



MEMORANDUM

May 5, 2022

TO: MEMBERS, PORT COMMISSION
Hon. Willie Adams, President
Hon. Doreen Woo Ho, Vice President
Hon. Kimberly Brandon
Hon. John Burton
Hon. Gail Gilman

FROM: Elaine Forbes
Executive Director 

SUBJECT: Alignment of Port Executive Director Delegated Authority to Administrative Code Thresholds

DIRECTOR'S RECOMMENDATIONS: Approve the Attached Resolution No. 22-24

EXECUTIVE SUMMARY

The Port Commission has delegated authority to the Port Executive Director to streamline the Port's contract approval process to be consistent with the San Francisco Administrative Code, practice of other City departments, and expectations of the bidding community. Delegated authority allows the Port's Executive Director to execute and award public works and professional service contracts and contract service orders below a certain dollar amount without Port Commission review and approval. This delegated authority ensures the department can quickly respond to the community and project needs, a key objective of the Port's economic recovery initiative. This delegation is in Port Resolutions no. 09-29, 09-27 and 10-60.

In November 2021 the Board of Supervisors and the Mayor approved amendments to Chapters 6, 21 and 14B of the City's Administrative Code with the goal of increasing the number of contracts awarded to LBEs. Among other actions, the amendment increased LBE certification thresholds and created automatic increases based on the consumer price index. The Executive Director's delegated authority is no longer in alignment with these thresholds and Resolution 22-24 is an alignment of the Executive Director's delegated authority with the Administrative Code.

I. Strategic Values

The effort to streamline the Port's contract approval process is consistent with the following values of the Port's strategic plan.

Economic Recovery: Identify and implement operational efficiencies.

Equity: Increase the number of businesses from economically disadvantaged neighborhoods competing for contracts.

II. Alignment of Executive Director Authority

Chapter 6 and 21 Contract Award

The Port Executive Director's authority under Administrative Code Chapter 6 for procurement of public works, including procurement of professional design, engineering consulting and construction management, is delegated by ordinance. Under Administrative Code Section 6.1(2), contracts for an amount less than or equal to the threshold amount are awarded when the Department Head signs the contract or issues an order of award. Contracts above the threshold amount are awarded when the Port Commission adopts a resolution awarding the contract. The current threshold amount is \$706,000.

The Port Executive Director's authority under Administrative Code Chapter 21 for procurement of goods and services, including non-construction professional service contracts, requires the final approval of the Office of Contract Administration. Under Resolution 10-60, the Port Commission's approval is required for contracts greater than \$100,000. At the time of resolution 10-60, \$100,000 was the value of the minimum competitive amount. The minimum competitive amount is presently \$129,000.

The November 2021 amendments to the LBE ordinance (Ordinance 203-21) increased the threshold amounts to expand use of the micro-LBE set-aside contracting vehicle. Effective July 1, 2022, the contracting thresholds in Chapter 6 contracts will increase from \$706,000 to \$1,000,000. The Chapter 21 professional service contracts minimum competitive amount will increase from \$129,000 to \$200,000.¹ The Port Executive Director's delegated authority for Chapter 6 contracts will increase by ordinance on July 1, but the delegated authority for Chapter 21 professional services will not increase unless the Port Commission takes action.

Contract Service Order (CSO) Value

To define the scope of work for as-needed contracts, the Port issues a contract service order ("CSO"). Under Resolution 09-29 and 09-37, the Port Commission set the

¹ [City and County of San Francisco - File #: 210835 \(legistar.com\)](https://legistar.com/View/00000000-0000-0000-0000-000000000000)

Executive Director’s authority to issue a CSO at \$500,000. At the time of the resolutions in 2009, the Chapter 6 threshold amount was \$500,000. The current threshold amount is \$706,000 and the threshold amount will increase to \$1,000,000 on July 1, 2022.

Contracts with Government Entities

Administrative Code section 21.04 authorizes the Executive Director to enter into agreements with other public entities for the purpose of fulfilling their governmental functions, which may include the provision or exchange of commodities or services incident to the purpose of the contract. These contracts do not require the approval of the Office of Contract Administration. The Executive Director’s delegated authority for these contracts is currently the same as the Chapter 21 professional services authority, \$100,000.

III. Other Commission-Led Chapter 6 Departments Delegated Authority

The City departments most similar to the Port include the Public Utilities Commission (PUC), San Francisco International Airport (SFO), San Francisco Recreation and Park Department (REC) and San Francisco Metropolitan Transportation Agency (SFMTA). Each of these departments has delegated contract awarding authority to the chief executive of their department at or above the minimum competitive amount. Table 1 shows the delegated authority of each department.

Table 1: Delegated Authority for Chapter 21 Contracts of Similar Department

Department	Delegated Authority
PUC	Above Threshold, \$1,000,000
SFO	Equal to Minimum Competitive Amount
REC	Equal to Minimum Competitive Amount
SFMTA	Above Threshold, \$1,000,000

IV. Staff Recommendation

The recent amendments to the Chapter 6 threshold and Chapter 21 minimum competitive amount provide an opportunity for the Port to align the Executive Director’s delegated authority with the Administrative Code limits. Updating the Executive Director’s delegated authority will align the Port with the other Chapter 6 departments, increase the timeliness of contracting, and continue the Port’s efforts to be a department desirable for potential bidders. In addition, the change will address inflationary increases of over 30 percent to contracting and professional service costs since 2009 and 2010 and align the Port with the City’s goal of increasing LBE contract awards.

