

1 [Administrative Code - Revising Requirements for Purchasing Goods and Services]

2

3 **Ordinance amending Administrative Code Chapters 21 and 21C to conform Purchasing**  
4 **requirements to Administrative Code Chapter 14B by defining minimum competitive**  
5 **amounts of \$100,000 for professional services and commodities contracts and**  
6 **\$400,000 for general services contracts, clarify "bid-splitting," and make miscellaneous**  
7 **changes to City procurement requirements; to clarify information technology**  
8 **purchases; to update and conform references to Administrative Code Chapter 14B; to**  
9 **rescind the Sealer of Weights and Measures' authority under Section 21.32 to donate**  
10 **food purchases; to rescind the local tax adjustment set forth in Administrative Code**  
11 **Chapter 21C; to enact a new Section 21.32 to adjust bids likely to result in local sales**  
12 **tax revenue; to reenact and renumber Administrative Code Sections 21.25, 21.25-1,**  
13 **21.25-2, 21.25-3, 21.25-4, and 21.25-x regarding prevailing wage requirements as**  
14 **Chapter 21C; and to make certain technical corrections.**

15 NOTE: Additions are *single-underline italics Times New Roman*;  
16 deletions are ~~*strike-through italics Times New Roman*~~.  
17 Board amendment additions are double-underlined;  
18 Board amendment deletions are ~~strike-through normal~~.

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

19 Section 1. The San Francisco Administrative Code is hereby amended by amending  
20 Section 21.02, to read as follows:

21 **SEC. 21.02. - DEFINITIONS.**

22 As used in this Chapter the following words shall have the following respective  
23 meanings:

24 (a) "Bid" shall mean a bid, quotation, or other offer, other than a Proposal, from a  
25 person or entity to sell a Commodity or Service to the City at a specified price.

1 (b) "Bidder" shall mean any person or entity which submits a Bid.

2 (c) "City" shall mean the City and County of San Francisco.

3 (d) "Code" or "this Code" shall mean the most current version of the San Francisco Charter  
4 and the San Francisco Municipal Code ~~"COIT" shall mean the Committee on Information Technology~~  
5 ~~of the City and County of San Francisco.~~

6 (e) "Commodity" shall mean products, including materials, equipment and supplies,  
7 purchased by the City. "Commodity" shall specifically exclude legal and litigation related  
8 contracts or contracts entered into pursuant to settlement of legal proceedings, and employee  
9 benefits, including, without limitation, health plans, retirement or deferred compensation  
10 benefits, insurance and flexible accounts, provided by or through the City's Human Resources  
11 Department or the Retirement Board.

12 ~~(f) —"Computer Store" shall mean the City-wide, multiple award contract for the~~  
13 ~~procurement of certain Commodities and Services, which is administered by COIT for the benefit of~~  
14 ~~City departments, awarded pursuant to the "Request for Proposal for Computer Hardware, Software,~~  
15 ~~Peripherals and Appropriate Network, Consulting, Maintenance, Training and Support Services," and~~  
16 ~~any successor contracts thereto.~~

17 (g) "Contractor" shall mean any corporation, partnership, individual, sole  
18 proprietorship, joint venture or other legal entity which enters into a contract to sell  
19 Commodities or Services to the City.

20 (h) "Contracting Officer" shall mean the City employee who is authorized to execute  
21 a contract, which may be either the department head or a person designated in writing by the  
22 department head, board or commission as having the authority to sign contracts for the  
23 department. A designation of authority to sign contracts on behalf of a department may  
24 specify authority to sign a single contract, specified classes of contracts, or all contracts  
25 entered into by a department.

1           ~~"Disadvantaged Business Enterprise" or "DBE" shall mean a private business located in and~~  
2 ~~doing business in San Francisco with current revenues equal to or less than the limits set for similar~~  
3 ~~businesses eligible for certification by the Human Rights Commission as Minority Owned Business~~  
4 ~~Enterprises (MBEs) or Women Owned Business Enterprises (WBEs). DBE status shall be based only on~~  
5 ~~economic criteria, and shall not include consideration of race or gender. The Purchaser shall verify the~~  
6 ~~DBE status of any Offeror to whom a small business set aside contract is proposed to be awarded prior~~  
7 ~~to award.~~

8           (jh) "Electronic" shall mean electrical, digital, magnetic, optical, electromagnetic or  
9 other similar technology for conveying documents or authorizations, excluding facsimile.

