Amendment of the Whole in Board

FILE NO. 00-1969  12/18/00  ORDINANCE NO. 2-01

[SEISMIC SAFETY LOAN PROGRAM.]


Note: Additions are italic; Times New Roman; deletions are strikethrough italic; Times New Roman.

Board amendment additions are double underlined.
Board amendment deletions are strikethrough normal.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Chapter 66A of the San Francisco Administrative Code is hereby amended to read as follows:

Sec. 66A.1. PURPOSE. The purpose of this Chapter 66A is to implement a seismic safety loan program ("Program") by describing the conditions under which the City and County of San Francisco ("City") may lend taxable general obligation bond proceeds to building owners to finance the seismic retrofit of unreinforced masonry buildings. In addition to the requirements of Administrative Code Chapter 66 and this Chapter 66A, the Program shall also be subject to all federal, state and local laws applicable to the issuance of bonds related to the Program, the making of loans, specific seismic retrofit standards, and any other applicable matters.

Sec. 66A.2. DEFINITIONS. Unless otherwise defined below, capitalized terms used in this Chapter 66A shall have the meanings set forth in this Chapter 66A or in Administrative Code Chapter 66.
(1) "Annual Debt Service" means the projected annual sum of all payments due on obligations secured by the Property, as defined below, for the 12 months following the date of application for completion of Seismic Strengthening to be financed by a Seismic Safety Loan, as defined below, including any payments which will be due on the proposed Seismic Safety Loan, but shall not include depreciation of the Property.

(2) "Annual Net Operating Income" means the annual sum of all gross income estimated to be generated by the Property, as defined below, during the 12 months following the date of application for completion of Seismic Strengthening to be financed by a Seismic Safety Loan, as defined below, less the sum of all operating expenses for the Property during such period.

(3) "Applicant" means an applicant for a Seismic Safety Loan, as defined below.

(4) "Bolts Plus" means the retrofit standard defined in San Francisco Building Code Section 1603B and permitted under San Francisco Building Code Section 1609C.2.

(5) "Bond Proceeds" means the proceeds of taxable general obligation bonds to be issued by the City to finance the Program, including interest on such proceeds.

(6) "Borrower" means a recipient of a Seismic Safety Loan, as defined below.

(7) "Building Code" means the San Francisco Building Code, as it may be amended from time to time.

(8) "Debt Service Coverage Ratio" shall be the ratio of Annual Net Operating Income on the Property, as defined below, to Annual Debt Service on the Property.

(9) "General Procedure" means the retrofit standard defined in Building Code Section 1610C.

(10) "Loan Committee" means the Unreinforced Masonry Building Loan Committee, as further defined in Section 66A.14 66A.13.
(11) "Loan to Value Ratio" means the ratio of the outstanding principal balance of all financing secured by the Property, as defined below, including the proposed Seismic Safety Loan, as defined below, to the Market Value of the Property.

(12) "Market Value" of the Property, as defined below, means the value of the Property as determined by an appraiser approved by the City who possesses a State of California appraisal license, certified general, based on both historical data and projected income and value following completion of Seismic Strengthening, as defined in Administrative Code Section 66.1(i) 66.1(h). Such appraisal shall be dated no earlier than 90 days prior to the date of application for a Seismic Safety Loan, as defined below. The Applicant shall be fully responsible for the cost of obtaining such an appraisal. The Program Administrator, as defined below, shall provide prospective Applicants with a list of preapproved appraisers. The Applicant may obtain the prior written approval of the Program Administrator in the event the Applicant wishes to utilize an appraiser other than as specified on such list.

(13) "Program Administrator" means a representative of the Director of Business and Economic Development's office, as specified in Section 66A.27 66A.25.

(14) "Program Regulations" means regulations to be developed by the Program Administrator, which will address those issues specified in this Chapter 66A, in addition to any other matters deemed necessary by the Program Administrator in order to implement Chapters 66 and 66A.

(15) "Property" means an unreinforced masonry bearing wall building ("UMB as defined in Administrative Code Section 66.1(i) 66.1(i), together with the legal parcel(s) of real property on which the UMB is located.

(16) "Regulatory Agreement" means an agreement to be executed by the Property owner and recorded against the Property in order to restrict subsequent use of the Property, as further described in Administrative Code Section 66.5 and in this Chapter 66A.
(17) "Section 3403.6" means the retrofit standard defined in Building Code Section 3403.6.

