

LEGISLATIVE DIGEST

[Administrative Code - Cooperative Purchasing For City Construction Projects]

Ordinance amending the Administrative Code to provide direct purchasing authority to City departments that are completing City public work projects to rely on cooperative purchasing when procuring commodities or services for said projects, so long as the costs of the commodities or services do not exceed \$5,000,000; and to eliminate the condition that the City may contract with cooperative purchasing entities only if they are non-profit organizations.

Existing Law

Chapter 6 of the Administrative Code authorizes certain City departments to award contracts for construction and related professional services for City public works projects. A Chapter 6 department usually has to conduct a competitive process before it can award a contract, and cannot forgo that step on the basis that it relied on the competitive process of another entity.

Chapter 21 of the Administrative Code sets rules for City contracts to purchase commodities and services generally. The City Purchaser usually awards these contracts on behalf of the departments seeking to enter into the contracts. The contracting department usually has to conduct its own competitive process to select the contractor, but the Purchaser can waive this requirement, and instead award the contract based on the department utilizing the process of a public agency or non-profit made up of multiple public agencies, if the Purchaser determines that the other agency's process was competitive or the result of a sole source award, and that using that process would be in the City's best interests. (This arrangement, where a City department relies on the competitive process of another entity, is sometimes referred to as "cooperative purchasing.")

Amendments to Current Law

The proposed ordinance would allow Chapter 6 departments to use cooperative purchasing when procuring commodities or services for projects to improve City property, if the estimated cost of the commodities or services does not exceed the limit of \$5,000,000. (The Controller would update this limit every five years for inflation, starting in 2030.) Also, the ordinance would eliminate the need for Purchaser approval and give the Chapter 6 departments direct authority to purchase commodities or services under Chapter 21, so long as the contracts had been cooperatively purchased, were within the \$5,000,000 limit, and are intended for a project to improve City property.

The proposed ordinance would also eliminate the condition that the City may contract with cooperative purchasing entities comprised of other public agencies only if those entities are organized as non-profit organizations.

Background Information

The City departments authorized to enter into public works contracts are San Francisco Public Works, the San Francisco Municipal Transportation Agency, the San Francisco Airport, the Port of San Francisco, the San Francisco Public Utilities Commission, and the Recreation and Park Department. The ordinance addresses the procurement process only, and does not waive any other standard contracting rules that may apply.

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