Performance Audit of the Procurement of Public Works Contracts Under Chapter 6 of the Administrative Code by Public Works, the Airport, the Port, Recreation and Parks, and Municipal Transportation Agency.

Prepared for the

Board of Supervisors
of the City and County of San Francisco

by the

San Francisco Budget and Legislative Analyst

May 26, 2026

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 | (415) 552-9292

May 26, 2026

Supervisor Stephen Sherrill, Chair, Government Audit and Oversight Committee
and Members of the San Francisco Board of Supervisors
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Dear Supervisor Sherrill and Members of the Board of Supervisors:

The Budget and Legislative Analyst is pleased to submit this *Performance Audit of the Procurement of Public Works Contracts Under Chapter 6 of the Administrative Code by Public Works, the Airport, the Port, Recreation and Parks, and Municipal Transportation Agency.* In response to a motion adopted by the Board of Supervisors in November 2022 (Motion 22-185), the Budget and Legislative Analyst conducted this performance and management audit, pursuant to the Board of Supervisors powers of inquiry as defined in Charter Section 16.114 and in accordance with U.S. Government Accountability Office (GAO) standards, as detailed in the Introduction to the report.

The performance audit contains 5 findings and 18 recommendations, of which 13 are directed to Public Works; 11 are directed to the Port, the Airport, and Recreation and Park; eight are directed to the Municipal Transportation Agency; three are directed to the San Francisco Partnering Steering Committee; and two are directed to the Mayor's Office and the City Administrator. The Executive Summary, which follows this transmittal letter, summarizes the Budget and Legislative Analyst's findings and recommendations. The recommendations are intended to improve the procurement of public works and related professional services contracts by Chapter 6 departments.

Public Works, the Airport, the Port, Recreation and Parks, the Municipal Transportation Agency, the Mayor's Office, and the City Administrator have each provided written responses to our performance and management audit, which are attached to this report starting on page F-1. Public Works agrees with five recommendations and partially agrees with eight. The Airport agrees with seven recommendations and partially agrees with four. The Port agrees with five recommendations, partially agrees with five, and disagrees with one. Recreation and Parks agree with seven recommendations and partially agree with four. The Municipal Transportation Agency agrees with two recommendations and partially agrees with six. The Mayor's Office partially agrees with two applicable recommendations. The City Administrator disagrees with two applicable recommendations.

We would like to thank the staff at Public Works, the Airport, the Port, Recreation and Parks, the Municipal Transportation for the assistance they provided during the audit.

Respectfully submitted,

Nicolas Menard
Principal

cc: President Mandelman
Supervisor Chan
Supervisor Chen
Supervisor Dorsey
Supervisor Fielder
Supervisor Mahmood
Supervisor Melgar
Supervisor Sauter
Supervisor Sherrill
Supervisor Walton
Supervisor Wong

Mayor Lurie
Public Works Director
Director of Transportation
Port Executive Director
Recreation and Parks General Manager
Airport Director
Clerk of the Board
City Attorney's Office
Mayor's Budget Director
Controller

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Executive Summary

The Board of Supervisors directed the Budget and Legislative Analyst's Office to conduct a multipart performance audit of various City departments' delegated authority for procurement of public works contracts pursuant to Chapter 6 of the City's Administrative Code through a Motion (M22-185) passed on November 29, 2022. This audit report is the second and final report to be issued as part of this multi-part performance audit. The scope of this performance audit includes the procurement of public works contracts pursuant to Chapter 6 of the City's Administrative Code by the Airport, the Municipal Transportation Agency, the Port, Public Works, and Recreation and Parks during Fiscal Year (FY) 2019-20, FY 2020-21, and FY 2021-22. During the audit scope period, the Chapter 6 departments awarded a total of 427 contracts with a total maximum amount of $1.7 billion.

Section 1: Policies and Procedures

Multiple departments lacked comprehensive policies and procedures across key procurement areas, including project delivery methods, procurement methods, disputes and claims, reporting, contractor performance, bid protests, and change orders. While Public Works and SFMTA maintain relatively complete guidance, the Airport, Recreation and Parks, and the Port often rely on draft, undated, outdated, or nonexistent procedures. In addition, none of the Departments we audited had procedures to evaluate projects for alternative delivery methods, which can be more cost- and time-effective than designing projects and awarding construction contracts to the lowest cost bidder. Departments without finalized and current policies are at increased risk of inconsistent application of procurement requirements, weak accountability, and inadequate protection of City interests. To ensure consistent and effective procurement practices citywide, these departments should finalize, date, and regularly update procedures across all key policy areas.

Recommendations

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

1.1 Establish and maintain formal, dated, and regularly updated procurement policies covering all seven key areas: Project Delivery Methods, Procurement Methods, Disputes and Claims, Reporting, Contractor Performance, Bid Protests, and Change Orders. Departments should reference Exhibit 1.2 of this report to ensure that all procurement areas identified as having partial or no policies and procedures are addressed no later than December 31, 2026.

1.2 Develop a screening matrix and guidance for evaluating projects for alternative delivery. The matrix should be applied to all formal construction contracts and consider factors such as project budget, complexity, timeline, internal capacity, and staff experience. In addition, departments should create written guidance describing each alternative delivery method, including its requirements, advantages and disadvantages, and other criteria relevant to assessing project suitability.

1.3 Establish formal training programs for project managers and resident engineers on change order management. Trainings should be conducted at least annually.

Section 2: Bid Rejections and Failures

Most departments lacked internal policies for handling bid/proposal rejections or solicitations that result in no bids/proposals. In practice, a sample review of contracts awarded to single bidders showed departments often did not perform additional outreach or analysis to determine whether the solicitation should be rebid. Lastly, with the exception of Public Works and SFMTA, departments do not track non-responsive bids, limiting their ability to understand market barriers or identify patterns that may signal reduced competition. These gaps undermine the City's ability to attract multiple bidders, contain costs, and ensure a fair and competitive procurement environment. We recommend that departments develop clear internal policies for evaluating bid failures and rejections, and adopt standardized tracking of responsive and non-responsive bids to better assess market conditions and improve competitive outcomes.

Recommendations

The Public Works Director, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

2.1 Develop and implement a comprehensive policy or procedure consistent with Administrative Code Sections 6.23(c) and 6.40(d) for handling rejected or failed bids and proposals. The policy or procedure process for when and how to undertake further outreach efforts, modify contract requirements, and cure non-responsive bids.

The Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

2.2 Develop and implement a policy or procedure to monitor the quantity of bids and proposals received for both construction and professional services contracts. This policy should include tracking both responsive and non-responsive bid data.

Section 3: Enforcement and Protective Mechanisms

Chapter 6 departments are underutilizing protective mechanisms included in public works contracts that are designed to protect the City against delays, cost overruns, and contractor substandard performance. This underuse is tied to several factors, including: (1) a strong aversion to litigation and formal dispute processes; (2) lack of clear policy guidance or training on when and how to enforce contract provisions; (3) reliance on partnering as an informal resolution strategy; and (4) structural pressures from a low-bid contracting environment. As a result, enforcement practices vary significantly by department and often leave the City exposed to higher costs, reduced accountability, and inconsistent protection of taxpayer interests. Strengthening citywide policy guidance, training, performance-based procurement practices, and evaluating partnering practices would help safeguard the City against poor performing contractors.

Recommendations

The Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

3.1 Adopt clear citywide policies that define appropriate use of enforcement tools, including documentation standards, relevant criteria, escalation pathways, and case study examples.

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Parks General Manager, and the Airport Director should:

3.2 Provide training to provide additional guidance to procurement and project management staff on the appropriate use of enforcement tools and to promote greater consistency citywide.

3.3 Increase use of Best Value procurement and prequalification of bidders to avoid underperforming contractors.

The San Francisco Partnering Steering Committee should:

3.4 Broaden the evaluation of partnering beyond contract claims. Performance measures could include indicators such as noncompliance notices, the number and value of change orders, and adherence to original project schedules and budgets. This may also include the utilization of Project Scorecards as a formal project evaluation tool.

3.5 Modify Project Scorecards to require evaluators to explain and document the basis for each rating.

3.6 Collect and maintain data on partnering facilitation expenditures and associated staff time commitments citywide.

Section 4: Partnering Conflict of Interest

In 2016, the City established the San Francisco Collaborative Partnering Steering Committee (Steering Committee) to guide and set policy for the Partnering program. The purpose of the Partnering program is to foster collaboration between City staff and contractors to reduce claims and improve project outcomes. Since its inception, the City has relied exclusively on a single vendor, Contractor 1, to facilitate the Steering Committee. As the facilitator of the Steering Committee, the Officer of Contractor 1 meets the criteria for a consultant acting in a "staff capacity" and participating in governmental decisions. Under State and City law, individuals in such positions are considered "public officials" and are required to file a Statement of Economic Interest (SEI or Form 700) to disclose potential financial interests in City decisions. However, this form has not been filed because City staff have not designated this function as a required Form 700 filer. Furthermore, Contractor 1 also facilitates Partnering sessions for individual construction projects. This dual role presents an inherent conflict of interest: the same vendor that helps shape Citywide Partnering policies also benefits from the resulting demand for its own facilitation services. Even if performed with integrity, this arrangement creates at least the appearance of self-dealing, which can undermine transparency and public trust. Lastly, the City's procurement records for the facilitation of the Steering Committee lack documentation and show no evidence of competitive rebidding. This raises concerns about potential overreliance on one provider and limits competition.

Recommendations

The Public Works Director should:

4.1 Designate the facilitator of the Steering Committee as a consultant deemed a designated employee and therefore required to disclose economic interest pursuant to Section 3.1-1.8 of the San Francisco Campaign and Governmental Conduct Code. Public Works should ensure that the Officer of Contractor 1 files a Form 700 within 30 days of the publication of this report.

4.2 Issue a stand-alone, competitive solicitation to procure facilitation services for the Steering Committee. This service should be competitively rebid at least once every ten years.

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

4.3 All Chapter 6 departments should comply with Section 3.206 of the San Francisco Campaign and Governmental Conduct Code and Section 87100 of the California Government Code, which prohibit public officials from making, participating in, or using their official positions to influence governmental decisions in which they have a financial interest. No firm should simultaneously serve as the contractor responsible for developing citywide policy and directly providing the related services. These functions should be separated to avoid conflicts of interest and preserve independent decision-making.

Section 5: Contractor Evaluation Database

Chapter 6 department staff need better resources, training, and guidance to successfully implement the contractor database that is required for all Chapter 6 departments per Section 6.26 of the City's Administrative Code. Our Phase I audit, released on December 20, 2024, found that departments were not using the database, as required, to record evaluations of contractor performance under Chapter 6. Our Phase II audit fieldwork found that departments lack the training and support needed to record evaluations in the database consistently and to start using those evaluations in the procurement process for Chapter 6 contracts, which is the goal and purpose of the database. The City continues to be at risk of contracting with vendors with a history of poor performance without consistent use of the database. We recommend that all Chapter 6 department heads instruct their staff to start using the database, that the Mayor's Budget Office work with San Francisco Public Works and the City Administrator to determine the best leadership to manage the execution of the database, and that Public Works reinstate trainings and technical support for project managers to use the database across all Chapter 6 departments.

Recommendations

The Mayor's Office, the Director of Public Works, and the City Administrator should:

5.1 Consider whether responsibility for the management, implementation, and ongoing use of the contractor evaluation database should be shifted from Public Works to the City

Administrator and allocate sufficient staffing resources to whichever department chosen to lead database efforts no later than July 1, 2026.

5.2 In accordance with Recommendation 1.1, the department assigned responsibility should create an implementation guide for Chapter 6 staff to use to incorporate the results of contractor evaluations into future Chapter 6 procurements no later than December 31, 2026.

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

5.3 Once database is successfully up and running, direct their staff to start using the database to complete contractor evaluations on their construction projects.

5.4 Assign a "champion" in each of their departments to lead the implementation of the database among project managers and other relevant staff.

Introduction

The Board of Supervisors directed the Budget and Legislative Analyst's Office through Motion 22-185 passed on November 29, 2022 to conduct a multi-part performance audit of the City's procurement of public works contracts pursuant to Chapter 6 of the City's Administrative Code. City departments delegated primary authority to procure public works contracts included: (i) the Airport, (ii) the Municipal Transportation Agency, (iii) the Port, (iv) Public Utilities Commission, (v) Public Works, and (vi) Recreation and Parks. This audit report is the second report to be issued as part of this multi-part performance audit.

Scope

The scope of this performance audit includes the procurement of public works contracts pursuant to Chapter 6 of the City's Administrative Code by five of the six departments covered under Chapter 6. The departments include: San Francisco Public Works (Public Works), San Francisco International Airport (the Airport), the Port of San Francisco (the Port), the Department of Recreation and Parks (RPD), and the San Francisco Municipal Transportation Agency (SFMTA).

Part I of this audit focused on the San Francisco Public Utilities Commission and was released on December 20, 2024.

Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), 2018 Revision, issued by the Comptroller General of the United States, U.S. Government Accountability Office. In accordance with these requirements and standard performance audit practices, we performed the following performance audit procedures:

- Held entrance conferences with representatives from Public Works, the Airport, the Port, RPD, and SFMTA;
- Conducted survey interviews with management and relevant staff responsible for and/or involved in procurement and public works contract management at Public Works, the Airport, the Port, RPD, and SFMTA;
- Reviewed relevant published reports on Chapter 6 procurement at the five departments;
- Reviewed best practices, published surveys, and federal, state, and local guidance and recommendations related to public works construction procurement;

- Reviewed the relevant laws, provisions, and other statutes that guide the procurement of public works contracts at Public Works, the Airport, the Port, RPD, and SFMTA;
- Requested and reviewed Public Works, the Airport, the Port, RPD, and SFMTA policies, procedures, and documentation of internal controls related to procurement, as well as procurement-related guidance, standards, checklists, and matrices used by department employees related to procurement and contract evaluation;
- Requested and reviewed data of all Public Works, Airport, Port, RPD, and SFMTA Chapter 6 construction and professional services contracts awarded during FY 2021-22, FY 2022-23, and FY 2023-24;
- Developed a sample of Chapter 6 construction and professional services contracts for each department and requested and reviewed underlying documentation from departments to assess these contracts' compliance with requirements outlined in Chapter 6 of the City's Administrative Code, and other relevant policies;
- Using the information provided by departments, developed a sample of change orders to review and requested and reviewed underlying documentation from departments to assess compliance with requirements outlined in Chapter 6 of the City's Administrative Code, and other relevant policies;
- Requested and reviewed training standards and training materials for contract administration staff;
- Submitted a draft report with findings and recommendations to each department on March 10,2026, and conducted exit conferences with Public Works on April 2, 2026, the Airport on April 2, 2026, the Port on April 16, 2026, Recreation and Parks on April 3, 2026, and Municipal Transportation Agency on April 3, 2026.
- Submitted the final report, incorporating comments and information provided at the exit conference, to the five departments on May 4, 2026.

Public Works Procurement in San Francisco

Chapter 6 of San Francisco's Administrative Code governs public work or improvement contracting policies and procedure for (a) public works contracts, and (b) contracts for related professional design, consulting, and construction management services. A "public work or improvement" is defined in Administrative Code section 6.1 as:

> Any erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure,

> bridge, road, street, park, dam, tunnel, utility or similar public facility performed by or for the City, the cost of which is to be paid wholly or partially out of moneys deposited in the Treasury of the City.

The contracting requirements of the Administrative Code for these public work or improvement contracts, which are also informally referred to as "Chapter 6" contracts, are distinct from the City's contracting policies and procedures for commodities and services, which are outlined in Chapter 21 of the Administrative Code and informally referred to as "Chapter 21" contracts. The scope of this audit covers only public work contracts and contracts for related professional design, consulting, and construction management services, as defined in Chapter 6.

Chapter 6 of the Administrative Code contains the following Articles:

- **Article I: General Provisions**, which outlines relevant definitions, lists the departments or commissions empowered on behalf of the City to contract for public works contracts, and establishes general provisions of Chapter 6 including compliance with local business enterprise utilization and nondiscrimination provisions;
- **Article II: Construction Contracting**, which outlines provisions related to the procurement of construction contracts, requirements for construction contract bids and quotes, terms and working conditions, contract requirements for clean construction, and other requirements for construction contracts;
- **Article III: Professional Services Contracting**, which outlines provisions related to the procurement of professional services for public work projects, including the competitive qualification-based selection process, requests for competitive proposals or qualifications, contract terms, and as-needed professional services contracts;
- **Article IV: Exemptions from Articles II and III**, which outlines exemptions to the construction and professional services provisions established in Articles II and III including emergencies, alternative project delivery methods (such as job order contracts, design-build contracts, and construction manager/general contractor contracts), as-needed construction contracts, and other specific circumstances; and,
- **Article V: Violations of Administrative Code Chapter 6; False Claims; Procedures for Debarment; Monetary Penalties**, which outlines provisions related to violations and false claims, procedures for debarment and monetary penalties, and consequences of collusion in contracting.

In addition, the following provisions of the City's Administrative Code and Labor and Employment Code also apply to Chapter 6 contracts and/or contracting at Public Works, the Airport, the Port, RPD, and SFMTA: [1]

- **Division II, Article 131 of the Labor and Employment Code**, which establishes the nondiscrimination provisions in City contracts;[2]
- **Chapter 12F: Implementing the MacBride Principles – Northern Ireland**, which requires contractors to acknowledge that they have read and understood the City's statement urging companies doing business in Northern Ireland to move toward resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles;
- **Chapter 12J: City Business with Burma Prohibited**, which prohibits the City from entering into agreements for public works or improvements with any person or entity with investments or employees in Burma, or any person or entity that licenses any person or entity organized under the laws of Burma to produce and market its products;
- **Chapter 14B: Local Business Enterprise and Non-Discrimination in Contracting Ordinance**, which contains provisions intended to improve the ability of certified Local Business Enterprises (LBE), particularly micro LBEs, to compete effectively for the award of City contracts; and,

City Charter section 9.118(b), which requires Board of Supervisors approval of any contract entered into by a department, board, or commission that (1) has a term of more than ten years, (2) requires expenditures of $10 million or more, or (3) requires a modification of more than $500,000 for contracts that exceed $10 million, explicitly excludes construction contracts from the Board of Supervisors approval requirement. Chapter 6 construction contracts do not require Board of Supervisors approval except in specific circumstances, as outlined in Chapter 6.

The Six Chapter 6 Departments

Chapter 6 authorizes six primary City departments to enter public work and related professional service contracts on behalf of the City. The San Francisco Public Utilities Commission (SFPUC) is

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[1] In addition, Chapter 12X: Prohibiting City Travel and Contracting in States that Allow Discrimination, which applied to contracts in our scope period of FY 2019-20, FY 2020-21, and FY 2021-22, was repealed by the Board of Supervisors in Ord. 75-23, approved May 9, 2023 and effective June 9, 2023.

[2] Former Administrative Code Chapter 12B ("Nondiscrimination in Contracts") was redesignated as Labor and Employment Code Article 131 by Ord. 221-23, approved November 3, 2023, effective December 4, 2023, and operative January 4, 2024.

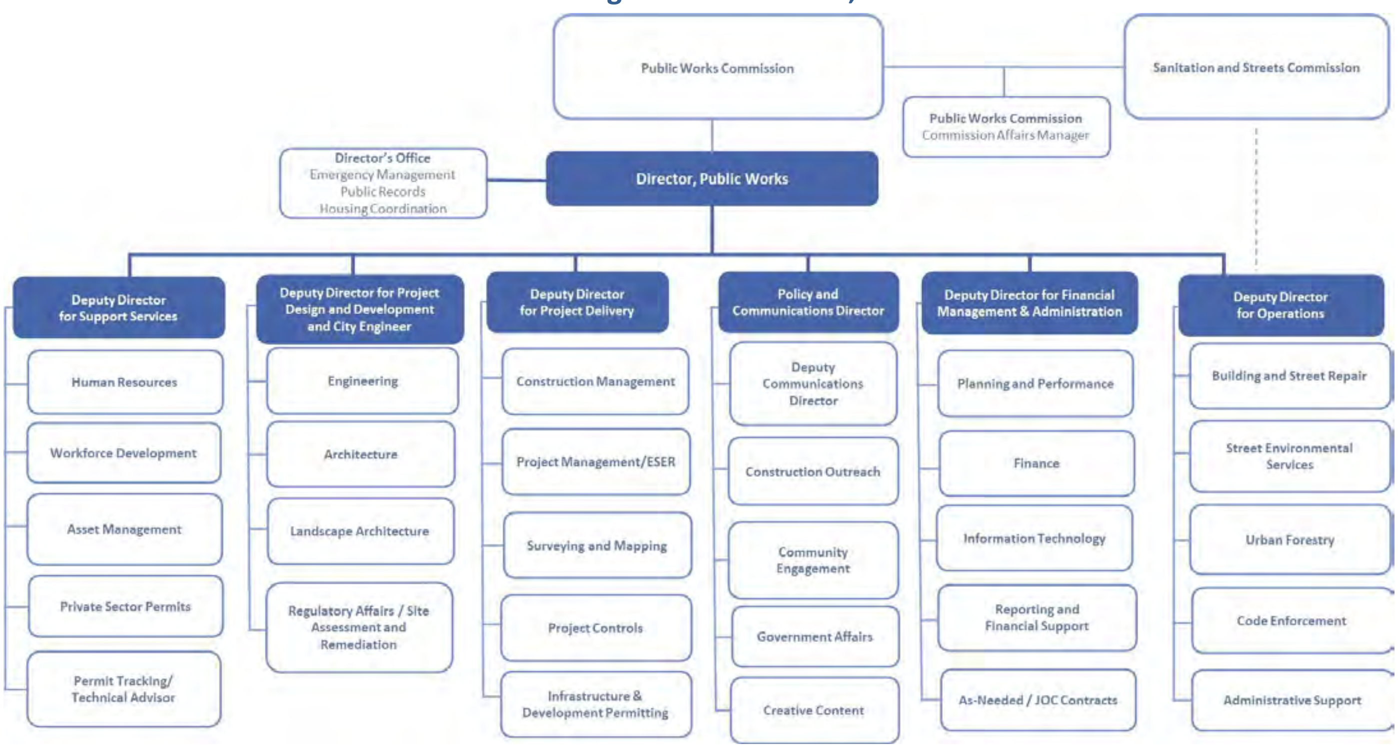
one such department that was audited in Phase I of this audit between January 2023 and December 2024. The other five Chapter 6 departments are Public Works, the Airport, the Port, Recreation and Parks, and Municipal Transportation Agency.

San Francisco Public Works

Under Charter sections 4.140 and 4.141, Public Works duties include the design, building, repair, and improvement of the City's infrastructure, including City-owned buildings and facilities and the public right of way; maintenance of the public right of way, including street sweeping, and litter abatement; the provision and maintenance of City trash receptacles and removal of illegal dumping and graffiti in the public right of way; and planting and maintenance of street trees. The Director of Public Works is the department head and manages the day-to-day of the department.

The Public Works Commission, per Charter section 4.141, provides oversight to the department, including approving Chapter 6 contracts, produces an annual report, and holds public meetings. Exhibit I.1 below displays a high-level organization chart for Public Works.

Exhibit I.1: Public Works Organizational Chart, FY 2025-26



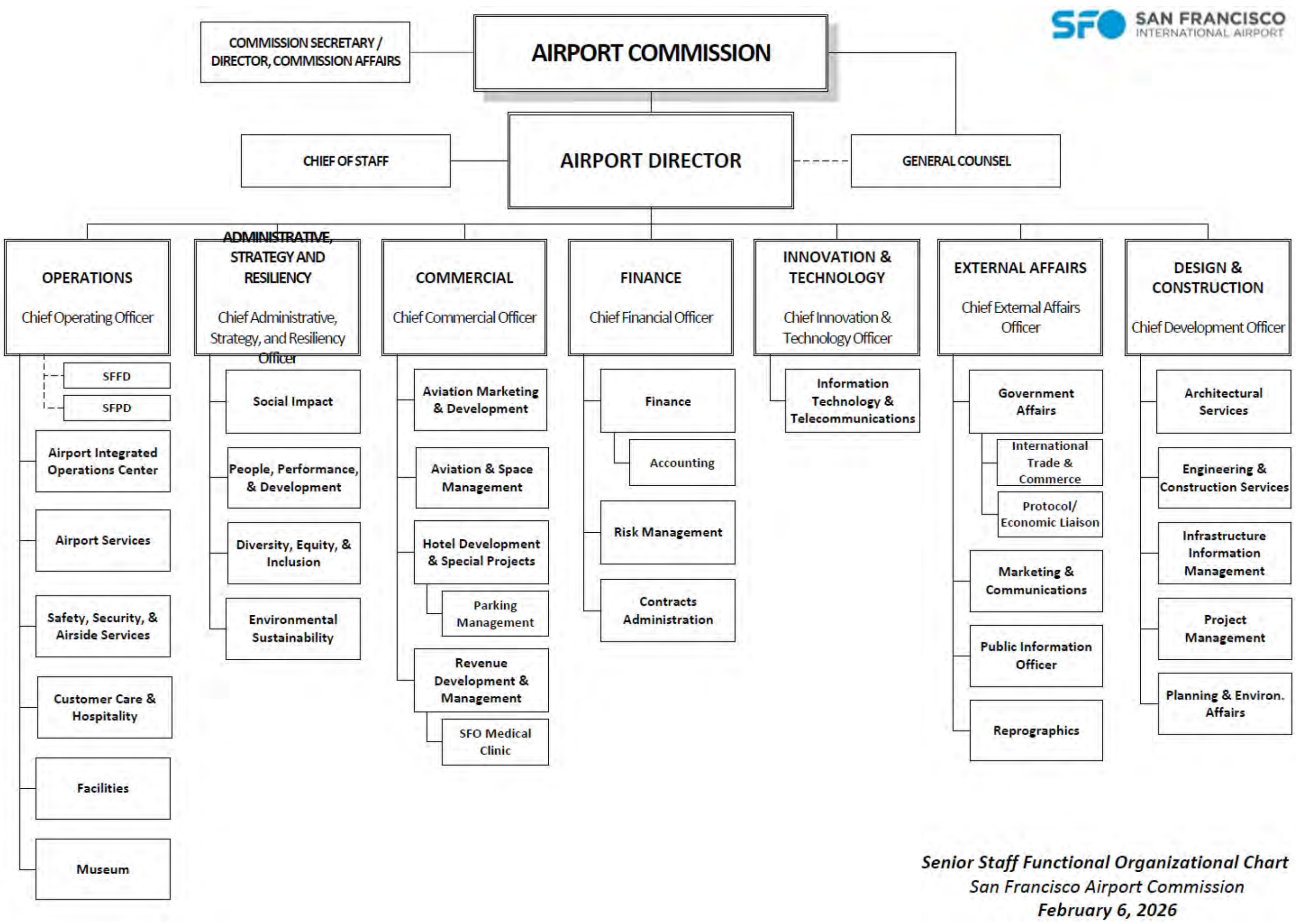
Source: San Francisco Public Works website

San Francisco International Airport

The San Francisco International Airport is owned and operated by the City, and under Article 4.115 of the Charter is governed by the Airport Commission. The Airport Commission appoints the Airport Director, who oversees all operations and design, construction, and maintenance work at the Airport.

