



Meeting Date: April 22, 2024

To: Public Works Commission

Through: Carla Short, Public Works Director
Bruce Robertson, Deputy Director of Financial Management and Administration

From: Alex Burns, Public Works Contract Administration Manager

Subject: Adopt Revised Contract Approval Delegation Policy

Director's Recommendation: Approve resolution adopting a revised Contract Approval Delegation Policy ("Contract Policy"), which describes requirements for regular and consent agenda items and delegates to the Director the authority to approve and execute contracts, contract amendments and other agreements within certain limits.

Executive Summary: The Public Works Contract Policy delegates to the Director authority to approve various contracts, grant agreements, miscellaneous agreements and contract amendments with limits as prescribed in the Contract Policy. The Contract Policy also outlines when specific items will be placed on the regular and consent Commission agendas. In the current delegation policy approval authority, staff must present routine and relatively low-value amendments to the Public Works Commission on the regular agenda for approval, which can delay important commission duties. The revised policy updates amendment thresholds, authorizing routine and relatively low-value amendments to be included in the consent agenda.

Key Revisions:

- The introduction includes updates to reflect passage of the ballot measure, Proposition B 2022, and its impact on the Commission's mandate.
- Section I. B. (1, 2 and 3) includes changes that eliminate contract term as a trigger for Commission approval of contract modifications. Time-only modifications are delegated to the Director.
- Section IV. A. increases the consent calendar threshold for a professional services contracts and grant awards from \$1 million to \$2 million and increases the consent calendar threshold for Commission consideration of a professional services contracts and grant modifications from 10% of the original contract value to 20% of the original contract value.
- Section IV. B. increases the consent calendar threshold for all other contract modifications from 10% of the original contract value to 20% of the original contract value.
- Non-substantive changes for clarity are included throughout the policy document.

Attachments:

1. Resolution
2. Policy

**PUBLIC WORKS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. _____

WHEREAS, The San Francisco Public Works Commission (“Commission”) was empowered by the Charter Amendment approved by voters through Proposition B on the November 2020 ballot to approve all contracts proposed to be entered into by the Department, provided that the Commission may delegate this responsibility to the Director of Public works, or the Director’s designee; and,

WHEREAS, The Commission adopted via Commission resolution 2022-0003 the current Contract Approval Delegation Policy (“Policy”) on September 2, 2022; and,

WHEREAS, Since the adoption of the Policy, voters approved Proposition B on the November 2022 ballot, altering the Commission’s mandate; and,

WHEREAS, During the Commission’s tenure approving San Francisco Public Works contracts it became clear that the Policy required the Commission to individually hear relatively routine contract approvals; and,

WHEREAS, The Commission seeks to focus its time and attention on substantive matters of contract approval and oversight of San Francisco Public Works; and,

WHEREAS, The amendments to the Policy, shown in the attachment clarify the Commission’s mandate following the passage of Proposition B on the November 2022 ballot, delegates term-only modifications to the Director of Public Works for approval, and raises the thresholds for contract modifications to be heard individually on the regular calendar of meeting agendas; now, therefore, be it

RESOLVED, That the San Francisco Public Works Commission adopts the amendments to the San Francisco Public Works Commission Contract Approval Delegation Policy as shown in the version on file with the Commission Affairs Manager and incorporated by reference herein; and, be it

FURTHER RESOLVED, That a copy of the adopted Contract Approval Delegation Policy, as amended, will be posted on-line and will be made available to the public.

I hereby certify that the foregoing resolution was adopted by the Public Works Commission at its meeting of _____.

Commission Affairs Manager,
Public Works Commission

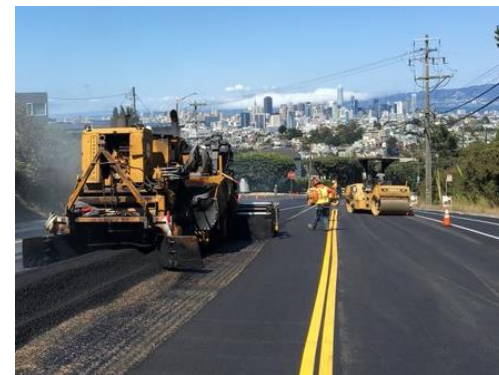
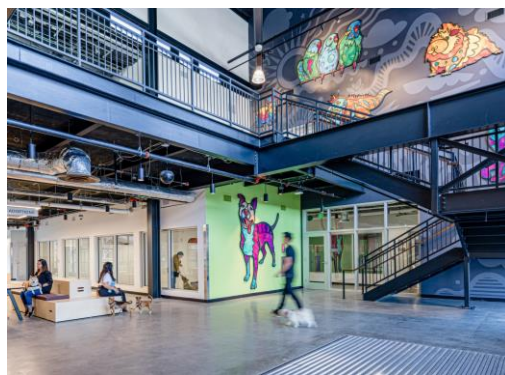


