

President, Board of Supervisors
District 8



City and County of San Francisco

RAFAEL MANDELMAN

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Contact: Melanie Mathewson - 707-477-9413 - melanie.mathewson@sfgov.org

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PRESIDENT MANDELMAN'S CONTRACTING REFORM ACT UNANIMOUSLY PASSED BY BOARD OF SUPERVISORS

San Francisco enacts the most sweeping contracting reform in decades, modernizing how the City spends billions in public dollars

Today, at the October 7 meeting of the Board of Supervisors, President Rafael Mandelman's *Open for Business: Contract Streamlining Act of 2025* was unanimously approved and now heads to the Mayor's desk for signature. The Act delivers San Francisco's most comprehensive overhaul of its contracting system in decades, removing duplicative requirements, improving transparency, and creating a more equitable playing field for small businesses, nonprofits, and city departments alike.

"For years, San Francisco's contracting system has been weighed down by layer upon layer of well-meaning but duplicative rules," said **Board President Rafael Mandelman**. "This legislation is about making government work. We need a procurement system that delivers for San Franciscans — not one that drags us down in paperwork."

The legislation was first introduced in February 2025 and passed the Budget and Finance Committee in June before being referred to the full Board of Supervisors. After a debate around the future of the Sweatfree Procurement Advisory Group, an eleven-member body that advises the Office of Labor Standards Enforcement on implementation of the City's Sweatfree Ordinance, the Board narrowly voted to send the measure back to committee. On September 16th, the committee advanced an amended version of the legislation that preserves the advisory group.

Despite the amendment, the core of the legislation remains intact. San Francisco spends more than \$5 billion annually on contracts, but low-value agreements, often with small and local

businesses, face the same burdensome requirements as multimillion-dollar ones. That inefficiency drives up costs, limits competition, and delays critical public projects.

In 2022, in the midst of navigating the difficult process to repeal **12X**, a ban on contracting with companies headquartered in states that did not align with the City’s social priorities, President Mandelman sent a letter to the City Administrator requesting an assessment of additional inefficiencies in the City’s contracting process.

A 2024 response from the City Administrator’s Office underscored the problem: nearly half of all contract solicitations received only one or zero bids. Contracts under \$200,000 made up 59% of total contract volume but only 2% of total contract dollars—meaning City staff spend a disproportionate amount of time processing small contracts while larger, more impactful agreements face backlogs.

“Anyone who buys goods and services for the City or tries to work with the City knows how hard it is. Even for small purchases, we put people through the wringer,” **said City Administrator Carmen Chu**. “Now with these common sense reforms, we can work smarter by refocusing our attention where risks are higher.”

A report by public policy think tank SPUR reinforced the urgent need for reform, calling out the “over 100 sections of local law” governing procurement and the thousands of mentions of “contract” across San Francisco’s legal code. While these rules reflect the City’s values, the report concluded, the system is no longer working as intended and needs “bold updates” to function effectively.

“SPUR is happy to see the City take steps to simplify the contracting process for low-value contracts,” said **Nicole Neditch, Governance and Economic Policy Director at SPUR**. “Over the years, the City and County of San Francisco has built a complicated maze of legislation and policies that govern the way it buys goods and contracts for services. By streamlining procurement processes, San Francisco has the opportunity to lower operational costs, reduce burdens on small businesses, nonprofits, and city agencies, and encourage more competition.”

The Contracting Reform Act addresses the challenges identified in both the City Administrator and SPUR’s reports by:

- Establishing a standard contract ordinance template to prevent future regulatory sprawl;
- Requiring review of new contracting ordinances for operational impact to ensure additional requirements are not applied without thoughtful review of its impact on San Francisco’s contracting process;
- Streamlining rules for low-value contracts, those under the Minimum Competitive Value of \$230K;

- Eliminating outdated sections of the Administrative Code and aligning thresholds across departments.

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