The Airport is a City department that manages four terminals with 55 airlines as of 2025. There are six main internal divisions at the Airport: Operations, Finance and Commercial, Design and Construction, External Affairs, Information Technology and Telecommunications, and Resilience and Sustainability, as shown below in Exhibit I.2. Chapter 6 procurement is managed by the Procurement and Contracts Section, which is housed under Design and Construction and reports to the Chief Development Officer. Additionally, the Project Management section and Engineering and Construction Services section work on project delivery and typically manage contracts once procurement is completed.

Exhibit I.2: San Francisco International Airport Organizational Chart, FY 2025-26

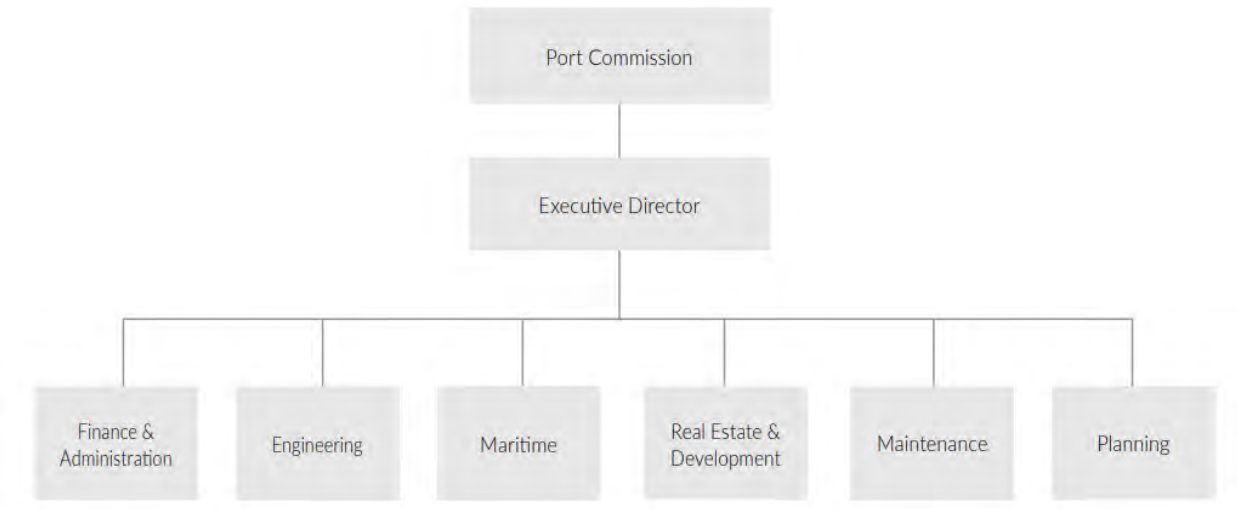


Source: San Francisco International Airport

The Port of San Francisco

The Port of San Francisco is responsible for managing the maintenance, operations, and construction upon approximately 7.5 miles of the City's waterfront and is governed by the Port Commission, per Section 4.114 of the Charter. The Port is organized into four primary divisions (see Exhibit I.3 below). Chapter 6 contracts that are awarded through a Request for Proposals or Qualifications (e.g., professional services, master as-needed construction, alternative delivery) are procured by the Contract and Procurement Team under Finance and Administration, while Chapter 6 construction award by low-bid or price is procured by the Construction Management team under Engineering.

Exhibit I.3: Port of San Francisco Organizational Chart, FY 2025-26



Source: Mayor's Budget Book, FY 2025-26 – FY 2026-27

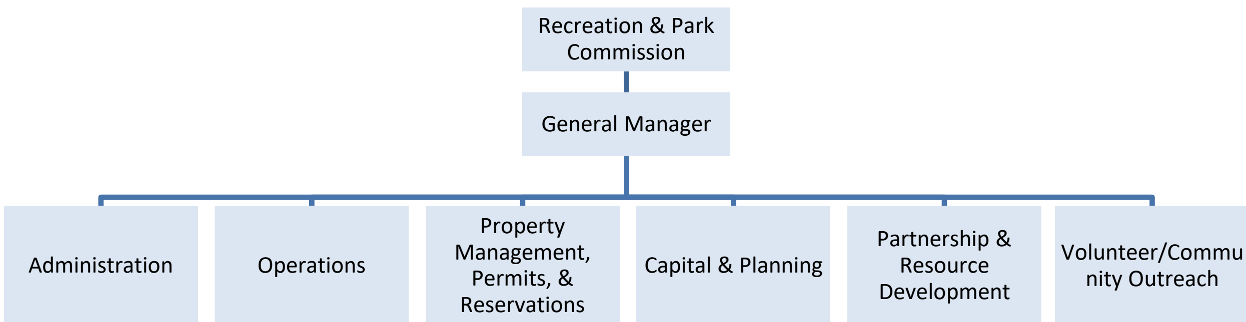
The Department of Recreation and Parks

Recreation and Parks is responsible for the management and maintenance of the City's public parks as well as operations of recreational activities at the parks, playgrounds, and other open spaces. RPD manages more than 230 parks, playgrounds, and other open spaces.

Section 4.113 of the Charter establishes the Recreation and Park Commission. Under direction of the Commission and the Department head, the Department is responsible for promoting organized public recreation activities, issuing permits for the use of park property, and the Department also has the power to construct new parks, playgrounds, and other recreational facilities or spaces.

RPD is organized into six main divisions, as shown below in Exhibit I.4. The responsibility for Chapter 6 contracting and procurement is in the Purchasing group under Administration and Finance. The responsibility for executing capital projects, primarily following the completion of procurement, is in the Capital and Planning division.

Exhibit I.4: Recreation and Parks Organizational Chart, FY 2024-25



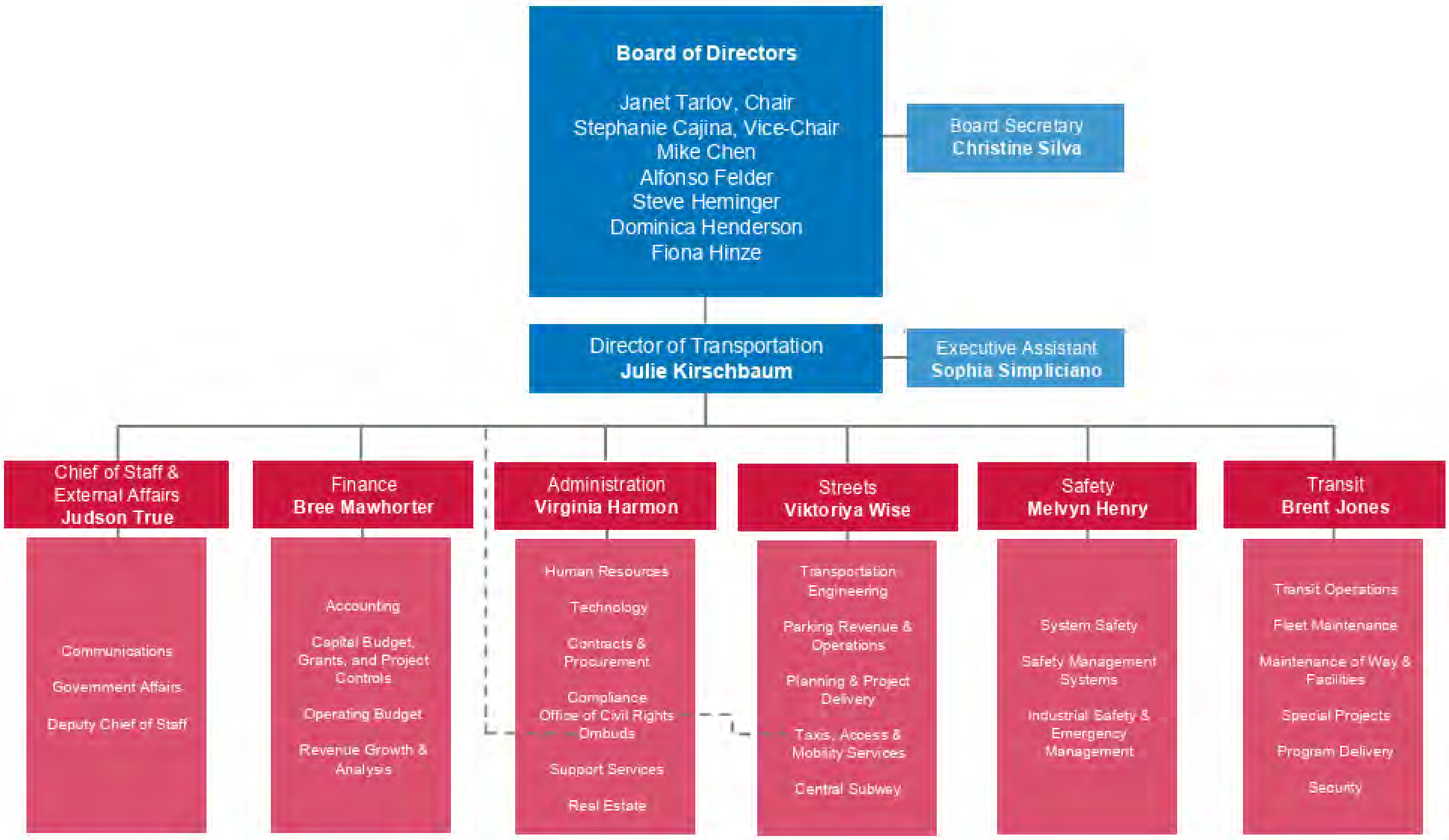
Source: Mayor's Budget Book, FY 2025-26 – FY 2026-27

The San Francisco Municipal Transportation Agency

The SFMTA is the City department that manages the Municipal Railway (Muni), as well as all functions of the former Department of Parking and Traffic, including bicycling, paratransit, parking, traffic, walking, and taxis. Article VIIIA of the City Charter establishes the SFMTA, its responsibilities, and its seven-member Board of Directors.

The Agency is divided into ten primary divisions. Chapter 6 contracting and procurement responsibilities are housed in the Contracts & Procurement section of the Administration Division. The Planning & Project Delivery section of the Streets Division manages project delivery after procurement is completed. Exhibit I.5 below shows the high-level organization chart of the SFMTA.

Exhibit I.5: SFMTA Organizational Chart, FY 2025-26



Source: San Francisco Municipal Transportation Agency website

Chapter 6 Procurement

During the scope of our audit (FY 2021-22, FY 2022-23, and FY 2023-24), Public Works, the Airport, the Port, RPD, and SFMTA awarded a total of 427 Chapter 6 contracts with a total maximum amount of over $1.7 billion, as shown in Exhibit I.6 below. Of these contracts, 288 were construction contracts (including as-needed construction contracts and alternative delivery contracts such as job order contracts, design-build, and emergency construction contracts), and 139 were professional services contracts (including as-needed professional services and emergency professional services).

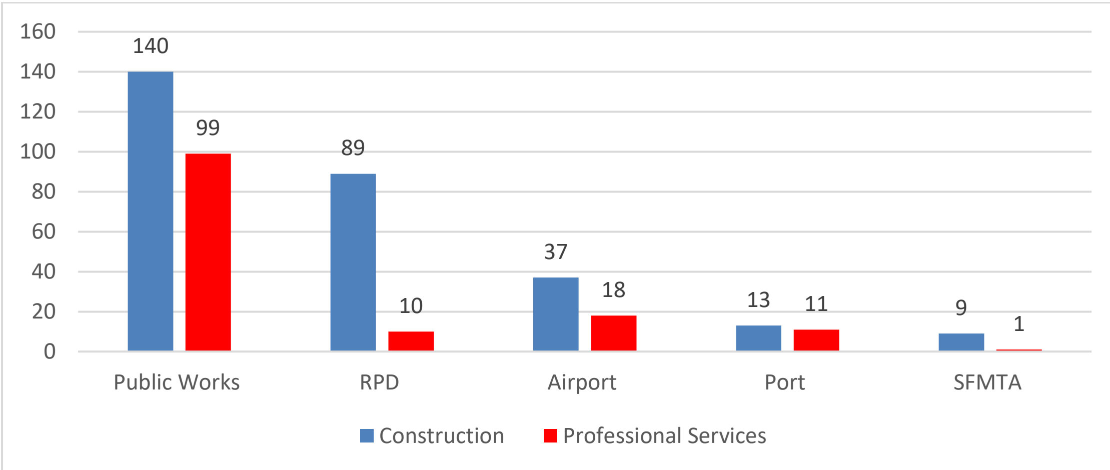
Exhibit I.6: Chapter 6 Contracts Awarded by five departments, FY 2021-22 to FY 2023-24

	FY 2021-22	FY 2022-23	FY 2023-24	Total
Public Works				
Construction contracts	32	64	44	**140**
Sum of maximum amount	*$179,675,011*	*$398,300,369*	*$346,180,715*	***$924,156,095***
Professional Services contracts	37	33	29	**99**
Sum of maximum amount	*91,602,150*	*55,170,429*	*46,919,326*	***193,691,904***
Airport				
Construction contracts	4	19	14	**37**
Sum of maximum amount	*$10,282,779*	*$130,853,224*	*$135,654,727*	***$276,790,730***
Professional Services contracts	1	1	16	**18**
Sum of maximum amount	*8,200,000*	*9,950,000*	*58,500,000*	***76,650,000***
Port				
Construction contracts	1	4	8	**13**
Sum of maximum amount	*$163,900*	*$10,555,771*	*$13,314,540*	***$24,034,211***
Professional Services contracts	2	8	1	**11**
Sum of maximum amount	*69,100*	*26,500,000*	*2,700,000*	***29,269,100***
RPD				
Construction contracts	23	28	38	**89**
Sum of maximum amount	*$8,759,977*	*$12,776,202*	*$15,387,880*	***$36,924,059***
Professional Services contracts	3	3	4	**10**
Sum of maximum amount	*11,701,727*	*195,145*	*1,837,019*	***13,733,890***
SFMTA				
Construction contracts	4	5	0	**9**
Sum of maximum amount	*$115,999,376*	*$23,849,405*	*$0*	***$139,848,781***
Professional Services contracts	0	1	0	**1**
Sum of maximum amount	*0*	*75,000*	*0*	***75,000***
Total no. of contracts	**107**	**166**	**154**	**427**
Total maximum amount	**$426,454,020**	**$668,225,545**	**$620,494,207**	**$1,715,173,772**

Source: Public Works, the Airport, the Port, RPD, and SFMTA.

Public Works comprises 56 percent of the five departments' total Chapter 6 procurements, including both construction and professional services. For SFMTA, the years covered by the audit are not representative of typical contract activity due to the impacts of COVID-19. Looking at the broader period from 2013 to 2025, SFMTA awarded an average of 4.5 Chapter 6 contracts per year, with an average annual award value exceeding $116 million. Exhibit I.7 below shows the total number of Chapter 6 contacts by department.

Exhibit I.7: Chapter 6 Contracts per Type and Department, FY 2021-22 to FY 2023-24



Source: Public Works, the Airport, the Port, RPD, and SFMTA.

Acknowledgements

We would like to thank the management and staff of the five departments included in this audit – Public Works, the Airport, the Port, Recreation and Parks, and the SFMTA, for their cooperation and assistance during this audit.

1. Policies and Procedures

Multiple departments covered by this audit lack comprehensive policies and procedures across key procurement areas, including project delivery methods, procurement methods, disputes and claims, reporting, contractor performance, bid protests, and change orders. While Public Works and SFMTA maintain relatively complete guidance, the Airport, Recreation and Parks, and the Port often rely on draft, undated, outdated, or nonexistent procedures. In addition, none of the Departments we audited had procedures to evaluate projects for alternative delivery methods, which can be more cost- and time-effective than designing projects and awarding construction contracts to the lowest cost bidder. Departments without finalized and current policies are at increased risk of inconsistent application of procurement requirements, weak accountability, and inadequate protection of City interests. To ensure consistent and effective procurement practices citywide, these departments should finalize, date, and regularly update procedures across all key policy areas.

Overview of Procurement Policies and Procedures

To assess the adequacy of procurement guidance, we reviewed manuals, policy documents, and written procedures across the five Chapter 6 Departments covered by the scope of this audit. Our review compared department practices against seven key procurement policy areas identified in State and Local Government Procurement: A Practical Guide, 3rd Edition, by the National Association of State Procurement Officials (NASPO) and is summarized Exhibit 1.1 below.[1]

[1] National Association of State Procurement Officials. (2019). *State & local government procurement: A practical guide* (4th ed.). J. Ross Publishing.

Exhibit 1.1: Key Procurement Areas Identified by NASPO

Topic	Description
Project Delivery Methods	There are various types of project delivery methods that deviate from the industry-standard Design-Bid-Build method, including Design-Build, Construction Manager/General Contractor, Job-Order Contracting, and Emergency Contracts. Departments should have detailed policies and procedures pertaining to project delivery methods utilized by the department. Appendix F summarizes the alternative delivery methods used by each department.
Procurement Method	There are various types of procurement methods, including competitive procurement methods, such as Request for Proposals (RFP) or Request for Bids (RFB), and non-competitive procurement methods, like sole source and emergency procurement. Departments should have detailed policies and procedures pertaining to different types of procurement methods.
Disputes and Claims	Procedures should be in place for the expedited resolution of contract disputes and claims and should encourage informal resolution while ensuring due process to the contractor.
Reporting	Daily and weekly construction reports are critical for documenting site progress, quality issues, delays, and more. They include critical information such as contact details, roles and responsibilities, dates, locations, weather, time, and other important details. These reports serve as essential records for project management and dispute resolution.
Contractor Performance	Procedures should guide how contractor performance is evaluated.
Bid Protests	Policies should establish how the department handles contractor bid protests. Section 6.21(d) of Chapter 6 of the City's Administrative Code gives authority to the department head to prescribe procedures for submitting bid protests for construction contracts.
Change Orders	Procedures should address how change orders are reviewed and approved.

Source: National Association of State Procurement Officials. (2019). State & local government procurement: A practical guide (4th ed.). J. Ross Publishing.

For each area, we assessed policies as:

- **Comprehensive:** The department maintains comprehensive and up-to-date policies and procedures. Guidance is formalized and updated to reflect current practice.
- **Partial:** The department maintains policies and procedures; however, they do not capture all areas, are undated, in draft form, outdated, or limited in guidance provided.
- **None:** The department does not have documented policies or procedures in this area or is reliant on external departments.

Most Departments Lack Comprehensive Policies and Procedures

Our review found significant variation in the extent to which Chapter 6 departments maintain policies and procedures for key procurement areas. Public Works had comprehensive policies and procedures for almost all key procurement areas. However, the Airport, SFMTA, the Port, and RPD, have mostly partial procedures that are outdated, in draft form, or lack any written guidance on key areas. Exhibit 1.2 below summarizes these findings. Refer to Appendices A, B, and C for more detail on policies and procedures reviewed.

Exhibit 1.2: Overview of Procurement Policies and Procedures by Department

Procurement Area	Airport	Public Works	SFMTA	Port	RPD
Project Delivery Methods	Partial	Comprehensive	Comprehensive	Partial	None
Procurement Methods	Partial	Comprehensive	Comprehensive	None	Partial
Disputes and Claims	None	Comprehensive	Partial	None	None
Reporting	Comprehensive	Comprehensive	Partial	Partial	None
Contractor Performance	None	Partial	Partial	None	None
Bid Protest	Partial	Partial	Comprehensive	None	Partial
Change Orders	Comprehensive	Comprehensive	Comprehensive	None	Partial

Source: BLA review of Departments' procedures

The Airport

We found that the Airport has comprehensive policies and procedures in two procurement areas, which include reporting and change orders. We assessed the remaining five areas as either partial or entirely missing (see Exhibit 1.3 below). Guidance on project delivery methods are addressed in the *Design & Construction Policies & Procedures Manual*, however this manual has not been updated since 2014. Many of the Department's policies lacked dates, making it difficult to assess whether they remain current. When requested to provide policies and procedures for bid protests, Airport staff provided undated and unformalized guidance only after we inquired.

Exhibit 1.3: Review of Airport Policies and Procedures

Procurement Area	Description
Project Delivery Methods	Partial – Policies exist for some methods but are outdated (2014) and missing for others.
Procurement Methods	Partial – Formal guidance exists but is undated.
Disputes and Claims	None – No documented procedures.
Reporting	Comprehensive – Current daily and weekly reporting procedures.
Contractor Performance	None – No documented procedures.
Bid Protest	Partial – A job aid was provided during audit review.
Change Orders	Comprehensive – Current procedures revised 2025.

Source: BLA review of Departments' procedures

Public Works

We found that Public Works maintains comprehensive policies and procedures across most procurement areas, demonstrating strong internal controls and adherence to best practices. Of the seven key procurement areas reviewed, five had comprehensive guidance, while the remaining two—Contractor Performance and Bid Protest—had partial procedures (see Exhibit 1.4 below). DPW relies on two centralized procedure manuals—the *Construction Manual* and the *Project Management Manual*—which provide staff with a single, organized source for guidance. These manuals are regularly updated, with the most recent revisions in 2018 and 2023, ensuring that procedures reflect current practices and requirements. This centralized and up-to-date documentation supports consistency, accountability, and efficiency in procurement and project delivery processes.

We found that Public Works maintains partial guidance for Contractor Performance and Bid Protest. For Contractor Performance, Public Works requires consultant evaluations but lacks guidance on evaluations for construction contracts as required by Section 6.21(d) of Chapter 6 of the City's Administrative Code. For Bid Protest, procedures are in place but are limited in scope. These areas are discussed further in the following subsections of this section. Overall, Public Works' approach represents a strong model for maintaining comprehensive, current, and accessible procurement policies and procedures.

Exhibit 1.4: Review of Public Works' Chapter 6-Related Policies and Procedures

Procurement Area	Description
Project Delivery Methods	Comprehensive – Current procedures revised 2018 and 2023.
Procurement Methods	Comprehensive – Current procedures revised 2018 and 2023.
Disputes and Claims	Comprehensive – Multiple current procedures address disputes and claims.
Reporting	Comprehensive – Clear and detailed reporting requirements.
Contractor Performance	Partial – Consultant evaluations required, but no guidance on Construction evaluations or database use.
Bid Protest	Partial – Procedures exist but not thorough.
Change Orders	Comprehensive – Current procedures documented.

Source: BLA review of Departments' procedures.

San Francisco Municipal Transportation Agency (SFMTA)

We found that SFMTA maintains comprehensive procedures among four procurement areas and partial procedures amongst three procurement areas (see Exhibit 1.5 below). Project Delivery Methods, Procurement Methods, Bid Protest, and Change Orders are supported by current, well-documented procedures. However, Disputes and Claims, Reporting, and Contractor Performance have outdated procedures. SFMTA primarily relies on three procedure manuals, which include Resident Engineers' Operating Procedures (2017), Project Operations Manual (2017), and Procurement Procedures Manual (2023). While SFMTA's manuals provide clear and detailed guidance for staff, ensuring consistent application of policies and practices, two of its manuals have not been updated in 8 years.

Exhibit 1.5: Review of SFMTA Policies and Procedures

Procurement Area	Description
Project Delivery Methods	Comprehensive – Current procedures revised 2023.
Procurement Methods	Comprehensive – Current procedures revised 2023.
Disputes and Claims	Partial– Procedures are outdated (2017).
Reporting	Partial– Procedures are outdated (2017).
Contractor Performance	Partial – Procedures are outdated (2017) and do not include that contractor database.
Bid Protest	Comprehensive
Change Orders	Comprehensive

Source: BLA review of Departments' procedures.

The Port

We found that the Port has no comprehensive policies and procedures amongst the key areas. Of the seven key areas reviewed, the Port has partial guidance amongst three areas, with policies being undated or in draft form. For example, the Department primarily relies on the draft *Port*

Contracts Team Manual and other draft documents, which have not been formally adopted. Additionally, for four of the key areas, which include disputes and claims, contractor performance, bid protest, and change orders, the Port had no written procedures. Additionally, for partial areas several procurement methods—including competitive construction, sole source, and emergency procurements—are entirely missing written guidance, although staff utilized these methods during the audit scope.

The Port explained that they do not have policies and procedures because they "simply follow the admin code and other applicable rules."[2] However, we believe reliance on the Administrative Code alone is insufficient. For example, Chapter 6 provides very limited guidance on bid protests, only requiring departments to allow bidders to submit a protest and to inform bidders of this procedure in the Advertisement for Bids. Department-level policies and procedures are needed to ensure staff implement the Code consistently and accurately. In this case, such procedures would clearly assign roles and responsibilities when a bid protest is received, document required steps when investigating the bid protest, and specify who must review and approve the determination. This guidance helps ensure consistent and accurate implementation of the Administrative Code, reduces the risk of errors or omissions, and provides a clear record of internal controls.

Exhibit 1.6: Review of Port Policies and Procedures

Procurement Area	Description
Project Delivery Methods	Partial – No finalized procedures; draft documents only and missing for others.
Procurement Methods	Partial – No finalized procedures; draft documents only and missing for others.
Disputes and Claims	None – No documented procedures.
Reporting	Partial – Reporting tied to software use, not policy content.
Contractor Performance	None – No documented procedures.
Bid Protest	None – No documented procedures.
Change Orders	None – No documented procedures.

Source: BLA review of Departments' procedures.

Recreation and Parks (RPD)

We found that RPD lacks comprehensive policies and procedures across most procurement areas. Of the seven key areas reviewed, RPD has no written guidance in four and only partial procedures in the remaining three (see Exhibit 1.7 below). The Department has no policies for project delivery methods, disputes and claims, reporting, or contractor performance. Partial guidance exists for procurement methods and change orders, though these procedures are

[2] Port Email, September 27, 2024.

undated, incomplete, or limited in scope. RPD reported relying primarily on Chapter 6 of the City's Administrative Code rather than maintaining department-specific procedures.

Further, RPD staff reported that the Department relies on DPW for construction management on many of its capital projects, citing this as the reason for not maintaining its own policies and procedures in certain areas. While DPW does manage a substantial portion of RPD's projects, RPD continues to oversee some of its own capital work. Consequently, the Department should develop its own formal, department-specific procedures to ensure staff have clear guidance and can consistently apply procurement requirements.

Exhibit 1.7: Review of RPD Policies and Procedures

Procurement Area	Description
Project Delivery Methods	None – No policies in place.
Procurement Methods	Partial – Policies exist for some methods but are undated and missing for others.
Disputes and Claims	None – No internal policies; relies on DPW for capital projects.
Reporting	None – No procedures; relies on DPW.
Contractor Performance	None – No policies in place.
Bid Protest	Comprehensive – Detailed procedures.
Change Orders	Partial – Procedures exist but limited in scope

Source: BLA review of Departments' procedures.

Gaps Among Key Procurement Areas

Our review identified notable gaps across five procurement areas: contractor performance, bid protests, disputes and claims, evaluations of projects for alternative delivery methods, and change orders. A summary of each of these areas is below.

Contractor Performance

Contractor performance evaluations are critical to ensuring successful capital projects. Poor-performing contractors can drive up costs, delay schedules, and produce substandard work. Section 6.26 of the Administrative Code requires all Chapter 6 departments to document, evaluate, and report on the performance of construction contractors for contracts advertised or initiated on or after March 31, 2017.

