



City and County of San Francisco
Daniel Lurie, Mayor

Department of Public Health
Michelle Ruggels
Director of DPH Business Office

DATE: April 1, 2026

TO: Commissioner Laurie Green, President of Health Commission
Commissioner Edward Chow, Chair of Finance and Planning Committee
Members of the Health Commission

THROUGH: Jenny Louie, DPH COO

FROM: Michelle Ruggels, Director of DPH Business Office

RE: Updated procedures for approval of sole source contracts under SF
Administrative Code Section 21.42

The purpose of this memo is to update the Health Commission on changes the Department of Public Health ("DPH") is implementing in the process by which the Department seeks Commission approval of sole source contract designations under San Francisco Administrative Code Section 21.42.

Under local law, most contracts must be procured competitively. But Administrative Code Section 21.42 authorizes DPH to enter into an amendment to extend a contract without a competitive procurement where:

1. The contract is for health and behavioral services and support;
2. The contractor is a nonprofit organization;
3. The services provided under the contract are unique to DPH, consistent with DPH's mission and goals, and require specialized knowledge, training, personnel, facilities, or other resources that are known to be provided by a limited number of non-profit contractors; and
4. Based on a survey of available providers for the services, the Director of Health has recommended a sole source designation.

In the past, the Department has provided the Commission with the necessary information about sole source designations as part of the monthly review/approval process, with eligibility details included in the contract write-ups.

Moving forward, to increase transparency and ensure that the Commission has an opportunity to confirm that each contract amended under the authority of Section 21.42 is eligible for sole source designation, the Commission will be asked to make a motion designating the contract as sole source based on findings of eligibility.

Sample Motion:

Item #X is a contract amendment/new contract for [describe services] that is being procured under the sole source authority set forth in Administrative Code Section 21.42. Under that section, the Department may procure services without a competitive process only if the Director has recommended a sole source designation based on findings that the services are unique to DPH, consistent with DPH's mission and goals, and require specialized knowledge, training, personnel, facilities or other resources known to be provided by a limited number of non-profit contractors, which the Director has done here. I move that the commission affirm those findings and designate this contract amendment as sole source.

Reference Information

San Francisco Administrative Code, Chapter 21.42 Legislation Language

The Board of Supervisors hereby authorizes the San Francisco Health Commission to designate as sole source, professional services contracts for health and behavioral health services and support, where such services are provided by non-profit organizations and a sole source designation is recommended by the San Francisco Department of Public Health.

Prior to the expiration of an existing contract, the Director of the Department of Public Health will survey the availability of providers for the health and behavioral health services and support services required by the Department of Public Health where such services are (1) unique to the Department of Public Health, (2) consistent with the its mission and goals, and (3) require specialized knowledge, training, personnel, facilities or other resources that are known to be provided by a limited number of non-profit contractors. Based upon the results of such surveys, the Director of the Department of Public Health may recommend a sole source designation to the San Francisco Health Commission for those services.

**Sole Source Designation under San Francisco Administrative Code Chapter 21.42
Motion: Supporting Documentation: SAMPLE**

Supporting Information: Health Commission: April 6, 2026	
Department Staff Requestor	
Contractor	
Is Contract on Monthly Contracts Report (Select one and delete other options)	<input type="checkbox"/> Yes <input type="checkbox"/> <i>No, the contract has already been reviewed by the Health Commission; this is to request approval for 21.42 designation under the new procedures.</i> <input type="checkbox"/> <i>No, the contract will be brought to the Health Commission at a later date; approval of this motion serves to confirm that 21.42 authority may be utilized.</i>
Contract ID	
Type: New/Amendment	

Total Term	
Total Contract Funding	
Reason for Request	
Background	
Service Description	
Meeting Criteria for Admin Code Chapter 21.42 Designation	