(18) "Seismic Safety Loan" means a loan made pursuant to Administrative Code Chapters 66 and 66A, and includes Below Market Rate Loans, Deferred Loans and Market Rate Loans, each as defined in Administrative Code Section 66.1.

(19) "Special Procedure" means the retrofit standard defined in Building Code Section 1611C.

Sec. 66A.3. PROGRAM PERSONNEL. In addition to the Program Administrator and Loan Committee, as further described in this Chapter 66A, the following individuals or entities shall assist in the operation of the Program. Each individual/entity shall be selected through a request for proposals process to be conducted by the UMB Program Administrator. The City shall enter into agreements to obtain the services of such individuals and/or entities according to applicable City procedures and subject to all required City approvals.

(1) Loan Packager. The loan packager(s) may be private lender(s) or financial consultant(s), as approved by the Program Administrator (collectively, the "Loan Packager"). The duties of the Loan Packager are described in Section 66A.1, below.

(2) Financial Consultant. The financial consultant ("Financial Consultant") shall perform the duties described in Sections 66A.12, 66A.13, 66A.14, and 66A.15, below.

(2) Loan Servicer. The Loan Servicer shall be a private lender and/or loan servicer ("Loan Servicer"). The duties of the Servicer are described in Section 66A.16, below.

Sec. 66A.4. LENDING CRITERIA. Applicants must satisfy the following criteria described in Section 66A.4(1), at a minimum, in order to be eligible for consideration for receipt of a Seismic Safety Loan. The Loan Committee may also consider those additional factors described in Section 66A.4(2) in determining whether to approve a Seismic Safety Loan. In no
event will an Applicant's satisfaction of the criteria in this Section 66A.4 be deemed to
guarantee approval of a Seismic Safety Loan for the Applicant.

(1) Underwriting Criteria.

(a) Below Market Rate Loans. Each Applicant for a Below Market Rate Loan must
show that the Property to be rehabilitated satisfies one of the following criteria:

(i) The Loan to Value Ratio of the Property shall not exceed 95 percent, and the
Property shall have a minimum Debt Service Coverage Ratio of 1.1x; or

(ii) The Loan to Value Ratio of the Property shall not exceed 90 percent, and the
Property shall have a minimum Debt Service Coverage Ratio of 1.05x.

(b) Deferred Loans. Each Applicant for a Deferred Loan must show that the Property to
be rehabilitated satisfies the following criteria: The Loan to Value Ratio of the Property shall
not exceed 95 percent.

(c) Market Rate Loans. Each Applicant for a Market Rate Loan must show that the
Property to be rehabilitated satisfies one of the following criteria:

(i) The Loan to Value Ratio shall not exceed 95 percent, and the Property shall have a
minimum Debt Service Coverage Ratio of 1.1x; or

(ii) The Loan to Value Ratio shall not exceed 90 percent, and the Property shall have a
minimum Debt Service Coverage Ratio of 1.05x.

(2) Other Lending Criteria. In addition to the underwriting criteria specified in Section
66A.4(l), above, the Loan Committee shall evaluate each of the following factors for each
Applicant, as these factors are more fully addressed in the Program Regulations:

(a) Creditworthiness. The Loan Committee shall evaluate an Applicant's credit history
and likelihood of making timely loan repayments.

(b) Net Worth. The Loan Committee shall examine an Applicant's net worth and
income.
(c) Experience. The Loan Committee shall determine whether an Applicant has experience with rehabilitation projects, and whether such experience may contribute to the likelihood of timely completion of the Seismic Strengthening and repayment of the Seismic Safety Loan.

(d) Scope of Work. The Loan Committee shall assess the degree to which the proposed scope and timing of the Seismic Strengthening will address the needs of the Property and the surrounding neighborhood with regard to habitability and marketability of the Property.

(e) Additional Factors. In the event a Property does not meet the Loan to Value ratio and/or Debt Service Coverage Ratio Requirements set forth above, the Loan Committee may consider the following factors in determining whether to approve a Seismic Safety Loan, in the following order of priority:

(i) The Applicant’s ability and willingness to repay the Seismic Safety Loan, including the availability of additional real property collateral as described in Section 66A.6(2), and the availability of personal or corporate guaranties, as described in Section 66A.6(2);

(ii) The extent to which proposed rehabilitation costs may be reduced in order to permit the Applicant to qualify for a lesser Seismic Safety Loan amount; and

(iii) The extent to which existing lenders of financing secured by the Property have agreed to subordinate the liens of their deeds of trust or other encumbrances to the lien of the deed of trust ("Deed of Trust") in favor of the City securing a Borrower’s obligations in connection with a Seismic Safety Loan.

