



San Francisco Office of the City Administrator

LBEAC Director's Report

April 4, 2025

Agenda

- 1) Understanding/Resolving a 14B Drafting Issue
- 2) Program Evaluation: Opportunities for Input
- 3) CMD Delivers: LBE Directory Implementation, System Decommissioned
- 4) LBE Reporting Follow-Up
- 5) [RSVP Now](#): City Contracting 101: A Small Business Workshop Event

Administrative Code is already
challenging...and Chapter 14B has a
drafting issue common to many laws.

The next few slides will dissect the
issue and discuss a solution.

4 Examples in the LBE Code

1. What is the LBE certification size threshold (when is a firm a micro vs a small vs. an SBA) for a specific category?

2. When does an SBA-firm receive a bid discount/rating bonus?

3. Does 14B consider the Prop Q/Delegated Departmental spending amount?

4. When the Chapter 6 and Chapter 21 Thresholds and LBE categories are updated in Chapter 14B.3, what happens?



1. What is the LBE certification size threshold (when is a firm a micro vs a small vs. an SBA) in a category?

Chapter 14B states:

Category	Micro-LBE	Small-LBE	SBA-LBE
Public works/Construction	\$12,000,000	\$24,000,000	\$40,000,000



However, the Controller is required under Chapter 14B.3 to increase these values every five years. The Controller issued the memo effective January 1, 2025. These correct and accurate values live in the memo and are not reflected in Chapter 14B.

Today you could research 14B, cite the code, and be wrong.

2. When does an SBA-firm receive a bid discount/rating bonus?

Chapter 14B.7(D) says

SBA-LBEs shall apply only to Contracts (other than Commodities Contracts) with an estimated cost of no less than \$400,000 and no greater than \$20,000,000, and to Commodities Contracts with an estimated cost of no less than \$400,000 and no greater than \$10,000,000.



In 2010 the SBA bid discount was added to the ordinance and \$400,000 was the Minimum Threshold Amount.

The Minimum Threshold has been increased four times since 2010 -- 2015, 2020, 2022, and 2025.

As the Administrative Code evolved, this number remained fixed. \$400,000 is now another (confusing) threshold un-linked from the legislative intentions.

3. Does 14B use the Prop Q/Delegated Departmental spending amount?

Yes! ... and No!

A “Prop Q” or “delegated departmental spending” allows for a simple and expedited process for purchasing commodities and general services. Construction and professional services are not allowed in this method.

[Chapter 14B](#) doesn’t use the term “Prop Q” or “delegated departmental spending,” but uses the concept of Prop Q as a baseline number for Chapter 14B.

\$10,000, the Prop Q amount from ~1999-2024, is mentioned 22 times in Chapter 14B.



The Purchaser is responsible for determining the delegated purchasing amount.

The Purchaser increased the maximum Prop Q threshold amount on July 1, 2024.

Chapter 21 has evolved, 14B has not.

4. When the Chapter 6 and Chapter 21 Thresholds and LBE categories are updated (as required by code), what happens?

Every 5 years the Controller writes an internal memo to City Staff to update the (1) Chapter 6 and 21 Thresholds and (2) LBE category sizes by inflation, using the Consumer Price Index.



While the numbers are updated, the Code remains static until there is an Ordinance to reflect the change.

Only an **insider** will understand that the Code has outdated numbers

The 14B Legislation Drafting Concern:

- ⊗ Code was drafted to be “**hard coded**” with numbers rather than concepts
- ⊗ Some parts of the Code evolve while others do not. This results in **confusing and incomplete implementation** of legislative intent
- ⊗ Chapter 14B numbers **do not reflect** the Controller’s updated numbers. This is not transparent for the public
- ⊗ Creates an **unnecessary** (self imposed) **barrier** for the public and City employees in following the Administrative Code

Improving 14B – Potential Solution

If the LBEAC concurs, CMD Director recommends a limited and targeted “search and replace” Ordinance update to Chapter 14B to:

- ✓ Add the concept of “delegated purchasing amount”
- ✓ Update the CMD category numbers
- ✓ Update the SBA bid discount amount to reflect original legislative attempt.

