

SFMTA CONTRACT APPROVAL DELEGATION AND REQUIREMENTS POLICY

A. EXPENDITURE CONTRACTS

An Expenditure Contract is a written agreement issued in accordance with Administrative Codes Chapter 6 or Chapter 21, in which the SFMTA promises to compensate a contractor, vendor, lessor (landlord), licensor, or other public agency (excluding another City department) for goods received, services provided, construction services provided, possession or use of real property, use of intellectual property, systems maintenance, or other exchange of consideration for benefits received by the SFMTA, and amendments to such contracts. The Contract Amount is the net value of compensation to be paid a contractor, vendor, licensor or lessor, including the value of all approved contract amendments. The Term is the period in which the contract requires the contractor to deliver or complete the services, construction, goods, intellectual property or real property as provided in the contract.

The SFMTA Board delegates to the Director of Transportation (Director) the authority to approve Expenditure Contracts as follows:

1. Expenditure Contracts.

a. Director's Authority.

- (1) The Director may approve purchase orders for the procurement of "General Services" and "Commodities," where the aggregate expenditure obligations of the SFMTA is less than \$10,000,000, provided that such procurements are made in accordance with applicable City Purchaser's rules and regulations.
- (2) The Director may approve all other Expenditure Contracts except for those listed under item 1.a (1) where the sum of the Contract Amount of the contract and value of all options listed in the contract do not exceed \$1,000,000.

b. Amendments or Modifications to Expenditure Contracts.

The Director may approve amendments or modifications (collectively referred to as "Amendments") to Expenditure Contracts as follows, subject to the limitations of Charter Section 9.118. All amendments required to be approved by the Board of Supervisors under Charter Section 9.118 must first be approved by the SFMTA Board of Directors.

- (1) **Amendments or Modifications to Expenditure Contracts for Procurement of General Services and Commodities.** The authority given to the Director is limited to cumulative increases totaling 10 percent of the original Purchase Order Amount and 10 percent of the original Term.
- (2) **Amendments or Modifications to all other Expenditure Contracts:**
 - i. **Original Contract Amounts up to \$1,000,000.** The authority given to the Director is limited to cumulative increases totaling 50 percent of the original Contract Amount including options, and 25 percent of the original Term including options.

- ii. **Original Contract Amounts over \$1,000,000, but less than \$10,000,000.** The authority given to the Director is limited to cumulative increases totaling 25 percent of the original Contract Amount including options, and 25 percent of the original Term including options.
- iii. **Original Contract Amounts over \$10,000,000.** The authority given to the Director is limited to cumulative increases totaling 10 percent of the original Contract Amount including options, and 25 percent of the original Term including options.

c. Re-Delegation of Approval Authority for Expenditure Contracts. Subject to the certification requirements stated in Section E.1, below, the Director may re-delegate to any Division Director or other senior manager the Director's authority to approve Expenditure Contracts and amendments to those contracts as follows:

- (1) Original contracts with a Contract Amount not to exceed \$500,000;
- (2) Contract amendments modifying the Contract Amount up to a maximum of \$250,000, provided that the net value of all amendments does not exceed 50 percent of the authority delegated to the Director;
- (3) Contract amendments extending the Term, provided that the aggregate sum of all amendments does not to exceed 50 percent of the authority delegated to the Director;
- (4) The Director may delegate authority to approve Expenditure Contracts, including purchase orders, and amendments to such agreements, for the procurement of General Services and Commodities, provided that such procurements are made in accordance with the rules of the City Purchaser, as follows:
 - a. To the SFMTA's Chief Financial Officer, original contracts and contract amendments, where the sum of the Contract Amount of the original contract and all amendments does not exceed \$10,000,000;
 - b. To the SFMTA's Controller, original contracts and contract amendments, where the aggregate Contract Amount of an original contract and all amendments does not exceed \$10,000,000;
 - c. To the SFMTA's Manager of Grants Accounting, original contracts and contract amendments, where the aggregate Contract Amount of an original contract and all amendments does not exceed \$10,000,000;
 - d. To the SFMTA's Managers of Contracts and Procurement, original contracts and contract amendments, where the aggregate Contract Amount of an original contract and all amendments does not exceed \$10,000,000;
 - e. To the SFMTA's Materials Coordinators, where the aggregate Contract Amount of an original contract and all amendments does not exceed the Minimum Competitive Amount stated in Administrative Code Section 21.02;

- f. The Director may further delegate to the Chief Financial Officer, SFMTA's Controller, SFMTA's Manager of Grants Accounting and SFMTA's Managers of Contracts and Procurement administrative approval of amounts higher than \$10,000,000 to facilitate processing of the procurement in the City's PeopleSoft Financial System, as long as the procurement was conducted in accordance with Charter Section 9.118.