Sec. 66A.5. DOCUMENTATION FOR SEISMIC SAFETY LOANS. (1) Each Seismic Safety Loan shall be evidenced by a loan agreement, a promissory note, a Deed of Trust, a Regulatory Agreement (where applicable), escrow-instructions, and any other documents reasonably required to evidence the Seismic Safety Loan and adequately protect the City’s...
interest in the Applicant's completion of the Seismic Strengthening and repayment of the
Seismic Safety Loan. The form and content of such loan documents shall be reviewed and
approved by the City Attorney's Office and the Program Administrator.

(2) As a condition to the close of any Seismic Safety Loan, the Deed of Trust and
Regulatory Agreement (where applicable) shall be recorded as liens against the Property,
subject only to those encumbrances approved by the City. The loan documents shall provide
that a Seismic Safety Loan shall, at the City's option, be due and payable immediately upon
the close of escrow of any sale or transfer of the Property. The City may permit subsequent
owners of the Property or transferees of the Borrower to assume an existing Seismic Safety
Loan, provided that the Property and the subsequent owners or transferees continue to meet
the criteria set forth in Section 66A.4, and that any such subsequent owner or transferee
expressly agrees in writing to assume all of the Borrower's obligations under the Seismic
Safety Loan documents.

(3) A default under any document(s) evidencing a Seismic Safety Loan, including but
not limited to a Regulatory Agreement, shall constitute a default under the loan agreement
and allow the City to pursue any remedies available at law or in equity.

Sec. 66A.6. SECURITY FOR SEISMIC SAFETY LOANS. (1) Deed of Trust. As
security for Borrower's obligations in connection with the Seismic Safety Loan, the Borrower
shall execute and deliver a deed of trust and assignment of rents ("Deed of Trust") on the
Property in favor of the City. As a condition to the close of the Seismic Safety Loan, the City
shall record the Deed of Trust against the Property, subject only to those liens and
encumbrances approved in writing by the City.

(2) Additional Collateral. In the event an Applicant meets the other lending criteria
specified in Section 66A.4(2). above, but does not meet the Loan to Value Ratio or Debt
Service Coverage Ratio requirements set forth in Section 66A.4(1), above, the Loan Committee may choose to accept any of the following collateral in addition to the Deed of Trust:

(a) Personal Guaranty. In cases where (i) the Applicant is an organization exempt from taxation under the Internal Revenue Code of the United States and the California Revenue and Taxation Code of the State of California as a bona fide fraternal charitable, benevolent, religious or other nonprofit organization; and (ii) the Property does not meet the underwriting criteria set forth in Section 66A.4(1), above, then the Loan Committee may choose to accept, in addition to the Deed of Trust, a personal, corporate or other guaranty issued for the benefit of the City from an individual or entity unrelated to the Applicant ("Guaranty") to guaranty the Borrower's obligations in connection with the Seismic Safety Loan. The Guaranty shall be in form and substance satisfactory to the Loan Committee. The Loan Committee may request any information required to support the creditworthiness of the individual or party proposing to issue the Guaranty.

(b) Additional Real Property Security. The Loan Committee may accept additional real property security to be subject to a lien of a Deed of Trust. Such real property must be located within the nine-county San Francisco Bay Area. The Loan to Value Ratio of such additional real property shall not exceed 75 percent.

Sec. 66A.7. SUBORDINATION OF LIENS SECURING SEISMIC SAFETY LOANS.

(1) The City shall negotiate with other existing and proposed lien holders and other holders of obligations secured by the Property in order to gain a superior position for the lien of the Deed of Trust and the Regulatory Agreement, if applicable.

(2) In the case of a Market Rate Loan, the City may, in its discretion, agree to subordinate the lien of the Deed of Trust to subsequent lenders providing financing for the rehabilitation of the Property, so long as the Property continues to meet the underwriting criteria set forth in Section 66A.4(1), above.

