

1 [Grant Agreement for Financial Solvency - Positive Resource Center - \$2,010,000; Waiver of
2 Competitive Solicitation Requirement]

3 **Ordinance authorizing the Department of Public Health to award a one-time, limited**
4 **term grant to Positive Resource Center (“PRC”), 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 PRC in an amount not to exceed**
7 **\$2,010,000 for a not to exceed one-year period to commence on July 1, 2022, through**
8 **June 30, 2023.**

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

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

17 Section 1. Background.

18 (a) Positive Resource Center (“PRC”) is a nonprofit organization that provides
19 services and support for people with mental health, substance use, and HIV-related issues.
20 PRC currently has 16 contracts with the City with four departments, including the Department
21 of Public Health (the “Department”), totaling approximately \$42,000,000 on contract awards
22 with remaining balances of approximately \$20,000,000. Under the terms of its contracts with
23 the Department, PRC provides urgently needed residential substance use and mental health
24 treatment services to members of the public in support of the Department and other City
25 agencies. These services are a critical component of behavioral and mental health services
in San Francisco.

(b) Beginning in December 2021, PRC notified the Department that it was
experiencing a significant cash flow crisis. PRC reported to the Department that unless it

1 receives immediate stopgap funding from the City or another entity, it may face imminent risk
2 of closure as a result of financial insolvency. In February 2022, the Controller's Office began
3 a financial analysis of PRC that identified projected deficits as a result of spending in excess
4 of contracted amounts totaling \$2,010,000. As a result of this deficit, PRC has been unable to
5 meet its payroll, lease, and other obligations and is at risk of insolvency. If PRC closes, the
6 Department would lose more than 200 beds available for substance use and mental health
7 treatment services.

8 (c) The Department and the Controller propose to provide short-term funding to
9 enable PRC to complete and implement a financial and business plan to assure the City of the
10 stability of PRC's programs under its contracts with the Department and other City agencies.
11 In light of the unique circumstances and the time-sensitivity of the need, the Department
12 seeks to award this grant without a competitive solicitation process otherwise required by
13 Administrative Code Chapter 21G. A true and correct copy of the proposed grant agreement
14 is in Board File No220704.

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

18 Section 2. Authorization to Enter Sole-Source Grant Agreement. The Board of
19 Supervisors hereby authorizes the Department to award a grant to PRC in the amount of
20 \$2,010,000, for a term not to exceed one year, for the purpose of maintaining PRC's financial
21 solvency. Within 30 days of the agreement being fully executed by all parties, the Department
22 shall provide each fully executed agreement to the Clerk of the Board of Supervisors for
23 inclusion in the file for this ordinance, Board File No. 220704.

24 Section 3. Effective Date. This ordinance shall become effective 30 days after
25 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the