B. REVENUE CONTRACTS.

A Revenue Contract is an agreement under which the SFMTA will receive rent, lease payments, license fees, advertising revenues, profit-sharing, grants, and other revenue or compensation.

1. The Director is authorized to approve Revenue Contracts and modifications of such agreements where the aggregate sum of the anticipated revenues (or estimated value) the Agency will receive under the agreement and all amendments does not require Board of Supervisors approval under Charter Section 9.118(a) (that is, where the anticipated revenues from the contract are less than \$1,000,000, including all option or extension periods, and the Term is less than ten years).
2. Subject to the certification requirements stated in Section E.1, below, the Director may re-delegate authority to approve Revenue Contracts and amendments to Revenue Contracts to the SFMTA Senior Manager of Revenue or other senior manager responsible for the management of fare revenues and sale information, fare and parking payment media), agreements for the sale or distribution information and fare and parking payment media, where the commissions the Agency will receive under such an agreement are not expected to exceed \$250,000 in any fiscal year. and the agreement is not subject to Charter Section 9.118.

C. MISCELLANEOUS AGREEMENTS

1. **Taxi Medallion Sales and Taxi Medallion Surrender Agreements.** The Director is authorized to approve contracts for the sale of taxi medallions up to \$250,000 and is authorized to sign agreements for the surrender of taxi medallions for a payment by SFMTA to the permit holder not to exceed \$200,000, in accordance with Transportation Code Section 1116(b). Subject to the certification requirements stated in Section E.1, below, the Director may delegate to the Director of Accessibility and Regulation Mobility Services Division, the authority to approve agreements for the sale and surrender of Taxi medallions, subject the limits stated in this Section.
2. **Grant Agreements.** The Director is authorized to approve applications for grant funds, to approve agreements to accept, expend grant funds, and to transfer grants funds to a public agency that will be a sub-recipient of said grant funds, and indemnify the grantor (up to the limits stated in Section C.5, below). Subject to the certification requirements stated in Section E.1, the Director is further authorized to delegate said authority to the Chief Financial Officer as provided in Section B.2, above.
3. **Contracts Administered by the Arts Commission.** The Director is authorized to approve Expenditure Contracts for artist design services, artwork fabrication, and acquisition of finished art (Art Contract) for SFMTA capital projects where a project funding source requires the Agency to approve all project contracts. An Art Contract that is approved by the Arts Commission does not require SFMTA Board approval, unless the Art Contract is also subject to Board of Supervisors' approval. Subject to the certification requirements stated in Section E.1, below, the Director may delegate approval of Art Contracts to the Director of Capital Projects and Construction.

4. **Gifts.** The Director is authorized to accept gifts to the SFMTA and approve contracts to transfer ownership of those gifts to the SFMTA, in accordance with Administrative Code Section 10.100-305. Any gift with a value greater than \$10,000 must be submitted to the SFMTA Board for approval. As required by Section 10.100-305, all gifts to the SFMTA must be reported to the Controller within 90 days of receipt, and to the Board of Supervisors annually in first two weeks of July. Said notices must identify the donor, the value of the gift and any business (e.g., contracts, permits or other vested interests) that the donor has with the City. Gifts over \$100 must be listed on the SFMTA's website.

5. **Indemnity Agreements.**

- a. The Director is authorized to approve contracts that provide for mutual indemnity with another public agency, where the City Attorney or the City's Risk Manager advise that the work to be performed by or services to be received from the public agency does not pose undue risk to the SFMTA, and that the SFMTA's potential liability under such indemnity agreement will likely not exceed \$2,000,000. Indemnity agreements that, in the opinion of the City Attorney or Risk Manager, are likely to expose the SFMTA to liability greater than \$2,000,000 shall be submitted to the SFMTA Board for approval.
- b. A contract with a private entity that provides the SFMTA less than full indemnity covering the Agency's liability for third party claims shall be submitted to the SFMTA Board for approval.
- c. With the exception of real property, lease and license agreements, it is the policy of the SFMTA that the Agency shall not indemnify private entities, except as necessary to achieve policy and program goals of paramount importance.