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Sec. 66A.8. PERMISSIBLE LOAN AMOUNTS. (1) Determination. The Program Board, as defined in Administrative Code Section 66.6 shall work with the City's Bureau of Building Inspection and such other City departments as determined by the Program Administrator and the Loan Committee shall work with the Program Administrator to determine permissible cost ranges for seismic rehabilitation activities and, from that information, proposed maximum loan amounts for individual Seismic Safety Loans, based on the type of building and the work necessary to complete the Seismic Strengthening. In addition to the Program review specified in Section 66A.25, below, the Program Board, The Program Administrator shall periodically review and, as necessary, amend these amounts during the Program.

(2) Retrofit Standards Used to Determine Permissible Amounts.

(a) Seismic Safety Loans maybe used to finance the minimum level of Seismic Strengthening work required by Chapters 14 and 15 of the Building Code, subject to Subsections (b) and (c), below.

(b) In the event a Property would qualify for Bolts Plus but the Applicant elects to comply with the Special Procedure, the amount of the Seismic Safety Loan shall be calculated based upon the sum necessary to comply with the Special Procedure.

(c) In the event a Property would qualify for the General Procedure, and the Applicant demonstrates that the cost of complying with Section 104(f) would be less than or equal to the cost of complying with the General Procedure, the amount of the Seismic Safety Loan shall be calculated based upon the sum necessary to comply with Section 104(f).

(3) Proposed Loans in Excess of Permissible Amounts. The Loan Committee may, in its discretion, approve Seismic Safety Loans in excess of the amounts determined in Section 66A.8(1), above, after receiving special review and approval by the Loan Committee.

Sec. 66A.9. ELIGIBLE USES OF LOAN PROCEEDS. (1) Seismic Rehabilitation Costs. The principal amount of any Seismic Safety Loan may be used to pay the following costs,
provided such costs are necessary for seismic safety reasons or legally required for
completion of Seismic Strengthening or occupancy of a UMB:

(a) Seismic Strengthening of UMBs;

(b) Soft costs directly associated with the Seismic Strengthening, including but not
limited to architectural fees, engineering fees, development of tenant protection plans, loan
packaging fees, permit fees and escrow and closing fees and costs;

(c) Replacement and/or restoration of finishes disturbed during performance of the
Seismic Strengthening to their condition existing as of the date of commencement of the
Seismic Strengthening;

(d) Remediation or reduction of toxic materials disturbed during Seismic Strengthening
in accordance with applicable federal, State or local laws; and

(e) Residential tenant relocation costs, as required by applicable laws.

(2) Life/Safety Code Compliance and Disability Access. Up to 25 percent of the seismic
construction hard costs portion of any Seismic Safety Loan may be used, to the extent legally
required for completion of the Seismic Strengthening of or to permit occupancy of a Property,
to pay costs of improvements to the Property to protect the life or safety of or to provide
legally required disability access for occupants of the Property. In the event the Program Board
Loan Committee determines that greater than 25 percent of the amount of a Seismic Safety
Loan is generally requested to complete the work described in this Section 66A.9(2), the
Program Board Loan Committee may recommend to the Board of Supervisors that this
Section be amended to increase the 25 percent cap.

Sec. 66A.10. BIDDING REQUIREMENTS; MINORITY/WOMEN BUSINESS
ENTERPRISES. (1) Prior to applying for a Seismic Safety Loan, each Applicant shall obtain a
minimum of three qualified bids for performance of the work to be financed by a Seismic
Safety Loan. All three bids must be included with an application. At least one of those bids
shall be from a contractor and/or engineer, whichever type of professional with whom the
Applicant intends to enter into a contract for performance of Seismic Strengthening, which has
been certified by the City's Human Rights Commission, pursuant to Administrative Code
Section 1213.6(B) 12D A.6(B)(1), as an MBE or M/MBE WBE, as defined in Administrative
Code Section 12D A. In cases where a Borrower wishes to enter into a negotiated bid with a
contractor, the Borrower must demonstrate to the Program Administrator that a good faith effort was
made to notify MBE and WBE contractors of the work to be performed. The Program Administrator
shall make available to Applicants a list of certified MBEs and M/MBEs WBEs from which such
bids may be solicited. In no event shall the Applicant be required to pay any bid preparation
fee to the MBE and/or M/MBE WBE.

(2) It is the goal of the Board of Supervisors that 25 percent of all Seismic Safety Loan
proceeds disbursed in the Program be paid by Borrowers to contractors who are MBEs and/or
WBEs and/or M/MBEs.

