

# Gov Ops City Procurement Update

Presentation to the Local Business Enterprise Advisory  
Committee (LBEAC)



**CITY & COUNTY OF SAN FRANCISCO**

Office of the City Administrator  
Government Operations Recovery Initiative

Presented by Molly Peterson

June 6, 2024

# Today, we will cover

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- Introducing the Government Operations "Gov Ops" team
- Guiding principles & values
- Low value contracting memo
  - Contracting challenges
  - Ideas for change
- Gov Ops work
- Q&A / open discussion



# **INTRODUCING THE GOV OPS TEAM**



# Background & creation of Gov Ops

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- Procurement has always been an important strategic policy tool here in San Francisco.
- The response to and recovery from the COVID-19 pandemic validated the importance of procurement and contracting.
- To address these challenges, in FY22-23 the Mayor created Gov Ops to focus on improving the City's core functions. With support from the Board of Supervisors, the goal of the Gov Ops initiative is to **make our City's government more efficient, equitable, and effective**. This included the formation of a new team within the City Administrator's Office focused on procurement and contract reform.



# Procurement is important to San Francisco

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- Procurement is a vital business function that allows **government to source and buy goods and services that it needs to ensure quality service delivery to residents and visitors.**
- **Procurement is also a strategic policy tool.** This is because governments wield purchasing power.
- Through these procurement activities, the City purchases professional services, construction, grants, commodities, and general services which support **public safety, economic development, community programs**, and more.
- How we spend that money has a **significant impact.**

# Our guiding principles

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We have two overarching guiding principles that inform our work:

1

**Remove barriers to accessing contracting opportunities, especially for small businesses.**

2

**Reduce administrative burden and red tape for City contracting staff.**

We pursue these reforms in line with San Francisco's values of:



Centering small businesses and LBEs



Focusing on equity



Ensuring ethics & transparency in all contracting processes



Delivering quality service to residents and visitors

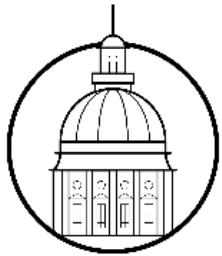


Achieving our social policy goals as a leader in the US

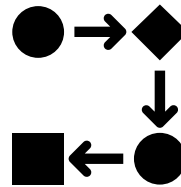
# Our approach

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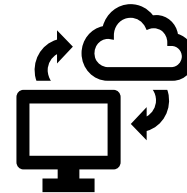
**There is no silver bullet to reforming contracting.** This work takes many forms, including:



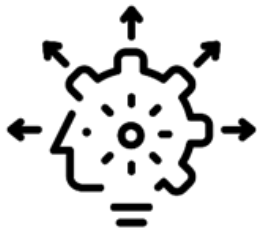
Legislation, Rules & Regulations



Programs, Processes, and Practices



Technology, Systems & Data



Capacity Building



Ethics & Transparency



Change Management

# Low value contracting memo

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In April 2022, Supervisor Mandelman issued a **letter of inquiry** to the City Administrator's Office asking the City Administrator to draft recommendations to improve the Chapter 21 procurement process for low-value contracts.

Earlier this week, the City Administrator's Office released a report titled "**Improving the Process for Chapter 21 Low-value Procurements**" in response to this request. The next two sections of this presentation are pulled from the report.

## Improving the Process for Chapter 21 Low-value Procurements Recommendations



CITY & COUNTY OF SAN FRANCISCO

May 2024  
Office of the City Administrator





# **CHALLENGES**

SOURCE: LOW VALUE CONTRACTING MEMO, ISSUED 6-4-2024



## Challenge

**The City's current contracting processes create a high level of administrative burden for both City staff and suppliers, making it more difficult for the City to fulfill its mission and serve the public.**

- For City staff, an excessive amount of time is spent navigating complicated procurement processes and guiding suppliers through compliance requirements. This can take time away from strategic or performance management activities.
- For suppliers, the City's requirements make doing business with the City confusing and cost-prohibitive. Small and local businesses experience high barriers to entry, which can run counter to the City's goals of local investment and equitable contracting.

