

Open for Business Contract Streamlining Act of 2025

Presented to the LBEAC



CITY & COUNTY OF SAN FRANCISCO

Government Operations Contracting Reform Team (Gov Ops)
Office of the City Administrator

April 3, 2025

What we will cover today

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FILE NO. 250192

ORDINANCE NO.

1 [Administrative, Labor and Employment Codes - City Contract Processes and Requirements]

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3 Ordinance amending the Administrative Code to 1) create a procurement legislative
4 analysis authority for the City Administrator; 2) revise or create threshold dollar
5 amounts for application of various contract requirements tied to the statutory Minimum
6 Competitive Amount or statutory federal Single Audit Standard; 3) reorganize,
7 standardize, and narrow Chapter 12F (relating to the MacBride Principles concerning
8 Northern Ireland; including sunset of ordinance in 2035); 4) repeal Chapter 12J (relating
9 to City business with Burma); and 5) narrow coverage of, and reduce meeting
10 requirements in, Chapter 12L (relating to certain non-profit organizations receiving
11 funds from the City); and amending the Labor and Employment Code to 6) reorganize,
12 standardize, revise exemptions and waivers narrowing coverage, create threshold
13 dollar amount for application tied to the statutorily based Minimum Competitive
14 Amount, and update Article 131 (relating to nondiscrimination under City contracts;
15 including sunset of ordinance in 2035) and repeal Article 132 (relating to
16 nondiscrimination under City property contracts), while incorporating some of its
17 provisions under Article 131; 7) reorganize, standardize, revise exemptions and
18 waivers narrowing coverage, create a threshold dollar amount for application tied to
19 the statutorily based Minimum Competitive Amount and update Article 151 (relating to
20 City procurement of sweatfree goods; including abolition of the Sweatfree Procurement
21 Advisory Group and sunset of ordinance in 2035); and 8) repeal Article 141 (relating to
22 salary history in the hiring process of City contractors), Article 142 (relating to criminal
23 history in the hiring and employment process of City contractors), and Article 161
24 (relating to earned income credit forms for employees of City contractors).

