

1 [Administrative Code - Reform and Compliance Measures for City Contracts and Grants]

2

3 **Ordinance amending the Administrative Code to require some nonprofit grantees to**
 4 **disclose shared resources with 501(c)(4) organizations; increase accounting**
 5 **requirements for City contractors and grantees engaging in political activity; add**
 6 **restrictions on using City funds for lobbying and litigation purposes; institute quiet**
 7 **periods for certain contract and grant procurements; and add illegal engagement in**
 8 **political activity, lobbying, or litigation to a list of offenses that may trigger debarment.**

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

13

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

15

Section 1. Background and Findings.

16

(a) The City relies extensively on its partnerships with contractors and grantees to
 17 provide, respectively, essential goods and services, and public benefits in the interests of the
 18 City's various communities. It is essential that these contracts and grants be awarded and
 19 administered with the utmost fairness, transparency, oversight, and accountability. When the
 20 City fails to meet these standards, it damages the public trust in City government, harms the
 21 communities intended to be served by such partnerships, and wastes public funds.

22

(b) Incidents in which contractors or nonprofit grantees misuse City funds to engage
 23 in political activity, lobby City officials, or bring costly and burdensome litigation against the
 24 City are examples of wasteful and inappropriate conduct that exploit public resources for
 25 private gain or to advance a political agenda.

1 (c) Contracts and grants must be awarded fairly and based on open and
2 competitive solicitation. When these principles are not followed and contractors and grantees
3 attempt to circumvent this process by seeking confidential information, currying favor with City
4 officials, or lobbying those officials, the integrity of the contracting and grantmaking processes
5 is undermined, which leads to undue influence and favoritism in those processes.

6 (d) This ordinance addresses the foregoing issues by enhancing restrictions against
7 contractors and grantees using City funds for political activity, mandating disclosure of staff
8 and resources that are shared by nonprofit grantees and political advocacy groups, restricting
9 the use of City funds for lobbying activities or litigation against the City and other state, local,
10 and regional agencies; and requiring that grantees use separate accounts for City funds and
11 for other funds used for those restricted purposes. The ordinance addresses the related issue
12 of lobbying or otherwise communicating outside of a competitive solicitation to gain an unfair
13 advantage in the award of contracts or grants by mandating quiet periods in the process
14 where communications from those seeking contracts or grants must be directed only to
15 designated City staff. Communications outside of these channels may result in ineligibility for
16 the contract or grant.

17
18 Section 2. The Administrative Code is hereby amended by revising Chapter 10 (Article
19 I, Section 10.1), Chapter 21 (Sections 21.3 and 21.4), Chapter 21G (Section 21G.4), and
20 Chapter 28 (Section 28.3); renaming Chapter 12G and dividing it into Articles I and II; and
21 adding Sections 12G.5, 12G.11, 12G.12, and 12G.13 to Chapter 12G, to read as follows:

22 **SEC. 10.1. ANNUAL ECONOMIC STATEMENT – CITY-FUNDED ORGANIZATIONS.**

23 (a) Every nonprofit corporation, organization, or other legal entity, receiving funding
24 in excess of \$100,000 annually from or through the City ~~and County~~ to provide direct services
25 to the public (except local, State, or federal governmental entities) shall file with the City

1 Administrator, or otherwise make publicly available in a manner authorized by the City
2 Administrator, an annual economic statement that includes the following information:

3 (1) Name of the chief executive officer, employee, or other person possessing
4 daily managerial responsibilities;

5 (2) Name of all officers and directors and the names of all other boards of
6 directors on which they serve;

7 (3) Total expenditures during calendar or fiscal year, whichever is applicable; and
8 budget for current calendar or fiscal year, whichever is applicable, setting forth the source of
9 all monies received or budgeted and a program-by-program description of all monies
10 expended or budgeted.;

11 * * * *

12 (7) For organizations required by federal, state, or City law to prepare audited
13 financial statements, a copy of the most recent audited financial statement; ~~and~~

14 (8) Starting July 1, 2025, a list of any paid staff, and a description of any other resources
15 or operations, that the organization shares with any other organization exempt from taxation under 26
16 U.S.C. Section 501(c)(4), including, but not limited to, contact lists, office space, and joint programs;
17 and

18 (89) Such other information or documentation as the City Administrator from time
19 to time determines would be necessary to evaluate and ensure that organizations are
20 qualified to receive City funds.

21 (b) Information and documentation submitted under subsections (a)(1)-(89) may be
22 redacted by the organization to ensure that personal private information is not disclosed in
23 violation of applicable privacy-related laws.