10           (ki) "General Services" shall mean those services that are not Professional  
11 Services. ~~Examples of~~ General Services include, but are not limited to, ÷ janitorial, security guard,  
12 pest control, parking lot ~~attendants~~ management, and landscaping services.

13           (j) "Minimum Competitive Amount" shall mean (i) for the procurement of Commodities and  
14 Professional Services, the "Minimum Competitive Amount" as defined in Section 6.40(A) of the  
15 Administrative Code, which shall be \$100,000 and (ii) for the procurement of General Services, an  
16 amount equivalent to the "Threshold Amount" as defined in Chapter 6.1(M) of the Administrative Code  
17 which shall be \$400,000, provided that on January 1, 2015 and every five years thereafter, the  
18 Controller shall recalculate the Minimum Competitive Amount (and the Threshold Amount from which  
19 the Minimum Competitive Amount for General Services is calculated) to reflect any proportional  
20 increase in the Urban Regional Consumer Price Index from January 1, 2010, rounded to the nearest  
21 \$1,000.

22           (tk) "Offer" shall mean a Bid or Proposal submitted to the City in response to an  
23 invitation for Bids or a Request for ~~P~~Proposals. "Offer" may include a response to a request for  
24 qualifications if no further ranking prior to Contractor selection is contemplated by the  
25 procurement process.

1           (~~m~~) "Offeror" shall mean a person or entity that submits an Offer to the City to  
2 provide Commodities or Services.

3           (~~m~~) "Professional Services" shall mean those services which require extended  
4 analysis, the exercise of discretion and independent judgment in their performance, and/or the  
5 application of an advanced, specialized type of knowledge, expertise, or training customarily  
6 acquired either by a prolonged course of study or equivalent experience in the field. *Examples*  
7 ~~of p~~ Professional service providers include, but are not limited to, licensed professionals such  
8 as architects, engineers, and accountants, and non-licensed professionals such as software  
9 developers and financial ~~and other~~ consultants.

10          (~~n~~) "Proposal" shall mean a response to a request for Proposals issued by the City  
11 for Commodities or Services, or a response to a request for qualifications if no further ranking  
12 prior to Contractor selection is contemplated by the procurement process.

13          (~~o~~) "Proposer" shall mean a person or entity that submits a Proposal in response to  
14 a request for Proposals issued by the City.

15          (~~p~~) "Purchase Order" shall mean an authorization document designated as such by  
16 the Purchaser for the procurement of Commodities or Services, whether issued in a paper or  
17 electronic format, including blanket purchase orders for purchases involving multiple  
18 payments.

19          (~~q~~) "Purchaser" shall mean the Purchaser of Commodities or Services ~~Supplies~~ of the  
20 City and County of San Francisco, or his or her designee(s).

21          (~~r~~) "Quotation" shall mean an Bid Offer to supply for Commodities or Services to the  
22 City for a specified price (and possibly subject to other terms and conditions) which is acquired  
23 without the use of advertising to solicit Bids.

24          (~~s~~) "Services" shall mean Professional Services and General Services. "Services"  
25 shall specifically exclude grants to a nonprofit entity to provide services to the community

1 ~~agreements making a grant of City funds to private entities for the purpose of providing a benefit to the~~  
2 ~~public~~, which may include incidental purchases of commodities; legal and litigation related  
3 services or contracts entered into pursuant to settlement of legal proceedings; and services  
4 related to employee benefits, including, without limitation, health plans, retirement or deferred  
5 compensation benefits, insurance and flexible accounts, provided by or through the City's  
6 Human Resources Department or the Retirement Board.

7 (u) "Solicitation" shall mean an invitation for Bids, request for Quotations, request  
8 for qualifications, or request for Proposals issued by the City for the purpose of soliciting Bids,  
9 Quotations, or Proposals to perform a City contract.

10 (u) "Technology Store" shall mean the City-wide, multiple award contract for the  
11 procurement of certain Commodities and Services awarded pursuant to the "Request for Proposal for  
12 Computer Hardware, Software, Peripherals and Appropriate Network, Consulting, Maintenance,  
13 Training and Support Services," and any successor contracts thereto.