Attachment 1 includes Resolution 22-24 with the staff recommendations. These recommendations include:

- Align the Executive Director's delegated authority to recommend award of Chapter 21 professional services contracts to the Chapter 21 minimum competitive amount. This would result in a change on July 1, 2022 from \$100,000 to \$200,000.
- Align the Executive Director's authority to enter into a CSO with the Chapter 6 minimum threshold amount. This would result in a change in a change from \$500,000 to \$706,000 and another increase to \$1,000,000 on July 1, 2022.
- Align the Executive Director's authority to enter into public entities under Chapter 21.04 authority to the threshold amount.

Prepared by: Stephanie Tang
Procurement and Contracts Manager

Prepared for: Katharine Petrucione, Deputy Director
Finance and Administration

Attachment a: Resolution 22-24, Alignment of Executive Director Authority

**Port Commission
City and County of San Francisco
RESOLUTION NO. 22-24**

- WHEREAS, on November 10, 2021, Mayor London Breed approved amendments to Chapters 6, 21, and 14B of the San Francisco Administrative Code, which, among other things, increased the dollar threshold for department heads to execute contracts; and
- WHEREAS, the Port of San Francisco is a department within the City and County of San Francisco required to comply with the Administrative Code as adopted by the Mayor and the Board of Supervisors; and
- WHEREAS, pursuant to Section B3.581 of the City Charter, the Port Commission may confer on the Port Director (Executive Director) such powers and authority “as it may see fit;” and
- WHEREAS, the Port Commission has not increased the Executive Director’s authority to execute contracts since its August 19, 2010 Resolution No. 10-60 involving the encumbrance of Port funds not to exceed \$100,000; and
- WHEREAS, the Port Commission has not increased its Executive Director’s authority to issue Contract Service Orders (CSOs) under such Master Contracts since its July 14, 2009 Resolution 09-37 establishing a maximum CSO value of \$500,000; and
- WHEREAS, the Port of San Francisco has need to enter into contracts with other public entities for the purposes of fulfilling their governmental functions, which may include the provision or exchanges of commodities of services incidental to the purpose of the contract; and
- WHEREAS, on average, inflation has increased prices by 32 percent since 2009, reducing the value the current delegated authority thresholds; and
- WHEREAS, the Port Commissions supports contracts to foster development, maintain Port infrastructures and support economic recovery; and
- WHEREAS, the Port Commission desires to increase efficiency in executing contracts to foster development, maintain Port infrastructure and support economic recovery; and
- WHEREAS, section 6.2 of the City’s Administrative Code authorizes certain

departments, including the Port, to enter into contracts for public works or improvements or professional services related to a public work or improvement, and Section 6.3(A) of the Administrative Code authorizes heads of those departments including the Port Executive Director to award such contracts for amounts less than or equal to the “Threshold Amount” as defined in Section 6.1 of the Administrative Code, which is currently \$706,000 and will increase to \$1,000,000 on July 1, 2022; and

WHEREAS section 6.4 (a) of the City’s Administrative code establishes a “minimum competitive amount” for professional services, which is currently \$129,000 and will increase to \$200,000 on July 1, 2022; and

WHEREAS the San Francisco Port Commission authorized the Port Executive Director to award contracts, not to exceed the Threshold Amount approved for a Department Head in Section 6.3(a) of the Administrative Code for public works or improvements or professional services related to a public work or improvement, and for such greater amounts commensurate with such Threshold Amount as it may be amended from time to time; and

WHEREAS section 21.04(2) of the City’s Administrative code authorizes Department heads including the Port Executive Director to purchase commodities and services directly and without the approval of purchasing when entering into contracts with other public entities for the purposes of fulfilling their government functions; now, therefore, be it

RESOLVED that that the Port Commission authorizes the Port Executive Director to award and amend contracts related to professional services (non-construction/non-public works) in an amount equal to the “minimum competitive amount” as defined by Section 6.4(a) of the Administrative Code as it may be amended from time to time; and be it further

RESOLVED that the Port Commission hereby approves and authorizes the Executive Director to issue Contract Service Orders (CSOs) under master contracts pursuant to Administrative Code Chapter 6 and 21, provided that such CSOs under each master contract shall not cumulatively exceed the threshold amount without further Port Commission authorization; and be it further

RESOLVED that the Port Commission hereby approves and authorizes the Executive Director to issue Contract Service Orders (CSOs) under master contracts pursuant to Administrative Code Chapter 6 and

21, provided that such CSOs under each master contract shall not cumulatively exceed the threshold amount without further Port Commission authorization; and be it further

RESOLVED

that the Port Commission hereby approves and authorizes the Executive Director to award and amend contracts with other public entities for the purposes of fulfilling their governmental functions as defined by Section 21.04(2) in an amount equal to the threshold amount set forth in the Administrative Code as it may be amended from time to time.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting on May 10, 2022.

Secretary