Sec. 66A.11. LOAN PACKAGING. (1) Duties. Loan packaging shall consist of preparing an
application for a Seismic Safety Loan for submission to the Loan Committee. An Applicant may
prepare his or her own loan package, or may utilize the services of a Loan Packager.

(2) Loan Packaging Fees. Loan packaging fees charged by the Loan Packager shall be included
in the principal balance of an approved Seismic Safety Loan, and shall be paid to the Loan Packager at
the time of the close and funding of such Seismic Safety Loan. In no event shall the amount of such
fees for any Seismic Safety Loan exceed five percent the principal balance of such loan.

Sec. 66A.12 66A.11. LOAN APPLICATION PROCESS. Loan application information
and forms may be obtained from the Program Administrator, or such other location or
individual as may be determined by the Program Administrator. The application package will
indicate procedures for returning completed applications.
Sec. 66A.12. INITIAL REVIEW OF LOAN APPLICATIONS BY FINANCIAL CONSULTANT. Applicants or the Loan Packager shall submit completed applications to the Financial Consultant Program Administrator for an initial review of consistency with the regulations in this Chapter Program requirements. The Financial Consultant Program Administrator shall then take one of the following actions:

(1) Return any incomplete or insufficient loan application to the Loan Packager or to the Applicant, in cases where the Applicant does not utilize a Loan Packager, together with a brief explanation of any additional information needed to complete the application; or

(2) Transmit the complete loan application to the Program Administrator, to be forwarded to the Loan Committee, together with an indication of whether Financial Consultant for review. The Financial Consultant would then (a) assess the application to make sure that it meets the minimum criteria set forth in Sections 66A.4, and (b) develop a summary of the loan package that will aid the review and discussion of the application by the Loan Committee and (c) the Financial Consultant recommends approval or disapproval of the loan, and provide the basis for such recommendation. In addition, the Program Administrator shall provide copies of the Financial Consultant's recommendation to the Applicant at least five days prior to consideration of the application by the Loan Committee.

Sec. 66A.13. UNREINFORCED MASONRY BUILDING LOAN COMMITTEE.

(1) Members. The Loan Committee shall consist of the following members as appointed by the Director of Business and Economic Development, each of whom shall be voting members:

(a) The Program Administrator or his/her designee;

(b) A financial expert or mortgage broker;

(c) A real estate appraiser or other commercial real estate expert;
(d) A finance expert, with experience in affordable housing development, from the Mayor's Office of Housing or the successor to that office, or if no such office exists, from a City department with experience in housing development and finance; and

(e) An engineering cost estimator.

(2) Quorum. Three members of the Loan Committee shall constitute a quorum for the purposes of accomplishing the duties set forth in Subsection (3) below. A simple majority vote of three members shall be necessary to approve any loan application or take any other action. All decisions of the Loan Committee shall be final.

(3) Meetings. The Loan Committee shall meet on a monthly basis at a time and place determined by the Loan Committee. The Program Administrator may cancel the required monthly meeting if no applications have been submitted for approval since the previous monthly meeting. All meetings shall be noticed in accordance with applicable State and local law.

(4) Duties. The Loan Committee shall perform the following duties:

(a) The Loan Committee shall meet on a monthly basis at times and places specified by the Loan Committee, and determine whether to approve or disapprove a loan application. In the case of disapproval, the Loan Committee may indicate the reasons for such disapproval, and the Applicant may choose to reapply in accordance with the requirements of this Chapter 66A.

(b) The Loan Committee may make approval of any loan subject to satisfaction of specific conditions subsequent.

(5) Priority of Applications. In the event the Loan Committee receives applications for Seismic Safety Loans in excess of Bond Proceeds then available for Loans, the Loan Committee shall consider applications according to the following priorities:

(a) Properties which have been assigned a risk level under Section 14043(b)(2)(B) of the San Francisco Building Code which imposes a shorter period for completion of Seismic Strengthening Shal...
receive a greater priority than those Properties which have received a risk level which allows a longer period for compliance.

(b) Properties with architectural or historic significance (including only those Properties listed in Article 10 of the City Planning Code (City Landmarks and Historic Districts), Article 11 of the City Planning Code (Downtown Properties), the California Register of Historical Resources or the National Register of Historic Places) shall receive a greater priority than Properties not so listed.

c) Properties with existing residential or commercial tenants shall receive a greater priority than vacant Properties.

d) Applications which include a bid containing a hiring plan to hire more than 25 percent of their total construction workforce, measured in labor hours, from the designated pool of economically disadvantaged individuals, as described in Section 66A.23, and accompanying Program Regulations, shall receive a greater priority than applications with no such hiring plan.