14  
15 Section 2. The San Francisco Administrative Code is hereby amended by amending  
16 Section 21.03, to read as follows:

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

18 (a) **Approval of Purchases.** The Purchaser shall purchase all Commodities or  
19 Services required by City departments and offices of the City, except as otherwise provided in  
20 ~~the Charter and Municipal Code of San Francisco~~this Code. The Purchaser shall, by regulation,  
21 designate and authorize appropriate department personnel to exercise the Purchaser's  
22 approval authority for contracts approved as provided in this section.

23 (b) **Purchases to be Made on Requisitions; Exception for Large Quantities or**  
24 **Common Use.** All purchases made by the Purchaser shall be made on the basis of  
25 requisitions of ordering departments; except that Commodities and Services in common use

1 by more than one department, or used in large quantities by a department may be purchased  
2 on the basis of the total of such requisitions or estimates previously filed from the various  
3 departments. The Purchaser is authorized to enter into City-wide requirements contracts for  
4 the purchase of indefinite quantities of Commodities or Services for the period of time and at  
5 prices set forth in the contract, under which any department may elect to order such  
6 Commodities or Services.

7 (c) **Standardization of Purchases.** The Purchaser may establish specifications, terms  
8 and conditions, and product tests to cover all Commodities and Services purchases of (i) large  
9 quantities, or (ii) recurring purchases, or (iii) Commodities or Services in common use by more  
10 than one department. The Purchaser may, as far as is practicable, standardize Commodities  
11 according to the use to which they are to be put, when two or more types, brands or kinds are  
12 specified or requested by individual departments.

13 (d) **Purchases of Commodities.** Purchases of Commodities shall be made in  
14 accordance with selection criteria or specifications furnished by the department requiring such  
15 Commodities whenever the need for particular selection criteria or specifications is peculiar to  
16 such department. For patented or proprietary Commodities sold by brand name, the  
17 Purchaser may require each department requisitioning same by such brand name to furnish  
18 specifications of the Commodity requisitioned, and may advertise for Offers on the basis of  
19 such specifications, under conditions permitting manufacturers of, or dealers in other products  
20 made and sold for the same purpose, to make Offers on such specifications or on the  
21 specifications of their own product. If the Purchaser recommends the acceptance of the  
22 lowest or best Offer, stating the Purchaser's reasons in writing therefor, and if the department  
23 head concerned recommends the acceptance of any other Offer on such proprietary  
24 Commodities, stating the department's reasons in writing therefor, the award shall be  
25 determined by the Controller.

1           (e) **Procurement of Vehicles for Use of City Officials And Employees.**

2           (1) When purchasing, leasing, or otherwise procuring passenger vehicles, including  
3 passenger cars, passenger vans, sport utility vehicles, cargo vans and pickup trucks up to and  
4 including one ton in payload, departments shall request vehicles of the same functional type  
5 and passenger capacity approved by the Board of Supervisors in the budget.

6           (2) In evaluating vehicle purchase requests, the Purchaser is authorized to consider  
7 the price, durability, fuel efficiency, resale value, expected repair and maintenance cost, and  
8 all other factors, including options and accessories that may among other considerations  
9 enhance the safety and resale value of the vehicle and that bear directly on the total cost to  
10 the City of the vehicle in relationship to the service it will render.

11           (3) The Purchaser may develop sets of general specifications, including optional  
12 equipment, for purchases of compact, mid-size and full-size passenger cars or may specify  
13 vehicles by proprietary brand name when purchasing additional vehicles for an existing fleet.  
14 The specifications shall note the major items of standard equipment of such vehicles and may  
15 include, in the Purchaser's discretion, optional equipment which the Purchaser has  
16 determined should be ordered on City passenger cars. When procuring passenger cars, the  
17 purchaser shall include this group of options, to the extent possible, even if the department  
18 which will use the car does not request them.