# Context: Contracting Issues and Challenges

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## What challenges does the City's approach to contracting create?

### Impact on City Operations

#### Process Pain Points

- **Complexity limits competition** in City bidding, as businesses may choose not to work with the City given how difficult it is to participate. For example, in FY23, approximately 46% of the solicitations that the Office of Contract Administration issued received only a single response or zero responses.
- **Lengthy processes and delays** can jeopardize projects so there may be an incentive for workarounds. It can take 1+ year from the time of issuing a solicitation to an actual project start date.
- Processes are decentralized, which **weakens opportunities for accountability** and change.

#### Staffing Challenges

- Complexity requires **heavy staff resourcing** to run a procurement process.
- There is a **steep learning curve for new staff**, which can take away from strategic and performance management activities and leads to inconsistencies.
- **Vacancies are hard to fill** with long ramp up periods to get staff fully trained. Without the staffing resources to oversee procurement, contracting backlogs also grow.

### Impact on Businesses and Nonprofits

#### High barriers to entry

- The City's **array of requirements is hard to understand and navigate**, so businesses and non-profits must invest a lot of time and resources to work with us.
- In particular, **small businesses may not have the resources to navigate** all of the City's business processes and legal requirements. This limits the City's ability to use its buying power to support the local economy, as many local businesses may not be able to participate.

#### Less transparency & accountability

- The City's processes are decentralized with **no single, central source of information** and highly decentralized program administration, making it difficult to understand where you are in the process and who is accountable.
- The City provides a **poor experience for suppliers and vendors**. In response to these challenges, there has been consistent and active advocacy for change from businesses and non-profits.



# **IDEAS FOR CHANGE**

SOURCE: LOW VALUE CONTRACTING MEMO, ISSUED 6-4-2024



# Executive Summary

## Recommendation 1: Improve the Informal Procurement Process

- The City Administrator's Office (CAO) should work with the Office of Contract Administration (OCA) and the Contract Monitoring Division (CMD) to update informal procurement process guidelines, including how the City can maximize the Micro LBE Set-Aside and SF First programs.

## Recommendation 2: Simplify Terms & Conditions

- CAO should partner with the City Attorney's Office (CAT) and Risk Management to make the City's standard Terms & Conditions (T&Cs) for low-value contracts more readable and user-friendly.
- The Board of Supervisors could conduct a comprehensive review of the T&Cs, with an eye towards amending legislation to update the City's standard T&Cs.

## Recommendation 3: Amend Legislation to Update and Reconcile Contracting Requirements

- The Board of Supervisors could consider amending legislation to update and reconcile the City's contracting requirements, many of which were designed under different administrative or policy conditions and have not been re-visited since.

## Recommendation 4: Explore Standardization in Future Procurement Legislation

- CAO should partner with CAT to develop a legislation template for any future, proposed procurement-related legislation.
- Prior to enacting any new legislation that may impact City contracting, the Board of Supervisors should consider requesting an administrative review to understand the potential impact on the City's overall procurement process and incorporate recommendations into the legislation.

## Recommendation 5: Increase Coordination Across Departments that Interact with Suppliers

- CAO should convene City departments responsible for different aspects of supplier experiences to regularly align on policy and administrative processes to ensure that suppliers can experience greater cohesion in their interactions with the City.



**GOV OPS WORK**



# Increase access to City contracting opportunities

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## Improve the LBE Program

Over the past 18 months, **Gov Ops has supported CMD to improve the LBE program.** For example:

- ✓ Develop a centralized page on SF.gov for [future contracting opportunities](#). There are currently 8 look-ahead forecasts on the page, including for most Chapter 6 departments, Homelessness & Supportive Housing, OCA, and development projects.
- ✓ Support the launch and rollout of the new LBE Directory on the SF City Partner Portal.
- ✓ Create mechanism for folks to [report concerns about the LBE program](#).
- ✓ Implement new technology to track LBE program waivers, providing for more oversight and transparency into waiver requests from City departments.
- ✓ Issue a solicitation for the LBE program evaluation.
- ✓ Assisted in hiring process for analytical staff.

