

BUDGET & FINANCE

MOTION

13-1196
Related CFs: 09-1817; 09-0002-3/58

In 2010, Congress extended U.S. sanctions to foreign parties involved in Iran's energy sector through the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act (Divestment Act). The Divestment Act authorizes state and local governments to divest their funds from parties involved in Iran's energy sector and to bar such parties from state and local government contracts. California became the first state in the nation to utilize the Divestment Act's provisions with the enactment of AB 1650 (Feuer-Blumenfield), the California Iran Contracting Act of 2010 (Act).

The Act bars persons engaged in investment activities in Iran's petroleum, natural gas, or nuclear industries from bidding on or renewing contracts with the State and local governments for goods and services worth \$1 million or more. The Act also requires bidders and contractors to certify that they are not on a list of persons engaged in defined investment activities in Iran prior to bidding on or renewing a contract. Moreover, financial institutions must certify that they are not extending credit of \$20 million or more to anyone on the list if the funds are to be used to provide goods or services in Iran's energy sector.

The California Department of General Services (DGS) has, as required by the Act, compiled a list of companies and financial institutions engaged in prohibited investment activities as it relates to the Iran's energy sector (petroleum, natural gas and nuclear industries). Entities on the list are ineligible to bid for contracts of \$1 million or more with State and local governments.

Parties submitting bids or proposals or entering into or renewing a contract for goods or services with a State or local government agency are required to certify that at the time the bid or contract is executed that they are not a "person" identified on the list pursuant to the Act. Financial institutions bidding on contracts have 30 days after each list is published to certify that they are not engaging in credit activities prohibited under the Act.

The City should take immediate steps to undertake a comprehensive review of its current contracting practices, procedures and policies to ensure that the City is in compliance with the California Iran Contracting Act of 2010 (AB 1650). Iran's dangerous pursuit of nuclear weapons cannot be tolerated and compliance with AB 1650, is a step in the right direction.

I THEREFORE MOVE that the City Administrative Officer, with the assistance and cooperation of the Bureau of Contract Administration, the Board of Public Works, the Department of General Services, the City Controller, Office of Finance, Department of Water and Power, Department of Airports, the Harbor Department, Los Angeles City Employees Retirement System, Fire and Police Pensions and the City Attorney, be instructed to prepare and present a comprehensive review of the City's compliance with the California Iran Contracting Act of 2010 (AB 1650), including the procurement policies and procedures of proprietary departments; and that compliance with the provisions of the California Iran Contracting Act of 2010 be added to the City's procurement disclosure provisions as part of the City's "Standard Provisions for City Contracts", including the establishment of a bidder certification process for those seeking to enter into contracts with the City for the provision of goods and services.

PRESENTED BY:

Bob Blumenfield
BOB BLUMENFIELD
Councilmember, 3rd District

SECONDED BY:

Pat [Signature]

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