19           If a department requests optional equipment that is not part of the Purchaser's group of  
20 options and which would cost in excess of a dollar limit to be set by the Purchaser in  
21 regulations, the department must either:

22           (A) Itemize the equipment in the description of the vehicle itself, when the vehicle  
23 purchase is reviewed as part of the City's annual budget process, and obtain the Board's  
24 approval of the vehicle as equipped; or

1 (B) Obtain the approval of the Mayor's Budget Office before submitting a requisition to  
2 the Purchaser.

3 (4) If a department desires to procure a passenger vehicle that is upgraded in terms of  
4 the functional type or capacity from what was approved in the budget, then the department  
5 must first obtain the approval of the Mayor's Budget Office before submitting a requisition to  
6 the Purchaser.

7 (5) This section shall not apply to the procurement of mass transit vehicles over one  
8 ton or other specialized vehicles as defined in the Purchaser's regulations.

9 (f) **Payment procedures.** The Purchaser and Controller shall establish procedures to  
10 approve all bills and vouchers for Commodities and Services. All approvals required pursuant  
11 to such procedures must be obtained before the Controller shall draw and approve warrants  
12 therefor.

13 (g) **Storerooms and Garages.** The Purchaser shall have charge of a garage and  
14 shop for the repair of City equipment, and of the Purchaser's storerooms and warehouses for  
15 the City and the personnel assigned thereto.

16 (h) **Leasing Of Equipment From Non-profit Corporations Without Competitive**  
17 **Bidding.** Notwithstanding any other provisions of this Code, the Purchaser is authorized to  
18 award a Contract, without issuing Solicitations, to a non-profit corporation for the leasing of  
19 equipment; provided, that the non-profit corporation has been formed for the purpose of aiding  
20 and assisting the City, and the formation of the non-profit corporation has been approved by  
21 resolution of the Board of Supervisors.

22 (i) **Disposal of Surplus.** Commodities which have been determined to be surplus to  
23 City needs shall be disposed of in a manner which will best serve the interests of the City. For  
24 the purposes of this section, the interests of the City shall include the City's ability to maximize  
25 the City's economic return on surplus Commodities, the City's interest in maximizing the re-



1 use of surplus Commodities by public entities, non-profit organizations and schools, and the  
2 City's interest in avoiding any unnecessary additions to the waste stream by maximizing the  
3 re-use and recycling of surplus Commodities. Disposal of surplus Commodities may include  
4 sales to, exchanges with, or donation to public entities, non-profit organizations, and private  
5 organizations for a public purpose, or donation to private entities for recycling of parts or  
6 materials. The Purchaser may maintain lists of all known local resources for transfer of  
7 surplus Commodities to public entities, non-profit organizations, and private organizations for  
8 a public purpose, and for the recycling of parts. The Purchaser shall have the authority to  
9 require the transfer of surplus property in any department to the Purchaser's stores or to other  
10 departments.

11 (1) The Purchaser ~~of supplies~~ shall have the authority to exchange Used  
12 Commodities to the advantage of the City, to advertise for Bids, and to sell Commodities  
13 belonging to the City on the recommendation of a department head that such Commodities  
14 are surplus to the needs of the department.

15 (2) The Purchaser shall have the authority to donate obsolete, used or surplus  
16 Commodities if a department head states in writing that such Commodities are surplus to the  
17 needs of the department. The Purchaser shall document in writing each donation.

18 (A) Donations of Commodities meeting the criteria listed above may be offered to  
19 public entities, non-profit organizations, or private organizations serving the public. The order  
20 of priority for donations shall be to entities or organizations:

21 (i) Engaged in distributing the surplus Commodities offered at no cost or for a nominal  
22 fee to non-profit organizations, schools, or low-income individuals or families that are  
23 physically located in San Francisco;

24

25

1 (ii) Engaged in distributing the surplus Commodities offered at no cost or for a nominal  
2 fee to non-profit organizations, schools, or low-income individuals or families that are  
3 physically located in the Bay Area;

4 (iii) Engaged in distributing the surplus Commodities offered at no cost or for a nominal  
5 fee to non-profit organizations, schools, or low-income individuals or families that are  
6 physically located in the United States;

7 (iv) Engaged in distributing the surplus Commodities offered at no cost or for a nominal  
8 fee to non-profit organizations, schools, or low-income individuals or families that are  
9 physically located in foreign countries;

10 (v) Engaged in recycling the surplus Commodities, including parts or materials.

