



City and County of San Francisco  
Daniel Lurie, Mayor

**Department of Public Health**  
Michelle Ruggels  
Director of DPH Business Office

DATE: May 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

Handwritten signature of Jenny Louie in blue ink.

FROM: Michelle Ruggels, Director of DPH Business Office

Handwritten signature of Michelle Ruggels in blue ink, with "DS" written above it.

RE: Updated procedures for approval of sole source contracts under SF  
Administrative Code Section 21.42 and sole source grant agreement waivers  
under SF Administrative Code Section 21G.8

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The purpose of this memo is to update the Health Commission on two 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 and of sole source grant agreement waivers under San Francisco Administrative Code Section 21G.8.

Under local law, most contracts must be procured competitive. Administrative Code Section 21.42, however, 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.

Administrative Code Section 21G.8 authorizes departments to enter into grant agreements without competitive procurement where:

1. A competitive process is infeasible or impractical
2. A Public Purpose may reasonably be accomplished by one particular Grantee

In the past, the Department has provided the Commission with the necessary information about Chapter 21.42 sole source designations as part of the monthly contract review/approval process, with eligibility details included in the contract write-ups. For approval of Chapter 21G.8 sole source waivers, the Department has provided the Commission with the necessary information to address the requirements above through a separate waiver form.

Moving forward, to increase transparency and standardize the Health Commission approval process for these two very similar actions, and ensure that the Commission has an opportunity to confirm that (a) each contract amended under the authority of Section 21.42 is eligible for sole source designation, and (b) each new grant agreement is eligible to waive solicitation requirements, the Commission will be asked to approve a resolution for each type designating the contract as sole source, or to waive a procurement for a grant agreement, based on findings of eligibility.

The following three attachments may provide helpful information:

Attachment 1: Reference to the San Francisco Administrative Code descriptions of the legislation.

Attachment 2: Sample Resolution for Section 21.42

Attachment 3: Sample Resolution for Section 21G.8

The Department is available to answer any questions you may have.

## **Attachment (1 of 3)**

### **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.

#### **SEC. 21G.8. SOLE SOURCE GRANTS Legislation Language.**

- (a) Notwithstanding any other provision of this [Chapter 21G](#), a Granting Agency may award a Grant without conducting an open and competitive process under Sections [21G.4](#), [21G.5](#), and [21G.6](#), in accordance with the Purchaser's rules and regulations. For Granting Agencies under the jurisdiction of a commission or a board, the Granting Agency shall not award a Grant without conducting an open and competitive process unless the commission or board approves the Granting Agency's recommendation that the Grant be awarded as a sole source. Before awarding such a Grant, the Granting Agency shall recommend to the commission or board concerned the approval and award of a Grant pursuant to this subsection (a) and such commission or board may then adopt a resolution approving the justification of the sole source and awarding the Grant.
- (b) If the form of the Grant is recurring to the same recipient, a determination made pursuant to subsection (a) must be supported by either a formal or informal documented competitive process within the last five years demonstrating the lack of potential Grantees.
- (c) Grants for the four City-owned community cultural centers may be awarded as sole source Grants under this Section [21G.8](#) without complying with subsections (a) or (b).

**Attachment (2 of 3)**  
**Sample Resolution 21.42:**

Health Commission  
City and County of San Francisco  
Resolution No. XX-XX

**RESOLUTION TO DESIGNATE AS SOLE SOURCE A PROFESSIONAL SERVICES  
CONTRACT WITH [NAME OF CONTRACTOR] FOR [INSERT SHORT  
DESCRIPTION OF HEALTH OR BEHAVIORAL HEALTH SERVICES]**

WHEREAS, The professional services agreement with [contractor] for [description of health or behavioral health services and support] (“Expiring Services”), dated [effective date] (“Expiring Agreement”), is set to expire on [expiration date]; and

WHEREAS, S.F. Administrative Code Section 21.42(a) authorizes the San Francisco Health Commission (“Health Commission”) to designate as sole source the extension of existing professional services contracts for health or behavioral health services and support, where such services are provided by non-profit organizations and a sole source designation is recommended by the Director of Health; and

WHEREAS, Prior to the expiration of the Expiring Agreement, the Director of Health conducted a survey to determine the availability of non-profit organizations who could provide the Expiring Services required by DPH, as required under S.F. Administrative Code Section 21.42(b), and

WHEREAS, The Director of Health determined that the Expiring Services required by DPH are unique to the Department of Public Health because [insert short description of facts that support this condition]; and

WHEREAS, The Director of Health determined that the Expiring Services are consistent with DPH’s mission and goals, in that [insert short description of facts that support this condition]; and

WHEREAS, The Director of Health determined that the Expiring Services require specialized knowledge, training, personnel, facilities or other resources that are known to be provided by a limited number of non-profit contracts, in that [insert short description of facts that support this condition]; and

WHEREAS, The Director of Health recommends that the proposed professional services agreement that will fund the continuation of the now, therefore, be it

RESOLVED, That the Health Commission hereby designates as sole source the professional services agreement with [insert name of contractor] for the Expiring Services, in the amount of \$[insert total amount of agreement], for a term of [xx] years.

I hereby certify that the San Francisco Health Commission at its meeting on \_\_\_\_\_, adopted the foregoing resolution.

\_\_\_\_\_  
Mark Morewitz, MSW  
Health Commission Executive Secretary

**Attachment (3 of 3)**

**Sample Resolution: Chapter 21G.8**

City and County of San Francisco  
Resolution No. XX-XX

**RESOLUTION APPROVING THE DEPARTMENT OF PUBLIC HEALTH’S JUSTIFICATION AND RECOMMENDATION, AND TO AWARD AS SOLE SOURCE, A GRANT WITH [GRANTEE] FOR [INSERT SHORT DESCRIPTION OF SERVICES]**

WHEREAS, Chapter 21G of the San Francisco Administrative Code (“Chapter 21G”) governs the award of grants and provides that granting agencies shall award all grants through an open and competitive process; and

WHEREAS, Pursuant to Sections 21G.8 and 21G.9 of Chapter 21G, the Health Commission may approve a waiver of the open and competitive process when a competitive process is infeasible or impracticable, or when the public purpose to be fulfilled may reasonably be accomplished by one particular grantee; and,

WHEREAS, The Department of Public Health, in accordance with the Purchaser’s Rules and Regulations Pertaining to the SF Administrative Code Chapter 21G, provided information and supporting documentation to establish that [pick one]:

- 1. a competitive process for the Public Purpose to be fulfilled under the proposed grant is infeasible or impracticable because \_\_\_\_\_
- 2. the Public Purpose to be fulfilled under the proposed grant may only be reasonably accomplished by this particular Grantee] to justify a waiver of the competitive solicitation requirements because \_\_\_\_\_; and

WHEREAS, The Department of Public Health recommends that the proposed grant agreement, which will fund the services to fulfill the Public Purpose for a period of [time] be awarded as a sole source grant; and

[insert this Recital only when a recurring grant will be awarded to the same recipient] WHEREAS, The Department of Public Health verified that it conducted a formal or informal competitive solicitation process within the last five years demonstrating the lack of other potential grantees; now, therefore, be it

RESOLVED, That the Health Commission hereby approves the sole source grant justification and recommendation of the Department of Public Health to waive the competitive solicitation requirements and award this sole source grant to [Grantee], in the amount of \$[insert total amount of agreement], for a term of [xx] years; and, be it

I hereby certify that the San Francisco Health Commission at its meeting on \_\_\_\_\_, adopted the foregoing resolution.

\_\_\_\_\_  
Mark Morewitz, MSW  
Health Commission Executive Secretary

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