Despite this requirement, as shown in Exhibit 1.8 below, SFMTA is the only department that has established documented procedures for the evaluation of construction contractors.[3] SFMTA's Resident Engineer Manual, Procedure No. 1206, requires staff to complete contractor evaluations at least once every six months and at project closeout. To verify compliance, we

[3] RE Manual, Section 1206: Performance Evaluation of Construction Contractors (2017)

selected a sample of two contracts, which consisted of the highest-value contracts within our audit scope, and requested supporting documentation of completed evaluations. Our review found that SFMTA did not conduct evaluations every six months as required. Specifically, SFMTA was unable to provide documentation demonstrating that one contractor was evaluated at all and had conducted only one evaluation for the second contract. Further, SFMTA is not using the City's Contractor Performance and Evaluation Database as required by Chapter 6 of the Administrative Code. This raises broader concerns about the database's implementation and effectiveness, which we discuss in Section 5 of this report.

Exhibit 1.8: Contractor Performance Evaluation Procedures by Department

Procurement Area	Airport	Public Works	SFMTA	Port	RPD
Contractor Performance	None	Partial – Consultant evaluations only; no guidance on construction or database use	Comprehensive – Covers construction evaluations, but omits database	None	None

Source: BLA review of Departments' procedures.

The remaining departments do not have written procedures for evaluating construction contractors. Public Works maintains partial guidance requiring evaluations of consultants, but not construction contractors. Its Procedure Manual No. 09-05-07 requires staff to complete consultant evaluations at project closeout. We requested verification of completed evaluations for one consultant contract that had been closed out within our audit scope and found the department in compliance with its internal procedures. [4]

Overall, the lack of comprehensive and consistent contractor performance evaluation procedures limits the City's ability to monitor contractor performance across departments, incorporate performance data into future award decisions, and prevent poorly performing contractors from continuing to receive City contracts.

Bid Protests

NASPO describes bid protests as an essential accountability mechanism within public procurement. According to NASPO, "the most frequently indicated benefits of bid protest process were that it provides a fair process and real check on flawed or anticompetitive awards." Protests can help identify procedural errors, reinforce consistent application of procurement rules, and

[4] We requested verification of completed evaluations for one contract. We selected this contract because it was the only consultant contract within our audit scope that had reached final completion.

improve trust in public contracting. At the same time, they can delay projects and increase administrative burdens, underscoring the importance of clear procedures and timely resolution.[5]

As shown in Exhibit 1.9 below, only SFMTA and RPD have comprehensive bid protest procedures in place. These procedures clearly define the types of protests that may be filed, establish submission deadlines, require written protests with supporting documentation, and outline the roles and responsibilities of both the protesting and protested parties, as well as the department's role in reviewing and issuing determinations. In contrast, Public Works ties its protest handling closely to the Administrative Code but provides limited guidance to staff regarding the review process, including legal review and management-level approvals. The Airport did not provide bid protest procedures during our initial request for information and later provided informal and undated protest procedures, suggesting they may have been created specifically in response to our inquiry. The Port had no bid protest procedures in place.

Exhibit 1.9: Bid Protest Procedures by Department

Procurement Area	Airport	Public Works	SFMTA	Port	RPD
Bid Protest	Partial— A job aid was provided during audit review.	Partial – Procedures exist but not thorough.	Comprehensive – Formal and detailed procedures in procurement manual.	None	Comprehensive – Detailed procedures.

Source: BLA review of Departments' procedures

As shown in Exhibit 1.10 below, our review of bid protests during the audit scope (FY 2022 to 2024) found some variation across City departments. During the period of our review, the Airport had the highest rate of bid protests while Public Works received the highest number of protests, with 25 protests filed out of 242 contracts (Public Works also had the highest number of Chapter 6 contracts by far of the five departments reviewed). Of the bid protests received by Public Works, 14 were denied and 11 were upheld. The Airport had 10 protests across 75 contracts, which had outcomes that were evenly split between being denied and upheld. Of the five approved protests, two involved requirements overseen by the City's Contract Monitoring Division (CMD). The Airport does not have authority over CMD's determinations regarding bidder compliance with CMD requirements. In contrast, SFMTA and the Port each reported only one protest, with both protests being denied. RPD, despite awarding 99 contracts, reported no protests filed during the review period.

[5] National Association of State Procurement Officials. (2019). *State & local government procurement: A practical guide* (4th ed.). J. Ross Publishing. Page 314.

Exhibit 1.10 Bid Protest Activity by Department, FY 2022 to FY 2024

Department	Contract Count	Protest Count	Protest Rate	Upheld %
Public Works	239	25	10.5%	44%
RPD	99	0	0.0%	-
Airport	55	10	18.2%	50%
Port	24	1	4.2%	0%
SFMTA	9	1	11.1%	0%
Total	**426**	**37**	**8.7%**	**43%**

Source: Departments' Procurement Data

Our review of bid protests indicates that procurement irregularities are not unusual given that nearly half of protests at Public Works and the Airport are being upheld. Bid protests in our sample were upheld for various reasons, including that the initial contractor awarded the contract:

- Failed to comply with the Disadvantaged Business Enterprise (DBE) participation requirement;
- Failed to list a required Fire Protection Subcontractor;
- Failed to meet Chapter 14B subcontractor participation requirements;
- Failed to meet the project's minimum qualifications;
- Failed to submit a complete bid; and
- Failed to comply with the City's Local Business Enterprise (LBE) requirements

The findings from our review of Chapter 6 bid protests highlight the value of the protest process as a safeguard to catch any flawed awards and the importance of strengthening procurement procedures to reduce errors that can lead to successful challenges. Departments should implement recommendations to better avoid bid protests as suggested by NASPO in the State and Local Government Procurement: A Practical Guide, 3rd Edition, some of which include:[6]

- Ensuring all solicitation specifications and requirements are clear, relevant, objective, and encourage competition;
- Clearly outlining the risks and responsibilities of each party within the solicitation;
- Avoiding deviations from the written requirements during bid or proposal evaluations;
- Holding pre-bid or pre-proposal conferences to address supplier questions and concerns, with notes shared among all potential bidders;
- Providing a straightforward and transparent process for submitting and responding to bidder questions;

[6] NASPO, page 319

- Maintaining a well-documented procurement file to support transparency and defend against potential protests;
- Offering debriefing opportunities to unsuccessful bidders or offerors, including specific reasons their bids were not successful;
- Ensuring internal communications conforms to solicitation requirements and are suitable for public records;
- Using evaluation criteria that are specific to the commodity or service being procured, rather than generic standards; and
- Issuing written rejection notices that include meaningful feedback, bid tabulations, and other relevant information.

Disputes and Claims

In State and Local Government Procurement: A Practical Guide, 3rd Edition, NASPO emphasizes the importance of clear procedures for resolving disputes and claims, with and filed by contractors, and identifies three key tools for effective management:

- Establishing mechanisms for early communication among the contractor, user agency, and public procurement officer when issues arise.
- Including contract language that requires the contractor or user agency to provide written notice to the public procurement officer at the first point of disagreement.
- Creating a written contract administration plan that clearly defines the roles and responsibilities of all personnel involved.

Citywide efforts address the first two tools through the Partnering Program (discussed in more detail in Section 3 and 4 of this report), which fosters early collaboration between City staff and contractors, and standardized contract language, primarily in the General Conditions portion of the contract. However, as shown in Exhibit 1.11 below, only Public Works and SFMTA have written procedures that define staff roles and responsibilities for managing claims and disputes. Public Works' Construction Management Manual includes detailed, recently updated procedures for dispute resolution, progress payments, withholding, and disputed work reports.[7] SFMTA's Resident Engineering Manual and Construction Management Manual provide guidance on claims processing, administration, and early-warning strategies through the Trend Program to mitigate potential cost and schedule impacts.[8] In contrast, the Airport, the Port, and RPD have no written

[7] CM 11-02-04 Partnering (2023); CM 11-02-05 Dispute and Claim Management (2023); CM 11-04-01 Progress Payment and Withholding (2023); CM 11-04-05 Disputed Work Report (2023)

[8] RE Manual, Sec. 01101 Change Order Request and Claims Processing (2017); RE Manual, Sec. 705 Trend Program (2017); CM Manual, Sec. 6.10 Construction Management: Potential Claims Administration (2017)

procedures for managing claims or disputes, increasing the risk of inconsistent practices and delayed resolution.

Exhibit 1.11 Disputes and Claims Policies and Procedures by Department

Airport	DPW	SFMTA	Port	REC
None	Comprehensive	Comprehensive	None	None

Source: BLA review of Departments' procedures

Evaluating Projects for Alternative Delivery Methods

Alternative project delivery is defined as a method of delivering a capital project that deviates from the industry-standard Design-Bid-Build method. For Design-Bid-Build projects, the City uses internal staff and/or design consultants to design the complete public works project before soliciting bids for the construction portion. Then, the City selects the lowest qualified bidder to complete the construction on the project.[9] In addition, Chapter 6 allows departments to procure public works contracts for projects with alternative delivery mechanisms, including Design-Build, Construction Manager/General Contractor, Job-Order Contracting, and Emergency Contracts (described in Appendix F to this report).

Although, the Airport, Public Works, SFMTA, and Port all have procedures for how to procure contracts project alternative delivery projects (as previously noted),none of the departments we audited had policies that define which projects should be considered for alternative delivery. To address this gap, departments should establish an evaluation matrix that considers relevant criteria such as project budget, complexity, timeline, experience, and internal capacity. The matrix should be applied to all formal construction contracts to ensure projects are systematically screened for alternative delivery.

The decision to pursue an alternative project delivery method should be made carefully and methodically because of the potential benefits in both costs and time savings and inherent risks involved in large, costly projects that tend to be good candidates for alternative delivery. However, departments reported that decisions to consider or pursue alternative delivery rests

[9] Until the mid-2000s, local jurisdictions were required by state law to contract their public works projects using the Design-Bid-Build project delivery method. San Francisco Administrative Code sections 6.20–6.27 establish the requirements for Design-Bid-Build contracts in San Francisco. During the audit scope period, these requirements included that any construction contract with a value of $1 million or greater must be competitively bid and awarded to the lowest qualified bidder. (Administrative Code section 6.1 establishes the $1 million threshold amount, which was increased to $1,170,000 in July 2025 per Ordinance 123-25.)

on individual project managers and/or project teams. As a result, it is unclear whether Chapter 6 departments consistently select the most cost-effective and timely delivery method.

The BLA reviewed contracts executed between July 1, 2021 and June 30, 2024 for Public Works, the Port, the Airport, SFMTA, and RPD. Four of these five departments executed at least one alternative delivery project. RPD did not because they partner with Public Works to deliver complex alternative delivery projects. As shown in Exhibit 1.12 below, Chapter 6 departments awarded 40 alternative-delivery projects with a combined not-to-exceed value of approximately $350 million. Most departments' use of alternative delivery methods consisted of emergency and job order contracts. In contracts, the Airport used CM/GC and Design-Build methods for 19 percent of its construction contracts. This is much higher than the three percent used by Public Works. According to the Airport, for contracts with medium to high complexity or risk, alternative delivery methods are its default approach. Appendix F contains detailed project-level information.

Exhibit 1.12: Alternative-Delivery Construction Contracts by Department, FY 2022 to 2024

Department	Contract Count	Total Not-to-Exceed Amount	Delivery Methods Used
Public Works	28	$266,518,803	CMGC, Design-Build, Emergency, JOC
Airport	7	60,231,515	CMGC, Design-Build
SFMTA	4	20,000,000	JOC
Port	1	163,900	Emergency
Total	**40**	**$346,914,218**	

Source: Department Contract Data

Departments should also develop guidance for evaluating projects identified by the matrix as eligible for alternative delivery. The guidance should describe each alternative delivery method, its requirements, advantages and disadvantages, and the types of projects for which it is appropriate. It should include best practice criteria to help determine whether a project is suitable for alternative delivery. Screening and evaluation procedures would help ensure departments consistently select the most cost- and time-effective delivery method. During our review, the Airport identified *Owner's Guide to Project Delivery Systems* (June 2022), developed by the Airports Council International–North America, Airport Consultants Council, and Associated General Contractors of America, as a resource that departments could use to inform their guidance. Although developed for airport owners, the guide provides broadly applicable information on procurement methods, contract considerations, and tools, including a contract evaluation matrix to help screen projects for alternative delivery.

Change Orders

As part of our audit fieldwork, we obtained and reviewed change order data for contracts awarded within the audit scope, as well as departmental policies and procedures governing change order management. We also reviewed a sample of change orders to assess whether required documentation was maintained and whether departments followed their established procedures. As shown in Exhibit 1.13, departments varied significantly in both the number and value of change orders. The total increase in contract value attributable to approved change orders ranged from 3 percent to 33 percent across departments.

Exhibit 1.13: Change Orders by Department, July 1, 2021 to June 30, 2024

Department	Contract Count	Change Order Count	Initial Contract Value	Change Value to Date	% Change
Public Works	140	274	$924,156,095	38,758,311	4%
SFMTA	8	150	102,239,380	10,048,387	10%
Port	13	25	24,034,211	835,836	3%
RPD	89	219	37,600,138	12,323,802	33%
Airport[1]	47	337	1,350,431,762	124,819,054	9%
Total	**297**	**1,003**	**$2,438,461,586**	**$186,785,390**	**8%**

Source: BLA analysis of department change order data of Construction contracts.
Note: (1) For Design Build and CM/GC contracts, the Airport uses change orders to fund projects incrementally in phases. For these contracts, change orders reflect planned funding and are not reflective of increases or unexpected changes in project budgets. To account for this, the BLA used the original contract value and the current estimated contract value as of October 1, 2025, to provide a more accurate representation of increases or decreases in project budgets for Design-Build and CM/GC projects.

Lack of Change Order Policies and Procedures

Our review found that two of the five departments, specifically the Port and RPD, do not maintain sufficiently documented change order policies and procedures. A summary of our review is found in Exhibit 1.14 below. The Port has no written policies or procedures in place. RPD had written policies, but they are minimal and do not address the key control elements identified in Exhibit 1.14, such as approval authorities, defined roles, documentation standards, and protest procedures. In contrast, Public Works, SFMTA, and the Airport each have well-defined, comprehensive change order policies that address all or nearly all core control components. SFMTA's maintains change order policies in its Policies and Procedures Manual and in its RE Manual. SFMTA's manual was updated in 2023 and recently updated as of 2026, however its RE Manual has not been revised since 2017.

Exhibit 1.14: Review of Change Order Policies and Procedures by Department

Description	Public Works	SFMTA	RPD	Port	Airport
Reasons to Issue Change Orders – Policies describe allowable reasons for change orders, such as correcting errors or omissions, client-requested changes, and unforeseen conditions	X	X	-	-	X
Review and Approval Process – Procedures identify required review and approval authorities, including circumstances under which cost or schedule changes require additional approval by the Director or Commission.	X	X	-	-	X
Project Manager (PM) or Construction Manager (CM) Responsibilities – Policies define PM/CM responsibilities, such as evaluating cost and schedule impacts, identifying funding sources, and approving proposed changes when appropriate.	X	X	-	-	X
Resident Engineer (RE) Responsibilities – Procedures outline RE responsibilities, including evaluating the completeness and timeliness of change order requests, processing requests for information, and approving or rejecting change orders.	X	X	-	-	X
Change Order Required Documentation – Policies specify required documentation, such as contractor and independent cost estimates, receipt dates, and supporting analyses, to ensure a complete record.	X	X	-	-	X
Change Order Protest Procedures – Procedures address how departments should respond when a contractor disputes a rejected change order, including steps for claim resolution when agreement cannot be reached.	X	X	-	-	-

Source: BLA analysis of department policies and procedures

Lack of Formal Training on Change Orders

As shown in Exhibit 1.15, most departments do not provide formal, ongoing training on change order management for project managers, engineers, or other staff responsible for reviewing and approving change orders. The Port, RPD, and Public Works reported that staff primarily rely on prior experience, shadowing, and on-the-job learning rather than structured instruction. For example, Public Works noted that engineers receive one-on-one, real-time guidance on completing change orders. In contrast, SFMTA and the Airport reported offering some level of formal training.

SFMTA and the Airport both provide change order training for staff. SFMTA provides training on an as-requested basis, open to all staff. The department provided an eight-page training document, developed in January 2022, that outlines a simplified process for preparing contract modification packages and supporting analyses for smaller or less complex change orders. The document emphasizes the need for clear justification, fair and reasonable pricing determinations, and sufficient documentation to support management review and potential external oversight. Specifically, the training materials address: (1) drafting a clear and detailed scope of work; (2) identifying pay items and payment methods; (3) documenting terms, conditions, and approval requirements; (4) explaining the reason for the change and allowable categories under applicable regulations; (5) preparing an Independent Cost Estimate; (6) reviewing the contractor's cost proposal; (7) documenting pre-negotiation strategy and cost analysis; and (8) analyzing schedule impacts. While the training document is comprehensive, completion of this training is not required, and the department does not provide it on a recurring basis, which may limit consistent understanding and application of the procedures across staff. The Airport reported that it offers training on its case-management system, Unifier. According to the Airport, staff are trained upon need, during onboarding, and as a refresher. This is tracked in training logs. The training includes an overview of the change management process, including types of changes and the requirements for each type, authorizations needed, preparing an independent cost estimate, documentation requirements, and how to process a change order in their case management system.

Exhibit 2.15: Change Order Training by Department

Airport	Public Works	SFMTA	Port	RPD
Yes, provided at onboarding, and as-needed.	None	Yes, but provided on an as-requested basis.	None	None

Source: Department emails.

Training on core project-controls functions, including change order management, should occur at least annually, be refreshed periodically when policies or systems change, and be required whenever new staff are onboarded into project management or contract oversight roles. Without formal training, project managers and resident engineers may lack consistent guidance on evaluating whether proposed change orders are necessary, assessing cost reasonableness, documenting decisions, and negotiating with contractors. This increases the risk of inconsistent practices and weaker cost control.

Missing Change Order Documentation

To assess change order review and documentation practices, we reviewed change orders from a sample of construction contracts across the five departments. Our review included all change orders from one high-value or complex project per department and a random sample of contracts with change orders for Public Works, RPD, the Airport, and the Port (approximately 5 percent of contracts in the audit scope). We did not review an additional random sample from SFMTA because of the small number of total contracts. For departments with established policies, we assessed whether required approvals and documentation were present. For departments without clear policies, we reviewed files for evidence of key internal controls, including documented scope changes, cost support, negotiation records, and multiple levels of approval.

We identified a small number of missing required documents in our sample. Our review of Public Works (180 change orders reviewed) and the Airport (372 reviewed) resulted in documentation missing in approximately 1 to 2 percent of cases. For RPD (48 reviewed), we identified three instances of incomplete documentation, including missing approvals and limited evidence of negotiation or scope detail. Although these instances represent a small share of the total change orders reviewed, we note them to underscore the importance of maintaining complete and consistent documentation.

Conclusion

Our review of policies and procedures across five City departments with delegated authority for public works contracts under Chapter 6 of the Administrative Code found that these departments vary widely in the extent to which they maintain comprehensive procurement policies and procedures. Public Works and SFMTA generally provide robust, recently updated guidance across most key procurement areas, supporting consistency, accountability, and effective oversight. In contrast, the Airport, the Port, and RPD frequently rely on draft, outdated, or nonexistent procedures, and in some cases depend on the Administrative Code or other departments rather than maintaining their own formal guidance. Gaps are particularly notable in contractor performance evaluations, bid protest procedures, dispute and claim management, alternative delivery methods, and change orders. These policy deficiencies increase the risk of inconsistent application of procurement requirements.

Recommendations

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

1.1 Establish and maintain formal, dated, and regularly updated procurement policies covering all seven key areas: Project Delivery Methods, Procurement Methods, Disputes and Claims, Reporting, Contractor Performance, Bid Protests, and Change Orders. Departments should reference Exhibit 1.2 of this report to ensure that all procurement areas identified as having partial or no policies and procedures are addressed no later than December 31, 2026.

1.2 Develop a screening matrix and guidance for evaluating projects for alternative delivery. The matrix should be applied to all formal construction contracts and consider factors such as project budget, complexity, timeline, internal capacity, and staff experience. In addition, departments should create written guidance describing each alternative delivery method, including its requirements, advantages and disadvantages, and other criteria relevant to assessing project suitability.

1.3 Establish formal training programs for project managers and resident engineers on change order management. Trainings should be conducted at least annually.

Benefits and Costs

Implementing comprehensive, updated, and standardized procurement policies across all departments would improve accountability, transparency, and consistency in procurement practices, reducing the likelihood of bid protests, contract disputes, and project delays. While developing and maintaining these policies would require a moderate amount of staff time and training, the long-term benefits, including stronger internal controls, improved project outcomes, and reduced financial and legal risks, are expected to outweigh these upfront costs.

2. Bid Rejections and Failures

Most departments we audited lacked internal policies for handling bid/proposal rejections or solicitations that result in no bids/proposals. In practice, a sample review of contracts awarded to single bidders showed departments often did not perform additional outreach or analysis to determine whether the solicitation should be rebid. Lastly, with the exception of Public Works and SFMTA, departments do not track non-responsive bids, limiting their ability to understand market barriers or identify patterns that may signal reduced competition. These gaps undermine the City's ability to attract multiple bidders, contain costs, and ensure a fair and competitive procurement environment. We recommend that departments develop clear internal policies for evaluating bid failures and rejections, and adopt standardized tracking of responsive and non-responsive bids to better assess market conditions and improve competitive outcomes.

Overview of Bid/Proposal Rejections and Failures

Well-designed solicitations and strong vendor participation are critical to achieving competitive pricing and obtaining value for the City. However, departments frequently receive only one bid or, in some cases, no bids at all. These situations occur either when bids are rejected for failing responsiveness criteria or when a solicitation garners little or no vendor participation. Both conditions weaken competition.

Bid and proposal[1] issues fall into two primary categories:

- **Bid/Proposal Rejection:** Rejections occur when a bid is disqualified for failing to meet predefined criteria.[2] A bid/proposal that meets the predefined criteria is referred to as "responsive". A bid/proposal that does *not* meet the predefined criteria is referred to as "non-responsive." Non-responsive bids and proposals may be the result of unclear requirements or overly stringent conditions established in the bid solicitation materials and may indicate opportunities for improvement in an entity's solicitation documents or criteria. The number of bidders or proposers may also be impacted by external factors such as availability of qualified vendors and timing of the solicitation.

[1] Bids refer to responses to solicitations in which the selection criteria is primarily based on cost. Proposals refer to responses to solicitations in which the selection criteria includes cost and other qualitative factors.

[2] Per the City's Administrative Code, City departments may also choose to reject bids or proposals regardless of qualification status. Section 6.41 of the City's Administrative Code (Professional Services) states that the Department Head can reject any or all proposals, with approval from the Mayor, Board, or Commission (as appropriate), even if the right to reject is not explicitly stated in the Request for Proposals. Per Section 6.21(c) of the Administrative Code (Construction), the Department Head has absolute authority to reject any or all bids without needing approval, regardless of whether this right is mentioned in the bid advertisement.

- **Bid/Proposal Failure:** Failures occur when a department receives no bids or only one bid in response to a solicitation. This may indicate problems with market engagement, possibly due to non-competitive terms, limited outreach, or unattractive contract conditions. Bid or proposal failures may indicate a need for staff to reassess market strategies, outreach, and procurement practices to ensure competitive and fair bidding processes.

Limited vendor participation is a recurring issue across the City's Chapter 6 contracts. As shown in Exhibit 2.1 below, from FY 2021-22 through FY 2023-24, nearly all Chapter 6 departments awarded at least one contract where only a single responsive bid was received. Across this three-year period, departments awarded 42 contracts totaling more than $170 million under these conditions. Although these awards followed required procedures, they show that many solicitations are not attracting a robust vendor pool.

Exhibit 2.1: Contracts Awarded to Sole Bidders, FY 2021-22 to FY 2023-24

Department	Number of Contracts Awarded to Sole Bidder[1]	Percent of Contracts Awarded	Total Dollar Value of Contracts Awarded to Sole Bidder
Public Works	9	7.1%	$89,261,277
Recreation & Parks	24	26.1%	4,404,080
Airport	8[2]	10.7%	69,273,315
Port	1	5.3%	7,238,750
SFMTA	0	n/a	0
Total	**42**		**$170,177,422**

Source: Department data.
Note: 1) Excludes contracts where competitive bidding was not required, such as sole source and emergency contracts. 2) Of the eight contracts awarded to sole bidders, four were for specialty work (i.e., the Noise Insulation Program retrofitting private residences). The Airport reported that it has attempted to cultivate additional competition for this work but has only occasionally identified small contractors willing to submit bids.

Sole-bid awards carry meaningful fiscal implications. When high-value projects attract only one bid, departments cannot compare pricing, evaluate alternatives, or leverage competition to improve terms. Price impacts are significant. For example, according to market analysis conducted for Public Works and presented to the Capital Planning Committee, projects receiving only one bid typically result in winning bids 25% to 50% above the Engineer's Estimate. In contrast, projects receiving 8 to 10 bids often come in 10% to 25% below the estimate (Exhibit 2.2). This differential illustrates the direct relationship between bid volume and project cost and underscores the importance of addressing conditions that limit vendor participation.

Exhibit 2.2: Expected Price Impacts of Bids Received

Bid Count	Differential from Engineer's Estimate
1	25% to 50% above estimate
2-3	10% to 25% above estimate
4-5	0% to 10%
6-7	0% to -10% below estimate
8-10	-10% to -25% below estimate

Source: Office of Resilience and Capital Planning, December 2025 Presentation: 2026 Annual Infrastructure Construction Cost Inflation Estime.

Most Departments Lack Internal Policies for No-Bid and Single-Bid Solicitations

Under Chapter 6, departments have broad discretion when solicitations fail or when few bids are received. Sections 6.23(c) and 6.40(d) authorize department heads to determine next steps when no bids are submitted, only one responsive bid is received, or one responsive bid is accompanied by non-responsive submissions.

As shown in Exhibit 2.3, Chapter 6 requires department heads to make several determinations when solicitations fail or receive limited competition. These include assessing whether additional outreach or modifications to non-statutory requirements could generate additional bids, whether bidder qualifications were unnecessarily restrictive, or whether non-responsive bids could be easily cured. However, Chapter 6 does not specify how departments should conduct these evaluations or what steps staff must take to support the department head's determinations. As a result, internal departmental policies and procedures are necessary to guide staff in performing these assessments. Such policies can establish expectations for documenting outreach efforts, evaluating price reasonableness, assessing competition, and determining when rebidding is appropriate. Without clear internal guidance, departments may apply these evaluations inconsistently, which could reduce transparency and weaken safeguards intended to promote fair and competitive procurement outcomes.