11 (B) Surplus medical supplies that are no longer in compliance with Federal Drug  
12 Administration regulations may be offered to entities and organizations which are engaged in  
13 distributing or administering the surplus medical supplies at no cost or for a nominal fee to  
14 low-income individuals or families in foreign countries.

15 (C) To the extent that more than one organization meets the criteria in a category  
16 listed above, surplus Commodities shall be made available on a rotational basis to entities  
17 and organizations in the same category. If there is a need to dispose of surplus Commodities  
18 and no entity or organization meeting the criteria noted in Section 21.03(i)(2)(A) can be  
19 located to receive a donation, the Purchaser is authorized to utilize other means that may be  
20 available to dispose of such Commodities in a manner that will best serve the interests of the  
21 City.

22 (j) **Information Technology Purchases.** All contracts for the acquisition of information  
23 technology Commodities or Services shall be made by the Purchaser, ~~under the direction and~~  
24 ~~supervision of COIT "Information technology" Commodities and Services which are subject to this~~

1 ~~requirement shall be defined in regulations adopted by the Purchaser, the Department of~~  
2 ~~Telecommunication and Information Services and COIT.~~

3 (k) **Rules And Regulations.** The Purchaser, with the approval of the Director of  
4 Administrative Services and the Controller, shall establish rules and regulations for the  
5 purpose of implementing the provisions of this Chapter.

6 Section 3. The San Francisco Administrative Code is hereby amended by amending  
7 Section 21.3, to read as follows:

8 **SEC. 21.3. - COMPETITIVE SEALED BIDDING.**

9 (a) **Invitation for Bids.** Except as otherwise authorized in this Code, for any  
10 Commodity or General Services purchase estimated to cost in excess of ~~\$50,000~~the Minimum  
11 Competitive Amount, an invitation for Bids ~~may~~shall be issued to solicit Bids and shall include a  
12 purchase description and all contractual terms and conditions applicable to the procurement,  
13 including a reservation of the City's right to reject all Offers. ~~It shall constitute official misconduct~~  
14 ~~to divide any purchase into two or more units with the intent of evading the requirements of this~~  
15 ~~section.~~

16 (b) **Bid Opening.** Bids shall be opened publicly by the Contracting Officer at the  
17 time and place designated in the Invitation for Bids in the presence of all Bidders who attend.  
18 Relevant information as the Purchaser may specify by regulation shall be recorded. Except for  
19 materials protected from disclosure pursuant to Administrative Code Section 67.24, the record  
20 and each Bid shall be open to public inspection following Bid opening.

21 (c) **Bid Evaluation.** Bids shall be evaluated based on the requirements and  
22 specifications set forth in the Invitation for Bids, which may include criteria to determine  
23 acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a  
24 particular purpose. Those criteria that will affect the Bid price and be considered in evaluation  
25

1 for award shall be objectively measurable, such as discounts, transportation costs, conversion  
2 costs and total or life cycle costs.

3 (d) **Correction, Withdrawal, or Rejection of Bids; Cancellation of Awards.**

4 Correction or withdrawal of inadvertently erroneous Bids before or after award, or cancellation  
5 of awards or contracts based on such Bid mistakes, shall be permitted in accordance with  
6 regulations promulgated by the Purchaser. After Bid opening, no changes in Bid prices or  
7 other provisions of Bids prejudicial to the interest of the City or fair competition shall be  
8 permitted. Except as otherwise provided by regulation, all decisions to permit the correction or  
9 withdrawal of Bids, or to cancel awards or Contracts based on Bid mistakes, shall be  
10 supported by a written determination made by the Purchaser. The Purchaser may reject all  
11 Bbids at any time prior to award.

12 (e) **Award.** *Except for a showing of good cause, a*~~The~~ Contract shall be awarded not  
13 less than five (5)-working days after Bid opening by written notice to the lowest responsible  
14 and responsive Bidder whose Bid meets the requirements and criteria set forth in the  
15 Invitation for Bids. *Notice of all awards made pursuant to the provisions of this section shall be*  
16 *published as required by the Charter.* In the event that all Bids exceed available funds and the  
17 lowest responsible and responsive Bbidder does not exceed such funds by more than ten 10  
18 percent (10%), the Purchaser is authorized in situations where time and economic  
19 considerations preclude resolicitation of work of a reduced scope to negotiate an adjustment  
20 of the Bid price, including changes in the Bid requirements, with the low responsive and  
21 responsible Bidder, in order to bring the Bid within the amount of available funds.

