



# CONTRACT MONITORING DIVISION CITY ADMINISTRATOR'S OFFICE



London N. Breed, Mayor  
Naomi M. Kelly, City Administrator

Romulus Asenloo, Director

## LBEAC July 2, 2020 Meeting Minutes

### 1. Call to Order

Chair Galarza called the meeting to order at 10:01 a.m.

*Committee Members Present:* Matthew Ajiake, Darolyn Davis, Miguel Galarza, Bruce Giron, Dwayne Jones, Nicolas King, Iris Martin-Lopez, Wayne Perry, Juliana Choy-Sommer, Stephanie Tang, Kimberly Wilson.

*Committee Members Absent:* Elahe Enssani, Virginia Harmon, Ruben Santana.

*Staff Present:* Romulus Asenloo, Maria Camua, Regina Chan, Jason Chow, Reymond Huang, Vivian Liu, Ekaterina Svyatets, Nichole Truax.

*Other City Personnel:* Ivy Fine, SFPUC; Alaric Degrafinried, PW; Tiffany Tatum, SF Port

*Public Present:* Noelle Bonner, Bonner Communications; Clifton Burch, Empire Engineering and Construction; Randy Collins, FTF Engineering; Bayard Fong; Carl Gordon, Gordon Plastering; Tricia Gregory, HVYW8; Alan Guy, Anvil Builders; Lamar Heystek, Asian Inc.; Ray Horne, R&I Glassworks; Rusty Hoseley, Hoseley Corporation; Rob Ibarra; James Mabrey, YADEJS; LaSonia Mansfield; Crystal Miks, CMC Traffic Control; Doug Parrish, Red Dipper; Padraic Ryan, Eco Bay Services; Suzanne Souva, Bonner Communications; Deja Stocks; Marcus Tartt, Renaissance Center

### 2. Proposed changes to the LBE Program

a. Noelle Bonner from Bonner Communications presented the following proposed changes to the LBE program:

- i. Increasing Micro LBE & LBE Public Works/Construction Thresholds to an estimated \$13M and \$26M respectively. Increasing the threshold for Trucking LBEs based on CPI.
- ii. Public Works/Construction SBA-LBE's will be given up to 350 employees, tied to the 30% local hiring goal, as stipulated by the OEWD.
- iii. At least 10% of LBE requirement for City Contracts must include Micro-LBEs.
- iv. Increase the Micro-LBE Set-Aside for project threshold to \$1,500,000.
- v. Underserved SF Communities, like District 10, Chinatown or the Western Addition, should have a Certificate of Preference (COP). This should follow existing COP legislation.
- vi. An automated internal process between CMD, LBEAC and the City Administrator should be identified for reviewing the Economic Thresholds and/or Employee Size Standards for the LBE Program.



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- vii. Contract Managers should utilize non-cost criteria to determine rating bonuses (i.e. Training and Mentoring Program, Track Record of Local Hiring, Workforce Development Initiatives).
- viii. Measuring LBE Participation by LBE Primes on a three-year average and applying preference to LBE Primes that are utilizing other LBEs or Micro-LBEs above the set LBE or Micro-LBE requirement on the project.
- ix. City Contracts must include a 50% LBE requirement for Trucking.
- b. LBEAC Members discussed the proposed changes and then opened to comments from the public.
  - i. There is a concern regarding the process of how the proposed changes came about and what kind of precedent would be set by the LBEAC recommending the proposal.
  - ii. Several members support policy solutions to solve lack of Micro-LBE usage and raising the thresholds. However, the possible repeal of Proposition 209 and its impact it would have on the LBE program is a looming issue.
  - iii. Virginia Harmon was not present at the meeting due to technical difficulties but she communicated via email that she does not support an increase in the Construction threshold or any modification to the size standard based on employee count. Harmon stated in her email "this program was originally intended to address identified discrimination. When the City was enjoined from implementing our MBE/WBE program due to Prop 209, we continued to try to address discrimination in part by keeping the size standards small. While it may make sense to adjust the standards incrementally based on CPI, I see this as a fundamental change to how size standards are calculated and a move away from efforts to remedy discrimination. We know that MBE/WBE firms are kept small due to discrimination. We know that business discrimination continues to impact MBE/WBE firms. As a repeal of Prop 209 will be on the ballot in November, at this time we need to reaffirm our commitment to MBE/WBE firms, rather than significantly change the nature of this program."
  - iv. Members of the public called in to expressed support for the proposed changes: Doug Parrish of Red Dipper, Alan Guy of Anvil Builders, Noel Bonner of Bonner Communications, Padraic Ryan of Eco Bay Services, Tricia and Michael Gregory from HVYW8, Crystal Mijs of CMC Traffic Control, Marcus Tartt from Renaissance Center, Rusty Hoseley of Hoseley Corporation; Ray Horne from R&I Glassworks; James Mabrey of YADEJS; and Clifton Burch of Empire Construction.
  - v. Lamar Haystack from Asian Inc. encouraged the Committee to consider other stakeholders' recommendations, such as expanding the Set-Aside Program to



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- setting aside 10% of all contracting opportunities in each department for LBE primes.
  - vi. Bayard Fong expressed support for the 50% trucking requirement but stated concern with how the proposed Certificate of Preference would affect bid discounts and the low bid process.
  - vii. Chair Galarza reiterated that the LBEAC can only make recommendations and cannot dictate policy.
  - c. Dwayne Jones, second by Bruce Giron, moved to approve the proposed changes to the LBE program, including the proposed changes proposed for professional services. The motion carried by the following vote:
    - i. Ayes: Ajiake, Davis, Galarza, Giron, Jones, King, Perry, Choy-Sommer.
    - ii. Abstained: Martin-Lopez, Tang, Wilson.
3. Potential Legislation Related to Public Works
- a. The Committee discussed the proposed Charter Amendment to amend the Charter of the City and County of San Francisco to create the Sanitation and Streets Department to succeed to specific duties currently performed by the Department of Public Works.
  - b. Within the Amendment, SEC. 4.139 (c) states: "Performance of Work for Other Departments. No department may enter agreements with private parties for public works or improvements in City streets, sidewalks, or City-owned buildings or facilities, unless the department first requests the Department of Sanitation and Streets to perform the work subject to specifications and timing requirements determined in the discretion of the requesting department."
  - c. Chair Galarza and other Committee members agreed that if this provision in the Amendment is passed, it would give first right of refusal without cost evaluation to Department of Sanitation and Streets for maintenance and repair work from Public Works and all other City Departments. This would mean numerous potential opportunities that normally would have been awarded to small and micro local businesses through a low bid procurement process would now be eliminated.
  - d. The next opportunity to voice public opinion on this issue is on Monday, July 6, 2020 at 10 a.m. at the Rules Committee meeting.
4. Approval of Minutes
- a. Dwayne Jones, seconded by Bruce Giron, moved to approve the LBEAC Meeting Minutes of February 2, 2020 and March 5, 2020. The motion carried by the following vote:
  - b. Ayes: Ajiake, Davis, Galarza, Giron, Jones, King, Martin-Lopez, Perry, Choy-Sommer, Tang, Wilson.
5. Staff Report/Updates



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- a. Director Asenloo provided an update on the LBE Construction Accelerated Payment Program: There are currently two approved loans with a third loan in the approval process.
6. Adjournment  
The Committee adjourned at 12:18 p.m.