

BOARD of SUPERVISORS



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MEMORANDUM

TO: Carmen Chu, City Administrator, Office of the City Administrator
Ben Rosenfield, City Controller, Office of the Controller
Sailaja Kurella, Director and Purchaser, Office of Contract Administration

FROM: Brent Jalipa, Assistant Clerk
Budget and Finance Committee

DATE: April 18, 2022

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Mayor London Breed:

File No. 220392
Ordinance amending the Administrative Code to authorize short-term extensions for construction contracts, goods and services contracts, and grants to mitigate staffing shortages, and to authorize amendments to modify scope and compensation for goods and services contracts to mitigate supply shortages.

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

c: Ken Bukowski, Office of the City Administrator
Vivian Po, Office of the City Administrator
Angela Yip, Office of the City Administrator
Todd Rydstrom, Office of the Controller
Taraneh Moayed, Office of Contract Administration

1 [Administrative Code - Short-Term Contract Extensions and Amendments to Modify Scope
2 and Compensation]

3 **Ordinance amending the Administrative Code to authorize short-term extensions for**
4 **construction contracts, goods and services contracts, and grants to mitigate staffing**
5 **shortages, and to authorize amendments to modify scope and compensation for goods**
6 **and services contracts to mitigate supply shortages.**

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

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

15 Section 1. Findings.

16 (a) The COVID-19 pandemic has caused a global disruption across virtually all trade
17 practices, finance, health and education systems, businesses, and societies like few other
18 disruptions in the past 100 years. Even now, in its third year, the COVID-19 pandemic
19 continues to pose significant challenges for supply chains globally. Multiple national
20 lockdowns continue to slow or temporarily stop the flow of raw materials and finished goods,
21 disrupting manufacturing and resulting in unprecedented shortages in goods and services.
22 These shortages are making it challenging for the City to purchase the goods and services
23 required to maintain the continuity of its operations.

24 (b) Additionally, the pandemic has severely strained the City's ability to recruit and
25 retain staffing in all sectors, including purchasing and contracting. This is in line with what is
occurring nationally where, according to the U.S. Department of Labor's JOLTS (Job

1 Openings and Labor Turnover Survey) report issued March 9, 2022, nearly 4.3 million people
2 quit their jobs in January 2022. This number comes after a grueling 2021, in which almost 48
3 million people quit their jobs, an annual record. In fact, job resignations are now 23% above
4 pre-pandemic levels.

5 (c) To mitigate these challenges, this ordinance authorizes City departments to
6 renegotiate contract terms for commodities and general services. Further, the ordinance
7 authorizes departments that are facing a backlog with respect to completing contracts and
8 solicitations due to major staffing and resource shortages, to extend existing contracts for
9 which no other purchasing authority exists, where required to ensure the continuity of their
10 operations.

11
12 Section 2. The Administrative Code is hereby amended by adding Sections 6.77,
13 21.24, and 21G.13, to read as follows:

14
15 **SEC. 6.77. SHORT-TERM CONTRACT EXTENSIONS.**

16 (a) **Extension.** For agreements that expire on or before July 1, 2023, and for which no
17 remaining purchasing authority exists, Departments are authorized to extend agreements for a period
18 of 12 months and to increase the not-to-exceed amount of the agreement as necessary given the
19 extension duration, in accordance with any applicable Charter requirements, but without complying
20 with the competitive solicitation and procurement procedures in this Chapter 6. This authority derives
21 from the ordinance in Board File No. _____, enacting this Section 6.77. The amendment of a contract
22 shall otherwise follow the City's standard rules and procedures for the approval of contracts.

23 (b) **Reports.** Upon sunset of this Section 6.77 under subsection (c) and upon request, the
24 Controller shall present a report of all contracts extended under the authority of this Section.

1 (c) **Sunset.** This Section 6.77 shall expire by operation of law on July 1, 2023. Upon expiration
2 of this Section, the City Attorney is authorized to remove it from the Administrative Code.

3
4 **SEC. 21.24. SHORT-TERM CONTRACT EXTENSIONS.**

5 (a) **Extension.** For agreements that expire on or before July 1, 2023, and for which no
6 remaining purchasing authority exists, Departments are authorized to extend agreements for a period
7 of 12 months and to increase the not-to-exceed amount of the agreement as necessary given the
8 extension duration, in accordance with any applicable Charter requirements, but without complying
9 with the competitive solicitation and procurement procedures in this Chapter 21. This authority derives
10 from the ordinance in Board File No. _____, enacting this Section 21. 24. The amendment of a
11 contract shall otherwise follow the City’s standard rules and procedures for the approval of contracts.