6. **Waiver or Reduction of Special Damages Indemnity.** The Director is authorized to waive or limit a contractor's liability for consequential damages and incidental damages (aka, special damages) in an Expenditure Contract if the Director determines that such waiver or limitation accords with the factors set out in Administrative Code Section 21.23.

7. **Nondisclosure Agreements.** A nondisclosure agreement (NDA) is an agreement to hold confidential information that is proprietary to another party. The Director is authorized to execute NDAs that accord with applicable public records laws and that limit the SFMTA's liability to \$1,000,000 for the following purposes: (1) use of experimental or new technology under a license agreement as part of a pilot project; (2) participation in studies and projects for development of transit, planning and transportation technologies where nondisclosure is a requirement of participation in the project or of project funding; and, (3) software or technology license agreements. Subject to the certification requirements stated in Section E.1, below, the Director may delegate the authority granted under this section to the Division Director responsible for the contract.

8. **Media Licenses.** The Director is authorized to approve license agreements for the use of SFMTA vehicles, real property, intellectual property (including trademarks and trade dress) for television, motion picture, advertising and other media purposes. Subject to the certification requirements stated in Section E.1, below, the Director may delegate the authority granted under this section to the Division Director or senior manager in charge of marketing and communications or (for the use of real property) to a senior manager in charge of real estate. Any license for filming, photography or other activities along

SFMTA right-of-way, in SFMTA facilities or on a transit vehicle that may interfere with the Agency's transit operations requires the written approval of the Director of Transit.

- 9. Fare Media Procurement.** The Director is authorized to delegate to the Division Director or senior manager in charge of finance and information technology or to the Division Director or senior manager in charge of revenue the authority to approve and execute agreements for the sale or distribution of fare media and fare cards, where the commissions to be paid under such agreements are not expected to exceed \$250,000 in any calendar year, and such agreement is not subject to Charter Section 9.118..
- 10. Sole Source Negotiations.** The Director is authorized to direct staff to commence sole-source contract negotiations, in accordance with the requirements of applicable City ordinances and/or federal procurement requirements.

E. ADDITIONAL CONTRACTING AUTHORITY AND REQUIREMENTS

- 1. Certification of Delegated Authority.** The Director shall present to the Secretary of the SFMTA Board of Directors a completed original delegation of authority letter for each person to whom the Director delegates contract approval authority. The SFMTA Board Secretary shall review the delegation letter and certify conformance with requirements of this policy. A delegation of authority shall be in effect when certified by the SFMTA Board Secretary.
- 2. Exercise of Options.** The Director is authorized to exercise options reserved by the Agency in any contract, provided that the term and value of the option(s) to be exercised are expressly set forth in the contract and were approved as part of the original contract. The exercise of an option shall be memorialized as a contract amendment but is not otherwise subject to the requirements and limitations stated for issuance of contract amendments in this Contract Policy. The Director may delegate authority to exercise contract options to the Division Director responsible for the contract.
- 3. Parking Authority.** The policies and procedures stated in this Contract Policy shall also apply to the contracts of the Parking Authority of the City and County of San Francisco that the SFMTA administers under the agreement between the SFMTA and the Parking Authority, dated October 18, 2007, approved by SFMTA Board Resolution No. 07-171 and Parking Authority Commission Resolution No. 07-173.
- 4.** The Director is authorized to (1) issue Requests for Proposals and Invitations for Bids for contracts that will not require Board of Supervisors' approval; (2) reject bids and proposals, and re-advertise for new bids and proposals; and, (3) authorize the City Attorney to settle unlitigated claims of \$25,000 or less.
- 5. Successor Titles.** The Director's delegation authority under the Policy is not limited to specific manager titles in use when this Policy is approved but may be conferred on managers holding similar positions and having similar responsibilities, if the titles used by the Agency change.

F. QUARTERLY REPORTING

Every 90 days, the Director shall provide a written report to the SFMTA Board identifying:

1. All contracts awarded by the Director in the preceding 90 days, including the name of the contractor, the amount and Term of the contract, and a summary description of the work to be performed.