

File No. 250508

Committee Item No. 4

Board Item No. 4

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Rules Committee

Date July 7, 2025

Board of Supervisors Meeting

Date July 22, 2025

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OTHER (Use back side if additional space is needed)

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Completed by: Victor Young Date July 3, 2025

Completed by: _____ Date _____

[Administrative Code - Contracting Minimum Competitive Amount and Threshold Amount]

Ordinance amending the Administrative Code to update the Minimum Competitive Amount and Threshold Amount for contracting to reflect recent consumer price index increases; update the Local Business Enterprise size criteria amounts to reflect recent consumer price index increases; align the consumer price index increases with the fiscal year; and add “Delegated Purchasing Amount” as a defined term in the Administrative Code.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. Chapter 14B of the Administrative Code is hereby amended by revising Sections 14B.2, 14B.3, 14B.7, to read as follows:

SEC. 14B.2. DEFINITIONS.

* * * *

“Control” means a person possesses the legal authority to manage business assets, good will, and the day-to-day operations of a business and actively and continuously exercises such authority.

“Delegated Purchasing Amount” means the “Delegated Purchasing Amount” as defined in Administrative Code Section 21.02.

1 “Design-Build Contracts” means Public Works/Construction Contracts authorized under
2 Administrative Code Section 6.61.

3 * * * *

4 “Eligible Public Works/Construction Contract” means a Contract with (1) an estimated
5 cost which exceeds the Delegated Purchasing Amount ~~\$10,000~~ but is less than or equal to the
6 Threshold Amount, and (2) a scope of work which, based on CMD Micro-LBE availability data,
7 would attract bids from at least two qualified Micro-LBEs. Eligible Public Works/Construction
8 Contracts include Job Order Contracts set aside for Micro-LBEs under Administrative Code
9 Section 6.62(~~c~~€).

10 “Eligible Services/Commodities Contract” means a Professional Services, General
11 Services, Architect/Engineering or Commodities Contract with (1) an estimated cost which
12 exceeds the Delegated Purchasing Amount ~~\$10,000~~ but is less than or equal to the Minimum
13 Competitive Amount, and (2) a scope of work which, based on CMD Micro-LBE availability
14 data, would attract bids from at least two qualified Micro-LBEs.

15 * * * *

16 “Minimum Competitive Amount” means (1) for the procurement of commodities,
17 professional services, and architect/engineering services, the “Minimum Competitive Amount”
18 as defined in Section 6.40(a) of the Administrative Code, and (2) for the procurement of
19 general services, an amount equivalent to the “Threshold Amount” as defined in Section 6.1 of
20 the Administrative Code.

21 * * * *

22 “Threshold Amount” means, for public works/construction projects, the “Threshold
23 Amount” as defined in Administrative Code Section 6.1.

24 * * * *

SEC. 14B.3. LBE CERTIFICATION.

* * * *

(B) **Business Size Criteria.** The Director shall certify as a “Micro-LBE,” “Small-LBE” or “SBA-LBE,” as applicable, any business that meets the requirements of 14B.3(A) and has average gross annual receipts in the prior five fiscal years that do not exceed the following limits:

Category	Micro-LBE	Small-LBE	SBA-LBE
Public works/Construction	<u>\$12,000,000</u> <u>\$14,050,000</u>	<u>\$24,000,000</u> <u>\$28,100,000</u>	<u>\$40,000,000</u> <u>\$46,840,000</u>
Specialty Construction	<u>\$6,000,000</u> <u>\$7,030,000</u>	<u>\$12,000,000</u> <u>\$14,050,000</u>	<u>\$20,000,000</u> <u>\$23,420,000</u>
Goods/materials/equipment and General Services	<u>\$6,000,000</u> <u>\$7,030,000</u>	<u>\$12,000,000</u> <u>\$14,050,000</u>	<u>\$20,000,000</u> <u>\$23,420,000</u>
Trucking	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$10,000,000</u> <u>\$11,710,000</u>
Professional Services:			
Legal Services	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$8,500,000</u> <u>\$9,950,000</u>
Accounting	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$8,500,000</u> <u>\$9,950,000</u>
Architecture/Engineering and Related Services	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$8,500,000</u> <u>\$9,950,000</u>
Specialized Design Services	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$8,500,000</u> <u>\$9,950,000</u>
Computer Systems Design and Technical Consulting Services	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$8,500,000</u> <u>\$9,950,000</u>
Management, Scientific, and Technical Consulting Services	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$8,500,000</u> <u>\$9,950,000</u>