Exhibit 2.3: Chapter 6 Requirements Upon Rejection or Failure of Bids

Scenario		Actions Permitted	If Yes to (a) and/or (b)	If No to (a) and (b)
No Bids Received		Determine whether (a) additional outreach or (b) modification/removal of non-statutory contract requirements would likely generate bids.	Re-bid the work.	With approval of the Mayor/ board/ commission, may negotiate with a contractor or may assign work to the City.
One Responsive Bid, No Other Bids	Does Not Exceed Engineer's Estimate	May recommend award to sole responsive bidder.	-	-
	Exceeds Engineer's Estimate	Determine whether (a) outreach or (b) modification/removal of non-statutory requirements would likely generate multiple bids at substantially lower prices.	Re-bid the work.	With approval of the Mayor/ board/ commission, may negotiate with the sole bidder, a contractor, or assign work to the City.
One Responsive Bid, Other Non-responsive Bids	Does Not Exceed Engineer's Estimate	May recommend award to sole responsive bidder.	-	-
	Exceeds Engineer's Estimate	Determine whether (A) bidder qualifications were too onerous and unnecessary for the work or (B) nonresponsive bids could be easily cured and bidders remain interested, and whether either would likely result in more than one responsive bid at substantially lower prices.	Re-bid the work.	With approval of the Mayor/ board/ commission, may negotiate with the sole bidder, a contractor, or assign work to the City.

Source: San Francisco Administrative Code 6.23(c).

To assess how departments implement Chapter 6 requirements, the audit team requested and reviewed internal policies for all five Chapter 6 departments governing no-bid and single-bid scenarios. The findings are summarized below:

- **RPD:** RPD has no internal policy. Staff rely solely on Chapter 6. Informally, staff report that bids over the Engineer's Estimate may be rejected, but single-bid awards at or under the Engineer's Estimate are usually accepted. Staff also stated they may contact firms when no bids are received, but this is not required or documented.
- **Airport:** The Airport has no internal policies specific to no-bid or single-bid scenarios. Staff rely on standard responsiveness reviews (Contract Monitoring Division, risk management, and project manager reviews). If the sole bid is responsive, the Airport typically awards it.

- **The Port:** The Port has no internal policy and stated that they rely on Chapter 6 for guidance.
- **SFMTA:** SFMTA does not have an internal policy for no-bids but does have policies governing single bids and proposals. As discussed below, SFMTA is the only department that operationalized or exceeded Chapter 6 requirements, establishing formal procedures for assessing competition, documenting outreach, and performing price and cost analyses. These policies provide staff with concrete steps to follow, ensuring evaluations are consistent, transparent, and aligned with procurement objectives.
- **Public Works:** Public Works has written procedures for no-bid and single-bid scenarios, including Procedure 06-03-01 and a desk manual. These outline Chapter 6 requirements for situations involving no bids, one responsive bid, and one responsive bid with other nonresponsive bids. However, they do not specify who is responsible or the steps staff must follow to make these determinations, leaving the evaluation process unclear and potentially inconsistent.

Overall, SFMTA is the only department that operationalized Chapter 6 requirements in a way that provides clear, actionable guidance to staff and, in some cases, exceeds the ordinance by including formal procedures for assessing price reasonableness. For example, Chapter 6 requires the Department Head to determine whether additional outreach could generate multiple bids at substantially lower prices. SFMTA operationalizes this requirement by mandating that the Contract Manager contact all bidders or proposers who received the solicitation but did not respond, inquire why they did not submit a bid or proposal, and assess whether any elements of the procurement may have restricted competition. SFMTA procedures further require that all such inquiries and determinations be documented in the procurement file. Furthermore, SFMTA exceeds Chapter 6 requirements by requiring a price or cost analysis whenever competition is limited, ensuring that awards are supported by a documented assessment of price reasonableness.

Sample Review of Department Practices

To assess whether departments followed required Chapter 6 procedures when awarding single-bid contracts, we selected a judgmental sample consisting of the highest-value contracts awarded to a single bidder. For most departments, we requested two contracts. We requested one contract from the Port because it reported only one single-bid award during the review period. We did not request any contracts from SFMTA because the department did not report any single-bid contracts during the period examined.

For each contract, we requested supporting documentation demonstrating whether staff conducted the evaluations required by Chapter 6. Specifically, we requested documentation showing whether staff assessed:

- Whether additional outreach to potential bidders would likely generate additional bids.
- Whether bidder qualifications were unnecessarily restrictive or whether modifications to non-statutory requirements could generate additional bids.

As shown in Exhibit 2.4, our review identified significant gaps in documentation across departments. The Airport and Public Works provided complete documentation for the sampled contracts. However, the Port and RPD did not provide documentation demonstrating that staff evaluated whether additional outreach or modifications to solicitation requirements could have generated additional bids. These results are consistent with our review of departmental policies. Departments that lack clear internal procedures may not have established expectations for conducting or documenting the evaluations required under Chapter 6. As a result, departments may proceed with single-bid awards without documenting whether additional competition could reasonably have been obtained. Without such documentation, departments cannot demonstrate compliance with Chapter 6 requirements or provide assurance that procurement decisions were supported by appropriate competition assessments.

Exhibit 2.4: Review Conducted by Departments for Solicitations with Single Bids

Department	Contract No.	Outreach	Contract Modification / Bidder Qualifications
Airport	Sample 1	**Yes**	**Yes**
	Sample 2	**Yes**	**Yes**
Port	Sample 1	Did Not Provide Documentation	Did Not Provide Documentation
Public Works	Sample 1	**Yes**	**Yes**
	Sample 2	Not Applicable[1]	Not Applicable[1]
Recreation & Parks	Sample 1	Did Not Provide Documentation	Did Not Provide Documentation
	Sample 2	Did Not Provide Documentation	Did Not Provide Documentation

Source: BLA analysis of Department data.
Note: 1) The bid price of the single bidder was below the Engineer's Estimate, which means analysis and outreach are not required per Administrative Code Section 6.23(c).

Lack of or Insufficient Bid Response Tracking Practices

Not all Chapter 6 departments sufficiently or consistently track the number of responsive and non-responsive bids received per solicitation, which can provide valuable insight into market interest and competition and potentially suspicious bidding patterns. Public Works and SFMTA are the only departments that tracks non-responsive bidders. Public Works tracks this information on a spreadsheet containing information of all bids received, the bid amount, and whether they were responsive. The spreadsheet does not contain information on why that bidder was deemed non-responsive. SFMTA tracks bids received, whether any bids received were non-responsive, and the reason the bid was deemed non-responsive. RPD, the Airport, and the Port reported that they do not track their non-responsive bids.

Exhibit 2.3: Tracking Non-Responsive Bids Practices by Department

Department	Track Number of Non-Responsive Bids	Track Reason Bid was Deemed Non-Responsive
Public Works	Yes	No
Recreation & Parks	No	No
Airport	No	No
Port	No	No
SFMTA	Yes	Yes

Source: BLA analysis of Department practices.

Departments should track the number of non-responsive bids and the reason for which the bid was deemed non-responsive, and that they use information on non-awarded bidders to assess market interest and potential suspicious bidding patterns. Tracking the number and price of both responsive and non-responsive bids is important for evaluating market interest, the effectiveness of procurement strategies, and would provide insights that could guide the City in addressing situations of limited competition. This practice is supported by NASPO's emphasis on understanding market conditions.

Conclusion

Some Chapter 6 departments lack adequate internal policies and procedures for managing bid or proposal rejections and failures. Our sample review of department practices indicates that these gaps in guidance may contribute to inconsistent implementation of Chapter 6 requirements. In particular, our sample review confirmed that, in practice, the Port and Recreation & Parks are not performing or documenting the required analyses when awarding single-bid contracts. As a result, contracts may be awarded without verifying whether greater competition could have been achieved. Lastly, most departments lack comprehensive bid-response tracking systems, limiting their ability to detect market trends or assess bidder responsiveness.

Recommendations

The Public Works Director, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

2.1 Develop and implement a comprehensive policy or procedure consistent with Administrative Code Sections 6.23(c) and 6.40(d) for handling rejected or failed bids and proposals. The policy or procedure process for when and how to undertake further outreach efforts, modify contract requirements, and cure non-responsive bids.

The Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

2.2 Develop and implement a policy or procedure to monitor the quantity of bids and proposals received for both construction and professional services contracts. This policy should include tracking both responsive and non-responsive bid data.

Benefits and Costs

Developing comprehensive policies and tracking procedures for bid and proposal management will require an initial investment of staff time and resources to draft, approve, and implement new policies. The expected benefits of implementing these recommendations include increased competition and improved pricing, enhanced compliance and transparency, and better market insights.

3. Enforcement and Protective Mechanisms

Chapter 6 departments are underutilizing protective mechanisms included in public works contracts that are designed to protect the City against delays, cost overruns, and contractor substandard performance. This underuse is tied to several factors, including: (1) a strong aversion to litigation and formal dispute processes; (2) lack of clear policy guidance or training on when and how to enforce contract provisions; (3) reliance on partnering as an informal resolution strategy; and (4) structural pressures from a low-bid contracting environment. As a result, enforcement practices vary significantly by department and often leave the City exposed to higher costs, reduced accountability, and inconsistent protection of taxpayer interests. Strengthening citywide policy guidance, training, performance-based procurement practices, and evaluating partnering practices would help safeguard the City against poor performing contractors.

Overview of Enforcement and Protective Mechanisms

Public works contracts administered by Chapter 6 departments often involve large-scale, complex projects with significant public investment. Delays, performance deficiencies, or disputes with contractors can result in higher costs and service interruptions. To manage these risks, the City relies on a standardized set of contract terms known as General Conditions 00 72 00.

General Conditions 00 72 00 is a foundational contract document that is incorporated into all City public works contracts. It provides detailed guidance on project administration, covering topics such as changes orders and contract modifications, scheduling, payments, claims, and outlines procedures for addressing events or issues that may arise during the contract. Collectively, these provisions serve several key purposes:

- **Ensure Timely Project Completion:** Delays can increase project costs, extend staff and consultant commitments, and postpone the delivery of public benefits. Timeliness clauses help protect schedules and control budget impacts.
- **Control Costs:** Penalty and cost recovery provisions protect taxpayer dollars and ensure public funds are used effectively.
- **Promote Accountability and Performance:** Clearly defined obligations and consequences incentivize contractors to meet quality and performance standards.
- **Resolve Disputes Efficiently:** Structured processes aim to limit costly litigation and keep projects moving.

The General Conditions also provide some protection for contractors, such as processes for dispute resolution and the filing of claims if, for example, they feel the City has not properly approved a change order request. Exhibit 3.1 below summarizes the key mechanisms available for the City's standard public works contracts.

Exhibit 3.1: Key Public Works Contract Protective and Enforcement Mechanisms

Mechanism	Description
Liquidated Damages	Contracts specify monetary penalties for failing to meet key obligations, such as agreed upon completion dates. Liquidated damages compensate the City for potential costs, including temporary facility rentals, extended staffing for project oversight, and disruptions to public services.
Withholding Payment	Payments may be withheld when necessary to protect the City's interests. Common reasons include incomplete or non-conforming work, work requiring correction, or noncompliance with contract requirements.
Default and Termination	Contracts identify events of default, such as failure to pay subcontractors, insufficient staffing, or bankruptcy. If deficiencies are not corrected, the City may terminate the contract for cause. The City also retains the right to terminate without cause when it determines termination is in the City's best interest.
Change Orders/ Modifications	Contracts include a defined process for amending the scope of work, whether through additions, deletions, or revisions. Such changes can affect both the project schedule and budget. When a contractor proposes a change, they must provide the City with timely, detailed, and sufficient documentation at the time of the request. Required documentation may include cost estimates, schedule impacts, and any supporting calculations. This requirement ensures the City can fully evaluate the implications of the change before approval, protecting against unnecessary cost escalations or delays.
Notice of Potential Claim (NOPC)	If a contractor believes they are entitled to additional compensation or time due to City actions they must file a Notice of Potential Claim (NOPC). City actions may include denial of a change order, withholding payment, and more. The NOPC must generally be submitted within seven calendar days of the triggering event and include a good faith estimate of the potential cost or schedule impact. Detailed and timely NOPCs ensure City has early notice of disputes and provide the City with the opportunity to mitigate associated costs.
Dispute Resolution Processes	Some contracts require use of structured resolution mechanisms, such as dispute review boards or multi-tiered escalation procedures, before formal claims can be filed. Deadlines for claims may be extended when these processes are in use.
Contract Claims	If an NOPC is denied and any required supplemental resolution processes are exhausted, contractors may submit a formal claim under the terms of the contract.

Source: General Conditions 00 72 00

Departments Infrequently Use Enforcement Tools

We found that Chapter 6 departments within the scope of this audit rarely employ General Conditions 00 72 00. We reviewed all enforcement and protective actions taken on public works contracts procured between FY 2021-22 and FY 2023-24 across the five Chapter 6 Departments covering 426 contracts. As shown in Exhibit 3.2 below, these departments reported only 233 total enforcement actions over this three-year period. Most of these actions were rejections of change order requests (141 cases, or 61 percent of all enforcement activity). By contrast, more consequential mechanisms were rarely used. For example, citywide, there were only eight instances of withheld payments, 22 cases of liquidated damages (all of which were from Public Works), and no use of formal dispute resolution mechanisms were reported by the departments.

Exhibit 3.2: Enforcement and Protective Mechanisms Count by Department, FY 2021-22 to FY 2023-24

	Airport	Port	SFMTA	Public Works[1]	Total
Rejected Change Order Requests	6	2	2	131	141
Notice of Potential Claim	2	0	1	38	41
Contract Claim	0	0	0	18	18
Liquidated Damages	0	0	0	22	22
Withheld Payments	0	1	2	5	8
Default or Termination for Cause	0	1	0	0	1
Terminations for Convenience	0	1	0	1	2
Formal Dispute Resolution	0	0	0	0	0
Total	**8**	**5**	**5**	**215**	**233**

Source: BLA analysis of Airport, Port, SFMTA, and Public Works data.

Note: (1) Public Works' count includes RPD projects administered and managed by Public Works through work orders. In total, Public Works applied enforcement and protective mechanisms in 88 instances on RPD projects.

Use of enforcement mechanisms varied by department, which is partially explained by the number and contract value of public works contracts. As shown in Exhibit 3.3 below, Public Works oversaw 239 contracts with an initial value of $1.1 billion and reported the highest use of protective mechanisms across all Chapter 6 departments within the audit scope. By contrast, SFMTA managed only 9 contracts and had very limited use of enforcement tools. However, the Airport had the median number of contracts with 75 and close to $353 million initial value and only reported six change order rejections and two notices of potential claims. Lastly, RPD had the second highest number of contracts at 99 projects, but the lowest initial contract value amongst the five departments yet had the second highest use of enforcement tools initiated by Public Works, which administers and manages RPD projects via work order. This variation suggests that departmental practice, rather than contract size alone, could influence the extent to which protective mechanisms are employed.

Exhibit 3.3: Contract Count and Initial Contract Value by Department, FY 2021-22 to FY 2023-24

Department	Number of Contracts	Share of Contracts	Initial Contract Value	Share of Value
Public Works	239	56%	$1,117,847,999	66%
Airport	55	13%	353,440,730	21%
SFMTA	10	2%	116,074,376	7%
Port	24	6%	53,303,311	3%
RPD	99	23%	50,657,949	3%
Total	**427**	**100%**	**$1,691,324,365**	**100%**

Source: BLA analysis of Airport, Recreation and Parks, Port of San Francisco, San Francisco Municipal Transportation Agency, and Public Works data.

Further, rejection of Change Order/Modification requests are distributed unevenly across the Chapter 6 departments reviewed. Exhibit 3.4 below shows the number of Change Orders/Modifications received and the rejection rates by department. Across all departments reviewed, contractors submitted 1,096 Change Orders/Modifications. Of these, 209 (19 percent) were rejected. Rejection rates varied substantially across departments. Public Works accounted for the largest number and highest rate of rejections (83), representing 25 percent of all requests submitted under its 242 contracts. RPD similarly rejected a significant share of requests (21 percent), with 48 rejections out of 231 change order requests. Conversely, the Airport, despite processing the second-highest number of requests (343), rejected only six requests (two percent). SFMTA had 150 requests and rejected just two (one percent). The Port submitted 35 change order requests, rejecting two (6 percent). While Public Works and RPD are more likely to deny contractor requests, the Airport and SFMTA generally approve them, even when changes result in large cost increases.

Exhibit 3.4: Change Order/Modification Requests and Rejections by Department, FY 2021-22 through FY 2023-24

Department	Change Order/Modification Requests	No. of Rejected Requests	Rejection Rate (%)
Public Works[1]	337	131	39%
SFMTA	150	2	1%
Port	35	2	6%
Airport	343	6	2%
Total	**865**	**141**	**16%**

Source: BLA analysis of department change order data and rejected change order data.
Note: (1) Public Works' count includes RPD projects that Public Works administers and manages through work orders. Of the 131 rejected requests, 30 were for RPD projects.

Note: (1) The Airport utilizes change orders to progressively fund Design Build and CM/GC contracts in phases. To account for this, we used the original contract value and the current estimated contract value as of October 1, 2025, for these contracts. This approach provides a more accurate representation of increases or decreases in project budgets for Design-Build and CM/GC projects.

Chapter 6 departments are infrequently, and inconsistently, utilizing the enforcement actions in their Chapter 6 contracts, which could increase the risk that some departments are not adequately safeguarding the City's financial and operational interests. Limited reliance on mechanisms such as contract claims or liquidated damages could reflect effective contract management practices that minimize disputes, but it could also indicate reluctance to exercise available remedies. Interviews with project managers and construction managers across the five departments indicate that these low usage rates are not solely due to the absence of contract issues.

Barriers to Utilizing Enforcement and Protective Mechanisms

Interviews with project managers and construction managers across the five departments indicate that the low usage of enforcement and protective mechanisms included in the General Conditions are not solely due to the absence of contract issues. Instead, staff described a set of recurring barriers, including litigation aversion, focus on partnering, and complexities of a low-bid environment.

Litigation Aversion

We conducted interviews with staff across the five departments. Multiple staff members from these departments recounted instances with problem contractors where they felt their department lacked any clear tools to encourage good performance and penalize bad performance. For example, one Project Manager (PM) stated: "when I started at the department I was amazed, [since] contracts clearly state that we can assess liquidated damages for issues, but explanation given was that we don't really do it, we don't want to be punitive, so many excuses possible from our lawyers, so my logic is why is it in the contract? I was told I was the first PM in history in the department to do it. In two cases, the performance was abysmal, and I think we should exercise our right, and it's our responsibility to taxpayers."

Several staff members recounted instances in which they attempted to invoke these protections but were overruled by upper management. In one notable case, a PM reported pursuing liquidated damages due to continued poor contractor performance. Despite lacking management support, they persisted until a serious injury occurred on-site. Only then did upper management approve the termination for convenience—highlighting a reactive rather than proactive approach to risk and accountability.

Aversion to litigation and formal enforcement can have wide-ranging consequences. Contractors may submit inflated or unjustified change order requests (CORs), confident that the City will ultimately concede. For example, in an informational interview with a project manager, they explained an instance where they wanted to reject a COR that they strongly believed was unjustified. The PM explained that even though upper management agreed with PMs that a COR is unjustified, the department approved the change order due to the potential of costly litigation costs of not doing so. Ultimately, this creates a culture of complacency and increases project costs. Additionally, staff may feel demoralized and reluctant to escalate issues, believing their efforts will be dismissed or unsupported by leadership.

We requested guidance, training materials, and policies from departments related to enforcement of contract enforcement and protective mechanisms. The Airport, Port, and RPD rely solely on General Conditions 00 72 00 for policies and procedures related to contract enforcement, with no supplementary guidance provided to staff. As shown in Appendix C, Public Works and SFMTA have written procedures that clearly define staff roles and responsibilities for managing claims and disputes. However, none of the Chapter 6 departments reviewed offer training for staff on resolving claims and disputes. Without resources providing clear guidance and training, staff are left without guidance on when and how to invoke contractual protections, resulting in inconsistent and often ineffective enforcement. To reduce risk exposure and strengthen accountability, City departments should establish a consistent and proactive framework for contract enforcement by adopting clear standards, strengthening training, and aligning legal and management practices. The City can shift from a reactive stance to a proactive enforcement culture to better protecting City resources and improving contractor accountability.

Low Bid Environment

Low bid remains the dominant method for awarding public works construction contracts. Under this approach, contracts are awarded to the qualified bidder who submits the lowest responsive and responsible bid, regardless of past performance or other qualitative factors. While intended to ensure fairness and cost efficiency, staff expressed frustration with this approach, noting that it often forces the City to rehire poorer performing contractors simply because they continue to submit the lowest bid.

The City Administrator's study on Improving Capital Project Delivery echoed these concerns. The study surveyed hundreds of engineers, architects, project managers, and construction managers across the six Chapter 6 departments. As shown by Exhibit 3.5 below, survey respondents identified low bid contracting as the fourth highest-rated problem in capital projects with 67 percent of respondents agreeing or strongly agreeing with the statement "low bid contracting does not save money." Additionally, 52 percent of respondents agreed or strongly agreed with the statement "low bid contracting leads to lower-quality work" and 48 percent with "we hire poor-performing contractors." One PUC engineer explained that low-bid awards "result in change order battles during construction that require a large number of City staff hours to deal with." A Port engineer noted that such contractors require constant oversight because "construction management needs to be on their toes." A Public Works architect added that they "require too much oversight and management, make mistakes that cost time, and generate conflict that undermines morale." Others described some low-bid contractors as "argumentative and verbally abusive" and prone to submitting "dishonest change orders."

Exhibit 3.5: City Administrator Survey Findings of Chapter 6 Employees

Problem Statements	Average Score	% Disagree or Strongly Disagree	% Neutral	% Agree or Strongly Agree	Rank
Low bid contracting does not save money	72	8%	25%	67%	4 of 41
Low bid contracting leads to lower-quality work	65	13%	35%	52%	18 of 41
We hire poor-performing contractors	62	16%	35%	48%	25 of 41

Source: Improving Capital Project Delivery in the City and County of San Francisco, Office of the City Administrator, February 11, 2025 Draft.

Given these challenges, and as discussed in Section 1 of this audit, Chapter 6 departments should consider pursuing alternative procurement methods that go beyond price alone. Best Value, authorized under Section 6.74, is a variant of design-bid-build contract. However, the construction contract is awarded on both cost and non-cost factors such as:[1]

- Experience with similar projects
- Past performance (including inquiring whether contractor has had any liquidated damages, breach of contract, building code violations, etc.)
- Speed of project delivery (such as awarding points for shorter schedule)
- Qualification and experience of lead personnel
- Availability of trades/resources to start work immediately upon Notice to Proceed (NTP)

Joint research by the Associated General Contractors (AGC) of America and the National Association of State Facilities Administrators (NASFA) found that Best Value selection can increase quality and timeliness of the project, minimize disputes and increase contractor responsiveness to customer requests, and fosters more cooperative relationships between

[1] Office of the City Administrator, City and County of San Francisco. *Improving Capital Project Delivery*, Draft, February 11, 2025. See Appendix 13.6 for "Best Practices for Alternative Delivery Methods."

owners and contractors.[2] At the same time, industry research identifies some draw backs of this method, including increased chance of protests, increases timeline to procure, and increased scrutiny of public employees being inappropriately influenced.[3] The biggest concerns expressed by focus group participants in the City Administrator's survey is that the alternative delivery method procurement process can be more time-intensive and carry a higher risk of bid protests. Best value procurement requires additional efforts to prepare and score a request for proposals as compared to preparing and scoring invitation for bids, which are scored based solely on cost. However, as mentioned by the City Administrator's report "to the extent that a best value procurement results in awarding a contract to a higher-performing and more competent contractor, the overall construction end date may end up being sooner than with the traditional change order-heavy low bid scenario, wherein schedule commitments are not uniformly upheld."[4]

Prequalification of contractors is another practice the City can expand. This approach screens bidders in advance based on qualifications, experience, financial capacity, and past performance, ensuring that only capable and responsible firms compete for City contracts. Staff pointed to this as an effective way to "weed out bad actors."[5] For example, one City staff person described that for one project, the City "issued the contract as a low bid to only pre-qualified bidders. We pre-qualified generals and major subs through an RFP process; only these contractors were allowed to bid." Such practices retain the procedural efficiency of low-bid contracting while significantly reducing risks of poor performance.

Taken together, Best Value and prequalification of contractors offer realistic and tested alternatives that would help the City avoid the pitfalls of a pure low-bid system. While these methods may increase the procurement timeline, expanding the use of these tools would allow departments to reward proven performance, reduce costly change orders, and ultimately deliver capital projects more effectively and timely.

Partnering

Partnering is a formal, non-adversarial approach to construction project delivery that emphasizes collaboration between City staff and contractors to resolve issues early, reduce costly claims, and improve project outcomes. Executive Order 12-01, issued in 2012 by former Mayor Edwin M. Lee,

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[2] Associated General Contractors of America & National Association of State Facilities Administrators. (2008). *Best Practices for Use of Best Value Selections* (p. 21). https://www.agc.org/sites/default/files/Project%20Delivery-%20Best%20Value%20Selection.pdf

[3] Ibid.,21.

[4] Office of the City Administrator, City and County of San Francisco. *Improving Capital Project Delivery*, Draft, February 11, 2025. Page 125.

[5] Ibid., 125.

requires the use of collaborative partnering on all City-sponsored public works projects.[6] In 2016, the City established the San Francisco Collaborative Partnering Steering Committee (Steering Committee) to expand its Partnering efforts. Section 4 of this report contains more detailed information about the Partnering program.

Claims Are the Sole Metric Used to Evaluate Partnering

Although partnering is intended to improve project performance, its effectiveness is assessed solely through reductions in contract claims. According to Steering Committee documents, the committee uses the extent to which claims decrease as the single metric to measure partnering effectiveness. A 2024 benchmarking survey conducted by the Steering Committee found that claims across Chapter 6 departments decreased by 61 percent, from $27.9 million (2011–2016) to $10.9 million (2020–2024).

Relying exclusively on claims data to measure the Partnering Program's effectiveness in improving construction project delivery is insufficient. A lower number of claims does not necessarily mean that projects are completed on time, within budget, or at the required level of quality. Findings from a Controller's Office audit reinforce this concern. The audit showed that poor-performing contractors generated significantly more noncompliance notices, incurred higher soft costs, and produced more change orders than high-performing contractors. For example, one contractor received 59 noncompliance notices, while another's soft costs rose to 44 percent of total project costs. In contrast, high-performing contractors had minimal notices, lower soft costs, and fewer change orders. These patterns indicate that claims alone are not a reliable proxy for overall project success. To ensure a more accurate assessment of the Partnering Program's impact, the City should broaden its performance measures to include indicators of schedule adherence, cost control, quality outcomes, and contractor performance.

Scorecards Provide Useful Information but Are Not Used Objectively

Partnering facilitators use Scorecards as an accountability tool for teams to rate progress toward project goals. According to the Partnering Field Guide, scorecards are intended to measure and monitor how the project is progressing and how the team is doing at resolving issues, delivering on commitments and moving towards their goals.[7] As shown in the sample scorecard in Exhibit 3.6 below, City staff and contractors score performance (on a scale of 1 to 5) in key areas including safety, timeliness, budget, and quality.

[6] Office of the Mayor, City and County of San Francisco. Executive Directive 12-01, *Contract Partnering and Prompt Payment Policies*, December 18, 2012.

[7] San Francisco Collaborative Partnering Steering Committee. *San Francisco Partnering Field Guide*. February 2025.