This is not a policy change. This is good government work to do clean-up. These changes are limited to correct confusing and incorrect areas of the code.

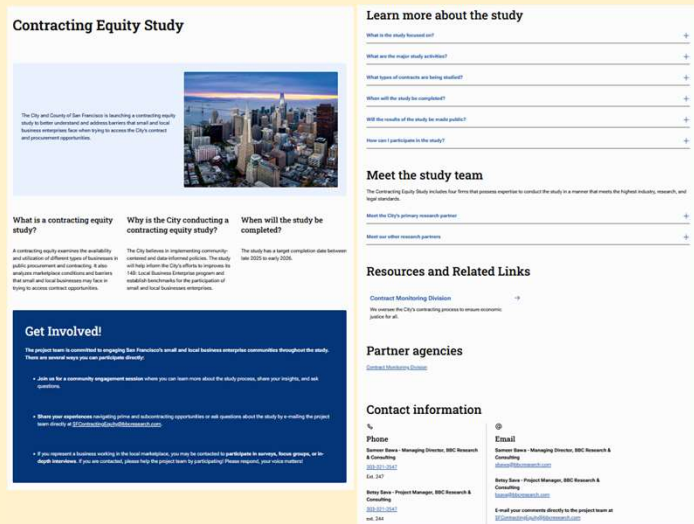
Program Evaluation

The LBE Program Evaluation consultant will be collecting feedback from the community in a few ways.



Program Evaluation: Update

Sneak Peak



To communicate the feedback opportunities, CMD will:

- Update the Program Evaluation Website
- Update the CMD Website
- CMD Newsletter
- CMD Newsbits
- Email from me to LBEAC
- Contact

SfContractingEquity@bbcresearch.com

CMD Delivers: System Decommissioned

CMD has decommissioned the LBE certification database. It was designed in the 1990s.

CMD and the Office of the Controller (CON) started the transition as part of the 2017 FSP/Peoplesoft financial system implementation. This picked up momentum in 2023 and the legacy system was decommissioned on March 17, 2025.

To ensure an excellent transition, CMD CON did extensive data reviews. **All firms are listed in the Directory!**

We did an internal audit to ensure all firms have a contact, email, address etc. 6% of firms require additional minor corrections.

9%

Speed for LBE letters last two weeks compared to previous year.

CMD Delivers: Better LBE Directory and Letters

Directory of LBE, LBE-PUC, and NPE Certified Firms

Keyword Search:

Filter by Certification Size/Certification Type/Ownership Type/Zip Code

Certification Size

- ☒ Micro LBE
- ☒ Small LBE
- ☐ SBA LBE

Certification Type

- ☒ San Francisco - LBE and Non-Profit LBEs
- ☐ PUC - PUC LBE

Ownership Type

- ☒ Minority Owned (MBO) Firms
- ☒ Women Owned (WBO) Firms
- ☒ Non-minority and non-woman owned firms (NNO) Firms

Zip Code:

LBE Directory was launched to include:

- Supervisor District
- LBE Credit Restrictions
- Equal Benefits Status

Certification Summary

Bidder/Supplier Number:

Letter Type:

Certification Type:

Certification Start and Expiration:

LBE Certification letters are being issued with the update design that includes

- Certification Summary
- Categories listed by size with start and expiration date
- New language to explain certification
- Language about percent of bid discount was removed

City & County of San Francisco
David Luna, Mayor

Office of the City Administrator
Carroll Chu, City Administrator
Contract Monitoring Division
Stephanie Tang, Director

NOTICE OF CERTIFICATION

January 23, 2025

To: [Redacted]
From: [Redacted]
San Francisco, CA
District 10
Dear [Redacted]:

Certification Summary

Bidder/Supplier Number: [Redacted]
Letter Type: [Redacted]
Certification Type: [Redacted]
Certification Start and Expiration: [Redacted]

CMD is pleased to inform you that your business... has been certified as an MBO, Local Business Enterprise for the Contract Monitoring Division of the City and County of San Francisco Administrative Code Chapter 14B Program. Your firm has been granted LBE certification which is valid until 05/31/2025.