Scientific Research and Development Services	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$8,500,000</u> <u>\$9,950,000</u>
Advertising and Related Services	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$8,500,000</u> <u>\$9,950,000</u>
Other Professional, Scientific, and Technical Services	<u>\$2,500,000</u> <u>\$2,930,000</u>	<u>\$5,000,000</u> <u>\$5,860,000</u>	<u>\$8,500,000</u> <u>\$9,950,000</u>

Beginning on July 1, 2030, ~~For every five year period starting with January 1, 2020 December 31, 2024,~~ the Controller shall adjust ~~recalculate~~ the size criteria limits above to reflect any ~~proportional~~ increase in the relevant consumer price index, as determined by the Controller, since July 1, 2025 ~~Urban Regional Consumer Price Index from January 1, 2020, rounded to the nearest \$10,000. The Controller shall perform a consumer price index adjustment of the size criteria every five years thereafter for the preceding five-year period.~~ The size criteria limits as recalculated by the Controller shall be rounded to the nearest \$10,000 and shall take effect by operation of law on ~~January~~ July 1, 2030, and on July 1 every five years thereafter ~~of the first year of the next five year period (thus, for example, on January 1, 2025 following the five year period ending December 31, 2024).~~ The Director shall determine gross receipts according to recognized accounting methodologies that the Director determines most accurately reflect the actual money that the business received during the relevant period. Any business under common ownership, in whole or in part, with any other business in a related industry meets the requirements of this subparagraph only if the aggregate gross annual receipts of their percentage of ownership added together of all of the businesses under such common ownership do not exceed these limits. All businesses owned by married spouses or domestic partners are considered under common ownership unless the businesses are in unrelated industries and no community property or other jointly owned assets were used to establish or are used to operate either business.

1 **SEC. 14B.7. PRIME CONTRACTS.**

2 **(A) Good Faith Efforts by Awarding Authorities to Obtain LBE Bids on Prime**
3 **Contracts.** Contract Awarding Authorities shall use good-faith efforts for all Contracts subject
4 to the Discount provisions of this Chapter 14B to solicit and obtain Bids from the broadest
5 possible diversity of LBEs and to ensure that MBEs, WBEs, and OBEs are not arbitrarily
6 excluded from participation. Good faith efforts shall include the following:

7 * * * *

8 (6) For Professional Services, General Services, Architect/Engineering and
9 Commodities Contracts, the estimated cost of which exceeds the Delegated Purchasing Amount
10 ~~\$10,000~~ but is less than the Minimum Competitive Amount, or for Public Works/Construction
11 Contracts, the estimated cost of which exceeds the Delegated Purchasing Amount~~\$10,000~~ but is
12 less than the Threshold Amount, Contract Awarding Authorities are not required to undertake
13 the good faith efforts steps set forth in Section 14B.7(A)(3) when it is impracticable to do so.

14 * * * *

15 **(D) Contracts Subject to Prime Bid Discounts.** Contract Awarding Authorities shall
16 apply Discounts to all Contracts the estimated cost of which exceeds the Delegated Purchasing
17 Amount~~\$10,000~~ and is less than \$10,000,000, except that the Bid Discount provisions
18 applicable to SBA-LBEs shall apply only to Contracts (other than Commodities Contracts) with
19 an estimated cost of no less than \$400,000 and no greater than \$20,000,000, and to
20 Commodities Contracts with an estimated cost of no less than \$400,000 and no greater than
21 \$10,000,000. Discounts shall apply to Bids from LBE Prime or Joint Ventures only where the
22 LBE Prime or Joint Venture Partner will perform a Commercially Useful Function on the
23 Contract. A LBE Prime or Joint Venture whose Bid receives a Discount and who thereafter
24 fails to perform a Commercially Useful Function under the Contract at least equivalent in
25

scope and value to the role represented in its Bid documents may be subject to sanctions as set forth in Section 14B.17(D) for noncompliance with this Chapter 14B.