Exhibit 3.6 Sample Project Scorecard

Rate the progress being made toward each of the project goals.

Item No.	Goal	Poor				Excellent	
1.	SAFETY / HEALTHY / SECURITY	1	2	3	4	5	n/a
2.	SCHEDULE	1	2	3	4	5	n/a
3.	BUDGET	1	2	3	4	5	n/a
4.	QUALITY	1	2	3	4	5	n/a
5.	DOCUMENTATION	1	2	3	4	5	n/a
6.	DECISION MAKING / ISSUE RESOLUTION PROCESS	1	2	3	4	5	n/a
7.	CONSTRUCTION PREPARATION	1	2	3	4	5	n/a
8.	TEAM RELATIONS • Communications • Collaboration	1	2	3	4	5	n/a
9.	JOB SUCCESS	1	2	3	4	5	n/a

Source: San Francisco Partnering Field Guide, Appendix C

Scorecards provide an opportunity to evaluate partnering and project effectiveness more concretely. However, they are not currently used in a data-driven or objective manner. Ratings vary significantly between City and contractor representatives. For example, a scorecard from a Public Works project showed a contractor assign a safety rating of 4.3, while the City assigned a rating of 2.5. No concrete justification was provided to explain the difference in rating. Furthermore, respondents are not required to identify the evidence supporting their scores. For example, one respondent for a Public Works project rated a project highly on timeliness despite noting that the schedule had not been updated, making it unclear what information informed the rating.

To improve the usefulness of scorecards, the Steering Committee should modify the tool to require evaluators to identify the evidence supporting each rating. In addition, the Steering Committee should compile, track, and analyze scorecard results across projects and departments. Using scorecards in this way would allow City departments to assess partnering outcomes and whether partnering is contributing to improved project delivery.

Partnering Costs Are Not Tracked

To determine whether partnering provides a net benefit, the City must understand its costs. Most departments do not currently track partnering expenditures, preventing an assessment of cost-effectiveness.[8] Partnering costs include:

- **Facilitation costs:** This includes the cost of facilitators leading the kickoff and follow-up partnering sessions. The Steering Committee collected cost information in a 2018 survey, but the data are outdated and not consistently reported by departments. As a result, total departmental spending is unknown. The Partnering Field Guide provides minimum annual cost allowances ranging from $7,500 to $80,000 per project, depending on partnering level (see Exhibit 3.7 below).

Exhibit 3.7: Partnering Minimum Allowance by Partnering Level

Level	Estimated Contract Amount	Partnering Minimum Allowance
1	$600,000 to $2,000,000	$7,500 per project
2	$2 to $10 Million	$15,000 per year
3	$10 to $30 Million	$30,000 per year
4	$30 to $100 Million	$45,000 per year
5	$100 Million +	$60,000 - $80,000 per year[1]

Source: San Francisco Partnering Field Guide, 2025. See Appendix A, Citywide Partnering Specifications.
Note[1]: $80,000 minimum is for projects that have monthly partnering meetings.

- **Staff time:** Partnering meetings also require substantial staff time. Based on a meeting agenda, sessions last approximately four hours. According to the Steering Committee coordinator, meetings typically include eight to fifteen participants, including contractors, subcontractors, construction managers, project managers, architects, engineers, and client representatives. While these costs may be offset by improved coordination, understanding the magnitude of staff time commitments is essential to evaluating the overall cost and benefit of partnering.

Although partnering is widely used across City construction projects, its effectiveness and cost have not been fully assessed. Strengthening performance measures and tracking costs would better position the City to determine whether partnering delivers intended benefits.

[8] SFMTA is the only department that tracks Partnering costs.

Conclusion

Chapter 6 departments are not making full use of the enforcement and protective mechanisms built into public works contracts. Although these tools are designed to protect the City against cost overruns, delays, and poor performance, their use is infrequent and inconsistent across departments. This limited use reflects broader cultural and structural challenges, including aversion to litigation, reliance on informal partnering processes, and the constraints of a low-bid contracting environment.

Recommendations

The Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

3.1 Adopt clear citywide policies that define appropriate use of enforcement tools, including documentation standards, relevant criteria, escalation pathways, and case study examples.

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

3.2 Provide training to provide additional guidance to procurement and project management staff on the appropriate use of enforcement tools and to promote greater consistency citywide.

3.3 Increase use of Best Value procurement and prequalification of bidders to avoid underperforming contractors.

The San Francisco Partnering Steering Committee should:

3.4 Broaden the evaluation of partnering beyond contract claims. Performance measures could include indicators such as noncompliance notices, the number and value of change orders, and adherence to original project schedules and budgets. This may also include the utilization of Project Scorecards as a formal project evaluation tool.

3.5 Modify Project Scorecards to require evaluators to explain and document the basis for each rating.

3.6 Collect and maintain data on partnering facilitation expenditures and associated staff time commitments citywide.

Benefits and Costs

Implementation of the proposed recommendations would encourage more frequent enforcement of contract provisions when appropriate. Strengthening policies and training would help ensure consistent use of enforcement tools, potentially reducing unnecessary change orders and project delays. Broader use of the Best Value procurement approach and prequalification of bidders would help departments avoid underperforming contractors, leading to improved project delivery and reduced oversight burden on staff.

Initial costs would include staff time to develop policies and conduct training. These recommendations would modestly increase the Steering Committee's workload by requiring it to oversee expanded performance data collection, ensure more detailed documentation of scorecard ratings, and survey departments on partnering facilitation costs.

4. Partnering Conflict of Interest

In 2016, the City established the San Francisco Collaborative Partnering Steering Committee (Steering Committee) to guide and set policy for the Partnering program. The purpose of the Partnering program is to foster collaboration between City staff and contractors to reduce claims and improve project outcomes. Since its inception, the City has relied exclusively on a single vendor, Contractor 1, to facilitate the Steering Committee. As the facilitator of the Steering Committee, the Officer of Contractor 1 meets the criteria for a consultant acting in a "staff capacity" and participating in governmental decisions. Under State and City law, individuals in such positions are considered "public officials" and are required to file a Statement of Economic Interest (SEI or Form 700) to disclose potential financial interests in City decisions. However, this form has not been filed because City staff have not designated this function as a required Form 700 filer. Furthermore, Contractor 1 also facilitates Partnering sessions for individual construction projects. This dual role presents an inherent conflict of interest: the same vendor that helps shape Citywide Partnering policies also benefits from the resulting demand for its own facilitation services. Even if performed with integrity, this arrangement creates at least the appearance of self-dealing, which can undermine transparency and public trust. Lastly, the City's procurement records for the facilitation of the Steering Committee lack documentation and show no evidence of competitive rebidding. This raises concerns about potential overreliance on one provider and limits competition.

Partnering Program Overview

Partnering is a formal, non-adversarial approach to construction project delivery that emphasizes setting mutual goals, improving accountability, and establishing structured dispute resolution protocols.[1] Its intent is to foster collaboration between City staff and contractors to resolve issues early, reduce costly claims, and improve project outcomes.

In December 2012, former Mayor Ed Lee required the use of Partnering through Executive Directive 12-01. The directive requires all appropriate City-sponsored public works projects to use Partnering "as a means of resolving construction issues and disputes in their early stages."[2]

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[1] City Services Auditor, Office of the Controller, City and County of San Francisco. *Adopting Leading Practices Could Improve the City's Construction Contractor Bid Pool,* May 20, 2014, Page 27. https://sfcontroller.org/sites/default/files/FileCenter/Documents/5377-CIT%20ContractorPerformanceEvaluationAudit.pdf

[2] Office of the Mayor, City and County of San Francisco. Executive Directive 12-01, *Contract Partnering and Prompt Payment Policies*, December 18, 2012. Executive Directive 12-01 also included instruction to departments related

It further directed all Chapter 6 departments to include Partnering provisions in bid specifications and contracts and to determine the appropriate level of Partnering for each project based on the "Project Partnering Profile" developed and approved by a committee composed of City department representatives and members of the construction community. While the directive did not identify specific committee members, it did direct questions to Mohammed Nuru, the Director of Public Works at the time.

Partnering Process

Partnering is implemented through a structure that spans the duration of a construction project. Each project begins with a kickoff Partnering meeting, where the team develops a Partnering charter that establishes shared goals, key project outcomes, critical issues, and a dispute resolution plan. Additional Partnering sessions are held throughout the project to assess progress and address emerging issues. These follow-up sessions generally include:

- **Core team meetings:** most follow-up sessions are core team meetings. These sessions consist of field leadership and managers who drive the project.
- **Executive team meetings:** this includes senior leaders of the City and Contractor. Typically, the executive team meets once per quarter and reviews the costs, scope, and schedule of the project and how the project team is functioning.
- **Stakeholder team meetings**: consist of end-users who provide feedback to the Core team. Typically, stakeholder team partnering occurs quarterly for large projects.

Project teams also complete periodic scorecards to assess how well they are meeting project goals, on schedule, within budget, and resolving issues collaboratively. Section 3 of this report discusses the use of Partnering on City public works projects and addresses areas for improvement.

Partnering Steering Committee

Purpose and Composition

In 2016, the City expanded its Partnering efforts by establishing the San Francisco Collaborative Partnering Steering Committee (Steering Committee). The purpose of the Steering Committee is to identify lessons learned and barriers to collaboration on City construction projects and to develop recommendations to improve project delivery through the Partnering Program.

As shown in Exhibit 4.1, the Steering Committee is composed of representatives from all Chapter 6 departments and representatives from construction industry organizations that regularly

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to improving effective prompt payment processes for contractors, including local business enterprises (LBEs) and all subcontractors.

deliver projects for the City. The committee includes 12 City representatives and 13 industry representatives, for a total of 25 members.

Exhibit 4.1: Steering Committee Members

City Representatives	No. of Representatives
Public Works	3
Port of San Francisco	2
San Francisco International Airport	2
Municipal Transportation Agency	1
Recreation and Park	2
Public Utilities Commission	2
Total	**12**

Industry Representatives	No. of Representatives
United Contractors	3
Construction Employers' Association	2
Associated General Contractors of California	3
American Institute of Architects	1
Asian American Contractors Association	1
International Partnering Institute	1
National Association of Minority Contractors - Northern California	1
Transbay Joint Powers Authority	1
Total	**13**

Source: SF Partnering Field Guide, 2025.

Governance Structure

The Steering Committee's governance structure includes an executive team, the full committee, and subcommittees as described below.[3] All three bodies are facilitated by the Officer of Contractor 1.

- **Executive Team**: The Executive Team is composed of the Committee co-chairs, the Steering Committee coordinator (a City representative), one additional City representative, one additional industry representative, and a partnering consultant (the Officer of Contractor 1). The team meets as needed and reviews and approves all sub-committee proposals before they move forward to the full committee for consideration.
- **Full Committee**: The full committee consists of a total of 25 members. As shown in Exhibit 4.1 above, committee members include one to three City representatives for each Chapter 6 Department and 13 industry representatives. The full committee meets

[3] San Francisco Collaborative Partnering Steering Committee. *2025 Charter*.

quarterly (except for the 2nd quarter of the calendar year) to review recommendations, evaluate progress, and consider proposed enhancements to the Partnering Program.

- **Subcommittees**: There are two active subcommittees, which include (1) the Education and Training Subcommittee, and (2) the Performance Measures Subcommittee. Each subcommittee meets approximately five times per year to advance policy proposals and program improvements.

Officer of Contractor 1's Failure to File Statement of Economic Interest

State and City laws require certain consultants to disclose personal financial information to avoid actual or perceived conflicts of interest in government decision-making. Under the California Political Reform Act and the San Francisco Campaign and Governmental Conduct Code, individual consultants who qualify as "public officials" must file a Statement of Economic Interest (SEI or Form 700).

State law and regulations requires public agencies to identify consultant positions that involve decision-making authority and to designate those positions as Form 700 filers by assigning appropriate disclosure categories specifying the financial interests that must be disclosed. (Gov. Code §§ 87302, Cal. Code Regs., tit. 2, § 18734.) Based on records of Form 700s filed with the San Francisco Ethics Commission on or after January 1, 2025, the Officer of Contractor 1 has not filed a Form 700. As of the February of 2026, Public Works has not designated the Officer of Contractor 1 as a Form 700 Filer.

A June 13, 2006 memorandum from the City Attorney's Office states that a City consultant may be considered a "public official" if the consultant (1) serves in a staff capacity and (2) participates in making governmental decisions. A consultant is considered to serve in a staff capacity when the consultant has an ongoing relationship with a public agency for a substantial period of time, generally exceeding one year. Participation in governmental decisions may include advising decision-makers, conducting research, or preparing reports intended to influence governmental action and involving the exercise of judgment, particularly when such work is subject to limited substantive review.[4] The Officer of Contractor 1, which facilitates the Steering Committee, meets this standard.

[4] San Francisco Office of the City Attorney. *Statement of Economic Interest Filing Requirement for Consultants Memorandum.* June 13, 2006.

Officer of Contractor 1's Longstanding Facilitator Role

Officer of Contractor 1 serves in a staff capacity role due to its longstanding relationship with Chapter 6 Departments. Since the inception of the Steering Committee in 2016, the City has contracted Contractor 1, a limited liability corporation focused on improving the construction industry through structured collaborative partnering, to facilitate the Steering Committee. The Officer of Contractor 1 has served as the Committee's lead facilitator since the Committee's inception in 2016.

Officer of Contractor 1's Participation in Governmental Decisions

The role and responsibilities of the Officer of Contractor 1 extend far beyond administrative support and include functions that directly influence Partnering policies and practices. These responsibilities include:

- **Facilitating Committee Meetings:** The Officer of Contractor 1 organizes and facilitates all meetings of the Executive Team Committee, Full Committee, and Subcommittees. This consists of quarterly steering committee meetings, 10 subcommittee meetings each year, and executive team meetings as needed. The facilitator role of the Officer of Contractor 1 includes developing agendas and leading discussions.
- **Serving as Subject Matter Expert:** The Officer of Contractor 1 serves as the City's primary expert on construction partnering practices and provides guidance on how partnering is defined, implemented, and evaluated across City projects.
- **Policy Development:** The Officer of Contractor 1 drafts Partnering Enhancement Proposals (PEPs), which recommend policy or practices to improve the Partnering Program. While the Steering Committee vets and approves these proposals, the Officer of Contractor 1 plays a central role in shaping their content by authoring the documents, facilitating deliberations, and providing technical expertise. Under the Steering Committee charter, decisions are made by consensus when possible; if consensus cannot be reached, approval requires a vote of either 14 members or a majority of the committee, whichever is greater.[5] The Officer of Contractor 1 does not vote on these decisions. However, the absence of formal voting authority does not preclude a finding that a consultant participates in governmental decision-making where the consultant adopts an advisory or analytical role that materially influences a government decision (Cal. Code Regs., tit. 2, § 18702).

[5] See Footnote 4.

- **Performance Measures:** The Officer of Contractor 1 has conducted research on Partnering effectiveness, including benchmarking construction claims. The results of this research inform how the City evaluates the Partnering Program.[6]

The Officer of Contractor 1 has also authored several key documents and training courses that have become embedded in the City's Partnering requirements, including:

- **Partnering Field Guide**: The Partnering Field Guide was created in September 2019 and updated in February 2020, March 2021, and February 2025. This guide provides step-by-step guidance for City staff and contractors to serve as a supplement to the Citywide Partnering Specifications. It includes requirements on the number of partnering sessions required based on the contract size and the minimum bid allowance to allocate to a project to fund Partnering services (see Exhibit 4.2 below). It also includes guidance on topics like how to select a partnering facilitator, setting up kick-off and follow-up partnering sessions, and implementing the issue resolution process.[7] This guide was written by the Officer of Contractor 1 and approved by the Steering Committee.

Exhibit 4.2: Partnering Level and Requirements

Level	Estimated Contract Amount	Minimum Partnering Sessions	Minimum Scorecards	Partnering Minimum Allowance
1	$600,000 to $2,000,000	0	0	$7,500 per project
2	$2 to $10 Million	2	0	$15,000 per year
3	$10 to $30 Million	Quarterly, 4 per year	Quarterly, 4 per year	$30,000 per year
4	$30 to $100 Million	Bi-monthly, 6 per year	Monthly, 12 per year	$45,000 per year
5	$100 Million +	Monthly, 12 per year	Monthly, 12 per year	$60,000 - $80,000 per year[1]

Source: San Francisco Partnering Field Guide, 2025. See Appendix A, Citywide Partnering Specifications.
Note[1]: $80,000 minimum is for projects that have monthly partnering meetings.

- **The Standard Citywide Partnering Specifications**: This document is incorporated into construction contracts and outlines partnering requirements, including the number of

[6] San Francisco Collaborative Partnering Steering Committee. *Partnering Enhancement Proposal Issue 2.2.1 Partnering Effectiveness- Litigated and Arbitrated Claims Benchmarking,* 2017.
[7] Contractor 1, *San Francisco Partnering Field Guide.* February 2025, p. 3.

partnering sessions required for a project.[8] These specifications were created in 2013. According to Public Works, all Chapter 6 Departments collaborated to create the initial specifications. In 2019, the Specifications were updated by the Steering Committee. Updates included the addition of Facilitated Issue Resolution as an optional tool for dispute resolution, establishing a minimum allowance to pay for facilitation services, modifying the thresholds for partnering levels and partnering requirements, and requiring City Partnering Fundamentals Training.

Because the Officer of Contractor 1 has served as the lead facilitator for the Steering Committee since its inception and directly authors policy documents, training materials, and guidance used across all City construction projects, this role meets the State law and City Attorney's criteria for a consultant acting in a "staff capacity" and participating in governmental decisions. Under state and City law, individuals in such positions are considered "public officials" and are required to file a Statement of Economic Interest (Form 700) to disclose potential financial interests in City decisions. Filing Form 700 provides transparency and helps prevent actual or perceived conflicts of interest. Most City staff who participate in the Steering Committee are themselves Form 700 filers and have been required to complete an annual ethics training which covers these requirements, so they should have known, for years, that staff from Contractor 1 should have been designated as Form 700 filers.

Potential Conflict of Interest

State and City ethics laws prohibit public officials from participating in governmental decisions in which they have a financial interest. Specifically, San Francisco Campaign and Governmental Conduct Code section 3.206 incorporates California Government Code section 87100, which prohibits public officials from making, participating in making, or otherwise using their official position to influence governmental decisions in which they have a financial interest. [9] Contractor 1's dual role in shaping Partnering policies as the facilitator of the Steering Committee and providing Partnering on individual construction projects may be a conflict of interest or create the appearance of a conflict of interest. Specifically, the firm is positioned to influence policies, procedures, and training requirements that reinforce the City's reliance on Partnering services that Contractor 1 itself provides.

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[8] *See* Footnote 7. Partnering Field Guide contains Appendix A- The Standard Citywide Partnering Specifications, Section 01 31 33.

Contractor 1's Role in Facilitating Individual Construction Projects
In addition to its Steering Committee responsibilities, Contractor 1 also provides partnering facilitation for individual construction projects, creating a direct financial benefit from the policies it helps design. Contractor 1 is one of 35 firms listed on the City's partnering facilitator roster which departments use to select a partnering facilitator.

Most departments do not track Partnering facilitation costs, limiting our ability to assess total program expenditures. However, based on the Controller's Office Supplier Contracts database, which captures contracts and payments to suppliers, and SFMTA, which is the only department that tracks partnering costs, Contractor 1 accounted for 86 percent of the $873,190 in reported Partnering-related contract awards in fiscal years 2022 through 2024 (see Exhibit 4.3). This data does not capture all Partnering costs, as facilitation services are often subcontracted and subcontractor payments are not consistently reported. Nevertheless, the available data reflects a high concentration of reported contract awards with Contractor 1. For SFMTA, Contractor 1 accounted for 32 percent of Partnering-related contract awards in a 12-year period. However, within the audit scope period, Contractor 1 accounted for 100 percent of Partnering-related contract awards.

Exhibit 4.3: Partnering Costs by Supplier, FY 2021-22 to FY 2023-24

Supplier Name	No. of Contracts	Contract Awarded Amount	Percent
Contractor 1	17	$747,248	86%
Contractor 2	1	49,500	6%
Contractor 3	4	46,442	5%
Contractor 4	1	30,000	3%
Grand Total	**23**	**$873,190**	**100%**

Source: Supplier Contracts, DataSF
Note: This data includes supplier contracts active at any point during the audit scope period of FY 2022 through FY 2024. It also includes SFMTA data on partnering-related contract awards in FY 2022 through FY 2024.

Required Partnering Training and Potential Financial Benefit
In 2019, the Steering Committee approved changes to the Citywide Partnering Specifications that require project teams to complete City Partnering Fundamentals Training. Section 1.6 of the specifications now requires that at least one City staff member and one contractor representative assigned to a construction project attend Partnering training and obtain a certificate of completion.[10]

[10] *See* Footnote 8.

The required training was developed and launched by Contractor 1 in 2019.[11] The Officer of Contractor 1 authored the training curriculum, and Contractor 1 is the sole provider of the course. As a result, the Steering Committee's decision to mandate Partnering training directly corresponds to a service offered by Contractor 1. Because Contractor 1 facilitated the Steering Committee and participated in the development of Partnering policies and specifications, the firm was positioned to influence a decision that resulted in a mandatory requirement for a service it provides. Once incorporated into the Citywide Partnering Specifications, the training requirement created ongoing demand for Partnering training services.

As shown in Exhibit 4.4, the City has paid $17,037 for City Partnering Fundamentals Training within a seven-month period in 2025. We attempted to compile documentation of total City expenditures for this training since its adoption in 2019; however, departments were unable to locate these costs in their systems. This may be due to payments being recorded as subcontract under the prime contractor, which prevents the expenditures from being separately identified and traced.

Exhibit 4.4: Payments to Contractor 1 for Partnering Training Sessions

Invoice Date	Training Date	Amount
5/20/2025	Feb-25	$5,500
6/23/2025	May-25	5,500
6/23/2025	May-25	262
8/31/2025	Aug-25	5,500
8/31/2025	Aug-25	275
Total		**$17,037**

Source: Public Works data

Lack of Competitive Procurement

The original contract and continuation of the City's contracting relationship with Contractor 1 was never competitively procured, despite 34 other partnering firms offering these services (as noted above). The Airport initially procured Contractor 1 in 2016 to establish the City's partnering framework, but it is unclear to us what procurement process was used to select them as the vendor. When we requested documentation related to the initial procurement, Airport staff could not provide records of an initial solicitation, evaluation, or award. However, Airport staff did provide invoices paid to Contractor 1 as other direct costs under various Project Management Support contracts. These records suggest that the procurement of Contractor 1's services for the

[11] *See* Footnote 3. Facilitation proposal includes Curriculum Vitae of the Officer of Contractor 1, which states that they developed and launched the Partnering training in 2019.

Steering Committee was not established through a stand-alone contract procured with a competitive solicitation, but rather that Contractor 1 billed its services for the Steering Committee as a subcontractor on other public works contracts. However, without any other documentation, we could not assess how the City selected Contractor 1 to support the Steering Committee or whether it adequately considered other potential providers.

Since the initial procurement in 2016, funding for Contractor 1's services for the Steering Committee has rotated among various Chapter 6 departments, yet we have not found any evidence showing a competitive rebidding. Instead, the firm has remained the City's sole provider of facilitation services for the Steering Committee. Below is a history of the Chapter 6 Departments that have funded Contractor 1's facilitation services for the Steering Committee to date:

- The Airport from its inception in 2016 to 2020,
- The Public Utilities Commission from 2020 to 2022,
- SFMTA from 2022 to 2024,[12]
- And currently, Public Works from 2024 to 2026.

The current FY 2024–2026 agreement is managed by the Department of Public Works and did not involve a stand-alone competitive solicitation. Instead, Contractor 1 was brought in as a subconsultant under its existing As-Needed Project Management and Construction Management contract with another firm that provides program, project, and construction management services. The Public Works contract with this other contractor has a five-year term and a value of $3 million. The agreement allocates $200,000 for Contractor 1's services, plus a $10,000 prime contractor markup to manage the subcontractor. The $200,000 subcontract for Contractor 1 was based on two years of services for the Steering Committee (rather than the five-year period of the prime contract). Under Administrative Code Section 6.40, contracts that exceed $200,000 typically require a competitive procurement. So, the size of the subcontract with Contractor 1 and its procurement via subcontract did not trigger the City's competitive procurement requirements.[13]

This approach to procuring Contractor 1's services for the Steering Committee reduced transparency, limited opportunities for other vendors to compete, and entrenched Contractor 1

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[12] Public Works and SFMTA each believed the other held the contract during this period; however, neither agency was able to provide documentation to support this.

[13] As of December 2025, Section 6.40 of the City's Administrative Code states that the contracts with at least $230,000 in value require a competitive solicitation. That threshold was established in 2025 (File 250508). In 2024, the threshold was $200,000 (File 21-0835)

as the City's default provider of partnering facilitation services regardless of their qualifications or the competitiveness of their pricing relative to other vendors.

Conclusion

The Officer of Contractor 1's role in the Steering Committee meets the criteria requiring the filing of a Statement of Economic Interest (Form 700); however, no such disclosure has been filed because City staff have not designated staff from Contractor 1 as Form 700 filers, which does not comply with State and City law. Further, the City's current partnering framework creates a potential conflict of interest by enabling Contractor 1 to both shape partnering policy and benefit from facilitation services under those policies. Lastly, the contract for facilitation of the Steering Committee has never been competitively procured since its inception in 2016. The lack of competitive procurement increases the City's reliance on one provider and limits competition.

Recommendations

The Public Works Director should:

4.1 Designate the facilitator of the Steering Committee as a consultant deemed a designated employee and therefore required to disclose economic interest pursuant to Section 3.1-1.8 of the San Francisco Campaign and Governmental Conduct Code. Public Works should ensure that the Officer of Contractor 1 files a Form 700 within 30 days of the publication of this report.

4.2 Issue a stand-alone, competitive solicitation to procure facilitation services for the Steering Committee. This service should be competitively rebid at least once every ten years.

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

4.3 All Chapter 6 departments should comply with Section 3.206 of the San Francisco Campaign and Governmental Conduct Code and Section 87100 of the California Government Code, which prohibit public officials from making, participating in, or using their official positions to influence governmental decisions in which they have a financial interest. No firm should simultaneously serve as the contractor responsible for developing citywide policy and directly providing the related services. These functions should be separated to avoid conflicts of interest and preserve independent decision-making.

Benefits and Costs

Implementation of the proposed recommendations would increase transparency and accountability in the City's partnering program. A competitive procurement process would help ensure the City obtains the best value and promote competitiveness. Separating policy and service roles would reduce conflicts of interest and promote independent decision-making.

Initial costs would include limited staff time to develop and issue the solicitation, review proposals, and manage the transition to a new vendor if selected. Additional administrative effort may be required to separate oversight of policy versus facilitation services. However, these upfront costs are likely to be offset over time by the benefits of increased competition and greater assurance that City partnering policies and services are delivered in the public interest. In addition, Chapter 6 departments could consider assigning City staff to facilitate the Partnering Steering Committee, which could save $100,000 per year on contract costs offset by opportunity cost of City staff time spent on such tasks.