Sec. 66A.15 66A.14. LOAN COMMITTEE DECISIONS. Even if an Applicant meets all of the eligibility criteria in this Chapter 66A, the Loan Committee may, in its discretion, choose not to approve any proposed Seismic Safety Loan or to approve any Seismic Safety Loan for less than the amount requested by the Applicant. Such a decision may, but need not, be based upon the Loan Committee's determination that the amount of the requested loan would prevent the optimal use of the Bond Proceeds during any fiscal year, that the demand for Bond Proceeds during any fiscal year exceeds the available supply of such proceeds, or upon any other factor.

Sec. 66A.16 66A.15. CLOSE OF SEISMIC SAFETY LOAN. The Program Regulations shall contain procedures for the close of each Seismic Safety Loan, including required title insurance and endorsements for the benefit of the City.

Sec. 66A.17 66A.16. LOAN DISBURSEMENTS AND MONITORING BY DUTIES OF FINANCIAL CONSULTANT. (1) Disbursement of Bond Proceeds to Financial Consultant. The City's Treasurer shall be responsible for disbursing to the Financial Consultant, from Bond Proceeds, the
1 monies needed in connection with the close of any Seismic Safety Loan. Such disbursements shall be
2 made from time to time or upon the close of a Seismic Safety Loan, as determined by the Treasurer.

(2) Duties of Financial Consultant. In addition to the duties described in Section 66A.13
66A.12, above, the Financial Consultant shall be responsible for recommending disbursement of
5 Seismic Safety Loan proceeds and monitoring construction progress. In addition, the Financial
6 Consultant shall work with those departments or individuals designated by the Program
7 Administrator to monitor compliance with all applicable loan documents, Administrative Code
8 Chapters 66 and 66A, and all other applicable State and local laws, except as provided in
9 Section 66A.24 66A.23, below. The Financial Consultant shall recommend disbursements of loan
10 proceeds to the Borrower in accordance with disbursement procedures specified in the
11 Program Regulations. Such guidelines shall, at a minimum, require the Financial Consultant
12 or his/her agent to periodically inspect the progress of Seismic Strengthening and to
13 recommend disbursements of loan proceeds based on the level of completion.

(3) Financial Consultant Fees. The City may pay required fees to the Financial
14 Consultant from the Bond Proceeds.

Sec. 66A.16 66A.17. LOAN SERVICING. (1) Duties of Loan Servicer. The Loan Servicer
17 shall receive repayments of Seismic Safety Loans, account for all such repayments, and
18 provide to the Program Administrator monthly statements of such accounts for each
19 outstanding Seismic Safety Loan.

(2) Loan Servicing Fees. The City may pay required fees to the Loan servicer from the
21 Bond Proceeds.

Sec. 66A.18 66A.19. BASE WAGES. Except in cases where prevailing wages are paid
22 pursuant to Section 66A.20 66A.19, all individuals performing work financed in whole or part by
23 a Seismic Safety Loan shall be paid not less than $9.00 $10.00 per hour, excluding overhead
24 and benefits.

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Sec. 66A.20 66A.19. PREVAILING WAGES. In cases where the total amount of the Seismic Safety loan package exceeds $750,000, all individuals performing such work shall be paid not less than the highest general prevailing rate of wages as determined in accordance with Administrative Code Section 6.22.E or other applicable City laws regarding the determination of prevailing wages.

Sec. 66A.21 66A.20. PROPERTY/LIABILITY INSURANCE. As a condition precedent to receipt of a Seismic Safety Loan, the Borrower shall maintain or cause to be maintained insurance in types and amounts determined by the City's Risk Manager and the Program Administrator. The Program Regulations shall include guidelines for such required insurance coverage, which may include but shall not be limited to, general liability insurance, property insurance, and workers compensation coverage.

Sec. 66A.22 66A.21. HEALTH INSURANCE. Subject to rules set forth in the Program Regulations, except in cases where prevailing wages are paid pursuant to Section 66A.20 66A.19, construction contractors eligible to bid on work financed in whole or part by a Seismic Safety Loan provide to their employees and their employees' dependents health coverage of a type and cost similar to that generally provided by a Health Maintenance Organization or Kaiser Hospitals, as will be more specifically described in the Program Regulations, until such time as a national health service plan applicable to such individuals is implemented by the federal government. Should obtain health insurance for their employees. Guidelines regarding the cost and type of health coverage required by this Section shall be specified in the Program Regulations. The cost for such coverage shall be borne solely by the contractor, provided that dependent coverage shall be offered to the employee under the Health Maintenance Organization's plan at the employee's expense.

