

SUMMARY OF ADMINISTRATIVE CODE

CHAPTER 14B CERTIFICATION



The San Francisco Administrative Code Chapter 14B Local Business Enterprise (LBE), the Non-Discrimination in Contracting Ordinance, and the accompanying Rules and Regulations state that a firm may be eligible for LBE, PUC-LBE, and Non-Profit (NPE) Certification, promoting the use and participation of small businesses in City contracts. Certified firms benefit from bid discounts and subcontracting requirements for most City contracts as well as from micro-set aside City contracts. To receive these benefits, a firm must be certified with the Contract Monitoring Division (CMD) prior to submitting a bid or proposal. Certification requirements are described below.

Principal Place of Business

LBE and NPE certification is available only to firms whose principal place of business is a fixed office in San Francisco or the PUC-LBE regional area. The firm must conduct business for at least six months prior to applying for LBE Certification. The firm must conduct the services for which certification is sought on a regular basis while onsite, with the exception of work performed at a job site.

Majority Owners Based in the Principal Place of Business

The firm must demonstrate that the majority of its principals are based in its Principal Place of Business. The firm 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. If the business owners are employed with another entity for more than 32 hours per week, then the firm must designate at least one individual to operate the firm in the owner's absence.

Business & Individual Licenses

The firm must possess a current Business License such as a San Francisco Business Registration Certificate. The license must have been issued at least six months prior to the time of certification. Trucking firms do not need an San Francisco Business License. Firm owners must individually and collectively possess the licenses, certifications, skills and/or training required for the services for which certification is sought.

Home Offices

A residence may qualify as an office only if: (i) the persons who own or control the firm do not also maintain an office outside the residence in the same or related field; and (ii) the persons who own or control the firm claimed a business deduction on the prior year's income tax return, or for firms started after the previous tax return, would qualify for a deduction on the next tax return and (iii) the principal place of business is located at the home of one of the firm's owners.

Storage for Trucking & Hauling Vehicles

Firms that provide trucking and hauling services must park their registered vehicles and trailers within the eligible areas when not on a job site. PUC-LBE certification has regional requirements.

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Requirements for Commodity Suppliers

Commodity Suppliers are required to maintain a fixed office in San Francisco. However, that office need not be the suppliers principal place of business. Suppliers must maintain a warehouse in San Francisco that is continuously stocked with inventory consistent with their certification.

Commercially Useful Function

The business must perform a commercially useful function. Commercially useful business functions for which LBE certification is available are listed on the CMD website: <http://sfgov.org/cmd/resources-1>.

Maximum Economic Thresholds

The entity will be deemed a Micro-LBE, a Small-LBE or an SBA-LBE, based on the LBE's average gross receipts over a period of three years directly preceding the date of certification. SBA certification is not available for NPE or PUC-LBE firms. The maximum thresholds for each such category are listed in the following table:

Maximum Economic Thresholds for LBE, PUC-LBE, NPE, & SBA Certification			
	"Micro" Bid Discount: 10%	"Small" Bid Discount: 10%	"SBA" Bid Discount: 5%*
Class A and Class B General Contractors	\$10,000,000	\$20,000,000	\$33,500,000
Specialty Construction Contractors	\$5,000,000	\$10,000,000	\$17,000,000
Trucking and Hauling	\$1,750,000	\$3,500,000	\$8,500,000
Goods Materials and Equipment Suppliers	\$5,000,000	\$10,000,000	\$17,000,000
General Service Providers	\$5,000,000	\$10,000,000	\$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

Woman-Owned and Minority-Owned Designation

LBE's with either woman or ethnic minority ownership greater than or equal to 51% will be designated as being a *Woman Business Enterprise (WBE)* or a *Minority Business Enterprise (MBE)* business in their certification letters. 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 designations are 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 discount or benefits.