22 (f) **Awards in the Public Interest.** If the Purchaser finds that the public interest  
23 would be best served by accepting other than the lowest total or unit price the Purchaser is  
24 authorized to accept the Bid(s) that in the Purchaser's opinion will best serve the public  
25 interest, to make the awards and to enter into the necessary contracts. Prior to making an

1 award to a Bidder other than the lowest Bidder(s), the Purchaser shall submit a written  
2 statement of the basis for the finding to the Director of Administrative Services.

3 (g) **Additional Purchases.** Where the quantity of Commodities or General Services  
4 to be provided under a contract is fixed, the Contracting Officer may, within one year after  
5 award and subject to the Contractor's consent, purchase additional quantities of the specific  
6 Commodities or General Services for which award was made at the award price or a lower  
7 price, in accordance with the Purchaser's regulations.

8 (h) **Multi-step Bidding.** A Contracting Officer may prequalify Bidders prior to  
9 issuing an Invitation for Bids based on prequalification criteria set forth in a Solicitation.

10 (i) **Bid Protests.** The procedure for resolving Bid protests shall be established by  
11 regulations adopted by the Purchaser.

12  
13 Section 4. The San Francisco Administrative Code is hereby amended by amending  
14 Section 21.5, to read as follows:

15 **SEC. 21.5. - OTHER PURCHASES.**

16 Notwithstanding any other provision of this ~~Chapter Code~~, procurement of the following  
17 shall be made in accordance with the Purchaser's regulations:

18 (a) Commodities or services where the total amount of the purchase does not  
19 exceed ~~100,000~~ the Minimum Competitive Amount. It shall constitute official misconduct to divide  
20 any proposed procurement in excess of the Minimum Competitive Amount into two or more units for  
21 the purpose of evading this Code's competitive solicitation requirements.

22 (b) Commodities or services available only from a sole source.

23 (c) Perishable foods.

24 (d) Proprietary articles.

1 (e) Contracts involving a pilot project with a term not to exceed two years; provided,  
2 however, that any further procurement beyond the pilot project phase shall be subject to all  
3 applicable competitive procurement requirements.

4 (f) Contracts set aside for competitive award to Micro-LBEs in accordance with  
5 Chapter 14B.7(K) of the Administrative Code.

6 (g) Commodities or Services purchased with federal grant funds when an informal  
7 solicitation is consistent with Federal contracting requirements. Federal grant funds include  
8 federal monies awarded to the City through the state or other governmental entities. This  
9 subsection does not cover Commodities or Services identified by the grant as an  
10 administrative or management cost or expense.

11  
12 Section 5. The San Francisco Administrative Code is hereby amended by amending  
13 Section 21.8, to read as follows:

14 **SEC. 21.8 - MULTIPLE AWARD CONTRACTS**

15 (a) **Generally.** A Contracting Officer may award contracts to more than one Offeror if  
16 the Contracting Officer determines that it is in the City's best interest to have more than one  
17 Contractor provide one or more similar Commodities and/or Services and the Solicitation  
18 states that the contract may be subject to multiple award. The Contracting Officer may either  
19 require all multiple award contractors to do business with the City under a single set of terms  
20 and conditions, or if the Solicitation is made by means of a request for Proposals, may  
21 negotiate separate terms and conditions with each Offeror for specified Commodities and/or  
22 Services. Following multiple award and in the administration of multiple award contracts, the  
23 Contracting Officer shall use best efforts to fulfill the policies of Chapter ~~12-D.A~~14B of this  
24 Code.