24 * * * *

1 **CHAPTER 12G: PROHIBITIONS ON USE OF PUBLIC FUNDS**

2 **ARTICLE I: PROHIBITION ON USE OF PUBLIC FUNDS FOR POLITICAL**
3 **ACTIVITY BY RECIPIENTS OF CITY CONTRACTS, GRANTS, AND LOANS**

4 * * * *

5 **SEC. 12G.5. ENGAGING IN POLITICAL ACTIVITY.**

6 (a) Recipients of a City contract, grant, or loan that also engage in Political Activity shall not
7 commingle any funds used for Political Activity purposes with those funds received from the City. If
8 engaging in Political Activity, Grantees shall maintain separate bank accounts for City funded activity
9 and other activity. For purposes of this Section 12G.5, "Political Activity" means participating in,
10 supporting, or attempting to influence a political campaign for any candidate or ballot measure.

11 (b) Employees, agents, and representatives working for or on behalf of a recipient of a City
12 contract, grant, or loan, and in a position funded by the City are prohibited from engaging in Political
13 Activity during work hours funded by the City.

14 (c) Recipients of a City contract, grant, or loan shall not use any equipment, resource, or
15 facility funded by the City contract, grant, or loan for Political Activity.

16 (d) Recipients of a City contract, grant, or loan that engage in Political Activity must retain
17 records sufficient to demonstrate compliance with this Section 12G.5. In any audit authorized by
18 Section 12G.2, enforcement action authorized by Section 12G.4, or other enforcement action the City
19 may take, recipients shall have the burden to prove that no funding from the City has been used for any
20 Political Activity.

21 **ARTICLE II: OTHER IMPERMISSIBLE USES OF CITY FUNDS**

22 **SEC. 12G.11. PROHIBITION ON USE OF CITY FUNDS FOR LOBBYIST SERVICES.**

23 (a) Definitions. For purposes of this Article II, the following terms have the following
24 meanings:

1 "Lobbyist Services" means services rendered for the purpose of influencing the City's
2 legislative or administrative action, including but not limited to: (1) contacts with Officers of the City in
3 order to influence the City's legislative or administrative action; (2) expenditures to solicit, request, or
4 urge other persons to communicate directly with an Officer of the City in order to influence the City's
5 legislative or administrative action; and (3) expenditures for public relations, media relations,
6 advertising, public outreach, research, investigation, reports, analyses, and studies to the extent those
7 activities are used to further efforts to solicit, request, or urge other persons to communicate directly
8 with an Officer of the City in order to influence the City's legislative or administrative actions.

9 "Officer of the City" means the following: (1) any person holding City elective office; (2) any
10 member of a board or commission required by the Campaign and Governmental Conduct Code to file a
11 statement of economic interest (Form 700) and any person appointed as the chief executive officer
12 under any such board or commission; (3) the head of each City department; (4) the Controller; (5) the
13 City Administrator; (6) members of the Board of Education, Community College Board, First Five
14 Commission, Law Library Board of Trustees, Local Agency Formation Commission, Health Authority
15 Board, Housing Authority Commission, Parking Authority, Relocation Appeals Board, Successor
16 Agency to the former Redevelopment Agency of the City and County of San Francisco, Oversight Board
17 of the Successor Agency, Successor Agency Commission, Transportation Authority, Workforce
18 Investment San Francisco Board as well as any official body composed of such officers, and any person
19 appointed as the chief executive officer under any such board or commission; (7) the Zoning
20 Administrator; (8) the City Engineer, (9) the County Surveyor; (10) the Bureau Chief of the
21 Department of Public Works' Bureau of Street Use and Mapping; or (11) any official body composed of
22 such officers.

23 (b) Except as expressly provided for in the scope of services contained within a contract or
24 grant agreement, no funds appropriated by the City for any contract, grant agreement, or loan
25 agreement may be expended for Lobbyist Services.

1 (c) Recipients of a City contract, grant, or loan that also engage in or utilize Lobbyist Services
2 shall not commingle any funds used for such Lobbyist Services with those funds received from the City.
3 If engaging or utilizing Lobbyist Services, Grantees shall maintain separate bank accounts for City
4 funded activity and other activity.

5 (d) Employees, agents, and representatives working for or on behalf of a recipient of a City
6 contract, grant, or loan, and in a position funded by the City are prohibited from engaging in Lobbyist
7 Services during work hours funded by the City.

8 (e) A recipient of a City contract, grant, or loan shall not use any equipment, resource, or
9 facility funded by the City contract, grant, or loan for Lobbyist Services.

10 (f) Recipients of a City contract, grant, or loan that engage in Lobbyist Services must retain
11 records sufficient to demonstrate compliance with this Section 12G.11. In any audit authorized by
12 Section 12G.2, enforcement action authorized by Section 12G.4, or other enforcement action the City
13 may take, recipients shall have the burden to prove that no funding from the City has been used for any
14 Lobbyist Services.