(E) **Amount of Discount.** Unless otherwise provided in this Chapter 14B, Contract Awarding Authorities shall apply the following Discounts to each evaluation stage of the selection process, including qualifications, proposals, and interviews:

(1) For Contracts estimated by the Contract Awarding Authority to cost in excess of the Delegated Purchasing Amount ~~\$10,000~~ but less than \$10,000,000, a 10% Discount to any Bid from a Small or Micro-LBE. If after the application of the Discounts provided for in this Subsection 14B.7(E)(1) or Subsection 14B.7(F) to any Bid from a Small or Micro-LBE, the apparent low Bidder or highest-ranking Proposer is not a Small or Micro-LBE, Contract Awarding Authorities shall apply a 5% Discount to any Bid from an SBA-LBE. Contract Awarding Authorities shall apply this 5% Discount to Contracts, except that the 5% Discount for SBA-LBEs shall not be applied at any stage if it would adversely affect a Small or Micro-LBE.

(2) For Contracts estimated by the Contract Awarding Authority to cost in excess of \$10,000,000 but less than \$20,000,000, a 2% Discount to any Bid from a Small, Micro, or SBA-LBE for Public Works/Construction, Architect/Engineering, Professional Services, or General Services Contracts. Bids from Small, Micro, or SBA-LBEs for Commodities Contracts in excess of \$10,000,000 are not eligible for the Discount.

(F) **Joint Ventures For Professional Services and Architect/Engineering.** Unless otherwise provided in this Chapter 14B, for Contracts estimated by the Contract Awarding Authority to cost in excess of the Delegated Purchasing Amount ~~\$10,000~~ but less than \$10,000,000, Contract Awarding Authorities shall apply the following Discount to Bids from Joint Ventures with a Small and/or Micro-LBE Joint Venture partner participation on Professional Services and Architect/Engineering prime Contracts:

1 (1) 5% to a Joint Venture with Small and/or Micro-LBE Prime Contractor
2 participation that equals or exceeds 35% but is under 40%;

3 (2) 7.5% to a Joint Venture with Small and/or Micro-LBE Prime Contractor
4 participation that equals or exceeds 40%;

5 (3) 10% to a Joint Venture exclusively among Small and/or Micro-LBE Prime
6 Contractors.

7 (4) Contract Awarding Authorities shall apply the Discount to each stage of the
8 selection process, including qualifications, proposals, and interviews.

9 (5) The Contract Awarding Authority shall apply the Discount described in this
10 subsection 14B.7(F) only to Bids from Joint Ventures, as defined in this Chapter 14B and its
11 duly promulgated Rules and Regulations, on Professional Services and Architect/Engineering
12 Contracts, and only to those Joint Venture Bids where the Director finds that the Small and/or
13 Micro LBE Joint Venture partner (a) will be responsible for, and has sufficient skill, experience,
14 and financial capacity to perform a clearly defined portion of the work, and (b) shares in the
15 Ownership, Control, management responsibilities, risks, and profits of the Joint Venture at
16 least in proportion to the value of its assigned Joint Venture work. The Joint Venture's Bid
17 must set forth in detail the Small and/or Micro-LBE Joint Venture partner's portion of the work
18 separately from the work to be performed by the non-LBE Joint Venture partner, and such
19 work must be assigned a commercially reasonable dollar value.

20 * * * *

21 (K) **Micro-LBE Set-Aside Program.**

22 (1) Each fiscal year, each Contract Awarding Authority, in consultation with the
23 Director, shall set aside the following for award to Micro-LBEs:

24 (a) Not less than 50% of eEligible Public Works/Construction Contracts and

25 (b) Not less than 25% of Eligible Services/Commodities Contracts.