25 NOTE: Unchanged Code text and uncoded text are in plain Arial font.

Supervisors Mahmoud, Dorsey, Mahmood
BOARD OF SUPERVISORS

Page 1

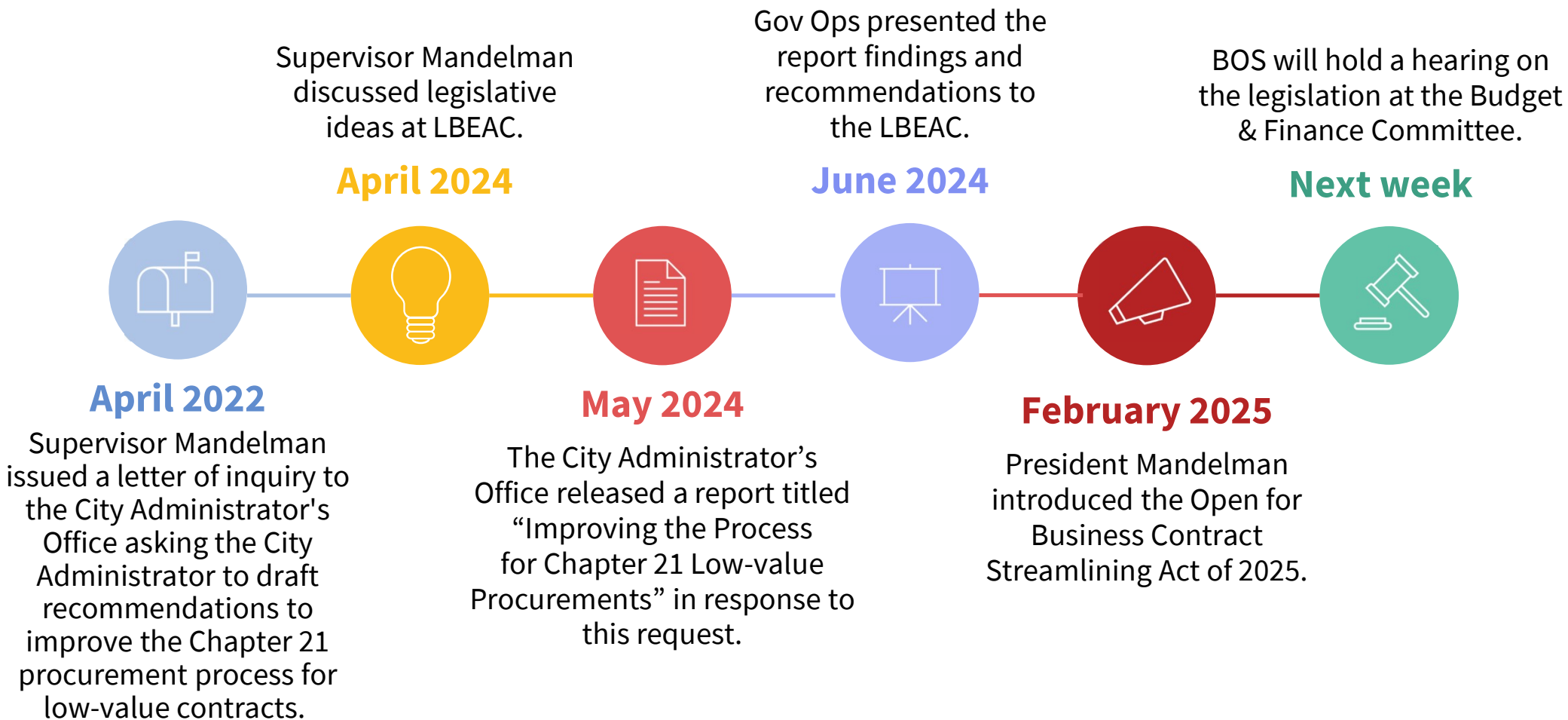
We are excited to **preview this legislation with you** before next week's hearing at the Budget & Finance Committee!

We will cover:

- 1) Background & history
- 2) Challenges identified in CAO's 2024 report
- 3) Detailed walkthrough of proposed legislation
- 4) Q&A and Discussion

Background & history

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CAO Report Findings on Chapter 21 low-value contracts*

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The City's current contracting processes create a **high level of administrative burden** for both City staff and suppliers, making it more difficult for the City to fulfill its mission and serve the public.

- For suppliers, the City's requirements make **doing business with the City confusing and cost-prohibitive**. Small and local businesses experience high barriers to entry, which can run counter to the City's goals of local investment and equitable contracting.
- For City staff, **an excessive amount of time is spent navigating complicated procurement processes** and guiding suppliers through compliance requirements. This can take time away from strategic or performance management activities.

*Slides 4-6 are excerpted from report: https://sfbos.org/sites/default/files/Chapter_21_Low-value_Contract_Memo_Final_Response.pdf

CAO Report Findings on Chapter 21 low-value contracts

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Impact on Businesses and Nonprofits

High barriers to entry

- The City's **array of requirements is hard to understand and navigate**, so businesses and non-profits must invest a lot of time and resources to work with us.
- In particular, **small businesses may not have the resources to navigate** all of the City's business processes and legal requirements. This limits the City's ability to use its buying power to support the local economy, as many local businesses may not be able to participate.

Less transparency & accountability

- The City's processes are decentralized with **no single, central source of information** and highly decentralized program administration, making it difficult to understand where you are in the process and who is accountable.
- The City provides a **poor experience for suppliers and vendors**. In response to these challenges, there has been consistent and active advocacy for change from businesses and non-profits.

