



CONTRACT MONITORING DIVISION CITY ADMINISTRATOR'S OFFICE



London N. Breed, Mayor
Carmen Chu, City Administrator

Romulus Asenloo, Director

Special LBEAC June 10, 2021 Meeting Minutes

1. Call to Order

Chair Galarza called the meeting to order at 10:00 a.m.

Committee Members Present: Matthew Ajiake, Juliana Choy-Sommer, Darolyn Davis, Elahe Enssani, Miguel Galarza, Bruce Giron, Dwayne Jones, Nicolas King, Sailaja Kurella, Wayne Perry, Todd Senigar, Stephanie Tang, Kimberly Wilson.

Committee Members Absent: Iris Martin-Lopez.

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

Other City Personnel: Kyndra Cox, SFPUC; Ted Egan, Office of the Controller; Jennifer Johnston, CAO; Greg Lyman, SFPUC; Tiffany Tatum, SF Port.

Public Present: Ailene Estalilla; Noelle Bonner, Bonner Communications; Alex Chiu; Randy Collins; Carl Gordon; Rusty Hoseley, Hoseley; Crystal Miiks; Rocio Molina; Doug Parrish, Padraic Ryan; Red Dipper; Suzanne Souva, Bonner Communications; Eric Szyrko; Marcus Tartt, Renaissance Center; Daniel Wanner.

2. Update from Deputy Director Jennifer Johnston Regarding Legislative Changes to Chapter 14B

a. Deputy Director, Jennifer Johnston provided the following:

- i. Process was lengthened due to Pandemic and change in Office – New City Administrator Carmen Chu has been learning about the proposed amendments and how they would impact the small business community.
- ii. The LBEAC proposed a packet of recommendations and the feedback from the stakeholders were taken into consideration.
- iii. The City Attorney's Office determined that some of the ideas were good in concept but not legal and would require a lot more thought. Further, there is not a consensus agreement on what some of these ideas should look like.
- iv. The interest is to focus on the ideas that have consensus and to put together a packet of Chapter 14B amendments to move forward.
- v. The following themes that are being strongly considered:
 1. Proposed threshold increases for Professional Services disciplines.
 - Professional Services disciplines have not seen adjustments since 1998.
 - The 2015 proposed changes did not get advanced for adoption.



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- There will be an increase across the board for all the categories.
 - The categories will be broken down further into subcategories that the LBEAC proposed, for purposes of determining the threshold amounts since not all Professional services are the same.
 - The minimum competitive amount (Professional Services contracts) will be raised from \$129,000 to \$200,000. Likewise, the threshold amount (Construction contracts) will be raised from \$706,000 to \$1M.
2. Determining the size/capacity of the businesses for the purpose of identifying the firms' applicability for the threshold categories.
 - The change: the three (3) year LBE certification evaluation will be changed to a five (5) year evaluation—this will provide a better sense of the stability of a particular business.
3. Moving forward, discussions regarding threshold increases will be triggered automatically—this will be tied to the CPI increases.
4. Discussions with the City Attorney's Office to incorporate flexibility into Chapter 14B language for CMD.
 - To create pilot programs—focus on assisting Micro-LBEs build capacity to bid. In turn, allow firms' to better compete on City contracts.
 - To set separate participation requirements for Micro-LBEs within City contracts.
 - Data is being gathered so there can be a better understanding regarding setting participation requirements for the respective threshold categories.
 - Extending bonding assistance and loan program and services to LBEs on contracts that are not fully funded by the City.
5. Closer look at Primes and their accountability to their LBE firms.
 - The requirement of the Primes receiving approved LBE work—Primes need to submit invoice within 30 days to the respective awarding departments.
 - Prompt payment to LBE firms when Prime's receive funds from awarding departments.
 - Breach of contract to an LBE—10% fines/sanctions changed to 25% fines/sanctions.
- vi. Finding ways to help businesses come back to the City because of outwards migration.