5. Contractor Evaluation Database

Chapter 6 department staff need better resources, training, and guidance to successfully implement the contractor database that is required for all Chapter 6 departments per Section 6.26 of the City's Administrative Code. Our Phase I audit, released on December 20, 2024, found that departments were not using the database, as required, to record evaluations of contractor performance under Chapter 6. Our Phase II audit fieldwork found that departments lack the training and support needed to record evaluations in the database consistently and to start using those evaluations in the procurement process for Chapter 6 contracts, which is the goal and purpose of the database. The City continues to be at risk of contracting with vendors with a history of poor performance without consistent use of the database. We recommend that all Chapter 6 department heads instruct their staff to start using the database, that the Mayor's Budget Office work with San Francisco Public Works and the City Administrator to determine the best leadership to manage the execution of the database, and that Public Works reinstate trainings and technical support for project managers to use the database across all Chapter 6 departments.

Required Contractor Evaluation Database is Still Not in Use

Chapter 6 departments lack the necessary leadership, guidelines, procedures, and training on how to use the contractor evaluation database successfully. Section 6.26 of the San Francisco Administrative Code requires Chapter 6 departments to document and evaluate the performance of construction contractors in a database that all six Chapter 6 departments (SF Public Utilities Commission, Public Works, Airport, Port, SFMTA, and RPD) have access to. The Controller's Office worked with the Department of Technology to create such a database, which was piloted in FY 2018-19; however as of 2025 only Public Works is using the database to evaluate some, but not all, of its construction contractors. Public Works staff who have been assigned to manage the database, as well as project managers from other Chapter 6 departments, have reported to our audit team that a lack of staff capacity and training are making it challenging to use the database across all six departments.

History of the Contractor Evaluation Database

Section 6.26 of the San Francisco Administrative Code requires Chapter 6 departments to work with the Controller's Office to create and maintain a contractor performance and evaluation database and that they must document, evaluate, and report on the performance of all construction contractors awarded contracts first advertised or initiated on or after March 31, 2017. This section was added to the Administrative Code by the Board of Supervisors in

Ordinance 94-16 following a 2014-15 Civil Grand Jury report titled *San Francisco's City Construction Program: It Needs Work*, which recommended that Chapter 6 be amended to require contractor performance as an additional criterion for awarding construction contracts and to make past performance a construction award criterion for all future City construction contracts.

In 2022, a subsequent 2021-22 Civil Grand Jury report on construction contracting titled *Shovel Ready: Best Practices and Collaboration to Improve San Francisco's Capital Construction Program* recommended that the Mayor's Office assign a specific department to manage the contractor performance and evaluation database and its rollout. The Mayor's Office responded by assigning Public Works to be the responsible department. According to Public Works staff, at that time the Mayor's Office also identified that the database was no longer supported by the vendor. Further, in September 2022 the Board of Supervisors passed Resolution 409-22 urging Public Works to assign a project manager to the database rollout by December 31, 2022. Public Works has been responsible for the database since the Mayor's Office assigned the role to them in 2022.

Prior Budget and Legislative Analyst Audit

We found in our *Performance Audit of Authority Delegated to the San Francisco Public Utilities Commission for Public Works Contracts Under Chapter 6 of the Administrative Code*, released in December 2024, that implementation of the contractor evaluation database in all six Chapter 6 departments continued to be stalled following the 2022 Civil Grand Jury report. We found that none of the departments were using the database to record evaluations and that the rollout to each department that Public Works had been assigned to lead had not happened due to a lack of staff capacity at Public Works. Additionally, the database software had bugs and, since the database was no longer supported by the vendor, it had to be migrated to a new system. Public Works had previously had an 1824 Principal Administrative Analyst assigned to manage the implementation of the database, but the position became vacant and backfilling the position was not approved.

We made the following recommendations:

- **Recommendation 7.1: The Board of Supervisors and the Mayor's Office** should consider providing Public Works with sufficient staffing resources, from enterprise and General Fund monies as appropriate, in FY 2025-26 for management of the contractor performance and evaluation database.
- **Recommendations 7.2 and 7.3: The directors of the six Chapter 6 departments** should direct their project managers, contract managers, and any other staff responsible for contract management to use the contractor performance and evaluation database to

complete evaluations for all construction contractors who completed projects with contracts executed on or after the functional start date of the database; and report to the Board of Supervisors on progress implementing these recommendations no later than January 1, 2026.

- **Recommendation 7.4: The Director of Technology** should ensure that the contractor performance and evaluation database is fully operational no later than January 1, 2026.

With the exception of the Department of Technology, which has migrated the database to a new platform and fixed the bugs, none of the other recommendations have been implemented as of March 2026.

Contractor Database Needs a Citywide Champion

There continues to be insufficient leadership in implementing the contractor evaluation database. Public Works still does not have a dedicated staff person assigned to developing guidelines, implementing training sessions, and following up to hold project managers accountable to using the database. Further, Public Works staff do not have the authority to require project managers from other departments to complete any evaluations.

The database needs a dedicated, funded implementor who has the time and resources to work with each Chapter 6 department to create written guidelines on how to use the database to evaluate contractors, provide regular trainings to project managers, and generally maintain the database as a contractor evaluation program that City staff regularly use. This implementor could be a full-time equivalent employee (FTE) at Public Works, as requested by the Department, who is hired to manage the database program. The responsibility for implementation could also be shifted from Public Works to the City Administrator’s Office (City Administrator), which is leading other Chapter 6 contracting reforms across the six departments. Implementation and management of this database could be aligned with the City Administrator’s existing Chapter 6 work, and the City Administrator could take a leadership role over the six Chapter 6 departments. The City Administrator could also ensure that there are enough resources for regular technical maintenance of the database because, according to Public Works staff, there is currently only one person at the Department of Technology who is assigned to work on the database and it may take more than one staff person to maintain if it is being used by all six departments.

Additionally, each of the six Chapter 6 department heads need to affirm their commitment to ensuring their department’s staff use the database. Commitment at the leadership level would demonstrate to their staff the importance of the database and help further the database’s success. We recommended in our prior Chapter 6 audit that each Chapter 6 department head should direct the relevant staff members to start using the database, and we continue to recommend this action. Additionally, each Chapter 6 department head should assign responsibility to a staff person in their department to ensure that all required contract evaluations get completed in the database.

No Plan to Incorporate Contractor Evaluations Into Chapter 6 Procurement

The original goal of the contractor evaluation database was to establish and maintain a repository of information on contractor performance citywide that could then be used to inform procurement for subsequent projects. First, the City had to build the database, which involved both the IT infrastructure components and the evaluation components such as which questions to include and how to ask them, and begin populating it with evaluations. The City has built the database, however, as discussed above, departments have not been completing the evaluations and inputting them into the database.

Then, the purpose was for the evaluations to be available as a tool during procurement to help project managers select more qualified candidates or avoid less qualified ones. However, inputting information into the database alone will not be sufficient to improve procurement results. Even if all Chapter 6 departments were using the database frequently to evaluate all their Chapter 6 contractors, there would be no clear way for project managers or procurement managers to incorporate the evaluation results into future procurements under Chapter 6, and there is no requirement that they do so. This increases the risk that none of the information being collected by the database would inform future Chapter 6 procurement and the goal of the database would not be accomplished.

Guidelines on how to use the information in the database are important because of the different regulations governing different construction procurement methods under Chapter 6. According to Public Works staff, evaluation results could be used in procurement in several ways:

- **Minimum qualifications:** Objective information included in the evaluations, such as whether the contractor has had any liquidated damages during a recent project with the City or whether the contractor completed the work on time and on budget, could be used as a minimum qualification for potential bidders in the bidding process.
- **Evaluation criteria:** For procurements that are not traditional low-bid (such as best value or Design Build), evaluation results could be used as a criterion for selecting the best contractor alongside other typical criteria like written proposals, interviews, and cost.

In both procurement scenarios, the information contained in the database would primarily be used as easily-accessible evidence of contractors' existing qualifications and experience with City projects as recorded through the evaluations. However, due to the more subjective nature of some aspects of the evaluations, there should be a uniform guide on how to include the evaluations as a minimum qualification or a selection criterion for all Chapter 6 project managers and procurement staff.

Conclusion

Chapter 6 department staff need better resources, training, and guidance to successfully implement the contractor database that is required for all Chapter 6 departments (SF Public Utilities Commission, Public Works, Airport, Port, SFMTA, and RPD) per Section 6.26 of the City's Administrative Code. Project managers and procurement staff lack the training and support needed to record evaluations in the database consistently and to start using those evaluations in the procurement process for Chapter 6 contracts, which is the goal of the database. Public Works has not received the resources that staff have requested to develop trainings and implement the database for all six Chapter 6 departments, and the database continues to be underutilized. Further, there is no plan for how to use the information that the database will allegedly collect to inform future construction procurement, which was the original intent of the database. As such, the City is at risk of contracting with vendors with a history of poor performance.

Recommendations

The Mayor's Office, the Director of Public Works, and the City Administrator should:

5.1 Consider whether responsibility for the management, implementation, and ongoing use of the contractor evaluation database should be shifted from Public Works to the City Administrator and allocate sufficient staffing resources to whichever department chosen to lead database efforts no later than July 1, 2026.

5.2 In accordance with Recommendation 1.1, the department assigned responsibility should create an implementation guide for Chapter 6 staff to use to incorporate the results of contractor evaluations into future Chapter 6 procurements no later than December 31, 2026.

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:

5.3 Once database is successfully up and running, direct their staff to start using the database to complete contractor evaluations on their construction projects.

5.4 Assign a “champion” in each of their departments to lead the implementation of the database among project managers and other relevant staff.

Benefits and Costs

Implementation of the proposed recommendations could incur costs, particularly Recommendation 5.3 if the Mayor’s Office, the Director of Public Works, and the City Administrator determine that additional staff resources, specifically a new full-time-equivalent employee, is needed to execute the responsibilities of managing and using the evaluation database. Public Works had previously hired an 1824 Principal Administrative Analyst to manage the database implementation. Implementation of the other recommendations could and should be done with existing staff resources and time. The benefits of the recommendations would include increased contracting efficiency and procurement of better construction contractors, which could lead to cost savings for the City.

Appendix A: Project Delivery Methods Policies and Procedures by Department

The Budget and Legislative Analyst's Office requested and reviewed each department's policies and procedures for project delivery methods. The tables below indicate which policies and procedures were identified and which were missing for each department.

Airport

Project Delivery Methods Used	Policies and Procedures
As-Needed Construction	None
As-Needed Professional Services	None
CM/GC	Design & Construction Policies & Procedures Manual (2014)
Design Services	None
Design/Build	Design & Construction Policies & Procedures Manual (2014)
Design-Bid-Build	Design & Construction Policies & Procedures Manual (2014)
Professional Services	None
Project Management Support Services	None

Source: Airport Policies and Procedures

Public Works

Project Delivery Methods Used	Policies and Procedures
As-Needed Construction	09-04-04 As-Needed Contractors (2023)
As-Needed Professional Services	09-05-04 As-Needed Consultant Contracts (2023) 06-02-06 REV 04 Consultant-Contracts-As-Needed-Contracts (2018)
CMGC	09-04-03-06 Preparing an RFQ_RFP for CMGC (2023) 09-04-03-14 Award Certification and NTP for CMGC (2022)
Design-Build	09-04-02 Design-Build (2023)
Emergency	06-03-03 REV 04 Construction-Contracts-Emergencies (2018) 06-02-07 REV 04 Consultant Contracts Mods Emergency Sole Prop J (2018)
Formal	06-03-01 REV 05 Construction Contracts Formal Competitive Bids (2018) 06-02-04 REV 04 Consultant Contracts Informal & Formal (2018)
General As-Needed	09-04-04 As-Needed Contractors (2023)
Informal	06-03-02 REV 04 Construction-Contracts-Informal-Quotations (2018)
Job Order Contract	09-04-05 Job Order Contracts (2023)
Master As-Needed	09-04-04 As-Needed Contractors (2023)
Sole Source	09-05-08 Sole Source (2023)

Source: Public Works Policies and Procedures

SFMTA

Project Delivery Methods Used	Policies and Procedures
Formal Construction	SFMTA Procurement Procedures (2023)
Professional Services	SFMTA Procurement Procedures (2023)

Source: SFMTA Policies and Procedures

Port

Project Delivery Methods Used	Policies and Procedures
Construction	None
As needed Construction	None
Professional Services	Contract Process (Draft) Port Contracts Team Manual (Draft)

Source: Port Policies and Procedures

Recreation and Parks

Project Delivery Methods Used	Policies and Procedures
Design-Bid-Build	None
Professional Services-As-Needed	None
Professional Services-Assessment	None
Professional Services-Design	None

Source: Recreation and Parks Policies and Procedures

Appendix B: Procurement Method Policies and Procedures by Department

The Budget and Legislative Analyst's Office requested and reviewed each department's policies and procedures for procurement methods. The tables below indicate which policies and procedures were identified and which were missing for each department.

Airport

Procurement Method	Policies and Procedures
Request for Bids	RFP, RFQ, RFB - Guidance for Contract Manager (Not dated)
RFP	RFP, RFQ, RFB - Guidance for Contract Manager (Not dated)
RFQ	RFP, RFQ, RFB - Guidance for Contract Manager (Not dated)
RFQ-RFP	RFP, RFQ, RFB - Guidance for Contract Manager (Not dated)

Source: Airport Policies and Procedures

Public Works

Procurement Method	Policies and Procedures
Competitive	06-03-01 REV 05 Construction Contracts Formal Competitive Bids (2018) 06-02-04 REV 04 Consultant Contracts Informal & Formal (2018)
Emergency	06-03-03 REV 04 Construction-Contracts-Emergencies (2018) 06-02-07 REV 04 Consultant Contracts Mods Emergency Sole Prop J (2018)
Sole Source	09-05-08 Sole Source (2023)

Source: Public Works Policies and Procedures

SFMTA

Procurement Method	Policies and Procedures
Competitive	SFMTA Procurement Procedures (2023)
Sole Source	SFMTA Procurement Procedures (2023)

Source: SFMTA Policies and Procedures

Port

Procurement Method	Policies and Procedures
Sole Source	None
Competitive Consultant	Contract Process (Draft) Port Contracts Team Manual (Draft)
Competitive Construction	None
Emergency	None
Informal Solicitation	Port Contracts Team Manual (Draft)

Source: Port Policies and Procedures

Recreation and Parks

Procurement Method	Policies and Procedures
Emergency	Emergency Repairs, Work and Contracts (2023)
Sole Source	None
Advertisement for Bids	Process Memorandum Bid to NTP (undated) Process Memorandum Steps to Bidding (undated) Construction Processing Guide v. Final (2024)

Source: RPD Policies and Procedures

Appendix C: Other Policies and Procedures by Department

This appendix lists the associated policies and procedures identified during our review of key procurement areas, which include Disputes and Claims, Reporting, Contractor Performance, Bid Protests, and Change Orders. The tables below indicate which policies and procedures were identified and which were missing for each department.

Airport

Category	Policies and Procedures
Disputes and Claims	General Conditions and Partnering Manual
Reporting	Daily Report Business Process User Guide (2023); Construction Management Process (2020)
Contractor Performance	None
Bid Protests	Job Aid: Bid Protests (undated; provided during audit)
Change Orders	Change Management User Guide v7 (2025)

Source: Airport Policies and Procedures

Public Works

Category	Policies and Procedures
Disputes and Claims	CM 11-02-04 Partnering (2023); CM 11-02-05 Dispute and Claim Management (2023); CM 11-04-01 Progress Payment and Withholding (2023); CM 11-04-05 Disputed Work Report (2023)
Reporting	CM 11-03-01 Daily Reports (2023); CM 11-03-02 Weekly Progress Reports (2023); CM 11-03-03 Progress Meetings (2023); CM 11-03-04 Technical Meetings (2023)
Contractor Performance	PM 09-05-07 Consultant Performance Evaluations (2023); no procedures for contractor evaluation database or construction contracts
Bid Protests	06-03-01 REV 05 Construction Contracts Formal Competitive Bids (2018; minimal guidance)
Change Orders	CM 11-04-03 Construction Change Orders (2023)

Source: Public Works Policies and Procedures

SFMTA

Category	Policies and Procedures
Disputes and Claims	RE Manual, Sec. 01101 Change Order Request and Claims Processing (2017); RE Manual, Sec. 705 Trend Program (2017); CM Manual, Sec. 6.10 Construction Management: Potential Claims Administration (2017)
Reporting	RE Manual, Sec. 608 Daily Inspection Reports (2017); RE Manual, Sec. 701 Schedule Reporting and Controls (2017); RE Manual, Sec. 702 Weekly/Monthly Progress Reports (2017)
Contractor Performance	RE Manual, Sec. 1206 Performance Evaluation of Construction Contractors (2017); no procedures for contractor evaluation database
Bid Protests	SFMTA Procurement Policies and Procedures, Ch. VI Vendor/Contractor Protest Procedures (2023)
Change Orders	RE Manual, Sec. 01101 Change Order Request and Claims Processing (2017); RE Manual, Sec. 1103 Change Order and Contract Modifications (2017); SFMTA Procurement Policies and Procedures (2023), Subchapter M- Amendments and Change Orders, and Subchapter Q- Independent Cost Estimates.

Source: SFMTA Policies and Procedures

Port

Category	Policies and Procedures
Disputes and Claims	General Conditions and Partnering Manual
Reporting	Headlight system training manual (undated; software guidance, not policy requirements)
Contractor Performance	None
Bid Protests	None
Change Orders	None

Source: Port Policies and Procedures

Recreation and Parks

Area	Policies and Procedures
Disputes and Claims	None (relies on DPW)
Reporting	None (relies on DPW)
Contractor Performance	None
Bid Protests	Objection to Bid Documents and Bid Protest (undated; provided during audit)
Change Orders	Construction Contract Processing Guide (2024; minimal guidance)

Source: RPD Policies and Procedures

Appendix D: Alternative Delivery Methods

This appendix provides detailed descriptions of alternative-delivery methods, including Construction Manager/General Contractor, Design-Build, Emergency Contracts, and Job Order Contracts.

Construction Manager/General Contractor (Administrative Code section 6.68): A Construction Manager/General Contractor (CMGC) contract is considered an alternative delivery method because it brings the project contractor into the project at a much earlier stage than in traditional methods, ideally no later than at 30 percent of design completion. The contractor is then available to provide input on the design of the project and collaborate with the designer and project sponsor. The Administrative Code dictates a very specific procurement process for CMGC contracts that differs from the traditional design-bid-build procurement. To use CMGC, the department must formally determine that the CMGC method is the project delivery method that will deliver cost and/or time savings for the project and be in the public's best interest.

Design-Build (Administrative Code section 6.61): In a Design-Build contract, a single contractor, known as the "Design-Builder," is engaged to provide both design and construction services for a single project. The Design-Builder is brought on very early on in the project's development and oversees the design and subsequent construction of the project. Similar to CMGC, the Administrative Code dictates a very specific procurement process for Design-Build contracts that differs from the traditional design-bid-build procurement. To use a Design-Builder, the department must formally determine that the Design-Build method is the project delivery method that will deliver cost and/or time savings for the project and be in the public's best interest.

Emergency Contracts (Administrative Code section 6.60): Under Chapter 6, emergency contracts may be executed when the Board of Supervisors makes a declaration of emergency and directs the department head to "perform any repair or other emergency work in any manner the Board determines to be in the best interests of the City" (Administrative Code section 6.60). Emergency contracts are exempt from most procurement rules under Administrative Code Chapters 6, 12B,[1] and 14B[2] because the nature of a state of emergency requires the contracts to be procured expediently. Department heads may also declare an emergency with notice to the Board of Supervisors, Mayor, Controller, and their respective commissions. All emergency contracts over

[1] Chapter 12B of the San Francisco Administrative Code establishes that all contracts with the City must include nondiscrimination clauses.

[2] Chapter 14B of the San Francisco Administrative Code establishes and governs the City's Local Business Enterprise (LBE) program. The LBE program was established to encourage City contracts to go to small and local businesses.

$250,000 require a declaration of emergency from the Board of Supervisors. However, if the nature of the emergency does not allow for approval to be obtained in advance, it may be obtained retroactively.

Job Order Contracts (Administrative Code section 6.62): A Job Order Contract (JOC) is a contract where there is a predetermined set of activities to be performed, and those activities are issued to the contractor through task orders for each individual activity. JOCs have maximum costs and terms like other contracts, but the contractor does not perform any work until specifically issued a task order for that work. JOCs are procured similarly to Design-Bid-Build contracts with a few exceptions relating to the level of detail that must be included in the advertisement for bids and in the bids themselves. Additionally, JOCs cannot exceed $5 million or five-year terms, with an option to increase the agreement by 150 percent one time for a total not-to-exceed amount of $7.5 million, and contractors may not hold more than one JOC with a department at any given time.

Appendix E: Alternative Delivery Construction Contracts by Department

This appendix provides detailed contract-level information for all alternative-delivery projects awarded by Chapter 6 departments in FY 2022 through 2024, including project titles, delivery methods, contractors, and not-to-exceed amounts.

Airport

Delivery Method	Project Title	Contractor	Not-to-Exceed Amount
CMGC	West of Bayshore Canal Improvements	Goodfellow Bros	$1,910,000
CMGC	International Terminal Building Roof Upgrade	Webcor Builders	$2,000,000
Design-Build	West Field Utilities and Paving	Nibbi Brothers & Associates	$6,253,409
Design-Build	Recycled Water System	Walsh Construction Company II	$11,900,000
Design-Build	West Field Garage 675	Austin-Webcor Joint Venture	$16,807,000
Design-Build	Cargo Building 626.1	Clark Construction Group	$9,848,891
Design-Build	Cargo Building 720.1 and GSE Building 742	Skanska USA Building	$11,512,215
Total			**$60,231,515**

Source: Airport data.

SFMTA

Delivery Method	Project Title	Contractor	Not-to-Exceed Amount
JOC	For Locally Funded Construction Projects	SubTerra Construction	$5,000,000
JOC	For Locally Funded Construction Projects	Yerba Buena Engineering & Construction	$5,000,000
JOC	For Federally Funded Construction Projects	NTK Construction	$5,000,000
JOC	For Federally Funded Construction Projects	Phoenix Electric Company	$5,000,000
Total			**$20,000,000**

Source: SFMTA data.

Port

Delivery Method	Project Title	Contractor	Not-to-Exceed Amount
Emergency	Pier 35 Emergency Truss Repair	Power Engineering & Construction	$163,900
Total			**$163,900**

Source: Port data.

Public Works

Delivery Method	Project Title	Contractor	Not-to-Exceed Amount
CMGC	Gene Friend Recreation Center	Swinerton Builders	$38,485,993
CMGC	Ingleside District Police Station Replacement	Clark Construction Group	$67,443,820
CMGC	SFMTA Parking Enforcement Headquarters	Clark Construction Group	$34,853,942
Design-Build	DPW Automated Dispensing Cabinets	KLW Construction	$3,315,944
Emergency	25 Van Ness Theater Repairs	MIK Construction	$579,625
Emergency	Corona Heights Park	Granite Excavation & Demolition	$60,000
Emergency	SF Main Library Plumbing Failure	Belfor USA Group	$550,000
Emergency	1734 22nd Avenue Project	Esquivel Grading & Paving	$11,529
Emergency	Treasure Island Development Authority Roof Repairs	Anderson Roofing & Sheet Metal Co	$186,022
Emergency	Laguna Honda Hospital Water Tank Replacement	Rodan Builders	$3,794,912
Emergency	Laguna Honda Hospital Fuel Line Replacement Project	In Compliance Engineer Services	$2,669,513
Emergency	Portsmouth Square Garage Elevator Project	W.E. Lyons Construction Co	$1,855,504
Emergency	Zuckerberg SF General B2 Chiller, Boiler & Cooling Tower	Clark Construction Group	$36,995,000
Emergency	Laguna Honda Hospital Pharmacy Code Upgrade	Buhler Commercial	$1,526,488
Emergency	Laguna Honda Hospital Emergency Power Addition	US Electric Technologies	$9,665,518
Emergency	Third Street Bridge Sand Blasting	AJS Painting Decorating & Waterproofing	$25,000
JOC	General Building Services	City Building	$5,000,000
JOC	Electrical Services (Industrial)	US Electric Technologies	$7,500,000
JOC	General Engineering Services	Cal State Constructors	$5,000,000
JOC	General Engineering Services (Micro-LBE Set-Aside)	Ground Control Inc	$5,000,000
JOC	General Engineering Services	M Hernandez Construction	$5,000,000
JOC	General Building Services	Svala Construction	$5,000,000
JOC	General Engineering Services (Micro-LBE Set-Aside)	Trinet Construction	$4,500,000
JOC	General Engineering Services	R&S Construction Mgmt.	$5,000,000
JOC	General Engineering Services	Devaney Engineering	$5,000,000
JOC	General Building Services	Angotti & Reilly	$5,000,000
JOC	General Building Services	MIK Construction	$7,500,000
JOC	General Building Services	Rubecon General Contracting	$5,000,000
Total			$266,518,803

Source: Public Works data.

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Daniela Estrada
Budget and Legislative Analyst's Office
San Francisco Board of Supervisors
San Francisco, CA

Dear Ms. Estrada,

Re: Public Works Response – Chapter 6 Procurement Audit

Thank you and your team for your work on this performance audit of procurement practices under Chapter 6 of the San Francisco Administrative Code. Public Works appreciates the collaborative approach taken throughout the audit process and values the thoughtful analysis reflected in the report and the opportunity for us to provide feedback on the draft.

As noted in the audit, Public Works maintains a comprehensive framework of policies, procedures and internal controls governing public works procurement and contract administration. We appreciate the report's recognition that Public Works has established strong practices across key procurement areas and serves as a model among the Chapter 6 departments.

Public Works is committed to continuous improvement and generally agrees with the intent of the audit recommendations. Our responses reflect a combination of agreement and partial agreement, particularly where recommendations enhance consistency, documentation and training, or where implementation requires citywide coordination.

Areas of Partial Agreement and Clarification

Bid Failures and Competition

Public Works maintains procedures consistent with Chapter 6 requirements for evaluating no-bid and single-bid procurements, including assessments of responsiveness, outreach and price reasonableness. These processes are currently performed and documented in procurement files.

Public Works agrees that additional clarity in roles and documentation standards may further strengthen consistency and we will evaluate opportunities to enhance existing guidance. We believe this recommendation reflects an opportunity for further standardization rather than indicating a gap in compliance.

Tracking Non-Responsive Bids

Public Works currently tracks responsive and non-responsive bids across construction procurements. Public Works partially agrees with the recommendation to track reasons for non-responsiveness.

While this may provide additional insight into market conditions, such tracking is not required under Chapter 6 and would require standardized criteria and additional administrative resources. Public Works will evaluate the feasibility of incorporating this enhancement into existing processes.

Use of Enforcement and Protective Mechanisms

Public Works maintains established procedures governing dispute resolution, claims management, change orders and liquidated damages. As noted in the audit, Public Works utilizes enforcement mechanisms more frequently than other departments, including the application of liquidated damages and rejection of change orders.