Impact on City Operations

Process Pain Points

- **Complexity limits competition** in City bidding, as businesses may choose not to work with the City given how difficult it is to participate. For example, in FY23, approximately 46% of the solicitations that the Office of Contract Administration issued received only a single response or zero responses.
- **Lengthy processes and delays** can jeopardize projects so there may be an incentive for workarounds. It can take 1+ year from the time of issuing a solicitation to an actual project start date.
- Processes are decentralized, which **weakens opportunities for accountability** and change.

Staffing Challenges

- Complexity requires **heavy staff resourcing** to run a procurement process.
- There is a **steep learning curve for new staff**, which can take away from strategic and performance management activities and leads to inconsistencies.
- **Vacancies are hard to fill** with long ramp up periods to get staff fully trained. Without the staffing resources to oversee procurement, contracting backlogs also grow.

CAO Report Recommendations

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- 1) Recommendation 1: Improve the Informal Procurement Process
- 2) Recommendation 2: Simplify Terms & Conditions
- 3) **Recommendation 3: Amend Legislation to Update and Reconcile Contracting Requirements**
- 4) **Recommendation 4: Explore Standardization in Future Procurement Legislation**
- 5) Recommendation 5: Increase Coordination Across Departments that Interact with Suppliers

**Focus of
President
Mandelman's
legislation**

Vision for the future

What are we trying to create?

- A government that small businesses want to work with
- Spend more time on the work than buying the work
- Efficient, effective service delivery for San Francisco
- A government that is responsive and evolves based on lessons learned

Legislative overview

This proposed legislation makes many changes to City procurement that generally fall into **four buckets**:

- 1 Large-scale **rewrites** of existing procurement laws
- 2 Implements **standardized thresholds** for existing procurement laws
- 3 **Repeals** several procurement laws that are out of date or overlap with state law
- 4 Creates a procurement **legislative analysis** authority for the City Administrator's Office



This legislation does not amend Chapter 14B.

1. Large-scale rewrites of existing procurement laws

9



Article 131: Equal Benefits

- Remove outdated requirements and processes no longer completed



Article 151: Sweatfree Procurement

- Changes framework for evaluation of compliance for suppliers who provide garments and textiles
- Abolishes the Sweatfree Procurement Advisory Group



Chapter 12F: MacBride Principles

- Provides for waivers and exemptions for the first time

Standardize **threshold** to Minimum Competitive Amount (MCA)

Reorganize in **standard format** with consistent definitions, waivers, exemptions, etc.

Implement **sunset date**

2. Implements standardized thresholds

12N: Youth Services Sensitivity Training

12Y: Slavery Era Disclosure

101: Sugar-Sweetened Beverages



Standardize threshold
to Minimum Competitive
Amount (MCA)



Standardize threshold
to Federal Audit Standard



12L: Nonprofit Meeting Requirements

Reduce **public meeting**
requirement from 2 to 1

3. Repeals

11

Existing law	Justification
Chapter 12J: City business with Burma	Suspended in 2000, but never removed from the books
Article 141: salary history in the hiring process of City contractors	Significant overlap with California state law
Article 142: criminal history in the hiring and employment process of City contractors	Significant overlap with California state law
Article 161: earned income credit forms for employees of City contractors	Significant overlap with California state law; requires City contractors to provide IRS form that no longer exists

4. Procurement Legislative Analysis for CAO

Establishes a process by which CAO reviews new legislation that impacts procurement to understand the potential impact on City operations and analyze implementation needs.



Staffing & training



Systems &
technology



Oversight &
transparency



Forms, checklists,
& procedures



Change management &
communications



Compliance

Next steps

Next

- Legislation will be heard at the **BOS Budget & Finance Committee** on a future Wednesday.

Later

- If it is passed out of Committee, the legislation will likely be heard at the full Board of Supervisors in ~May.
- If passed by the Board of Supervisors, the legislation will go to Mayor Lurie.
- If passed by the Board of Supervisors and signed by Mayor Lurie, the legislation establishes a July 1, 2025 operative date for all changes.

Q&A and Discussion