

Open for Business Contract Streamlining Act of 2025

Presented to the Budget & Finance Committee



CITY & COUNTY OF SAN FRANCISCO

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

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The future we want to create

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Procurement is one of the City's main strategic policy levers. When we think about improving procurement, we have an opportunity to **build the kind of City government** that delivers for San Francisco:



A government that **small businesses want to work with**



Spend **more time on the work** than buying the work



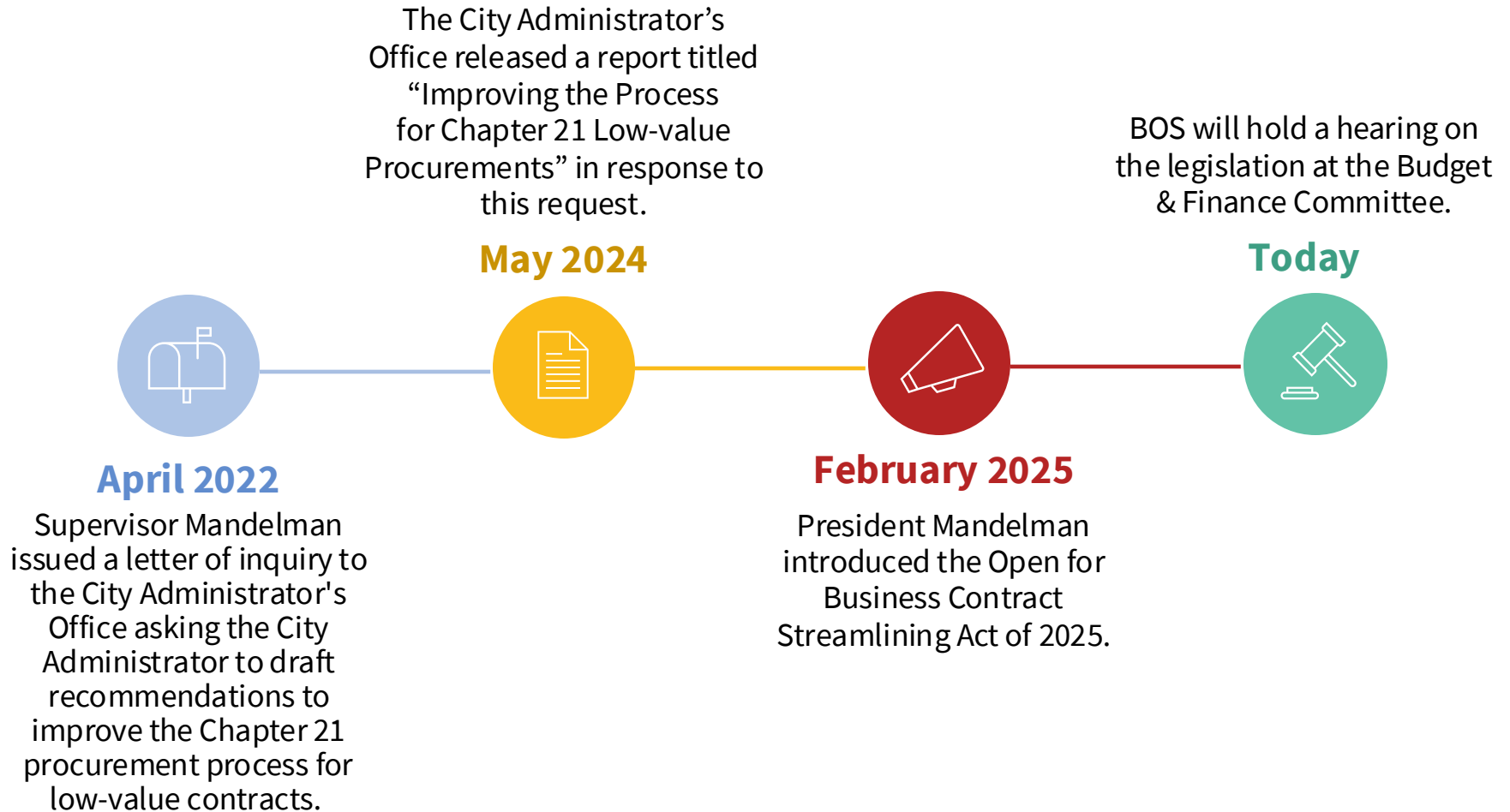
A government that is responsive & **evolves** based on learnings



Effective service delivery for San Francisco

Background & history

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CAO report on Chapter 21 low-value contracting

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Our report outlined:

- **Challenges** present in City procurement
- **Root causes** of those challenges
- **Impacts** of these challenges – including delays on important City projects, limited competition on City contracts, staffing difficulties, and more.
- **Ideas for improvement**, which are the basis for this legislation under consideration.



Scan to review full CAO report

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- 3 **Repeals** several procurement laws that are out of date or overlap with state law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

1. Large-scale rewrites of existing procurement laws

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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- Remove outdated requirements and processes no longer completed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**

1. Large-scale rewrites of existing procurement laws

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Article 151: Sweatfree Procurement

Proposed changes to law

- Changes threshold to City's minimum competitive amount
- Abolishes sweatfree procurement advisory group (SPAG)
- Updates the list of goods covered
- Moves away from up-front compliance model to a post-contract monitoring approach

What isn't changing

- Requirement that City contractors comply with the City's sweatfree program at new threshold
- Ability of City to enforce sweatfree program
- Consequences for City contractors who do not comply with the sweatfree contracting program (e.g., breach of contract, financial penalties)

2. Implements standardized thresholds

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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

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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

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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

Appendix

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.

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.