CERTIFICATION CATEGORY AND SIZE

CMD is a member of the LBE Council. Directory of certified firms at <https://lbe.sfdirect.org>

Category	Size	Begin	Expires
MBO	Micro	04/28/2022	05/31/2025
MBO	Small	04/28/2022	05/31/2025
MBO	Medium	04/28/2022	05/31/2025
MBO	Large	04/28/2022	05/31/2025

Please Note: CMD requires the right to request additional information and may suspend or revoke this certification if the certification was obtained by false, misleading, or fraudulent information. Certification is subject to review at any time and other rules may be required.

HOW TO USE YOUR CERTIFICATION

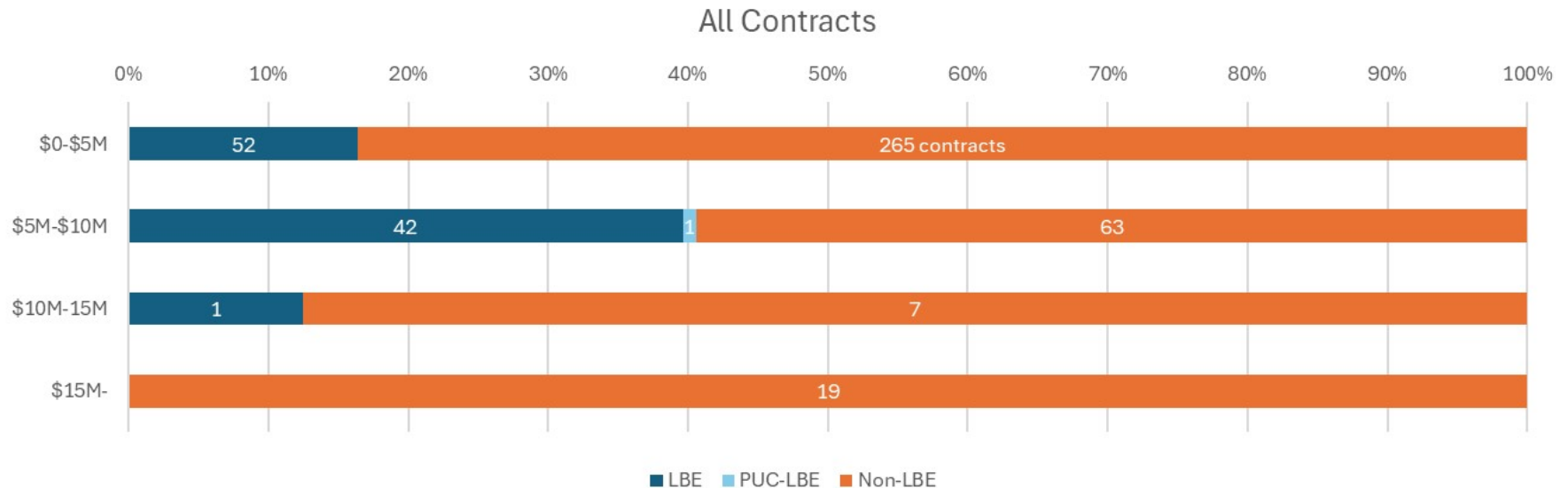
As a certified firm, your business may be entitled to a bid discount or rating bonus when bidding as a prime contractor on City contracts. In addition, you will have access to subcontracting opportunities on City contracts that are reserved to certified LBEs. Additional information about contracting opportunities, including forecasted opportunities, is available at <https://lbe.sfdirect.org>

LBE Certification letters will be emailed from Peoplesoft -- expediting delivery of letters to you.