1 (2) Contracts under the Micro-LBE Set-Aside Program shall be competitively
2 awarded in accordance with the Administrative Code, except that if (a) fewer than two
3 qualified Micro-LBEs submit Bids, or (b) the Contract Awarding Authority determines that the
4 Contract would not be awarded at a fair market price, then the Contract Awarding Authority
5 may reject all Bids and rebid the Contract outside the set-aside program.

6 (3) Each Contract Awarding Authority shall include the following information
7 concerning its compliance with the Micro-LBE Set-Aside Program to the Board of Supervisors
8 as part of its annual report under Section 14B.15(B):

9 (a) Each Eligible Public Works/Construction Contract and, each Eligible
10 Services/Commodities Contract awarded under the Micro-LBE Set-Aside Program, and its
11 dollar amount; and

12 (b) Each Eligible Public Works/Construction Contract and each Eligible
13 Services/Commodities Contract not awarded under the Micro-LBE Set-Aside Program,
14 accompanied by an explanation as to why each such Contract either was not set aside, or, if
15 set aside, was not awarded under the Micro-LBE Set-Aside Program.

16 (4) Contracts that are set aside for award to Micro-LBEs shall not be subject to
17 the subcontracting participation requirement under Section 14B.8. Micro-LBEs that
18 subcontract any portion of a set-aside Contract should subcontract to businesses certified as
19 Micro-LBEs, to the maximum extent possible. Micro-LBEs that subcontract any portion of a
20 set-aside Contract must serve a Commercially Useful Function based on the Contract's scope
21 of work, and must perform work directly with a value of at least 25% of the total Contract
22 amount.

23 (L) **San Francisco First Program.**

24 (1) Unless otherwise provided in this Chapter 14B, Contract Awarding Authorities
25 shall use the good faith efforts set forth in Section 14B.7(A) to attempt to obtain at least three

Bids from Micro or Small LBEs for all Public Works/Construction Contracts estimated to cost in excess of the Delegated Purchasing Amount ~~\$10,000~~ but less than the Threshold Amount and all Commodities, Architect/Engineering, Professional Services, and General Services Contracts estimated to cost in excess of the Delegated Purchasing Amount ~~\$10,000~~ but less than the Minimum Competitive Amount.

(2) If the Contract Awarding Authority is unable to obtain at least three Bids from Micro or Small LBEs, the Contract Awarding Authority shall prepare a written finding explaining why at least three Bids from LBEs were not obtained.

* * * *

Section 2. Chapter 21 of the Administrative Code is hereby amended by revising Sections 21.02 and 21.5, to read as follows:

SEC. 21.02. DEFINITIONS.

As used in this Chapter 21, the following words shall have the following respective meanings:

* * * *

"Delegated Purchasing Amount" shall mean the amount established by the Purchaser pursuant to Section 21.03(a) of the Administrative Code, below which the Purchaser has delegated signature and approval authority to departments to purchase Commodities and General Services. The Delegated Purchasing Amount as of July 1, 2024 is \$20,000.

* * * *

"Minimum Competitive Amount" shall mean (i) for the procurement of Commodities and Professional Services, the "Minimum Competitive Amount" as defined in Section 6.40(a) of the Administrative Code, which shall be ~~\$230,000~~ 200,000 and (ii) for the procurement of General Services, an amount equivalent to the "Threshold Amount" as defined in Section 6.1 of the

Administrative Code, which shall be ~~\$1,170,000~~~~1,000,000~~, provided that beginning on July 1, 2030~~for every five-year period starting with January 1, 2020–December 31, 2024~~, the Controller shall adjust ~~recalculate~~ the Minimum Competitive Amount (and the Threshold Amount from which the Minimum Competitive Amount for General Services is calculated) to reflect any ~~proportional~~ increase in the relevant consumer price index, as determined by the Controller, since July 1, 2025~~Urban Regional Consumer Price Index from January 1, 2020, rounded to the nearest \$10,000~~. The Controller shall perform a consumer price index adjustment of the Minimum Competitive Amount every five years thereafter for the preceding five-year period. The Minimum Competitive Amount as recalculated by the Controller shall be rounded to the nearest \$10,000 and shall take effect by operation of law on January~~July 1, 2030, and on July 1 every five years thereafter~~~~of the first year of the next five-year period (thus, for example, on January 1, 2025 following the five-year period ending December 31, 2024).~~

* * * *

SEC. 21.5. OTHER PURCHASES.

