



City and County of San Francisco  
London N. Breed  
Mayor

**San Francisco Department of Public Health**  
Grant Colfax, MD Director of Health

March 20, 2020

Linda Wong  
Clerk of the Budget & Finance Committee  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

Dear Ms. Wong:

This is to respond to your email of March 20, 2020, requesting a written explanation for why the contracts subject to approval by the Board of Supervisors are retroactive. As noted, the Department is requesting retroactive contract approval for the following two items:

- File No. 200012 - Agreement - Retroactive - McKesson Corporation - Group Purchasing Distribution of Pharmaceuticals - Not to Exceed \$381,382,991; and
- File No. 200013 - Agreement - Retroactive - McKesson Plasma and Biologics LLC - Pharmaceuticals, Biologics and Specialty Drugs - Not to Exceed \$295,934,790.

These two resolutions were approved by the Board of Supervisors Budget and Finance Committee on February 12, 2020, with the start date of each contract proposed for February 1, 2020. Completion of the proposed contract language, including specific new terms, was linked to finalizing the language for an amendment to Administrative Code 21 (Sections 21A.1 and 21A.2) which allowed the inclusion of this specific language in each contract.

The Department worked collaboratively with the City Attorney's Office to align the contract start dates to the revised ordinance approval date, however, finalizing the language of ordinance 33-20 took longer to complete than anticipated at the City Attorney's Office. This process, in turn, delayed the Department's ability to seek Board of Supervisors approval for the proposed contracts.

Ordinance 33-20 was finally passed by the Board of Supervisors on February 11, 2020, and signed by the Mayor on February 21, 2020 (File 191237). After signature by the Mayor, the ordinance was held under the 30 day rule prior to enactment. The Department was advised by the City Attorney's Office that these resolutions could not be heard by the full Board of Supervisors until ordinance 33-20 went into effect, which brings us to the upcoming meeting.

The Department is happy to respond to any further questions. The timing issue was discussed in detail with the Board of Supervisor Budget and Legislative Analyst, and at the Budget and Finance Committee on February 12, 2020, prior to the Committee's approval, should further reference be helpful.

Please note that both of these distributors are long-time existing DPH vendors, currently operating under the purchase order process. The Department will continue purchasing pharmaceuticals under the current process until such time as the new contracts are approved. There will be no retroactive payments under the proposed new contracts, as all current spending up until the proposed new contracts are certified will occur under the existing process.

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For questions on this matter, please contact me at (415) 255-3404, [Michelle.Ruggels@SFDPH.org](mailto:Michelle.Ruggels@SFDPH.org), or Robert Longhitano, at [robert.longhitano@sfdph.org](mailto:robert.longhitano@sfdph.org).

Sincerely,



Michelle Ruggels  
Director  
DPH Business Office

cc: Grant Colfax, M.D., Director of Health  
Greg Wagner, Chief Financial Officer, DPH  
Jacquie Hale, Manager, DPH Office of Contract Management and Compliance  
Rob Longhitano, Manager, DPH Office of Contract Management and Compliance