April 22, 2024



Revised Policy: Contract Approval Delegation

Alex Burns, Manager Contract Administration



Developing Revised Policy Recommendations

First Prop. B Added Charter Section 4.141(c)(3)

- Approve all contracts proposed to be entered into by the Public Works, provided that the Public Works Commission may delegate this responsibility to the director of the department, or the director's designee

Recommendation

- Revise contract delegation policy incorporating thresholds for contract awards and modifications based on contract type and size

Goals

- Provide most meaningful oversight
- Ensure departmental operations continue efficiently
- Provide sufficient time in commission meetings for non-contract items

Contract Approvals/Awards

Current Delegation Policy



Revised Delegation Policy

- **Commodities, General Services, Grants, and Chapter 21 Professional Services:** Commission approves cumulative increases in increments of 10% of the original contract term.
 - **Construction:** Commission approves cumulative increases/decreases in increments of 10% of the original contract term.
 - **Chapter 6 Professional Services:** Any increase or decrease in contract term
- Commission no longer approves increase/decrease of time only amendments

What this does: Removes duration as a trigger for commission approval. No other changes to commission approvals

Commission Calendar (Regular vs. Consent)

Current Delegation Policy

- Professional services and grant awards qualify for consent calendar when between the Minimum Competitive Amount and \$1 million



Revised Delegation Policy

- Professional services and grant awards qualify for consent calendar when between the Minimum Competitive Amount and \$2 million

What this does: Increases the threshold for a professional services contract and grant awards to qualify for consent from \$1 million to \$2 million

Commission Calendar (Regular vs. Consent)

Current Delegation Policy



- **Professional Services and Grants:**

The Commission shall hear contract approvals and amendments to professional services contracts or grants with original contract amounts between the Minimum Competitive Amount and \$1 million on the consent agenda.

- **All Other Contracts:**

The Commission shall hear all other contract approvals and amendments to contracts with original contract amounts between the Threshold Amount (or Minimum Competitive Amount) and \$5 million on the consent agenda.

Revised Delegation Policy

- **Professional Services and Grants:**

For professional services contracts and grants with original contract amounts greater than \$2 million, the commission shall hear amendments increasing the contract amount by 20% or less on the consent agenda

- **All Other Contracts:**

For all other contracts with original contract amounts greater than \$5 million, the commission shall hear amendments increasing the contract amount by 20% or less on the consent agenda.

What this does: increases the consent calendar threshold for amendments to 20%



Questions



SAN FRANCISCO PUBLIC WORKS CONTRACT APPROVAL DELEGATION AND REQUIREMENTS POLICY

Under San Francisco City Charter Section 4.141(c)(3), as amended by San Francisco voters in November 2022, the Public Works Commission (“Commission”) shall “exercise all powers and duties of boards and commissions” set forth in Charter Section 4.102. The Commission establishes the following contract approval policy (“policy”) for San Francisco Public Works (“department” or “Public Works”) consistent with the Charter and the Municipal Code.

I. Expenditure Contracts

Except as provided below and subject to the limitations of Charter Section 9.118, the Public Works Commission delegates to the Public Works director the authority to approve, award and amend all San Francisco Public Works expenditure contracts.