Notwithstanding any other provision of this Code, procurement of the following shall be made in accordance with the Purchaser's regulations:

(a) Commodities or services where the total amount of the purchase does not exceed the Minimum Competitive Amount or the Delegated Purchasing Amount. It shall constitute official misconduct to divide any proposed procurement in excess of the Minimum Competitive Amount or the Delegated Purchasing Amount into two or more units for the purpose of evading this Code's competitive solicitation requirements.

* * * *

Section 3. Chapter 6 of the Administrative Code is hereby amended by revising Sections 6.1, 6.20, and 6.40, to read as follows:

1 **SEC. 6.1. DEFINITIONS.**

2 * * * *

3 **Delegated Purchasing Amount** means the “Delegated Purchasing Amount” as defined in
4 Administrative Code Section 21.02.

5 * * * *

6 **Threshold Amount.** The Threshold Amount, for the purposes of this Chapter, is
7 ~~\$1,170,000-1,000,000. Beginning on July 1, 2030, For every five year period starting with January 1,~~
8 ~~2020-December 31, 2024,~~ the Controller shall adjust-recalculate the Threshold Amount to reflect
9 any ~~proportional~~ increase in the relevant consumer price index, as determined by the Controller,
10 since July 1, 2025. The Controller shall perform a consumer price index adjustment of the Threshold
11 amount every five years thereafter for the preceding five-year period. -Urban Regional Consumer
12 Price Index from January 1, 2020, rounded to the nearest \$10,000. The Threshold Amount as
13 recalculated by the Controller shall be rounded to the nearest \$10,000 and shall take effect by
14 operation of law on ~~January~~ July 1, 2030, and on July 1 every five years thereafter. of the first year of
15 ~~the next five year period (thus, for example, on January 1, 2025 following the five-year period ending~~
16 ~~December 31, 2024).~~

17 * * * *

18 **SEC. 6.20. PUBLIC WORK CONTRACTS GENERALLY.**

19 * * * *

20 (b) **Public Works Less Than or Equal to the Threshold Amount.** Any Public Work
21 or Improvement estimated to cost less than or equal to the Threshold Amount may be
22 performed (1) under Contract or (2) by City employees. If the work is to be performed under
23 Contract, the department shall obtain not fewer than three Quotes and shall award the
24 Contract to the Responsible Bidder offering the lowest Quote~~Quotation~~. If the department is
25 unable to obtain three Quotes, the Award may be based on the Quote or Quotes received. For

1 Contracts for Public Works or Improvements less than or equal to ~~\$10,000~~the Delegated
2 Purchasing Amount, no competitive solicitation is required, however departments are
3 encouraged to solicit Quotes, especially from LBE Contractors, and award the Contract to the
4 Responsible Bidder offering the lowest ~~Quote~~Quotation. The total contract value for Contracts
5 for Public Works or Improvements less than or equal to ~~\$10,000~~the Delegated Purchasing
6 Amount cannot exceed \$200,000 per department per fiscal year.

7 * * * *

8 **SEC. 6.40. COMPETITIVE PROCUREMENT OF PROFESSIONAL SERVICES FOR**
9 **PUBLIC WORK PROJECTS.**

10 Notwithstanding any other provision of this Administrative Code, when a department
11 is seeking outside temporary professional design, consultant, or Construction Management
12 services for a Public Work or Improvement project, where the fee for such services shall
13 exceed the Minimum Competitive Amount, as defined below, the department shall procure
14 such services through a competitive process based primarily on qualifications.