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17 **SEC. 12G.12. PROHIBITION ON USE OF CITY FUNDS FOR LITIGATION AGAINST**
18 **THE CITY OR OTHER LOCAL, REGIONAL, OR STATE ENTITIES.**

19 (a) Except as expressly provided for in the scope of services contained within a contract or
20 grant agreement, no funds appropriated by the City for any contract, grant, or loan may be expended
21 for costs, fees, or other expenses incurred in litigation against the City. For purposes of this Section
22 12G.12, “litigation against the City” means any legal action filed or pending in a court or other
23 adjudicative body, including but not limited to an administrative tribunal or hearing officer, and in
24 which the recipient of City funds is an adverse party to the City, including any employee or Officer of
25 the City acting in their official capacity.

1 (b) Except as expressly provided for in the scope of services contained within a contract or
2 grant agreement, no funds appropriated by the City for any contract, grant, or loan may be expended
3 for costs, fees, or other expenses incurred in litigation against other local, regional, or state public
4 entities.

5 (c) Recipients of City contract, grant, or loan that engage in litigation against the City or other
6 entities referenced in subsection (b) shall not commingle any funds used for such litigation with those
7 funds received from the City. If engaging in litigation against the City or other entities referenced in
8 subsection (b), Grantees shall maintain separate bank accounts for City funded activity and other
9 activity.

10 (d) Recipients of a City contract, grant, or loan that engage in litigation against the City or
11 other entities referenced in subsection (b) must retain records sufficient to demonstrate compliance
12 with this Section 12G.12. In any audit authorized by Section 12G.2, enforcement action authorized by
13 Section 12G.4, or other enforcement action the City may take, recipients shall have the burden to prove
14 that no funding from the City has been used for such prohibited litigation.

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17 **SEC. 12G.13. RULES AND REGULATIONS.**

18 The Controller may promulgate any rules and regulations necessary or appropriate for the
19 implementation of this Article II.

20
21 **SEC. 21.3. COMPETITIVE SEALED BIDDING.**

22 (a) **Invitation for Bids.** Except as otherwise authorized in this Code, for any
23 Commodity or General Services purchase estimated to cost in excess of the Minimum
24 Competitive Amount, an invitation for Bids shall be issued to solicit Bids and shall include a
25 purchase description, the name or names of the City employee or employees who shall serve as the

1 point of contact for all communications from potential awardees during the bidding process, and all
2 contractual terms and conditions applicable to the procurement, including a reservation of the
3 City's right to reject all Offers. All invitations to Bid shall also contain an instruction to potential
4 awardees that they must comply with the rule regarding communications during the procurement
5 process in subsection (j).

6 * * * *

7 **(j) Communication Quiet Periods During the Procurement Process.** Between initial
8 advertisement of an invitation for Bids and the award of contract or other cancellation of Solicitation,
9 Departments shall impose a quiet period. During the quiet period, all communications relating to the
10 Solicitation from Bidders or potential Bidders to the City must be directed only to the City employee or
11 employees listed in the invitation for Bids as the point of contact for such purposes, or as otherwise
12 authorized by the Solicitation. Bidders or potential Bidders may not initiate contact with other City
13 employees and officers concerning the Solicitation or future award during the quiet period. Should
14 other City employees and officers receive communications that they are aware violate the quiet period,
15 such communications should be reported to the point of contact for the Solicitation. Communications
16 may be made to other City staff if authorized by the named point of contact, or in a public forum such
17 as public comment in a meeting. Communications prohibited by this subsection (j) may result in
18 disqualification of the Bidder from the competitive process. Departments may take additional measures
19 to protect the integrity of a Solicitation, including extending the duration or scope of the quiet period.

20
21 **SEC. 21.4. INVITATIONS FOR COMPETITIVE PROPOSALS OR QUALIFICATIONS.**

22 * * * *

23 **(e) Content of Requests for Proposals.** A request for Proposals shall specify
24 evaluation criteria for selection, the name or names of the City employee or employees who shall
25 serve as the point of contact for all communications from potential awardees during the selection

1 process, and shall reserve the right to reject or cancel the request for Proposals in whole or in
2 part. All requests for Proposals shall also contain an instruction to potential awardees that they must
3 comply with the rule regarding communications during the evaluation process in subsection (g).

4 * * * *

5 (g) **Communication Quiet Periods During the Procurement Process.** Between the initial
6 advertisement of a request for Proposals and the award of contract or other cancellation of
7 Solicitation, Departments shall impose a quiet period. During the quiet period, all communications
8 relating to the Solicitation from Proposers or potential Proposers to the City must be directed only to
9 the City employee or employees listed in the request for Proposals as the point of contact for such
10 purposes, or as otherwise authorized by the Solicitation. Should other City employees and officers
11 receive communications that they are aware violate the quiet period, such communications should be
12 reported to the point of contact for the Solicitation. Proposers or potential Proposers may not initiate
13 contact with other City employees and officers concerning the Solicitation or future award during the
14 quiet period. Communications may be made to other City staff if authorized by the named point of
15 contact, or in a public forum such as public comment in a meeting. Communications prohibited by this
16 subsection (g) may result in disqualification of the Proposer from the competitive process. Departments
17 may take additional measures to protect the integrity of a Solicitation, including extending the duration
18 or scope of the quiet period.