Sec. 66A.23 66A.22. ECONOMICALLY DISADVANTAGED HIRE REQUIREMENT. (1) According to a program to be more fully described in the Program Regulations, in cases where the total principal amount of a Seismic Safety Loan is equal to or greater than

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$200,000, borrowers shall require that their contractors performing work financed in whole or part by a Seismic Safety Loan hire economically disadvantaged individuals to comprise no less than 25 percent of each contractor's total construction work force, measured in labor hours. For purposes of this Section 66A.22, an economically disadvantaged individual means an individual who earns no more than 250 percent of median income for the San Francisco Metropolitan Statistical Area, as determined by the United States Department of Housing and Urban Development from time to time. The Program Administrator will collaborate consult with a citywide consortium of tax-exempt nonprofit community-based employment agencies to be designated in the Program Regulations to refer and place these economically disadvantaged persons. Should a Seismic Safety Loan Program project be located in a community not represented in the consortium, the Program Administrator will consult with community-based employment agencies that serve the neighborhoods in which Seismic Safety Loan Program financed projects are located.

(2) In cases where the total principal amount of a Seismic Safety Loan is less than $200,000, it shall be a goal that 25 percent of the contractor's new hires be economically disadvantaged individuals, as defined above.

(3) Fees for Services. The City may use Bond Proceeds to pay reasonable fees for services provided by placement agencies pursuant to this Section.

Sec. 66A.24 66A.23. MONITORING FOR COMPLIANCE WITH REGULATORY AGREEMENTS. The Mayor's Office of Housing or its successor shall be responsible for monitoring compliance with Regulatory Agreements.

SEC. 66A.25. PROGRAM REVIEW. The Program Board shall review all aspects of the Program after one and one-half years after commencement of the Program to determine whether any amendments to this Chapter 66A, or any other, applicable local laws, should be recommended to the Board of Supervisors for adoption.

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Sec. 66A.24. PROGRAM REGULATIONS. The Program Administrator shall develop Program Regulations to address the issues specified in this Chapter 66A and such other matters as deemed necessary by the Program Administrator for efficient administration of the Program. Such Program Regulations shall be subject to review and approval by the Director of Business and Economic Development and the City Attorney's Office.

Sec. 66A.25. PROGRAM MANAGEMENT. The Director of Business and Economic Development shall be responsible for management of the Program in accordance with these requirements. The City's Controller's Office upon the direction of the Program Administrator shall be responsible for disbursing from Bond Proceeds the monies needed in connection with any Seismic Safety Loan. The Program Administrator shall direct disbursements in consultation with the Financial Consultant. Disbursements shall be made from time to time or upon the close of a Seismic Safety Loan, as determined by the Controller. The Director of Business and Economic Development shall appoint an individual to serve as the Program Administrator, who will be responsible for the day-to-day management of the Program.

Sec. 66A.26. AFFIRMATIVE ACTION. The City's affirmative action goals, as described in Administrative Code Section 12B.4, shall apply to contractors performing Seismic
Strengthening under contracts with Borrowers under this Program. Compliance with those goals shall be monitored by the Director of Business and Economic Development and the Program Administrator, as specified in Administrative Code Section 66A.27 66A.25.

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By: L. Joanne Sakai
Deputy City Attorney

Supervisor Kaufman
BOARD OF SUPERVISORS

December 18, 2000 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE
Ayes: 9 - Ammiano, Becerril, Bierman, Brown, Kaufman, Leno, Newsom, Yaki, Yee
Absent: 2 - Katz, Teng

December 18, 2000 Board of Supervisors — PASSED ON FIRST READING AS AMENDED
Ayes: 9 - Ammiano, Becerril, Bierman, Brown, Kaufman, Leno, Newsom, Yaki, Yee
Absent: 2 - Katz, Teng

January 2, 2001 Board of Supervisors — FINALLY PASSED
Ayes: 10 - Ammiano, Becerril, Bierman, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee
Absent: 1 - Brown
I hereby certify that the foregoing Ordinance was FINALLY PASSED on January 2, 2001 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Mayor Willie L. Brown Jr.