

June 22, 2020

San Francisco Board of Supervisors
San Francisco City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA

Re: Chapter 14B LBE Ordinance for the Public Works/Construction Category

Dear Board of Supervisors,

On behalf of the San Francisco Chamber of Commerce, I offer our **support of the following proposed changes to the Chapter 14B LBE Ordinance for the Public Works/Construction Category:**

1. Increasing construction thresholds based on the Consumer Price Index, to stay in line with the cost of doing business in San Francisco. *Potential Suggested Increases based on CPI: \$13M for Micro-LBE & \$26M for LBE.*
2. 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.
 - a. For eligible SBAs, participation will be counted at 70%
 - b. SBA-LBEs that engage in the City's Mentor Protégé Program with a micro-LBE will be counted at 90%
 - c. SBA-LBEs will function as a legacy LBE program, therefore those businesses that have not been a part of the LBE program, cannot be certified as SBA-LBEs
3. At least 10% of LBE requirements for City Contracts must include Micro-LBEs.
4. The Threshold for Micro-Set-Aside Contracts should be increased to \$1,500,000.
 - a. Micro LBE truckers must be used on Micro-LBE Set Aside Contracts
5. Underserved SF communities, like District 10, Chinatown or the Western Addition, should have a Certificate of Preference (COP). This should follow existing housing COP legislation.
6. 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.
7. 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).
8. 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.
9. City contracts must include a 50% LBE requirement for Trucking.



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The San Francisco Chapter 14B LBE Ordinance has not kept pace with the rising cost of doing business in San Francisco, nor has it created enough opportunities for minority contractors to take advantage of the city's current construction boom. Therefore, we believe these proposed changes are a step in the right direction for small business in San Francisco, a city that became the most expensive in the entire world to build in 2019. And where cost increases have been felt 'across the board,' by way of labor, rent, materials, and more.

It is for these reasons that we support the proposed changes to the Chapter 14B LBE Ordinance, and ask that the Board of Supervisors take-action now to ensure that small businesses have an opportunity to thrive in San Francisco.

Respectfully,

Rodney Fong

President and CEO

San Francisco Chamber of Commerce