15 (a) **Minimum Competitive Amount.** The Minimum Competitive Amount for
16 temporary outside professional service Contracts shall be ~~\$230,000~~200,000. Beginning on July 1,
17 2030, For every five-year period starting with January 1, 2020-December 31, 2024, the Controller
18 shall ~~adjust~~recalculate the Minimum Competitive Amount to reflect any ~~proportional~~
19 the relevant consumer price index, as determined by the Controller, since July 1, 2025. The Controller
20 shall perform a consumer price index adjustment of the Minimum Competitive Amount every five years
21 thereafter for the preceding five-year period. Urban-Regional Consumer Price Index from January 1,
22 2020, rounded to the nearest \$10,000. The Minimum Competitive Amount as recalculated by the
23 Controller shall be rounded to the nearest \$10,000 and shall take effect by operation of law on
24 January-July 1, 2030, and on July 1 every five years thereafter of the first year of the next five-year
25

1 *period (thus, for example, on January 1, 2025 following the five year period ending December 31,*
2 *2024).*

3 * * * *

4
5 Section 4. Effective Date. This ordinance shall become effective 30 days after
6 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
7 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
8 of Supervisors overrides the Mayor's veto of the ordinance.

9
10 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
11 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
12 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
13 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
14 additions, and Board amendment deletions in accordance with the "Note" that appears under
15 the official title of the ordinance.

16
17
18 APPROVED AS TO FORM:
19 DAVID CHIU, City Attorney

20 By: /s/
21 YADIRA TAYLOR
22 Deputy City Attorney

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24
25

LEGISLATIVE DIGEST

[Administrative Code - Contracting Minimum Competitive Amount and Threshold Amount]

Ordinance amending the Administrative Code to update the Minimum Competitive Amount and Threshold Amount for contracting to reflect recent consumer price index increases; update the Local Business Enterprise size criteria amounts to reflect recent consumer price index increases; align the consumer price index increases with the fiscal year; and add “Delegated Purchasing Amount” as a defined term in the Administrative Code.

Existing Law

The City’s Administrative Code sets certain dollar threshold amounts which impact how the City procures and contracts for goods and services including construction work. These thresholds also determine what local preference program elements may apply to that procurement or contract. To allow for changes in inflation and the time value of money, these threshold amounts are increased by the Controller, by operation of law, based on changes in the consumer price index January 1st every five years. On January 1, 2025 the controller increased the “minimum competitive amount,” “threshold amount,” and Local Business Enterprise (LBE) business size criteria.

Under Chapter 21 of the Administrative Code, the Purchaser has authority to delegate certain signature and purchasing authority to departments to purchase certain commodities and general services. As of July 1, 2024, this amount was set at \$20,000.

Under Chapter 6 of the Administrative Code (construction contracting), certain departments are allowed to contract for public works or improvements less than or equal to \$10,000 with no competitive solicitation required.

Similarly, Chapter 14B (LBE Program) elements are only applicable to contracts above \$10,000.

Amendments to Current Law

This ordinance would codify the Controller’s January 1, 2025 increases to the “minimum competitive amount,” “threshold amount,” and LBE business size criteria limits in the administrative code. The purpose of this update is to minimize confusion by ensuring that the code reflects the currently applicable threshold amounts.

The ordinance would change the date for future consumer price index increases from January 1st to July 1st to align with the beginning of the fiscal year.

FILE NO. 250508

This ordinance would create a new defined term, “delegated purchasing amount,” set at the Purchaser’s current \$20,000 threshold, and align terms across the entire Administrative Code. The ordinance would increase the Chapter 14B and Chapter 6 minimum thresholds from \$10,000 to \$20,000.

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To: Angela Calvillo, Clerk of the Board of Supervisors

From: Sophie Hayward, Director of Public Affairs; Lily Moser, Legislative and Communications Analyst

Date: May 8, 2025

Subject: Administrative Code to Update Contracting Minimum Competitive Amount and Threshold Amount

Ordinance Title: [Administrative Code - Contracting Minimum Competitive Amount and Threshold Amount]

Dear Clerk of the Board,

Attached please find the necessary documents for a Department submission of a proposed administrative code ordinance for Board of Supervisors approval.

