

1 [Grant Agreement for Financial Solvency - Baker Places, Inc. - Not to Exceed \$1,210,000 -
2 Waiver of Competitive Solicitation Requirement]

3 **Ordinance authorizing the Department of Public Health to award a one-time, limited**
4 **term grant to Baker Places, Inc. (“Baker”), without engaging in the competitive**
5 **solicitation process otherwise required by the Administrative Code for grants, for the**
6 **purpose of maintaining the financial solvency of Baker, in an amount not to exceed**
7 **\$1,210,000 for a not to exceed one-year period to commence on July 1, 2022, through**
8 **June 30, 2023.**

9
10 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
11 **Additions to Codes** are in *single-underline italics Times New Roman font*.
12 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
13 **Board amendment additions** are in double-underlined Arial font.
14 **Board amendment deletions** are in ~~strikethrough Arial font~~.
15 **Asterisks (* * * *)** indicate the omission of unchanged Code
16 subsections or parts of tables.

17 Be it ordained by the People of the City and County of San Francisco:

18 Section 1. Background.

19 (a) Baker Places, Inc. (“Baker”) is a nonprofit organization that provides services to
20 adults with mental health, substance abuse, and HIV-related health issues. Baker currently
21 has nine contracts with three City departments, including the Department of Public Health (the
22 “Department”), totaling approximately \$97,000,000 on contract awards with remaining
23 balances of approximately \$40,000,000. Under the terms of its contracts with the
24 Department, Baker provides urgently needed residential substance use and mental health
25 treatment services to members of the public in support of the Department and other City
agencies. These services are a critical component of behavioral and mental health services
in San Francisco.

1 (b) Beginning in December 2021, Baker notified the Department that it was
2 experiencing a significant cash flow crisis. Baker reported to the Department that unless it
3 receives immediate stopgap funding from the City or another entity, it may face imminent risk
4 of closure as a result of financial insolvency. In February 2022, the Controller's Office began
5 a financial analysis of Baker that identified projected deficits as a result of spending in excess
6 of contracted amounts totaling \$1,210,000. As a result of this deficit, Baker has been unable
7 to meet its payroll, lease, and other obligations and is at risk of insolvency. If Baker closes,
8 the Department would lose more than 200 beds available for substance use and mental
9 health treatment services.

10 (c) The Department and the Controller propose to provide short-term funding to
11 enable Baker to complete and implement a financial and business plan to assure the City of
12 the stability of Baker's programs under its contracts with the Department and other City
13 agencies. In light of the unique circumstances and the time-sensitivity of the need, the
14 Department seeks to award this grant without a competitive solicitation process otherwise
15 required by Administrative Code Chapter 21G. A true and correct copy of the proposed grant
16 agreement is in Board File No. 220705.

17 (d) In the Annual Appropriations Ordinance for Fiscal Year 2021-2022 fiscal year,
18 the Board of Supervisors has appropriated funds to the Department sufficient to cover the
19 amount of the proposed grant.

20 Section 2. Authorization to Enter Sole-Source Grant Agreement. The Board of
21 Supervisors hereby authorizes the Department to award a grant to Baker in the amount not to
22 exceed \$1,210,000, for a term not to exceed one year, for the purpose of maintaining Baker's
23 financial solvency. Within 30 days of the agreement being fully executed by all parties, the
24 Department shall provide each fully executed agreement to the Clerk of the Board of
25 Supervisors for inclusion in the file for this ordinance, Board File No. 220705.

1 Section 3. Effective Date. This ordinance shall become effective 30 days after
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
4 of Supervisors overrides the Mayor's veto of the ordinance.

5
6
7 APPROVED AS TO FORM:
8 DAVID CHIU, City Attorney

9 By: /s/ _____
10 JON GIVNER
11 Deputy City Attorney

12
13
14
15
16
17
18
19
20
21
22
23
24
25
n:\legana\as2022\2200478\01606055.docx