19
20 **SEC. 21G.4. ADVERTISING SOLICITATIONS.**

21 * * * *

22 (c) The notice of Solicitation shall contain a general description of the Public Purpose
23 of the proposed Grant, the deadline for submitting Proposals, a link to complete information
24 about the Grant on the applicable City website, contact information for the Granting Agency,
25 the name or names of the City employee or employees who shall serve as the point of contact for all

1 communications from potential grantees during the selection process, and such other information in
2 the notice of Solicitation that the Granting Agency deems appropriate. The notice of Solicitation
3 shall also contain an instruction to potential grantees that they must comply with the rule regarding
4 communications during the evaluation process in subsection (d).

5 (d) **Communication Quiet Periods During the Procurement Process.** Between the initial
6 advertisement of a notice of Solicitation and the award of a Grant or other cancellation of Solicitation,
7 Departments shall impose a quiet period. During the quiet period, all communications relating to the
8 Solicitation from Proposers or potential Proposers to the City must be directed only to the City
9 employee or employees listed in the request for Proposals as the point of contact for such purposes, or
10 as otherwise authorized by the Solicitation. Should other City employees and officers receive
11 communications that they are aware violate the quiet period, such communications should be reported
12 to the point of contact for the Solicitation. Proposers or potential Proposers may not initiate contact
13 with other City employees and officers concerning the Solicitation or future award during the quiet
14 period. Communications may be made to other City staff if authorized by the named point of contact, or
15 in a public forum such as public comment in a meeting. Communications prohibited by this subsection
16 (d) may result in disqualification of the Proposer from the competitive process. Departments may take
17 additional measures to protect the integrity of a Solicitation, including extending the duration or scope
18 of the quiet period.

19
20 **SEC. 28.3. GROUNDS FOR DEBARMENT AND SUSPENSION.**

21 (a) **Debarment.** A Charging Official shall issue an Order of Debarment for any
22 Contractor who the hearing officer, based on evidence presented, finds to have engaged in
23 any willful misconduct with respect to any City bid, request for qualifications, request for
24 proposals, grant request, purchase order and/or contract, or grant award. Such willful
25 misconduct may include, but need not be limited to the following: (1) submission of false

1 information in response to an advertisement or invitation for bids or quotes, a request for
2 qualifications, or a request for proposals; (2) failure to comply with the terms of a contract or
3 with provisions of the Municipal Code; (3) a pattern and practice of disregarding or repudiating
4 terms or conditions of City contracts or grants, including without limitation repeated unexcused
5 delays and poor performance; (4) failure to abide by any rules and/or regulations adopted
6 pursuant to the Municipal Code; (5) submission of false claims as defined in this
7 Administrative Code, Chapter 6, Article V, or Chapter 21, Section 21.35, or other applicable
8 federal, state, or municipal false claims laws; (6) a verdict, judgment, settlement, stipulation,
9 or plea agreement establishing the Contractor's violation of any civil or criminal law or
10 regulation against any government entity relevant to the Contractor's ability or capacity
11 honestly to perform under or comply with the terms and conditions of a City contract or grant;
12 (7) an order, decision, verdict, judgment, settlement, stipulation, or plea agreement
13 establishing the Contractor's intentional or willful violation of any civil or criminal law or
14 regulation governing wages or unfair labor practices, including, but not limited to, violations
15 under California Labor Code Sections 98.1, 1771.1 and 1775, San Francisco Labor and
16 Employment Code Articles 11, 21, 111, and Section 1.4, and 29 U.S.C. § 158(a); (8) collusion
17 in obtaining award of any City contract or grant, or payment or approval thereunder; ~~and/or~~ (9)
18 the offer or provision of any gift or money to a public official, if that public official is prohibited
19 from accepting the gift or money by any law or regulation; *and/or (10) use of contract, grant, or*
20 *loan funds for impermissible purposes identified in Article 12G of this Administrative Code, including,*
21 *but not limited to, political activity, lobbying activities, and litigation directed toward the City.*

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23
24 Section 3. 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.

3
4 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
5 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
6 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
7 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
8 additions, and Board amendment deletions in accordance with the “Note” that appears under
9 the official title of the ordinance.

10
11 APPROVED AS TO FORM:
12 DAVID CHIU, City Attorney

13 By: /s/ Gus Guibert
14 GUSTIN R. GUIBERT
15 Deputy City Attorney

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