This ordinance would amend the Administrative Code to update the Minimum Competitive Amount and Threshold Amount for contracting to reflect recent consumer price index increases; update the Local Business Enterprise size criteria amounts to reflect recent consumer price index increases; align the consumer price index increases with the fiscal year; and add "Delegated Purchasing Amount" as a defined term in the Administrative Code.

The following is a list of accompanying documents:

- Proposed Ordinance with CAT signature (Word document)
- Legislative Digest

Please contact Lily Moser, Legislative and Communications Analyst in the Office of the City Administrator, at lily.moser@sfgov.org or (415) 412-4750 with any questions.

We respectfully request that this matter be scheduled at the Rules Committee.

Departmental representative to receive a copy of the adopted resolution:

Name: Lily Moser

Phone: 415-412-4750

Interoffice Mail Address: City Hall Room 362

Certified copy required Yes ☐

No ☒

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Sailaja Kurella, Director and Purchaser, Office of Contract Administration

FROM: Victor Young, Assistant Clerk *Victor Young*

DATE: May 29, 2025

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee received the following proposed Ordinance:

File No. 250508

Ordinance amending the Administrative Code to update the Minimum Competitive Amount and Threshold Amount for contracting to reflect recent consumer price index increases; update the Local Business Enterprise size criteria amounts to reflect recent consumer price index increases; align the consumer price index increases with the fiscal year; and add "Delegated Purchasing Amount" as a defined term in the Administrative Code.

If you have comments or reports to be included with the file, please forward them to Victor Young at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: victor.young@sfgov.org.

c. Rachel Cukierman, Office of Contract Administration

Contracting Minimum Competitive Amount and Threshold Amount

Presented to the Board of Supervisors Rules Committee
File 25-0508



CITY & COUNTY OF SAN FRANCISCO

Office of the City Administrator

July 7, 2025

Background: the City's procurement thresholds

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The City's procurement process is governed by specific **procurement thresholds** set in the Administrative Code. These thresholds are in Chapters 6, 21, and 14B and are periodically administratively updated for inflation.



Purchasing authority. The Purchaser can delegate authority to departments to purchase certain commodities and general services under a designated amount. As of July 1, 2024, this amount is \$20,000.



Minimum Competitive Amount. Where the fee for **professional services or commodities** exceeds the Minimum Competitive Amount, the City must procure the services through a competitive process. As of January 1, 2025, this amount is \$230,000.



Threshold Amount. When the estimated dollar amount of a **construction** project or a **general services** contract exceeds the Threshold Amount, the City must procure through a formal competitive process. As of January 1, 2025, this amount is \$1,170,000.



LBE Certification Sizes. These thresholds set the maximum gross receipts amount a business may have to qualify as a Micro-LBE, Small LBE, or SBA LBE. These thresholds were last updated on January 1, 2025.

Legislation embeds fixed numbers instead of concepts

Specifically, Administrative Code Chapter 14B currently includes **outdated procurement thresholds**. This creates a disconnect between the law and the practical application and may lead to **interpretive confusion** amongst local small businesses who wish to become an LBE as well as City staff trying to navigate the City's complex procurement process.

Currently, the Code:

1

Includes a static dollar amount (\$10,000) for the delegated purchasing amount instead of a defined term that encapsulates the concept.

2

Includes outdated amounts for the Minimum Competitive Amount and the Threshold Amount.

3

Includes outdated revenue cap limits for LBE certification sizes.

Why did this happen?

The Administrative Code requires the Office of the Controller to adjust amounts for inflation and apply a Consumer Price Index update every five years.

The Code itself is not updated until an Ordinance makes the correction.

Proposed legislation harmonizes terms across Code

4

The proposed legislation addresses these issues:

- 1 **Including the term “Delegated Purchasing Amount” and align terms across the Administrative Code**, instead of the outdated fixed dollar amount.
 - 2 **Updating the “Minimum Competitive Amount” and “Threshold Amount”** to the current dollar figures and changing the date for future increases to July 1 to align with the fiscal year.
 - 3 **Updating the revenue cap limits** for LBE certification criteria to reflect Consumer Price Index rate increase.
-  **Improving flexibility of the Code** for future modernization and aligning terminology.