12 (b) **Reports.** Upon sunset of this Section 21.24 under subsection (c) and upon request, the
13 Controller shall present a report of all contracts extended under the authority of this Section.

14 (c) **Sunset.** This Section 21.24 shall expire by operation of law on July 1, 2023. Upon
15 expiration of this Section, the City Attorney is authorized to remove it from the Administrative Code.

16
17 **SEC. 21G.13. SHORT-TERM GRANT EXTENSIONS.**

18 (a) **Extension.** For agreements that expire on or before July 1, 2023, and for which no
19 remaining purchasing authority exists, Departments are authorized to extend agreements for a period
20 of 12 months and to increase the not-to-exceed amount of the agreement as necessary given the
21 extension duration, in accordance with any applicable Charter requirements, but without complying
22 with the competitive solicitation and procurement procedures in this Chapter 21G. This authority
23 derives from the ordinance in Board File No. _____, enacting this Section 21G.13. The amendment of
24 a grant shall otherwise follow the City’s standard rules and procedures for the approval of grants.

1 **(b) Reports.** *Upon sunset of this Section 21G.13 under subsection (c) and upon request, the*
2 *Controller shall present a report of all grants extended using this authority.*

3 **(c) Sunset.** *This Section 21G.13 shall expire by operation of law on July 1, 2023. Upon*
4 *expiration of this Section, the City Attorney is authorized to remove it from the Administrative Code.*

5
6 Section 3. The Administrative Code is hereby amended by revising Section 21.03, to
7 read as follows:

8 **SEC. 21.03. GENERAL AUTHORITY OF THE PURCHASER OF SUPPLIES.**

9 * * * *

10 **(l) Adjusting Scope and Compensation.** *The Purchaser shall have the authority to renegotiate*
11 *the scope of Commodities and Services agreements, and any terms and conditions pertaining thereto, in*
12 *accordance with any applicable Charter requirements, to ensure continuity of operations, including*
13 *timely delivery or performance of the Commodities and Services ordered. This authority derives from*
14 *the ordinance in Board File No. _____, enacting this subsection (l). Renegotiated terms shall be*
15 *limited in duration and scope so as to allow the Purchaser adequate time to enter into a new contract*
16 *as soon as practically possible. The amendment of a contract under this subsection (l) shall follow the*
17 *City’s standard rules and procedures for the approval of a contract.*

18 _____ **(1) Reports.** *Upon sunset of this subsection (l) under subsection (2) and upon request,*
19 *the Controller shall present a report of all contracts renegotiated under the authority of this subsection*
20 *(l).*

21 _____ **(2) Sunset.** *This subsection (l) shall expire by operation of law on July 1, 2023. Upon*
22 *expiration of this subsection, the City Attorney is authorized to remove it from the Administrative Code.*

23
24 Section 4. Effective Date. This ordinance shall become effective 30 days after
25 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
2 of Supervisors overrides the Mayor's veto of the ordinance.

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4 APPROVED AS TO FORM:
5 DAVID CHIU, City Attorney

6 By: /s/ Gustin R. Guibert
7 GUSTIN R. GUIBERT
8 Deputy City Attorney

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LEGISLATIVE DIGEST

[Administrative Code - Short-Term Contract Extensions and Amendments to Modify Scope and Compensation]

Ordinance amending the Administrative Code to authorize short-term extensions for construction contracts, goods and services contracts, and grants to mitigate staffing shortages, and to authorize amendments to modify scope and compensation for goods and services contracts to mitigate supply shortages.

Existing Law

Currently extensions of agreements subject to Chapter 6, Chapter 21, and Chapter 21G (contracts and grants) require authority to amend those agreements to extend. Most often the authority is that the original solicitation allows for such an extension. Amending an existing goods or services contract to modify scope and compensation requires a narrowly applied approval process.

Amendments to Current Law

This ordinance authorizes extensions for a period of twelve months without any additional procurement authority for contracts and grants. This ordinance authorizes the Purchaser to modify agreements to change scope and compensation. The authority granted in this ordinance expires on July 1, 2023. Reports of the instances where these authorities were used must be kept.

Background Information

This legislation was advanced in response to the continuing supply and staffing shortages caused by the Covid-19 global pandemic. It is a limited term response that will give departments and the Purchaser the authority to more effectively manage agreements and procurement for the City. With this short-term relief from the City's complex procurement requirements, departments will have an opportunity to mitigate deferred contracting needs.

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