Part of Contracting with the City and County of San Francisco

## Future contracting opportunities

Explore, plan, and prepare for future opportunities.

Many departments and development projects share contracting forecasts to help businesses plan for future opportunities.

Please note: Forecasts are only projections, are not guaranteed, and are subject to change without notice. Moreover, forecasts are not intended to be complete lists of all contracting opportunities with the City.

[To learn about where you can find current opportunities, visit this page instead.](#)

### Resources

#### Future Contracting Opportunities with City Departments

<a href="#">Department of Public Works Forecast</a> We are one of the largest municipal operations in the City, with a \$384 million annual operating budget.	<a href="#">Office of Contract Administration Forecast</a> We help the City procure goods and services to provide residents with essential government services.
<a href="#">SF Municipal Transportation Authority Forecast</a> We manage Muni, as well as bicycling, paratransit, parking, traffic, walking, and taxis.	<a href="#">SF Port Forecast</a> We manage SF's waterfront and advance environmentally and financially sustainable opportunities.
<a href="#">SF International Airport Forecast</a> We offer the most nonstop service from SF and the Bay Area to the rest of the U.S. and the world.	<a href="#">SF Public Utilities Commission Forecast</a> We provide drinking water and wastewater services to SF and hydroelectric and solar power to City departments.
<a href="#">Department of Homelessness and Supportive Housing Forecast</a> We strive to make homelessness rare and brief through coordinated, compassionate, and high-quality services.	

#### Future Contracting Opportunities with Development Projects

<a href="#">Development Projects Forecast</a> Development projects are not directly administered by the City but often have LBE and SBE contracting goals.
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# Increase access to City contracting opportunities

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## Improve the LBE Program

However, we know there is **much more to do to strengthen the LBE program** for our local small businesses. In the coming months, Gov Ops will work with CMD to:

- Share new training on how to use the Micro-LBE Set-aside and SF First programs with City contracting staff. This relates to recommendation #1 in our low value contracting report.
- Scope and launch new online application to centralize the LBE requirements setting process for City contracts. This includes receiving intake information from the City department and determining the appropriate requirement within CMD.

# Increase access to City contracting opportunities

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## Analyze City payment timelines for construction invoices

We have heard that one issue in working with the City is **how long it takes for a supplier to be paid once submitting an invoice.**

Gov Ops will begin working this summer to:

- Better understand the whole payment process – from the time a supplier completes work to the time they are paid.
- Identify process and policy opportunities to speed up the process.
- We understand that this process can vary across sectors, so we plan to start by digging into the Chapter 6 construction payment process.



We are hoping to **connect with primes and LBEs who have experienced long payment delays** to hear about that process and gather examples that can inform this research. We will reach out to this group soon!

# Remove administrative burden & improve City process

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## Technology, Systems, and Data

Gov Ops has worked alongside CMD, OCA, and other City agencies to increase tracking and transparency into procurement programs, and this work continues. For example:

- ✓ Developed a one-stop-shop for all contract related waivers, including for 14B
- ✓ Launched Chapter 21 Contract Management application to centrally track and report on contracting programs and outcomes
- ✓ Revamped OCA's term contract log so City departments can more easily find contracts available to support their operations
- Creating contract management dashboards for City departments to improve strategic management of their contracting portfolio
- Supporting the launch of a new application to support the City's Personal Services Contract (PSC) process
- Improving supplier-facing content on SF.gov so contractors can more easily find what they need



# **Q&A + DISCUSSION**





**THANK YOU!**

Molly Peterson, [molly.peterson@sfgov.org](mailto:molly.peterson@sfgov.org)