A. Contract Approvals/Awards

The Commission shall approve the following San Francisco Public Works contracts:

1. **Commodities.** Direct purchases of commodities pursuant to Section 21.04 of the San Francisco Administrative Code where the expenditure obligation is equal to or exceeds the “Threshold Amount” as defined by Section 6.1 of the Administrative Code, which may be amended from time to time. For reference, the Threshold Amount as of July 1, 2022, is \$1 million. For purposes of this policy, a “commodity” is as defined in Section 21.02 of the Administrative Code.
2. **General Services.** Direct purchases of general services pursuant to Section 21.04 of the Administrative Code where the expenditure obligation is equal to or exceeds the “Minimum Competitive Amount” for general services as defined in section 21.02 of the Administrative Code, which may be amended from time to time. For reference, the Minimum Competitive Amount for general services as of July 1, 2022, is \$1 million. For purposes of this policy, a “general service” is as defined in Section 21.02 of the Administrative Code.
3. **Professional Services.** Contracts for professional services awarded under Chapters 6 or 21 of the Administrative Code where the expenditure obligation is equal to or exceeds the “Minimum Competitive Amount” as defined in Sections 6.40 and 21.02 of the Administrative Code as it may be amended from time to time. For reference, the Minimum Competitive Amount as of July 1, 2022, is \$200,000.
4. **Public Works Construction Contracts.** Contracts for public works or improvements awarded under Chapter 6 of the Administrative Code where the expenditure obligation is equal to or exceeds the “Threshold Amount” as defined in Section 6.1 of the Administrative Code, as it may be amended from time to time. For reference, the Threshold Amount as of July 1, 2022, is \$1 million.
5. **Grants.** Grants awarded under Chapter 21G of the Administrative Code where the expenditure obligation equals to or exceeds the “Minimum Competitive Amount” as defined in Sections 6.40 and 21.02 of the Administrative Code, as it may be

amended from time to time. For reference, the Minimum Competitive Amount as of July 1, 2022, is \$200,000.

B. Amendments or Modifications

The Commission shall approve amendments or modifications to contracts as follows:

1. **Commodities, General Services, Grants, and Chapter 21 Professional Services.** Cumulative increases in increments in excess of 10% of the original contract amount of commodities, general services, grants and Chapter 21 professional services contracts. For contracts with an original contract amount under the Minimum Competitive Amount or Threshold Amount, amendments or modifications do not require Commission approval unless the amendment or modification would cause the contract amount to exceed the Minimum Competitive Amount or Threshold Amount, as applicable.
2. **Chapter 6 Professional Services.** Any increase or decrease in contract amount for Chapter 6 professional services contracts. For contracts with an original contract amount under the Minimum Competitive Amount, amendments or modifications do not require Commission approval unless the amendment or modification would cause the contract amount to exceed the Minimum Competitive Amount.
3. **Public Works Construction Contracts.** Cumulative increases or decreases in increments of 10% of the original contract amount of public works construction contracts. For contracts with an original contract amount under the Threshold Amount, amendments or modifications do not require Commission approval unless the amendment or modification would cause the contract amount to exceed the Threshold Amount.

II. Revenue Contracts

Unless otherwise provided for in this policy, the Commission shall approve Public Works contracts having anticipated revenue to the City of \$1 million or more, or the modification, amendment or termination of any contract which, when entered into, had anticipated revenue of \$1 million or more (that is, agreements requiring Board of Supervisors approval under Charter Section 9.118(a)).

III. Additional Contracting Authority and Requirements

- A. **Emergency Contracts.** The commission authorizes the director to approve and amend emergency contracts, subject to the provisions in Sections 21.15 and 6.60 of the Administrative Code. Sections 21.15 and 6.60 require that if the emergency permits, the director first secures the written approval of the Commission chair before entering into the emergency contract. If the emergency does not permit such approval, approval must be obtained as soon thereafter as possible.
- B. **Director or Director's Designee.** For purposes of this policy, "director" means the duly appointed Public Works director, interim director or acting director. In addition, the director may redelegate the director's authority under this policy to any deputy director or senior Public Works manager during any temporary absence, leave or incapacity.

C. Other Contracts. Except as otherwise provided in this policy, the Commission delegates to the director authority to approve all other Public Works contracts.

IV. Consent Agenda

While any specific contract item may be placed on the regular agenda or consent agenda at the request of the Commission, in general the Commission shall hear categories of contract items on the consent agenda as follows:

A. Professional Services and Grants. The Commission shall hear contract approvals and amendments to professional services contracts or grants with original contract amounts between the Minimum Competitive Amount and \$2 million on the consent agenda. For professional services contracts and grants with original contract amounts greater than \$2 million, the commission shall hear amendments increasing the contract amount by 20% or less on the consent agenda. All other Commission approvals shall be on the regular agenda.

