq$  \$10K, bid not required. Start with Tier 2. Proceed to Tier 1, only if no Tier 2 responsive supplier is available.
        - Contract amount is  $>$  \$10K but  $\leq$  Minimum Competitive Amount, solicit Tier 2 first. If no Tier 2 responsive supplier is available, proceed to Tier 1.



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- Contract is > Minimum Competitive Amount, solicit Tier 1 (qualified LBEs will still be able to participate).
  - vi. The justification for the proposed new 2-Tier structure for Tech Marketplace.
    1. A simple 2-Tier structure that aligns with City's competitive solicitation requirements for goods and services pursuant to Chapters 14 and 21.
    2. Provides new opportunities for both Small and Micro-LBEs.
  - vii. Proposed changes to Chapter 14B Administrative Code.
    1. For Tier 1 transactions, increase LBE bid discount from 0% to 2% to ensure LBEs can compete against non-LBEs (currently, bid discounts are not applicable for contracts > \$20M.)
    2. For newly created Tier 2 Small and Micro-LBEs which will make up the Tech Marketplace's "SF First/Micro-LBE Set Aside Group", make it clear that the minimum competitive amount applies to each transaction, not the master agreement.
5. Discussion on Creating LBEAC Subcommittees
- a. The Committee agreed to create subcommittees to discuss the following topics:
    - i. Pilot Trucking Program.
    - ii. Tech Marketplace.
    - iii. Passthroughs.
    - iv. Hyperlocal LBE subcontracting requirement.
    - v. Certificate of Preference.
    - vi. Good Faith Outreach requirements.
    - vii. Construction Management.
  - b. Chair Galarza requested the following regarding the next steps for the LBEAC subcommittees.
    - i. Requested for another committee member to be co-chair to him to oversee the LBEAC subcommittees.
    - ii. Requested staff to create a list of the subcommittees provided by the committee and send out to members for sign-up.
6. Discussion on Pass-through Agreements in Contracts with LBE Subcontracting Requirements
- a. Director Asenloo provided context regarding passthrough practices: There has been more practice as of late, among City departments to press the LBE primes to bring on addition firms onto its contract without increasing the overall contract amount. Thus, resulting in, cutting into the LBE prime's budget to cover the addition firms.
  - b. The LBEAC discussed their experiences regarding passthroughs and provided comments:



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- i. Mainly, there are concerns regarding passthroughs on Professional Service contracts, not Construction contracts.
  - ii. The "Passthrough" topic should be an LBEAC Subcommittee item.
  - iii. Passthroughs has big impact on LBE firms; mainly affects gross revenue by having LBE primes needing to cover the cost of bringing other firm(s) that may perform similar work as the LBE Prime.
  - iv. Another concern regarding passthroughs is that it circumvents the RFP/competitive bidding process.
  - v. Per the OCA, there is no Administrative Code which prohibits these passthroughs. However, passthroughs are heavily discouraged.
7. Introduction of the City Administrator, Carmen Chu
  - a. Director Asenloo introduced Carmen Chu to the LBEAC.
8. Staff Report/Public Comment
  - a. Staff provided the following updates:
    - i. Introduced Sailaja Kurella from OCA, as the newest LBEAC member.
    - ii. CMD is partnering with PW to create a directory of LBE architects and contractors that neighborhood businesses can utilize.
    - iii. Please remind your constituents to perform best of their ability on proposals even on Micro-LBE set-aside contracts.
    - iv. Strongly encouraged the LBE firms to utilize the Contractor's Assistance Center and Merriweather and Williams for technical assistance.
  - b. Public Comment:
    - i. Support CMD staff and found staff to be helpful in their own experiences.
    - ii. Requested to better understand the roadmap the subcommittees will be given to follow to ensure the changes that were proposed become rules.
9. Adjournment  
The Committee adjourned at 12:06 p.m.