Public Works agrees that additional training may further support consistency. Public Works notes that enforcement decisions require careful consideration of legal risk, project conditions and cost impacts. These decisions are inherently case-specific and made in coordination with the City Attorney to balance enforcement with the risk of litigation and project delay.

Partnering Program Governance

Public Works acknowledges and endorses the importance of transparency and compliance with applicable ethics and disclosure requirements in the administration of the City's Partnering Program.

Public Works' understanding is that the facilitator does not have independent authority to make governmental decisions or to establish policy on behalf of the City. Rather, the facilitator's role is advisory in nature, and all recommendations, materials and proposals are subject to review, modification and approval by City staff prior to adoption.

Public Works notes that enforcement decisions require careful consideration of legal risk, project conditions and cost impacts.

Contractor Evaluation Database (Citywide Initiative)

Public Works supports the intent of the contractor performance evaluation database and agrees that improved utilization would strengthen contractor accountability and procurement outcomes.

Public Works recognizes that implementation of the database is a citywide initiative involving all six Chapter 6 departments. Successful implementation requires:

- dedicated staffing resources
- sustained technical support
- clear citywide governance and accountability
- consistent adoption across departments, supported by appropriate authority to ensure compliance

Implementation challenges have been compounded by prior system limitations, lack of dedicated staffing and resource constraints, and the absence of centralized authority to ensure consistent adoption across departments.

Public Works partially agrees with the recommendations. Given the citywide nature of the program, effective implementation requires centralized governance with the authority to coordinate across departments and ensure accountability for consistent use. Public Works does not have direct authority to enforce compliance across other Chapter 6 departments and therefore supports assigning responsibility to an entity with citywide governance authority. Public Works will continue to partner with relevant stakeholders to support development of an appropriate governance, resourcing and implementation framework.

Use of Contractor Evaluations in Procurement

Public Works agrees that incorporating contractor performance into procurement decisions is a best practice. However, implementation requires a standardized, citywide framework to ensure fairness, consistency and alignment with Chapter 6 procurement requirements.

Public Works recommends that this effort be developed and implemented as a coordinated citywide policy with clear governance, accountability and enforcement mechanisms. To achieve this, Public Works recommends that measurable criteria be established and used for contractor evaluation to ensure fairness and consistency of reporting.

Conclusion:

Public Works appreciates the work of the Budget and Legislative Analyst's Office and the thoughtful recommendations provided in this audit. The department remains committed to maintaining strong procurement practices and continuously improving our processes to ensure transparency, accountability and value for the City.

Sincerely,

DocuSigned by:
Bruce Robertson
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5/8/2026 | 5:03:58 PM PDT

Bruce Robertson
Acting Director, San Francisco Public Works

Performance Audit of the Procurement of Public Works Contracts Under Chapter 6 of the Administrative Code by Public Works, the Airport, the Port, Recreation and Parks, and Municipal Transportation Agency

May 2026

No.	Budget and Legislative Analyst Recommendation	Agree	Partial Agree	Disagree	Public Works Response
1.1	Establish and maintain formal, dated, and regularly updated procurement policies covering all seven key areas: Project Delivery Methods, Procurement Methods, Disputes and Claims, Reporting, Contractor Performance, Bid Protests, and Change Orders. Departments should reference Exhibit 1.2 of this report to ensure that all procurement areas identified as having partial or no policies and procedures are addressed no later than December 31, 2026.		✓		As reflected in Exhibit 1.2, Public Works maintains procurement policies across most areas, with only two areas identified as partial. These areas will be reviewed and updated to ensure all policy areas are fully addressed and remain current and consistently applied.
1.2	Develop a screening matrix and guidance for evaluating projects for alternative delivery. The matrix should be applied to all formal construction contracts and consider factors such as project budget, complexity, timeline, internal capacity, and staff experience. In addition, departments should create written guidance describing each alternative delivery method, including its requirements, advantages and disadvantages, and other criteria relevant to assessing project suitability.	✓			As noted in the audit, Public Works utilizes multiple project delivery methods supported by established procedures. Formalizing a standardized process for selecting the appropriate delivery method for each capital project is currently underway, along with the development of tools and training to support project managers and client-facing staff in applying this approach consistently.
1.3	Establish formal training programs for project managers and resident engineers on change order management. Trainings should be conducted at least annually.		✓		Public Works' existing procedures already address change order management. Recurring training will be incorporated to further support consistent application of these practices across project managers and resident engineers.
	The Public Works Director, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:				
2.1	Develop and implement a comprehensive policy or procedure consistent with Administrative Code Sections 6.23(c) and 6.40(d) for handling rejected or failed bids and proposals. The policy or procedure process for when and how to undertake further outreach efforts, modify contract requirements, and cure non-responsive bids.	✓			Public Works' existing policies and procedures already address competitive bidding, responsiveness, and outreach, including evaluation of bids, tracking of non-responsive bids, and analysis of outreach efforts. Additional guidance will be incorporated to further standardize when and how to undertake outreach, modify contract requirements, and address non-responsive bids, supporting consistent and well-documented application in alignment with Administrative Code requirements.
	The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:				
3.2	Provide training to provide additional guidance to procurement and project management staff on the appropriate use of enforcement tools and to promote greater consistency citywide.		✓		Public Works' long term established practices already guide the use of enforcement tools in coordination with project and legal teams. Recurring training will be incorporated to reinforce these practices and support greater consistency in application across procurement and project management staff.
3.3	Increase use of Best Value procurement and prequalification of bidders to avoid underperforming contractors.		✓		Public Works' existing procurement policies and practices already provide for consideration of contractor qualifications and project-specific factors. Expanded use of Best Value procurement and prequalification will be evaluated where appropriate, recognizing that application depends on project characteristics, market conditions, and regulatory requirements.
	San Francisco Public Works:				
4.1	Public Works should designate the facilitator of the Steering Committee as a consultant deemed a designated employee and therefore required to disclose economic interest pursuant to Section 3.1-1.8 of the San Francisco Campaign and Governmental Conduct Code. Public Works should ensure that the Officer of Contractor 1 files a Form 700 within 30 days of the publication of this report.		✓		Based on Public Works' understanding, the facilitator's role is advisory in nature and supports the Partnering Program through facilitation, subject matter expertise, and development of materials, with all policy decisions subject to review and approval by City staff. Public Works will consult with the City Attorney to determine whether the role meets the criteria for designation as a Form 700 filer and will implement any required changes as appropriate.
4.2	Public Works should issue a stand-alone, competitive solicitation to procure facilitation services for the Steering Committee. This service should be competitively rebid at least once every ten years.	✓			Public Works agrees. A competitive procurement process for these services is appropriate, and a solicitation is already underway. Public Works will ensure that these services are procured through a competitive process on a periodic basis.
4.3	All Chapter 6 departments should comply with Section 3.206 of the San Francisco Campaign and Governmental Conduct Code and Section 87100 of the California Government Code, which prohibit public officials from making, participating in, or using their official positions to influence governmental decisions in which they have a financial interest. No firm should simultaneously serve as the contractor responsible for developing citywide policy and directly providing the related services. These functions should be separated to avoid conflicts of interest and preserve independent decision-making.		✓		Public Works supports compliance with applicable conflict-of-interest requirements and recognizes the importance of maintaining clear separation between policy development and service delivery roles. Based on Public Works' understanding, policy decisions are subject to review and approval by City staff. Public Works will work with the City Attorney and relevant stakeholders to evaluate governance and structural considerations to ensure continued alignment with legal requirements and best practices.
	The Mayor's Office, the Director of Public Works, and the City Administrator should:				
5.1	Consider whether responsibility for the management, implementation, and ongoing use of the contractor evaluation database should be shifted from Public Works to the City Administrator and allocate sufficient staffing resources to whichever department chosen to lead database efforts no later than July 1, 2026.		✓		Public Works supports the intent of strengthening the contractor evaluation database. As a Citywide initiative involving all Chapter 6 departments, effective implementation requires clear governance, dedicated resources, and authority to ensure consistent adoption across departments. Public Works does not have direct authority to enforce compliance across other departments and therefore supports assigning responsibility to an entity with Citywide governance authority and the ability to establish accountability for implementation and ongoing use.
5.2	In accordance with Recommendation 1.1, the department assigned responsibility should create an implementation guide for Chapter 6 staff to use to incorporate the results of contractor evaluations into future Chapter 6 procurements no later than December 31, 2026.		✓		Public Works supports development of an implementation guide. Given the Citywide nature of the program, this guidance should be developed and implemented through a centralized framework to ensure consistency across departments and alignment with Chapter 6 procurement requirements.
	The Department Heads of Public Works, SFPUC, SFMTA, Port, Airport, and RPD should:				

5.3	*Once a database is successfully up and running, direct their staff to start using the database to complete contractor evaluations on their construction projects.*	✓			Public Works agrees. The department supports use of a contractor evaluation database and will direct staff to complete evaluations, consistent with the development of a standardized Citywide framework that ensures objective and measurable data and consistent application across departments.
5.4	*Assign a "champion" in each of their departments to lead the implementation of the database among project managers and other relevant staff.*	✓			Public Works supports identifying departmental leads to support implementation. However, overall program success will depend on centralized leadership with the authority to coordinate across departments, establish expectations, and ensure accountability for consistent use of the database.

May 8, 2026

Daniela Estrada
Budget and Legislative Analyst's Office
San Francisco Board of Supervisors
San Francisco, CA 94103

Re: Performance Audit of Public Works Chapter 6 Procurement

Thank you for the continuing to assist the San Francisco International Airport (Airport) in improving our business processes related to the procurement and administration of construction and construction-related contracts subject to Chapter 6 of the San Francisco Administrative Code.

The Airport agrees and partially agrees with the recommendations, we do not disagree with any. The Airport's reasons for agreement and partial agreement are provided in the attached table. Generally, we concur with the recommendations while requesting some flexibility to tailor procurements for the Airport's business needs, backed by our many successes on large, complex construction projects and unique environment.

We appreciate the time and effort you and your team put forth in completing this audit and look forward to receiving the Final Report.

Sincerely,

Eugene Ling
On behalf of Judi Mosqueda
Chief Development Officer

Recommendation	Agree	Partial Agree	Disagree	Airport Response to the BLA
Policies and Procedures				
1.1 Establish and maintain formal, dated, and regularly updated procurement policies covering all seven key areas: Project Delivery Methods, Procurement Methods, Disputes and Claims, Reporting, Contractor Performance, Bid Protests, and Change Orders. Departments should reference Exhibit 1.2 of this report to ensure that all procurement areas identified as having partial or no policies and procedures are addressed no later than December 31, 2026.	X			The Airport agress and will establish and maintain a policies and procedures manual for procurement.
1.2 Develop a screening matrix and guidance for evaluating projects for alternative delivery. The matrix should be applied to all formal construction contracts and consider factors such as project budget, complexity, timeline, internal capacity, and staff experience. In addition, departments should create written guidance describing each alternative delivery method, including its requirements, advantages and disadvantages, and other criteria relevant to assessing project suitability.		X		Contract selection methodology is outlined in a Airport Commission briefing document and will be included in the updated policies and procedures manual.
1.3 Establish formal training programs for project managers and resident engineers on change order management. Trainings should be conducted at least annually.	X			The Airport will include conducting annual training in our existing formal PM/RE training program.
Bid Rejections and Failures				
2.1 Develop and implement a comprehensive policy or procedure consistent with Administrative Code Sections 6.23(c) and 6.40(d) for handling rejected or failed bids and proposals. The policy or procedure process for when and how to undertake further outreach efforts, modify contract requirements, and cure non-responsive bids.	X			The Airport will include handling of rejected or failed bids and proposals in the policies and procedures manual.
2.2 Develop and implement a policy or procedure to monitor the quantity of bids and proposals received for both construction and professional services contracts. This policy should include tracking both responsive and non-responsive bid data.	X			The Airport will develop a procedure to monitor quantity of bids and proposals received, as well as responsiveness data to be included in the policies and procedures manual.
Enforcement and Protective Measures				
3.1 Adopt clear citywide policies that define appropriate use of enforcement tools, including documentation standards, relevant criteria, escalation pathways, and case study examples.		X		The Airport has a very strong history of successful project implementation in part due to tailoring practices specifically for the needs of airport operations and business conditions. This appears to be a collaborative effort which would require development of such policies in order for Chapter 6 departments to then adopt. An entity should be identified to take the lead on this effort. While citywide policies can be defined, each department should have the ability to create exceptions to suit the needs of the business.
3.2 Provide training to provide additional guidance to procurement and project management staff on the appropriate use of enforcement tools and to promote greater consistency citywide.		X		The Airport provides and will continue to provide guidance to project management and contract admnistration staff on the appropriate use of enforcement tools. Promoting greater consistency citywide does not seem like an action item for the Airport.
3.3 Increase use of Best Value procurement and prequalification of bidders to avoid underperforming contractors.		X		The Airport stongly supports the use of Best Value procurement and uses it for the majority of high value/risk based projects. We will not artificially "increase" the use. The Airport will include the optional prequalification phase in the policies and procedures manual.
Partnering Conflict of Interest				
4.3 All Chapter 6 departments should comply with Section 3.206 of the San Francisco Campaign and Governmental Conduct Code and Section 87100 of the California Government Code, which prohibit public officials from making, participating in, or using their official positions to influence governmental decisions in which they have a financial interest. No firm should simultaneously serve as the contractor responsible for developing citywide policy and directly providing the related services. These functions should be separated to avoid conflicts of interest and preserve independent decision-making.	X			The Airport agrees.
Contractor Evaluation Database				
5.3 Once database is successfully up and running, direct their staff to start using the database to complete contractor evaluations on their construction projects.	X			The Airport agrees. In the meantime we will continue to document contractor performance in our closeout process.
5.4 Assign a "champion" in each of their departments to lead the implementation of the database among project managers and other relevant staff.	X			The Airport agrees and will assign a champion to the role to monitor progress and implement once the database is successfully up and running.

May 13, 2026

TO:	Daniela Estrada, Senior Analyst, Budget and Legislative Analyst's Office
FROM:	Michael Martin, Acting Port Director, Port of San Francisco Meghan Wallace, Deputy Director of Finance and Administration, Port of San Francisco Alysabeth Alexander-Tut, Contracts and Procurement Manager, Port of San Francisco
CC:	Nicolas Menard, Budget and Legislative Analyst's Office Dan Goncher, Budget and Legislative Analyst's Office
SUBJECT:	Chapter 6 Construction Procurement and Contract Management Response

Thank you for continuing to assist the Port of San Francisco and our sister Chapter 6 departments in improving our systems related to procurement and contract management of construction contracts.

The Port understands that the Budget and Legislative Analyst ("BLA") was charged with the task of auditing San Francisco Administrative Code Chapter 6 ("Chapter 6") contracts during a defined period of Fiscal Years 2021-22, 2022-23, and 2023-24. While reading the report, we noted that the BLA audited Chapter 6 departments' written processes and procedures for construction services procurement and contract management that were active during this same period.

Port Context

The Port has robust interdivisional review processes and Commission reports that demonstrate collaboration, review, discussion, and approval of the advertisements, contracts, and amendments by many stakeholders in the organization and the Port Commission. While we do not contest there may be a benefit of taking the further step of formally adopting written evaluation guidelines, the Port has a deep culture of transparency and collaboration.

Additionally, the Port's team has evolved and so have our processes and tools since the end of Fiscal Year 2023-24. During the period indicated, the Port had one person assigned to Professional Services Chapter 6 contracts and one person assigned to Chapter 6 low-bid construction contracts, with each of these individuals having some assistance during the period from others whose work they fully supervised and reviewed. The significantly smaller procurement operations of the Port during the review period may not have warranted as much written process as larger teams, however, over time the Port's procurement teams and project sophistication has grown and the Port has spent much of 2025 and now 2026 writing and improving policies and procedures that define our process and outline decision-making authority. The evolution and growth of the Port's contract procurement activities in the wake of significant grant funding coming out of the pandemic has required a transformation of our operation since the time periods listed above, and as such is not fully reflected in the audit which reflects responses gathered over a long period of time, some of which from employees who are no longer with the Port.

While the Port sees the value in formally adopting guidelines that demonstrate roles, rules, considerations, and lines of authority, the Port also requires flexibility based on our limited staff and unique operational requirements in managing 7.5 miles of waterfront infrastructure. Port projects range from small dollar maintenance and repair contracts to multi-department/multi-jurisdiction stakeholder meetings on multi-million-dollar projects. While some roles and lines of authority will remain constant, there are others that become project-specific and where the Executive Director may assign an approver or a line of authority/approval outside the regular process based on technical expertise, familiarity with the specific contractor pool, and other factors. The Port uses project management tools such as RACI (Responsible, Accountable, Consultant, Informed) matrix to delineate roles and lines of authority when multiple stakeholders need to provide approvals or input, or in the case of an unusual line of approval.

Response to Recommendations

With this context, the Port respectfully submits Attachment A as our discussion pf the BLA's recommendations as they relate to the Port. This feedback is also summarized below, noting where the Port agrees, partially agrees, or disagrees with specific recommendations.

<u>Agreement</u>

The Port agrees with the general direction of the BLA's recommendations to develop formally adopted, written policies and procedures, robust project management training programs, and cross-departmental collaboration opportunities to develop best practices and monitor contractor performance. We appreciate and will support Recommendations 4.2 and 4.3 regarding future Partnering contracts and are available to support this effort, as called upon.

<u>Partial Agreement</u>

Where the Port partially agrees, we believe the recommendations should be more nuanced (1.1, 1.2), or we are not solely in control of the outcome (3.1, 3.4, 3.5, 5.2, 6.1, 6.2). The Port will work to formally adopt written procurement policies, while providing leadership flexibility to structure programs and teams as best fit the project and serve the City's interests.

<u>Disagreement</u>

The Port's sole disagreement is with Recommendation 3.3 because of the unfounded assertion that Best Value procurements and prequalification of bidders will avoid underperforming contractors. The Port does not dispute that Best Value and prequalification of bidders may be recommended in certain circumstances. However, we disagree with the mandate to increase their use. In reflecting on past contract awards, Port staff found that in most years there were no contracts that could have yielded better results with a more complicated procurement process. Port contracts are generally lower dollar, fully developed scopes, and support medium to low-risk projects. The Federal Government's own Federal Acquisition Regulation Chapter 15 guidelines state, "The less definitive the requirement, the more development work required, or the greater the performance risk, the more technical or past performance considerations may play a dominant role in source selection."

The Port will incorporate use of Best Value and prequalification into the work product associated with Recommendation 1.2 and in alignment with the considerations outlined by the Federal Government's recommendations for project review. The Port also recommends that future audits may compare Best Value and Low Bid contract outcomes on various sizes of contracts to see if contractor performance and price improved, and to compare cost and impact related to staff time and project completion impacts of a longer procurement process.

Conclusion

The Port looks forward to future collaborations to improve the procurement and project management process for all contracts.   We hold dearly our responsibility to support a clean, safe, and vibrant waterfront and understand deeply that procurement and project delivery are key pathways for delivering on our commitment as public steward.

ATTACHMENTS

Attachment A: Port Response to Specific Recommendations

BLA Recommendation	Agree	Partially Agree	Disagree	Response
1.1 Establish and maintain formal, dated, and regularly updated procurement policies covering all seven key areas: Project Delivery Methods, Procurement Methods, Disputes and Claims, Reporting, Contractor Performance, Bid Protests, and Change Orders. Departments should reference Exhibit 1.2 of this report to ensure that all procurement areas identified as having partial or no policies and procedures are addressed no later than December 31, 2026		X		**Project Delivery Methods and Procurement Methods:** The Port procurement team, project managers and all deputy directors work together to create an annual contracting plan that includes (1) project delivery and procurement method; (2) procurement method (including opportunities for bundling projects together); (3) prioritization. This approach allows for flexibility and cross-division review and discussions. The Port supports reviewing internal processes, clarifying lines of authority, and providing general guidance for consideration. However, the collaborative approach to strategic project delivery through contracting must be allowed to continue. For example, the Port uses a project management and planning document (often called a RACI) for decisions and tasks related to procurement. While the Port supports developing written documents that reflect lines of authority, process, and considerations, the Port seeks to maintain the flexibility to work interdivisional and inter-departmental (often with DPW) when appropriate. **Bid Protests and Changer Orders:** The Port has an internal process for handling bid protests and change orders and agrees to draft and adopt a formal procedure.
1.2 Develop a screening matrix and guidance for evaluating projects for alternative delivery. The matrix should be applied to all formal construction contracts and consider factors such as project budget, complexity, timeline, internal capacity, and staff experience. In addition, departments should create written guidance describing each alternative delivery method, including its requirements, advantages and		X		The Port currently screens all projects for alternative delivery methods and is happy to put this in writing and to create thresholds for a deeper review. Port does not agree with the BLA's assertion that all projects should be deeply reviewed for this delivery system as substantial risk is introduced into the process through alternative delivery.

disadvantages, and other criteria relevant to assessing project suitability.				
1.3 Establish formal training programs for project managers and resident engineers on change order management. Trainings should be conducted at least annually.	X			The Port agrees that training in these project management dynamics would be beneficial and the Port will work to develop and implement such a program.
2.1 Develop and implement a comprehensive policy or procedure consistent with Administrative Code Sections 6.23(c) and 6.40(d) for handling rejected or failed bids and proposals. The policy or procedure process for when and how to undertake further outreach efforts, modify contract requirements, and cure non-responsive bids.	X			For rejected or failed professional services and construction bids and proposals: The Port has a robust internal process for evaluating and handling the rejecting of failed bids and proposals including when and how to undertake further outreach efforts, modify contract requirements, and cure non-responsive bids. The Port will draft and adopt a procedure.
2.2 Develop and implement a policy or procedure to monitor the quantity of bids and proposals received for both construction and professional services contracts. This policy should include tracking both responsive and non-responsive bid data.	X			The Port currently tracks the responsible and non-responsive proposal data for professional services, technology contracts, and general services. For construction bids, the Port agrees that it would be good to have a more specific policy and procedure to monitor quantity of construction bids, including when they are non-responsive or responsible and will draft and adopt a procedure.

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:				
3.1 Adopt clear citywide policies that define appropriate use of enforcement tools, including documentation standards, relevant criteria, escalation pathways, and case study examples.		X		The Port generally agrees and notes this is a project management procedural issue rather than one of procurement. The Port will work in collaboration with the Mayor's Office, City Administrator and Chapter 6 departments to pursue this.

The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should:				
3.2 Provide training to provide additional guidance to procurement and project management staff on the appropriate use of enforcement tools and to promote greater consistency citywide.	X			Port believes citywide training would be valuable and would similarly involve those other agencies.
3.3 Increase use of Best Value procurement and prequalification of bidders to avoid underperforming contractors.			X	Best Value and prequalification of bidders may result in a higher performing contractor in some limited instances but is often not a good fit for Port projects because of size, nature of the industry, or the impact of project schedule. Instead, the mandate should mirror 1.2 and be that the department creates a review matrix for evaluating Best Value contracting. Future audits may compare Best Value and Low Bid contract outcomes on various sizes of contracts to see if the contractor performance and price improved, and to compare cost and impact related to staff time and project completion impacts of a longer procurement process. Departments should not be mandated to increase the use of Best Value procurement if projects do not meet a set of criteria where this procurement method makes sense.

The San Francisco Partnering Steering Committee should:				
3.4 Broaden the evaluation of partnering beyond contract claims. Performance measures could include indicators such as noncompliance notices, the number and value of change orders, and adherence to original project schedules and budgets. This may also include the utilization of Project Scorecards as a formal project evaluation tool.		X		The Port agrees, subject to a collective evaluation of the value of using Project Scorecards as a formal project evaluation tool based on implementation experience to date.

3.5 Modify Project Scorecards to require evaluators to explain and document the basis for each rating.		X		Port recommends further evaluation of Project Scorecards implementation and utility across the full range of project types and sizes encountered by the Port.
3.6 Collect and maintain data on partnering facilitation expenditures and associated staff time commitments citywide.	X			No additional comment.
4.1 Public Works should designate the facilitator of the Steering Committee as a consultant deemed a designated employee and therefore required to disclose economic interest pursuant to Section 3.1-1.8 of the San Francisco Campaign and Governmental Conduct Code. Public Works should ensure that the Officer of Contractor 1 files a Form 700 within 30 days of the publication of this report.	X			No additional comment.
4.2 Public Works should issue a stand-alone, competitive solicitation to procure facilitation services for the Steering Committee. This service should be competitively rebid at least once every ten years.	X			No additional comment.
4.3 All Chapter 6 departments should comply with Section 3.206 of the San Francisco Campaign and Governmental Conduct Code and Section 87100 of the California Government Code, which prohibit public officials from making, participating in, or using their official positions to influence governmental decisions in which they have a financial interest. No firm should simultaneously serve as the contractor responsible for developing citywide policy and directly providing the related services. These	X			No additional comment.

functions should be separated to avoid conflicts of interest and preserve independent decision-making.				

The Mayor’s Office, the Director of Public Works, and the City Administrator should:				
5.1 Consider whether responsibility for the management, implementation, and ongoing use of the contractor evaluation database should be shifted from Public Works to the City Administrator and allocate sufficient staffing resources to whichever department chosen to lead database efforts no later than July 1, 2026.	X			No additional comment.
5.2 In accordance with Recommendation 1.1, the department assigned responsibility should create an implementation guide for Chapter 6 staff to use to incorporate the results of contractor evaluations into future Chapter 6 procurements no later than December 31, 2026.		X		The Port believes that implementation guidelines would be helpful. The Port believes citywide guidelines as to the use of the contractor database would be useful, subject to the development of clear policies and/or Chapter 6 provisions regarding whether and how the evaluations would be used to disqualify a contractor in a subsequent low bid procurement, among other questions.

The Department Heads of Public Works, SFPUC, SFMTA, Port, Airport, and RPD should:				
6.1 Once database is successfully up and running, direct their staff to start using the database to complete contractor evaluations on their construction projects.		X		The Port agrees, subject to resolution of key questions noted above about the use of the database.
6.2 Assign a “champion” in each of their departments to lead the implementation of the database among project managers and other relevant staff.		X		The Port agrees, subject to resolution of key questions noted above about the use of the database.

May 14, 2026

Daniela Estrada
Budget and Legislative Analyst's Office
San Francisco Board of Supervisors
San Francisco, CA 94103

Thank you for the opportunity to provide a response to the *Performance Audit of the Procurement of Public Works Contracts Under Chapter 6 of the Administrative Code by Public Works, the Airport, the Port, Recreation and Parks, and Municipal Transportation Agency*, dated March 6, 2026.

The Recreation and Park Department (RPD) manages over 225 sites and facilities including parks, recreation centers, pools, golf courses and major tourist destinations including the Golden Gate Park and the SF Marina. We also operate a robust recreation program for both children and adults.

The responsibility for Chapter 6 contracting and procurement is in the Purchasing and Contract Administration group under Administration and Finance for most contracts. However, RPD has two pathways for contracting. The large recreation and park renovation formal capital projects (both design and construction) are initiated by the Capital and Planning Division and administered and managed through Public Works. Operations and Deferred Maintenance related projects are administered by the RPD Purchasing and Contract Administration Division and managed by the Operations / Deferred Maintenance Project Management. These are mostly informal and often Contract Monitoring Division Micro-Set Aside contracts. The responsibility for executing projects following the completion of procurement is within each group. This includes project management and construction management activities.