1 (b) ~~Computer~~Technology Store. Any department or other entity ordering Commodities or  
2 Services through the ~~Computer~~ Technology Store shall pay an administrative fee of up to one  
3 and nine tenths~~1.9~~ percent (1.9%) of the total purchase price of Commodities and Services  
4 purchased through the ~~Computer~~ Technology Store. Such administrative fee shall be used  
5 solely to pay ~~the City's for~~ actual costs of administering the ~~Computer~~ Technology Store contracts  
6 for the benefit of City departments. ~~Beginning in fiscal year 1999-2000, COIT shall annually review~~  
7 ~~the administrative costs from the previous fiscal year and may reduce the administrative fee to conform~~  
8 ~~to projections of actual administrative costs for the succeeding fiscal year. Any excess funds collected~~  
9 ~~during one fiscal year shall be applied by COIT to reduce the administrative fee in the following fiscal~~  
10 ~~year. Such administrative fee shall be collected from procuring departments by Computer Technology~~  
11 ~~Store vendors for each transaction and shall be paid to and disbursed by the Controller in accordance~~  
12 ~~with procedures to be established by the Controller.~~

13  
14 Section 6. The San Francisco Administrative Code is hereby amended by deleting  
15 Section 21.24 in its entirety.

16 ~~SEC. 21.24. CONTRACT TERMS—CONTRACTS EXCEEDING \$10,000,000.~~

17 ~~Chapter 12-D.A shall not be applicable to any contract for the purchase of Commodities or~~  
18 ~~Services estimated to cost in excess of \$10,000,000.~~

19  
20 Section 7. The San Francisco Administrative Code is hereby amended by amending  
21 Section 21.35, to read as follows:

22 **SEC. 21.35 - SUBMITTING FALSE CLAIMS; MONETARY PENALTIES.**

23 (a) The covenant of good faith and fair dealing is contained in every City Commodities  
24 or Services Contract, and Contractors and subcontractors shall at all times deal in good faith  
25 with the City and shall submit claims, requests for equitable adjustments, requests for change

1 orders, requests for contract modifications or requests of any kind seeking increased  
2 compensation on a City contract only upon a good-faith, honest evaluation of the underlying  
3 circumstances and a good-faith, honest calculation of the amount sought. Any Contractor,  
4 subcontractor, or consultant who commits any of the following acts shall be liable to the City  
5 for three times the amount of damages which the City sustains because of the act of that  
6 Contractor, subcontractor or consultant. A Contractor, subcontractor or consultant who  
7 commits any of the following acts shall also be liable to the City for the costs, including  
8 attorney's fees, of a civil action brought to recover any of those penalties or damages, and  
9 may be liable to the City for a civil penalty of up to \$10,000 for each false claim:

10 (1) Knowingly presents or causes to be presented to an officer or employee of the City  
11 a false claim or request for payment or approval;

12 (2) Knowingly makes, uses, or causes to be made or used a false record or statement  
13 to get a false claim paid or approved by the City;

14 (3) Conspires to defraud the City by getting a false claim allowed or paid by the City;

15 (4) Knowingly makes, uses, or causes to be made or used a false record or statement  
16 to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City;

17 (5) Is a beneficiary of an inadvertent submission of a false claim to the City,  
18 subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City  
19 within a reasonable time after discovery of the false claim.

20 (b) This Section does not apply to any controversy involving an amount of less than  
21 \$500 in value. For purposes of this Section, "controversy" means any one or more false  
22 claims submitted by the same Contractor, subcontractor, or consultant in violation of this  
23 Section.

24 (c) Every Contract for Commodities or Services performed at the expense of the City  
25 or the cost of which is paid for out of monies deposited in the treasury of City, whether directly



1 awarded or indirectly by or under subcontract, subpartnership, day labor, station work, piece  
2 work, or any other arrangement whatsoever, is subject to the requirements of Subdivision (a).

3 (d) Liability under this ~~S~~ection shall be joint and several for any act committed by two  
4 or more persons.

5 (e) For purposes of this Section, the terms "Contractor" and "subcontractor" shall  
6 have the same definitions as found in Section ~~12-D.A.5~~ 14B of the San Francisco  
7 Administrative Code. The term "consultant" shall be broadly defined to include any person or  
8 entity that provides services to the City.

9 (f) For purposes of this Section, "claim" includes any request or demand for money,  
10 property, or services made to any employee, officer, or agent of the City, or to any  
11 Contractor, subcontractor, grantee, or other recipient, whether under contract or not, if any  
12 portion of the money, property, or services requested or demanded issued from, or was  
13 provided by the City.

