

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

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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

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Specifically, Administrative Code Chapter 14B currently includes **outdated procurement thresholds**.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Includes outdated amounts for the Minimum Competitive Amount and the Threshold Amount.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Includes outdated revenue cap limits for LBE certification sizes.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

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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.