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1. There have been discussions regarding changing the six (6) month certification eligibility rule—allowing firms to return to the City and not having to wait six (6) months prior for recertification.
 - vii. Upon further discussions with the City Attorney's Office and the respective stakeholders, an update will be provided regarding the timeline to move Chapter 14B amendments forward. This update will be provided in coming weeks.
3. UCSF Procurement Outreach Presentation
 - a. UCSF Presentation has been tabled to the July LBEAC meeting.
 4. Updates from the LBEAC Subcommittees
 - a. Tech Marketplace Subcommittee:
 - i. Chair Perry provided the following:
 1. The next course of action is to have the group review the proposed changes to the Tech Marketplace by OCA.
 2. Upon this review, the subcommittee will meet with OCA to get clarification on some of their proposed changes.
 - ii. OCA Director, Sailaja Kurella suggested the following:
 1. OCA to meet with the Tech Marketplace subcommittee for further discussion regarding the proposed changes.
 2. Upon the meeting between OCA and subcommittee, will report back to the greater Committee.
 - b. Updates from Trucking Pilot Subcommittee:
 - i. Dwayne Jones will be Chair of this subcommittee and Miguel Galarza will be co-chair.
 - c. Updates from Passthroughs Subcommittee:
 - i. Darolyn Davis will be Chair of this subcommittee.
 - ii. CMD will double check if anyone from the public is interested in supporting Davis as co-chair.
 - d. Updates from Hyperlocal Requirement Subcommittee:
 - i. Chair, Galarza provided the following:
 1. The initial meeting involved discussions regarding the purpose of why the subcommittee is important.
 2. The creation of the pilot program is in development.
 3. The objective at the next meeting is to determine the correlation between the Hyperlocal and Certificate of Preference subcommittee and how both are tied together—this will allow a better understanding of the Hyperlocal requirements.
 - e. Good Faith Outreach Subcommittee:



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- i. Chair Galarza is seeking volunteers from the greater Committee to take the lead of this subcommittee and will be following up accordingly.
- f. Construction Management Subcommittee:
 - i. Co-Chair Perry provided the following:
 1. At the previous meeting, discussions revolved around defining “Construction Management”.
 - There is a state definition and a city definition.
 2. The determination is that there is no conflict between the current definition of “Construction Management” that CMD uses versus the state’s definition.
 3. Per the group’s discussions/findings, the LBEs that are certified in the “Construction Management” category do not conflict with the state’s rules.
 4. Next step is to further determine what “Construction Management” is so CMD can determine which firms will be impacted, and firms that will not be.
 5. Next meeting will be held on June 17, 2021.
5. Update from the Controller’s Office Regarding CPI Adjustments to the LBE Economic Size Thresholds
 - a. Ted Egan’s presentation provided the following information.
 - i. The City commonly uses CPI to adjust the thresholds.
 - ii. Due to the nature of the bay area economy, the bay area inflation tends to be faster than the national inflation. As such, to accurately reflect cost of living in the bay area to use the bay area number and not to use the national CPI number.
 - iii. The Federal Bureau of Labor Statistics also produces industry-specific price indices, called Producer Price Indices (PPIs), which track “the average change over time in the selling prices received by domestic producers of goods and services”.
 - iv. While the PPI is intended to adjust the prices, businesses receive to measure real changes in output, and could be used by the City, the CPI is much more commonly used.
 - v. One reason for this is that the PPI is only available at the national level, while the Bay Area has its own CPI.
 - vi. The Bay Area CPI tends to grow faster than the national CPI or PPI – reflecting our housing market. Since the cost-of-living in the Bay Area is a major driver of business costs, it’s probably a more appropriate measure of local inflation.



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6. Discussion and Possible Revision of the LBEAC Guidelines
 - a. Staff will provide the Committee with the relevant sections for potential revision via email—will further discuss at the July LBEAC Meeting.

7. Review and Approval of the May 6, 2021 LBEAC Meeting Minutes
 - a. Dwyane Jones, seconded by Darolyn Davis, moved to approve the LBEAC Meeting Minutes of May 6, 2021. The motion carried by the following vote:
 - i. Ayes: Matthew Ajiake, Juliana Choy-Sommer, Elahe Enssani, Miguel Galarza, Bruce Giron, Nicolas King, Sailaja Kurella, Wayne Perry, Todd Senigar, Stephanie Tang, Kimberly Wilson.

8. Announcement from CMD's Mentor Protege Program
 - a. Staff provided the following:
 - i. Open recruitment starts on June 23, 2021, for its 3rd cohort.
 - ii. Interested parties, please contact MPP@sfgov.org.
 - iii. Staff will be conducting outreach, please also help spread the word.

9. Staff Report/Public Comment
 - a. Chair Galarza mentioned that there will be a vote/motion at the July meeting regarding some changes to the LBEAC Guidelines.
 - b. Public Comment:
 - i. A member of the public commented that there needs to reporting mechanism, which enforces accountability on General Contractors on how they treat small businesses.
 - ii. Another member of the public commented: 1) will the CPI increases for the LBE thresholds will be rounded up? and 2) What is the approach to the MPP program and how will it be structured moving forward so that it will be beneficial to both the Mentor and the Protégé? Taken into consideration some of the pairings did not work out how it was envisioned.

Staff Response:

1. The CPI increases will be rounded up so that it will be consistent with how it has always been handled.
2. The idea of the MPP program is focused on a mechanism on building capacity for smaller firms, rather than a contracting vehicle.

10. Adjournment

The Committee adjourned at 12:02 p.m.