



Executive Directive 12-01
Contractor Partnering and Prompt Payment Policies

December 18, 2012

By virtue of the power and authority vested in me by Section 3.100 of the San Francisco Charter to provide administration and oversight of all departments and governmental units in the executive branch of the City and County of San Francisco, I do hereby issue this Executive Directive to become effective immediately.

In continuing the City and County of San Francisco's policies targeted at improving the contracting status quo and breaking down the barriers that impede opportunities and inclusion, a committee comprised of representatives from various City departments and the construction community addressed two key issues of importance:

- Viability of instituting partnering on City sponsored public works projects as a means of resolving construction issues and disputes in their early stages; and
- Improving effective prompt payment processes for contractors, including LBEs and all subcontractors.

The Committee developed several policies and procedures to be implemented by all City departments with contracting authority pursuant to Chapter 6 of the Administrative Code. I am pleased to initiate their recommendations.

Effective January 1, 2013, the Department of Public Works, the San Francisco Public Utilities Commission, the San Francisco Municipal Transportation Agency, the Port of San Francisco, the San Francisco International Airport, and the San Francisco Recreation and Parks Department ("Department") shall implement the following actions:

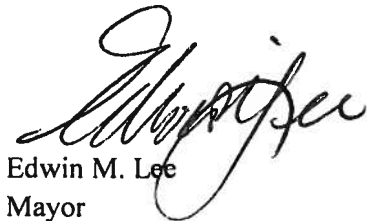
1. **Partnering** - Each Department shall utilize partnering for all appropriate City public works construction projects and include partnering language in bid specifications and contracts. Each Department will determine the level of partnering that will be utilized for each project based on the City and County of San Francisco Construction Project Partnering Profile created and agreed upon by the Committee. In addition, each Department will provide internal partnering training for its own staff and develop internal procedures for implementing partnering practices. To strengthen the culture of partnering across all City departments, each department will designate a point person to promote partnering throughout his/her Department.
2. **Prompt Payment**-Each Department will utilize or work towards acquiring an online payment system that enables prime contractors and subcontractors to track the status of invoices and payments. Each Department with an automated payment system will send email notifications to all listed subcontractors when the prime submits its invoice. In addition, prime contractors will be required to include subcontractors' acceptable invoices in their monthly invoice submissions no later than 30 days after receipt of such invoices and contractors shall be required to pay



subcontractors within seven days after receipt of the payment made by the Department. The 3 day payment provision provided within Chapter 14B of the Administrative Code shall remain in full force and effect. The Departments will host quarterly trainings for contractors on invoicing and payment procedures and designate payment issues as allowable topics in partnering sessions. Each Department will continue to make strides to improve invoice and payment turnaround times and continue to identify strategies to ensure that subcontractors, particularly LBEs, receive payments for work performed on City projects in a timely manner.

3. Each Department will designate representatives to meet quarterly during the first year following adoption of these new partnering and prompt payment practices. These representatives will track the success of the new policies outlined above and report back to me no later than January 31, 2014.

The Department of Public Works will provide implementation coordination during this first year. For questions concerning this Executive Directive and its implementation, please contact Mohammed Nuru, Director of the Department of Public Works, at mohammed.nuru@sfdpw.org or 415-554-6919.



Edwin M. Lee
Mayor