RPD has reviewed the audit findings and recommendations. Responses are presented below:

Section 0. Introduction

The Six Chapter 6 Departments, The Department of Recreation and Parks (pg. 7)

One note: For delivery of Capital projects, Rec and Park executes Chapter 6 contracting through Rec and Park's Purchasing and Contract Administration Division and through Public Works Contract Administration.

See RPD org chart **here**:
https://pingboard.workleap.com/s/_grMtIWdJkFMNxyFE5cSI3KlnDAwhOodYfeVmlts8ngBpepWemrVqrvxhiD_zqdaCDeex12t65UxKLDGspxxyQ/org_chart

Section 1.0 - Policies and Procedures

Best Value should be included as a Project Delivery Method in Exhibit 1.1. RPD views Best Value delivery as a Project Delivery Method not an Enforcement and Protective Mechanism (Section 3.0).

1.1 Establish and maintain formal, dated, and regularly updated procurement policies covering all seven key areas: Project Delivery Methods, Procurement Methods, Disputes and Claims, Reporting, Contractor Performance, Bid Protests, and Change Orders. Departments should reference Exhibit 1.2 of this report to ensure that all procurement areas identified as having partial or no policies and procedures are addressed no later than December 31, 2026.

We acknowledge that our written policies and procedures have not been formalized in many years, and that formalizing them in line with the recommended items is reasonable.

As note in the audit we do utilize the actual Chapter 6 of the Administrative Code, General Conditions, and Chapter 14B as our policies and procedures for contracting. Those reference documents do contain the provisions required, and we use them as our guide and reference. The Scope of Chapter 6 is defined as follows:

> *Chapter 6 shall govern Public Work or Improvement contracting policies and procedures, including the procurement of professional design, consulting and construction management services for Public Work or Improvement projects.*

In addition, we are required to follow Chapter 14B Local Business Enterprise Utilization And Non-Discrimination In Contracting Ordinance. 14B guides what type of contracting methodology we use in the informal contract theater (Micro-Set-Aside, SF First or Required Subcontractor %).

The success of our small team requires being able to use our resources efficiently including our standard City reference tools such as Chapter 6, Chapter 14B and General Conditions. It was determined that utilizing these documents directly was a more efficient use of resources than creating separate documents that would need to be updated to align with Chapters 6, 14B, etc..

1.2 Develop a screening matrix and guidance for evaluating projects for alternative delivery. The matrix should be applied to all formal construction contracts and consider factors such as project budget, complexity, timeline, internal capacity, and staff experience. In addition, departments should create written guidance describing each alternative delivery method, including its requirements, advantages and disadvantages, and other criteria relevant to assessing project suitability.

RPD processes only a small number of formal contracts each FY. The majority of formal construction projects are initiated by the Capital and Planning Division and run through Public Works. We agree with the recommendation for formal construction projects to create written guidance for alternate delivery methods.

1.3 Establish formal training programs for project managers and resident engineers on change order management. Trainings should be conducted at least annually.

We agree with this recommendation. Both the Capital Division and Operations Deferred Maintenance Project Management team will create and document Change Order Training to fit their individual model of process flow and coordinate with the Purchasing and Contract Administration Team. The Capital Division will also participate in training led by Public Works CM and Contract Administration.

Section 2.0 - Bid Rejections and Failures

2.1 Develop and implement a comprehensive policy or procedure consistent with Administrative Code Sections 6.23(c) and 6.40(d) for handling rejected or failed bids and proposals. The policy or procedure process for when and how to undertake further outreach efforts, modify contract requirements, and cure non-responsive bids.

Chapter 6, Section. 6.23. Public Works To Be Performed By The City; Bids By City Departments; Procedure Upon Rejection Or Failure Of Bids outlines specifically the policies and procedures for handling rejected and failed bids. We currently use Chapter 6 as our reference guide as stated in the audit and in response to the recommendations in Section 1.0. We will take the Chapter 6 sections and re-create under our name to formalize them as our own and identify specific team position responsibilities for appropriate tasks.

2.2 Develop and implement a policy or procedure to monitor the quantity of bids and proposals received for both construction and professional services contracts. This policy should include tracking both responsive and non-responsive bid data.

We accept this recommendation.

Section 3.0 – Enforcement and Protective Mechanisms

3.1 Adopt clear citywide policies that define appropriate use of enforcement tools, including documentation standards, relevant criteria, escalation pathways, and case study examples.

Most of the Recreation and Park contracting for Chapter 6 is informal (less than $1,170,000) by threshold category. As such our experience is that these projects do not encounter enforcement situations often as they are small-scale and short duration comparatively. We are open to participating in development of such policies city-wide.

3.2 Provide training to provide additional guidance to procurement and project management staff on the appropriate use of enforcement tools and to promote greater consistency citywide.

We are open to supporting an effort for city-wide training for use and consistent application of enforcement tools.

3.3 Increase use of Best Value procurement and prequalification of bidders to avoid underperforming contractors.

Much of RPD's Chapter 6 contracting is informal (less than $1,170,000) by threshold category and low-bid-deferred maintenance and facility management related construction. Our process allows for nimble utilization of the contracting process as well as healthy participation in the CMD Micro-Set Aside program as required by Chapter 14B. Contracts greater than Delegated Purchasing authority but less than the Threshold Amount (Public Works or General Services) or Minimum Competitive Amount (Professional or Commodities) must be procured through either the Micro-LBE Set-Aside Program or the San Francisco First Program per Chapter 14B. Use of Best Value Procurement in this range of contracts will require larger discussion with CMD and City Attorney.

RPD sees Best Value as a Project Delivery Method that should be included in Section 1. Policies and Procedures Exhibit 1.1, not an Enforcement and Protective Mechanism.**Section 4.0 – Partnering Conflict of Interest**

4.3 All Chapter 6 departments should comply with Section 3.206 of the San Francisco Campaign and Governmental Conduct Code and Section 87100 of the California Government Code, which prohibit public officials from making, participating in, or using their official positions to influence governmental decisions in which they have a financial interest. No firm should simultaneously serve as the contractor responsible for developing citywide policy and directly providing the related services. These functions should be separated to avoid conflicts of interest and preserve independent decision-making.

The Recreation and Park department agrees with this recommendation.

Section 5.0 – Contractor Evaluation Database

The Mayor's Office, the Director of Public Works, and the City Administrator should:

5.1 Consider whether responsibility for the management, implementation, and ongoing use of the contractor evaluation database should be shifted from Public Works to the City Administrator and allocate sufficient staffing resources to whichever department chosen to lead database efforts no later than July 1, 2026.

RPD agrees that the Contractor Evaluation Database should be overseen by a non-Chapter 6 department.

5.2 In accordance with Recommendation 1.1, the department assigned responsibility should create an implementation guide for Chapter 6 staff to use to incorporate the results of contractor evaluations into future Chapter 6 procurements no later than December 31, 2026.

RPD agrees with this recommendation.

The Department Heads of Public Works, SFPUC, SFMTA, Port, Airport, and RPD should:

5.3 Direct their staff to start using the database to complete contractor evaluations on their construction projects.

Recommendation 5.3 requires direction to RPD staff to use the database. This is reasonable, however, there are a number of issues that need to be resolved in order to incorporate the database into a process that will impact contract awards. As stated in the audit, Chapter 6 department staff need better resources, training, and guidance to successfully implement the contractor database that is required for all Chapter 6 departments (SF Public Utilities Commission, Public Works, Airport, Port, SFMTA, and RPD) per Section 6.26 of the City's Administrative Code. Project managers and procurement staff lack the training and support needed to record evaluations in the database consistently and to start using those evaluations in the procurement process for Chapter 6 contracts, which is the goal of the database. In addition, it is unclear how this will be utilized in conjunction with Chapter 14B. CMD must be a part of any planning. In addition to the CMD, the City Attorney must provide guidance on how the database can be used in our award process.

RPD looks forward to a continued partnership in improving our efforts with Chapter 6 construction-related contracting.

Sincerely,

Sarah Madlad

Sarah Madland
General Manager
Recreation and Park Department

Recommendation	Agree	Partial Agree	Disagree	Airport Response to the BLA
Policies and Procedures				
1.1 Establish and maintain formal, dated, and regularly updated procurement policies covering all seven key areas: Project Delivery Methods, Procurement Methods, Disputes and Claims, Reporting, Contractor Performance, Bid Protests, and Change Orders. Departments should reference Exhibit 1.2 of this report to ensure that all procurement areas identified as having partial or no policies and procedures are addressed no later than December 31, 2026.	X			We acknowledge that our written policies and procedures have not been formalized in many years, and that formalizing them in line with the recommended items is reasonable. As note in the audit we do utilize the actual Chapter 6 of the Administrative Code, General Conditions, and Chapter 148 as our policies and procedures for contracting. Those reference documents do contain the provisions required, and we use them as our guide and reference. The Scope of Chapter 6 is defined as follows: *Chapter 6 shall govern Public Work or Improvement contracting policies and procedures. including the procurement of professional design. consulting and construction management services for Public Work or Improvement projects.* In addition, we are required to follow Chapter 14B Local Business Enterprise Utilization And Non-Discrimination In Contracting Ordinance. 148 guides what type of contracting methodology we use in the informal contract theater (Micro-Set-Aside, SF First or Required Subcontractor%). The success of our small team requires being able to use our resources efficiently including our standard City reference tools such as Chapter 6, Chapter 14B and General Conditions. It was determined that utilizing these documents directly was a more efficient use of resources than creating separate documents that would need to be updated to align with Chapters 6, 148, etc..
1.2 Develop a screening matrix and guidance for evaluating projects for alternative delivery. The matrix should be applied to all formal construction contracts and consider factors such as project budget, complexity, timeline, internal capacity, and staff experience. In addition, departments should create written guidance describing each alternative delivery method, including its requirements, advantages and disadvantages, and other criteria relevant to assessing project suitability.	X			RPD processes only a small number of formal contracts each FY. The majority of formal construction projects are initiated by the Capital and Planning Division and nm through Public Works. We agree with the recommendation for formal construction projects to create written guidance for alternate delivery methods.
1.3 Establish formal training programs for project managers and resident engineers on change order management. Trainings should be conducted at least annually.	X			We agree with this recommendation. Both the Capital Division and Operations Deferred Maintenance Project Management team will create and document Change Order Training to fit their individual model of process flow and coordinate with the Purchasing and Contract Administration Team. The Capital Division will also participate in training led by Public Works CM and Contract

				Administration.
Bid Rejections and Failures				
2.1 Develop and implement a comprehensive policy or procedure consistent with Administrative Code Sections 6.23(c) and 6.40(d) for handling rejected or failed bids and proposals. The policy or procedure process for when and how to undertake further outreach efforts, modify contract requirements, and cure non-responsive bids.	X			Chapter 6, Section. 6.23. Public Works To Be Performed By The City; Bids By City Departments; Procedure Upon Rejection Or Failure Of Bids outlines specifically the policies and procedures for handling rejected and failed bids. We currently use Chapter 6 as our reference guide as stated in the audit and in response to the recommendations in Section 1.0. We will take the Chapter 6 sections and re-create under our name to formalize them as our own and identify specific team position responsibilities for appropriate tasks.
2.2 Develop and implement a policy or procedure to monitor the quantity of bids and proposals received for both construction and professional services contracts. This policy should include tracking both responsive and non-responsive bid data.	X			We accept this recommendation.

Enforcement and Protective Measures				
3.1 Adopt clear citywide policies that define appropriate use of enforcement tools, including documentation standards, relevant criteria, escalation pathways, and case study examples.		X		Most of the Recreation and Park contracting for Chapter 6 is informal (less than $ I, 170,000) by threshold category. As such our experience is that these projects do not encounter enforcement situations often as they are small-scale and short duration comparatively. We are open to participating in development of such policies city-wide.
3.2 Provide training to provide additional guidance to procurement and project management staff on the appropriate use of enforcement tools and to promote greater consistency citywide.		X		We are open to supporting an effmt for city-wide training for use and consistent application of enforcement tools.
3.3 Increase use of Best Value procurement and prequalification of bidders to avoid underperforming contractors.		X		Much of RPD's Chapter 6 contracting is informal (less than $1,170,000) by threshold category and low-bid-deferred maintenance and facility management related construction. Our process allows for nimble utilization of the contracting process as well as healthy participation in the CMD Micro-Set Aside program as required by Chapter 14B. Contracts greater than Delegated Purchasing authority but less than the Threshold Amount (Public Works or General Services) or Minimum Competitive Amount (Professional or Commodities) must be procured through either the Micro-LBE Set-Aside Program or the San Francisco First Program per Chapter 14B. Use of Best Value Procurement in this range of contracts will require larger discussion with CMD and City Attorney. Public Work or Improvements estimated to cost more or equal to $1,500,000, so that Admin Code section would need to be changed. RPD sees Best Value as a Project Delivery Method that should be included in Section I. Policies and Procedures Exhibit 1.1, not an Enforcement and Protective Mechanism.
Partnering Conflict of Interest				
4.3 All Chapter 6 departments should comply with Section 3.206 of the San Francisco Campaign and Governmental Conduct Code and Section 87100 of the California Government Code, which prohibit public officials from making, participating in, or using their official positions to influence governmental decisions in which they have a financial interest. No firm should simultaneously serve as the contractor responsible for developing citywide policy and directly providing the related services. These functions should be separated to avoid conflicts of interest and preserve independent decision-making.	X			The Recreation and Park department agrees with this recommendation.
Contractor Evaluation Database				
5.3 Once database is successfully up and running, direct their staff to start using the database to complete contractor evaluations on their construction projects.		X		Recommendation 5.3 requires direction to RPO staff to use the database. This is reasonable, however, there are a number of issues that need to be resolved in order to incorporate the database into a process that will impact contract awards. As stated **in** the audit, Chapter 6 department staff need better resources, training, and guidance to successfully implement the contractor database that is required for all Chapter 6 departments (SF Public Utilities Commission, Public Works, Airport, Port, SFMTA, and RPD) per Section 6.26 of the City's Administrative Code. Project managers and procurement staff lack the training

				and support needed to record evaluations in the database consistently and to start using those evaluations in the procurement process for Chapter 6 contracts, which is the goal of the database. In addition, it is unclear how this will be utilized in conjunction with Chapter 14B. CMD must be a part of any planning. In addition to the CMD, the City Attorney must provide guidance on how the database can be used in our award process. .
5.4 Assign a "champion" in each of their departments to lead the implementation of the database among project managers and other relevant staff.	X			The Recreation and Park Department agrees and will assign a champion to the role to monitor progress and implement once the database is successfully up and running.

Via E-Mail (daniela.estrada@sfgov.org)

Date: May 7, 2026

Daniela Estrada
Senior Analyst
Budget and Legislative Analyst's Office
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Re: Budget and Legislative Analyst's Office (BLA) Confidential Final Report – Response from SFMTA

Dear Ms. Estrada,

Thank you for BLA's final report on Performance Audit of Public Works Chapter 6 Procurement.

Attached please find SFMTA's response to the Recommendations.

Should you have any questions or require additional information, please feel free to contact me at (415) 646-2130 or via email at joon.park@sfmta.com.

Best regards,

Joon Park

Joon Park
Manager, Construction Contracts
Contracts & Procurement
SFMTA

Cc: Julie Kirschbaum
Bree Mawhorter
Julia Friedlander

SFMTA’s Response to Recommendations

Recommendation	Agree	Partial Agree	Disagree	SFMTA’s Response to the BLA	Status Date
The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should: 1.1 Establish and maintain formal, dated, and regularly updated procurement policies covering all seven key areas: Project Delivery Methods, Procurement Methods, Disputes and Claims, Reporting, Contractor Performance, Bid Protests, and Change Orders. Departments should reference Exhibit 1.2 of this report to ensure that all procurement areas identified as having partial or no policies and procedures are addressed no later than December 31, 2026.	X			SFMTA regularly updates its SFMTA Policies and Procedures Manual. Since providing the BLA with our 2023 version, we updated the document in February 2026 because of recent changes to the Federal Transit Administration Circular that governs most SFMTA Chapter 6 procurements, including, for example, changes to Buy America provisions. For the POM, SFMTA launched efforts to update the POM in 2023. However, this effort was set aside because of major reorganization in 2025 that changed assignments for people who were contributing to this effort. SFMTA will resume this effort in the Summer of 2026 and expects to complete it by the Summer of 2027. Upon completion of POM, SFMTA will move to updating the RE Manual.	
1.2 Develop a screening matrix and guidance for evaluating projects for alternative delivery.		X		The SFMTA agrees that a matrix may be useful for evaluating the appropriateness of alternative	

Recommendation	Agree	Partial Agree	Disagree	SFMTA's Response to the BLA	Status Date
The matrix should be applied to all formal construction contracts and consider factors such as project budget, complexity, timeline, internal capacity, and staff experience. In addition, departments should create written guidance describing each alternative delivery method, including its requirements, advantages and disadvantages, and other criteria relevant to assessing project suitability.				project delivery methods for any given project or contract. While applicable requirements from federal funding sources and other factors may call for variations between departments, SFMTA will work to develop such a matrix and discuss this with other Chapter 6 departments so that we may all benefit from each other's thinking.	
1.3 Establish formal training programs for project managers and resident engineers on change order management. Trainings should be conducted at least annually.		X		While we appreciate this recommendation, allocation of limited training resources should be tailored to the needs of the workforce and should consider factors such as the rate of turnover among target employees, subject matter where staff show the greatest strengths and weaknesses, and the scale and demands of scheduled projects.	
The Public Works Director, Port Executive Director, Recreation and Park General Manager, and the Airport Director should: 2.1 Develop and implement a comprehensive				N/A (Recommendations for Public Works, Port, Rec and Park, and Airport).	

Recommendation	Agree	Partial Agree	Disagree	SFMTA's Response to the BLA	Status Date
policy or procedure consistent with Administrative Code Sections 6.23(c) and 6.40(d) for handling rejected or failed bids and proposals. The policy or procedure process for when and how to undertake further outreach efforts, modify contract requirements, and cure non-responsive bids.					
The Port Executive Director, Recreation and Park General Manager, and the Airport Director should: 2.2 Develop and implement a policy or procedure to monitor the quantity of bids and proposals received for both construction and professional services contracts. This policy should include tracking both responsive and non-responsive bid data.				N/A (Recommendations for Port, Rec and Park, and Airport).	
The Port Executive Director, Recreation and Park General Manager, and the Airport Director should: 3.1 Adopt clear citywide policies that define appropriate use of enforcement tools,				N/A (Recommendations for Port, Rec and Park, and Airport).	

Recommendation	Agree	Partial Agree	Disagree	SFMTA's Response to the BLA	Status Date
including documentation standards, relevant criteria, escalation pathways, and case study examples.					
The Public Works Director, Municipal Transportation Agency Director of Transportation, Port Executive Director, Recreation and Park General Manager, and the Airport Director should: 3.2 Provide training to provide additional guidance to procurement and project management staff on the appropriate use of enforcement tools and to promote greater consistency citywide.		X		We appreciate the recommendation and agree that consistent guidance and shared understanding across teams are important. We will explore opportunities to further support project management staff in the appropriate use of enforcement tools. As we consider next steps, we will also be mindful of maintaining the flexibility needed to apply these tools effectively across a range of project types and delivery methods, while continuing to emphasize strong partnerships and sound contract management practices.	
3.3 Increase use of Best Value procurement and prequalification of bidders to avoid underperforming contractors.		X		We appreciate the recommendation and will continue to consider Best Value procurement as a possible method in future procurements. We have partially agreed with the recommendation because we use other tools to avoid underperforming contractors and believe that case by case evaluation – as suggested by Recommendation 1.2 -- is better than a	

Recommendation	Agree	Partial Agree	Disagree	SFMTA's Response to the BLA	Status Date
				presumption that tips the scale to favor Best Value procurement in all cases.	
The San Francisco Partnering Steering Committee should: 3.4 Broaden the evaluation of partnering beyond contract claims. Performance measures could include indicators such as noncompliance notices, the number and value of change orders, and adherence to original project schedules and budgets. This may also include the utilization of Project Scorecards as a formal project evaluation tool.				N/A (Recommendations for SF Partnering Steering Committee)	
3.5 Modify Project Scorecards to require evaluators to explain and document the basis for each rating.				N/A (Recommendations for SF Partnering Steering Committee)	
3.6 Collect and maintain data on partnering facilitation expenditures and associated staff time commitments citywide.				N/A (Recommendations for SF Partnering Steering Committee)	
4.1 Public Works should designate the facilitator of the Steering Committee as a consultant deemed a designated employee				N/A (Recommendations for Public Works)	

Recommendation	Agree	Partial Agree	Disagree	SFMTA's Response to the BLA	Status Date
and therefore required to disclose economic interest pursuant to Section 3.1-1.8 of the San Francisco Campaign and Governmental Conduct Code. Public Works should ensure that the Officer of Contractor 1 files a Form 700 within 30 days of the publication of this report.					
4.2 Public Works should issue a stand-alone, competitive solicitation to procure facilitation services for the Steering Committee. This service should be competitively rebid at least once every ten years.				N/A (Recommendations for Public Works)	
4.3 All Chapter 6 departments should comply with Section 3.206 of the San Francisco Campaign and Governmental Conduct Code and Section 87100 of the California Government Code, which prohibit public officials from making, participating in, or using their official positions to influence governmental decisions in which they have a financial interest. No firm should simultaneously serve as the contractor responsible for developing citywide policy and	X			We appreciate this recommendation and take very seriously the need to avoid conflict of interest in all procurement. As shared, SFMTA uses conflict of Interest form that is significantly more detailed and rigorous than the form we understand was being used by other City Departments during the audit period.	

Recommendation	Agree	Partial Agree	Disagree	SFMTA's Response to the BLA	Status Date
directly providing the related services. These functions should be separated to avoid conflicts of interest and preserve independent decision-making.					
The Mayor's Office, the Director of Public Works, and the City Administrator should: 5.1 Consider whether responsibility for the management, implementation, and ongoing use of the contractor evaluation database should be shifted from Public Works to the City Administrator and allocate sufficient staffing resources to whichever department chosen to lead database efforts no later than July 1, 2026.				N/A (Recommendations for the Mayor's Office, the Director of Public Works, and the City Administrator)	
The Mayor's Office, the Director of Public Works, and the City Administrator should: 5.2 In accordance with Recommendation 1.1, the department assigned responsibility should create an implementation guide for Chapter 6 staff to use to incorporate the results of contractor evaluations into future Chapter 6 procurements no later than December 31,				N/A (Recommendations for the Mayor's Office, the Director of Public Works, and the City Administrator)	

Recommendation	Agree	Partial Agree	Disagree	SFMTA's Response to the BLA	Status Date
2026.					
The Department Heads of Public Works, SFPUC, SFMTA, Port, Airport, and RPD should: 5.3 Once database is successfully up and running, direct their staff to start using the database to complete contractor evaluations on their construction projects.		X		We appreciate that the contractor evaluation database was intended to help Chapter 6 departments avoid selection of contractors with poor performance records. We also appreciate the BLA conclusion that the database must first be up and running for the evaluations to be completed. We see the City Attorney's Office as an essential partner in advising on whether and how the database can be used effectively. We understand that effective use of the database may call for significant additional resources for central maintenance and to support staff in every Chapter 6 department. In light of the City's current budget constraints, we think City stakeholders should consider leaner approaches to avoiding low performing contractors.	
The Department Heads of Public Works, SFPUC, SFMTA, Port, Airport, and RPD should:					

Recommendation	Agree	Partial Agree	Disagree	SFMTA's Response to the BLA	Status Date
5.4 Assign a "champion" in each of their departments to lead the implementation of the database among project managers and other relevant staff.		X		We appreciate this recommendation, but given the challenges to date, we question whether a single champion in a Chapter 6 department would be sufficient staffing to support effective use of the database for its intended purpose.	

OFFICE OF THE MAYOR
SAN FRANCISCO

DANIEL LURIE
MAYOR

May 21, 2026

Daniela Estrada
Budget and Legislative Analyst's Office
San Francisco Board of Supervisors
San Francisco, CA

Dear Ms. Estrada,

Thank you to the Budget and Legislative Analyst's Office for its work reviewing implementation of the Contractor Evaluation Database and broader Chapter 6 procurement practices.

My office agrees with the importance of improving contractor accountability, strengthening information sharing across Chapter 6 departments, and ensuring that performance information can support better procurement outcomes citywide.

The Mayor's Office partially agrees with Recommendations 5.1 and 5.2. We recognize that successful implementation of the Contractor Evaluation Database requires clear governance, dedicated staffing resources, sustained technical support, and consistent participation across all Chapter 6 departments. Given the citywide nature of this effort, the Mayor's Office will consider how to work with the City Administrator, Public Works, and other Chapter 6 departments to evaluate the most effective governance and operational structure for long-term management of the database and related contractor evaluation processes. At the same time, the Mayor's Office will work with the aforementioned departments to consider practices used by other jurisdictions and assess whether additional updates to the existing database, implementation procedures, or procurement policies are warranted.

We appreciate the continued partnership of the Budget and Legislative Analyst's Office as the City works to strengthen procurement accountability and improve project delivery outcomes.

Sincerely,

Daniel Lurie
Mayor of San Francisco

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

City & County of San Francisco
Daniel Lurie, Mayor

Office of the City Administrator
Carmen Chu, City Administrator

May 20, 2026

Daniel Estrada
Senior Analyst
Budget and Legislative Analyst's Office
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

RE: Office of the City Administrator's Response to the Performance Audit of Public Works Chapter 6 Procurement

Dear Ms. Estrada,

Thank you for the BLA's final report on the Performance Audit of Public Works Chapter 6 Procurement.

Attached please find the Office of the City Administrator's response to the recommendations.

Please contact me with any questions or for additional information. I am available at stephanie.tang@sfgov.org.

Best,

Stephanie Tang
Deputy City Administrator
Office of the City Administrator

Cc: Carmen Chu

Office of the City Administrator's Response to the Recommendations

Recommendation	Agree	Partial Agree	Disagree	Response to the BLA
5.1 Consider whether responsibility for the management, implementation, and ongoing use of the contractor evaluation database should be shifted from Public Works to the City Administrator and allocate sufficient staffing resources to whichever department chosen to lead database efforts no later than July 1, 2026.			X	This recommendation is outside the authority of the City Administrator as defined in San Francisco Administrative Code Chapter 6, which outlines Public Works contracting. In 2022, the City responded to the Civil Grand Jury stating that "it is not clear that this [the database] is the best avenue for providing this feedback to the contracting department or the contractor," and we are in concurrence with the report response.
5.2 In accordance with Recommendation 1.1, the department assigned responsibility should create an implementation guide for Chapter 6 staff to use to incorporate the results of contractor evaluations into future Chapter 6 procurements no later than December 31, 2026.			X	This recommendation is outside the authority of the City Administrator as defined in San Francisco Administrative Code Chapter 6, which outlines Public Works contracting. In 2022, the City responded to the Civil Grand Jury stating that "it is not clear that this [the database] is the best avenue for providing this feedback to the contracting department or the contractor," and we are in concurrence with the report response.