LBE Reporting Follow-Up

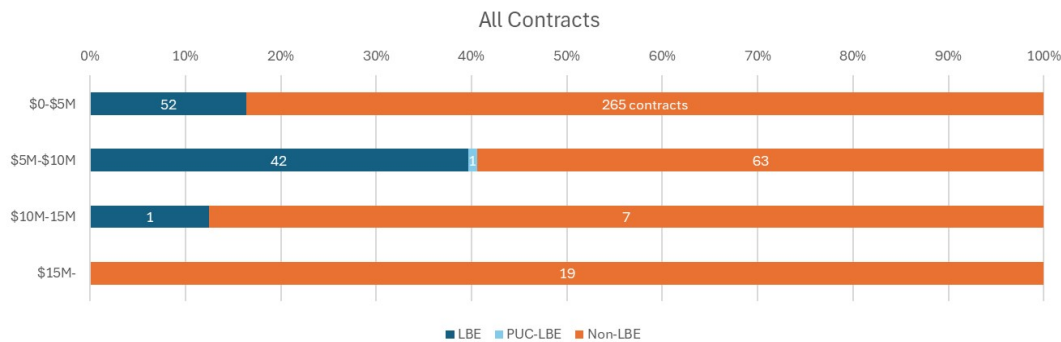
[CMD Fiscal Year 2023-2024 Report](#), Page 14:

Number of Awarded Contracts by Contract Size and Prime LBE Status

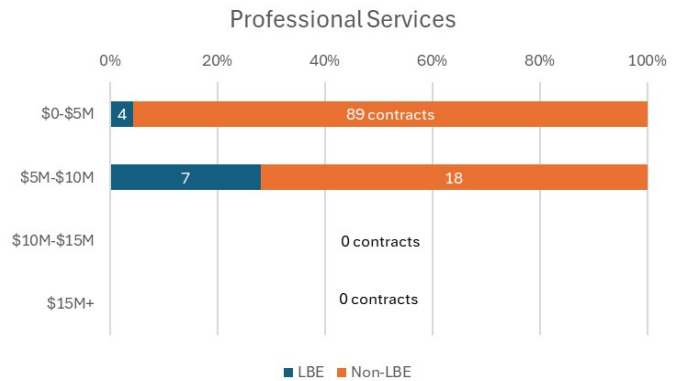
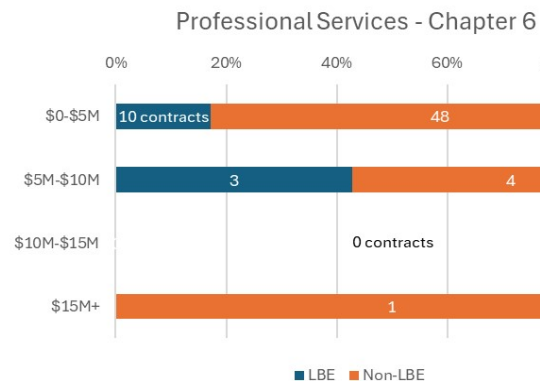
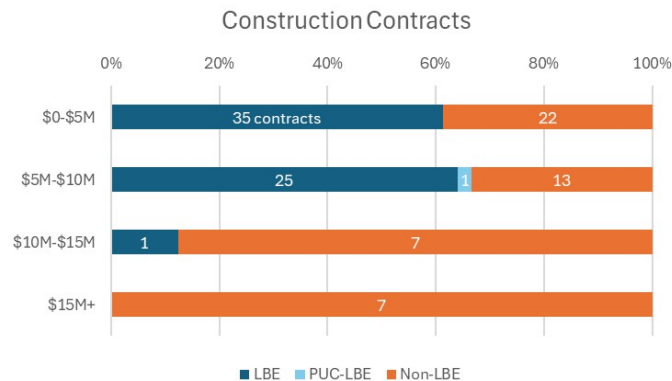


Follow-Up Question: **What does this look like for Professional Services?**

LBE Reporting: Professional Services Contact Size Analysis



The trend for professional services is similar, but less pronounced. Note: there are many more professional service contracts <\$10 million.



Upcoming Event



City Contracting 101: A Small Business Workshop

Hosted by the GovOps Team of the City Administrator's Office

Wednesday, April 23, 2025

49 South Van Ness

In-Person

9:00am - 1:00pm

This event is for San Francisco small businesses who are interested in contracting with the City.



<https://www.sf.gov/smallbizworkshop2025>

Next LBEACs

- **June LBEAC** will have a report from SFO on capital planning.
- **June LBEAC Meeting is at SF Main Library**
- **August – December LBEAC** is back at City Hall