14 (g) For purposes of this Section, "knowingly" means that a Contractor, subcontractor,  
15 or consultant, with respect to information, does any of the following:

- 16 (1) Has actual knowledge of the information;
- 17 (2) Acts in deliberate ignorance of the truth or falsity of the information;
- 18 (3) Acts in reckless disregard of the truth or falsity of the information.

19 Proof of specific intent is not required and reliance on the claim by the City is also not  
20 required.

21  
22 Section 8. The San Francisco Administrative Code is hereby amended by deleting  
23 Section 21.32 in its entirety and replacing it with a new Section 21.32 to read as follows:

24 ~~SEC. 21.32 -- FOOD PURCHASED BY THE SEALER OF WEIGHTS AND MEASURES.~~

1 ~~Food purchased by the Sealer of Weights and Measures in the course of official duties shall be~~  
2 ~~delivered for use at public institutions of the City and County of San Francisco, or at non-profit~~  
3 ~~organizations, in accordance with procedures established by the Director of Administrative Services.~~

4  
5 **SEC. 21.32 PRICE ADJUSTMENT FOR ANTICIPATED LOCAL TAX REVENUE**

6 (a) Local Bidder Defined. For the purposes of determining eligibility for the price adjustment  
7 set forth in this Section 21.32 only, "Local Bidder" shall mean a business that is physically located at,  
8 and registered with the Office of the Treasurer & Tax Collector's Business Registration records as at,  
9 an address located within the geographic limits of the City.

10 (b) Bids for the purchase of Commodities with an estimated value in excess of \$1,000 submitted  
11 by Local Bidders shall be reduced by an amount equal to 1.25% of the Bid amount for the purpose of  
12 determining the lowest responsible Bidder.

13 (c) For Bids from Local Bidders for purchase of Commodities of an indefinite quantity, the  
14 Purchaser shall select a fixed quantity of the identified Commodity based on the minimum amount of  
15 the Commodity the Purchaser estimates, in his or her sole discretion, the City will purchase over the  
16 term of the contract, and apply the 1.25% price adjustment required by Paragraph (b) to Bids from  
17 Local Bidders to that same fixed quantity for the purpose of comparing prices offered.

18 (d) For Bids from Local Bidders for General or Professional Services which include the  
19 purchase of Commodities with an estimated value of Commodities in excess of \$1,000, the Purchaser  
20 shall reduce the Bid price of the included Commodities only by 1.25% for the purpose of determining  
21 the lowest responsible bidder. No bid adjustment shall be made for Services Contracts that will be  
22 awarded according to criteria other than lowest price.

23 (e) The Bid adjustment required by Paragraph (b) shall be in addition to any other discounts,  
24 preferences, or adjustments required by City law.

1            (f) **Exception.** The following Commodities purchases shall not be subject to the 1.25% price  
 2 adjustment: (1) purchases paid for with City Retirement or Health Services System trust funds; (2)  
 3 purchases where the City is entering into a cooperative procurement with one or more other  
 4 jurisdiction; and (3) purchases where the price adjustment would conflict with conditions contained in  
 5 federal or state grants or violate preemptive federal or state law or the City Charter.

6  
 7            Section 9. Chapter 21C of the San Francisco Administrative Code is hereby rescinded.

8  
 9            Section 10. The San Francisco Administrative Code is hereby amended repealing  
 10 Sections 21.25, 21.25-1, 21.25-2, 21.25-3, 21.25-4, and 21.25-x, replacing them with a new  
 11 Chapter 21C to be titled "Miscellaneous Prevailing Wage Requirements." Sections 21.25,  
 12 21.25-1, 21.25-2, 21.25-3, 21.25-4, and 21.25-x will be renumbered as follows:

13

SECTION RENUMBERING	
Former Section Number	New Section Number
21.25	21C.1
21.25-1	21C.2
21.25-2	21C.3
21.25-3	21C.4
21.25-5	21C.5
21.25-x	21C.6

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 21  
 22 APPROVED AS TO FORM:  
 23 DENNIS J. HERRERA, City Attorney

24 By: \_\_\_\_\_  
 25 CATHARINE S. BARNES  
 Deputy City Attorney