B. All Other Contracts. The Commission shall hear all other contract approvals and amendments to contracts with original contract amounts between the Threshold Amount (or Minimum Competitive Amount in cases of direct purchasing of general services contracts) and \$5 million on the consent agenda. For all other contracts with original contract amounts greater than \$5 million, the commission shall hear amendments increasing the contract amount by 20% or less on the consent agenda. All other Commission approvals shall be on the regular agenda.

C. As-Needed Contracts. Notwithstanding the above, amendments to as-needed contracts, regardless of original contract amount, shall be heard on the consent agenda.

D. Consent Agenda Threshold Automatic Increases. The consent agenda threshold amounts shall increase commensurate with the Urban Regional Consumer Price Index increases to the Threshold Amount and Minimum Competitive Amount as provided in Sections 6.1 and 6.40 of the Administrative Code.



SAN FRANCISCO PUBLIC WORKS CONTRACT APPROVAL DELEGATION AND REQUIREMENTS POLICY

Under [San Francisco City Charter Section 4.141\(c\)\(3\)](#), [as amended by San Francisco voters in November 2022](#), the Public Works Commission (“Commission”) shall ~~is to approve~~ “exercise all contracts proposed to be entered into by the Department of Public Works (“San Francisco Public Works” or “Public Works”), provided that the Commission may delegate this responsibility to the Director of Public Works (“Director”), or the Director’s designee. In order to promote administrative efficiency to allow the department to nimbly meet its mission, while reserving to the Public Works Commission decisions over significant policy issues, the powers and duties of boards and commissions” set forth in Charter Section 4.102. The Commission establishes the following contract approval policy (“policy”) for San Francisco Public Works (“department” or “Public Works”) consistent with the Charter and the Municipal Code.

I. Expenditure Contracts

Except as provided below and subject to the limitations of Charter Section 9.118, the Public Works Commission delegates to the Public Works director the authority to approve, award, and amend all San Francisco Public Works expenditure contracts.

A. Contract Approvals/Awards

The Commission shall approve the following San Francisco Public Works contracts:

- 1. Commodities.** Direct purchases of commodities pursuant to Section 21.04 of the San Francisco Administrative Code where the expenditure obligation is equal to or exceeds the “Threshold Amount” as defined by Section 6.1 of the Administrative Code, which may be amended from time to time. For reference, the Threshold Amount as of July 1, 2022, is \$1 million. For purposes of this policy, a “commodity” is as defined in Section 21.02 of the Administrative Code.
- 2. General Services.** Direct purchases of general services pursuant to Section 21.04 of the Administrative Code where the expenditure obligation is equal to or exceeds the “Minimum Competitive Amount” for general services as defined in section 21.02 of the Administrative Code, which may be amended from time to time. For reference, the Minimum Competitive Amount for general services as of July 1, 2022, is \$1 million. For purposes of this policy, a “general service” is as defined in Section 21.02 of the Administrative Code.
- 3. Professional Services.** Contracts for professional services awarded under Chapters 6 or 21 of the Administrative Code where the expenditure obligation is equal to or exceeds the “Minimum Competitive Amount” as defined in Sections 6.40 and 21.02 of the Administrative Code as it may be amended from time to time. For reference, the Minimum Competitive Amount as of July 1, 2022, is \$200,000.
- 4. Public Works Construction Contracts.** Contracts for public works or improvements awarded under Chapter 6 of the Administrative Code where the expenditure obligation is equal to or exceeds the “Threshold Amount” as defined in

Section 6.1 of the Administrative Code, as it may be amended from time to time. For reference, the Threshold Amount as of July 1, 2022, is \$1 million.

5. **Grants.** Grants awarded under Chapter 21G of the Administrative Code where the expenditure obligation equals to or exceeds the “Minimum Competitive Amount” as defined in Sections 6.40 and 21.02 of the Administrative Code, as it may be amended from time to time. For reference, the Minimum Competitive Amount as of July 1, 2022, is \$200,000.

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B. Director or Director's Designee. For purposes of this policy, "director" means the duly appointed Public Works director, interim director or acting director. In addition, the director may redelegate the director's authority under this policy to any deputy director or senior Public Works manager during any temporary absence, leave or incapacity.

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