

BOARD of SUPERVISORS



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MEMORANDUM

TO: Carla Short, Director, Public Works
Shireen McSpadden, Executive Director, Department of Homelessness and Supportive Housing
Dr. Grant Colfax, Director, Department of Public Health
William Scott, Police Chief, Police Department
Paul Miyamoto, Sheriff, Sheriff's Department
Mary Ellen Carroll, Executive Director, Department of Emergency Management
Trent Rhorer, Executive Director, Human Services Agency
Daniel Adams, Director, Mayor's Office of Housing and Community Development
Carmen Chu, City Administrator, Office of the City Administrator
Carol Isen, Director, Department of Human Resources
Greg Wagner, City Controller, Office of the Controller
Andrico Penick, City Administrator's Real Estate Division
Dennis Herrera, General Manager, Public Utilities Commission
Phil Ginsburg, General Manager, Recreation and Park Department
Elaine Forbes, Executive Director, Port Department
Julie Kirschbaum, Acting Director of Transportation, Municipal Transportation Agency
Adam Thongsavat, Liaison to the Board of Supervisors, Mayor's Office

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: January 21, 2025

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Mayor Daniel Lurie:

File No. 250040

Ordinance amending the Administrative Code to 1) waive competitive procurement and certain other Municipal Code requirements for contracts, grants, and leases necessary to accelerate the City's response to homelessness, drug overdoses and substance use disorders, mental health needs, integrated health needs, and public safety hiring (the "Core Initiatives"); 2) delegate to department heads the authority to approve certain types of contracts, grants, and leases for Core Initiatives under Charter, Section 9.118, if the Board of Supervisors has failed to act within 45 days; 3) delete the requirement under Chapter 23 of the Administrative Code that the Board of Supervisors approve leases, if the lease is for a Core Initiative; 4) authorize the City to accept gifts, grants, and other donations for Core Initiatives; 5) clarify the authority of the Controller to transfer surplus funds to support Core Initiatives; and 6) authorize the Office of the Mayor for six months to solicit donations from various private entities and organizations to support the City's work on the Core Initiatives, notwithstanding the Behested Payment Ordinance.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

C.

David Steinberg, Public Works
Ian Schneider, Public Works
Dylan Schneider, Homelessness and Supportive Housing
Emily Cohen, Homelessness and Supportive Housing
Bridget Badasow, Homelessness and Supportive Housing
Dr. Naveena Bobba, Department of Public Health
Sneha Patil, Department of Public Health
Ana Validzic, Department of Public Health
Lisa Ortiz, Police Department
Lili Gamero, Police Department
Rima Malouf, Police Department
Diana Oliva-Aroche, Police Department
Carl Nicita, Police Department
Katherine Johnson, Sheriff's Department
Tara Moriarty, Sheriff's Department
Rich Jue, Sheriff's Department
Christian Kropff, Sheriff's Department
Elizabeth LaBarre, Human Services Agency
Susie Smith, Human Services Agency
Olivia Scanlon, Department of Emergency Management
Michelle Busse, Department of Emergency Management

Lydia Ely, Mayor's Office of Housing and Community Development
Brian Cheu, Mayor's Office of Housing and Community Development
Sheila Nickolopoulos, Mayor's Office of Housing and Community Development
Kyra Geithman, Mayor's Office of Housing and Community Development
Sophie Hayward, Office of the City Administrator
Vivian Po, Office of the City Administrator
Angela Yip, Office of the City Administrator
Aliya Chisti, Department of Human Resources
ChiaYu Ma, Office of the Controller
Ayeesha Hossain, Office of the Controller
Masood Ordikhani, Public Utilities Commission
Jeremy Spitz, Public Utilities Commission
Donna Hood, Public Utilities Commission
Sarah Madland, Recreation and Park Department
Beverly Ng, Recreation and Park Department
Ashley Summers, Recreation and Park Commission
Jenica Liu, Port Commission
Boris Delepine, Port Department
Janet Martinsen, Municipal Transportation Agency
Joel Ramos, Municipal Transportation Agency
Christine Silva, Municipal Transportation Agency Board

1 [Administrative Code - Core Initiatives to Strengthen City’s Responses to Homelessness,
2 Drug Abuse, Mental Health Needs, and Related Crises]

3 **Ordinance amending the Administrative Code to 1) waive competitive procurement and**
4 **certain other Municipal Code requirements for contracts, grants, and leases necessary**
5 **to accelerate the City’s response to homelessness, drug overdoses and substance use**
6 **disorders, mental health needs, integrated health needs, and public safety hiring (the**
7 **“Core Initiatives”); 2) delegate to department heads the authority to approve certain**
8 **types of contracts, grants, and leases for Core Initiatives under Charter, Section 9.118,**
9 **if the Board of Supervisors has failed to act within 45 days; 3) delete the requirement**
10 **under Chapter 23 of the Administrative Code that the Board of Supervisors approve**
11 **leases, if the lease is for a Core Initiative; 4) authorize the City to accept gifts, grants,**
12 **and other donations for Core Initiatives; 5) clarify the authority of the Controller to**
13 **transfer surplus funds to support Core Initiatives; and 6) authorize the Office of the**
14 **Mayor for six months to solicit donations from various private entities and**
15 **organizations to support the City’s work on the Core Initiatives, notwithstanding the**
16 **Behested Payment Ordinance.**

17
18 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
19 **Additions to Codes** are in *single-underline italics Times New Roman font*.
20 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
21 **Board amendment additions** are in double-underlined Arial font.
22 **Board amendment deletions** are in ~~strikethrough Arial font~~.
23 **Asterisks (* * * *)** indicate the omission of unchanged Code
24 subsections or parts of tables.
25

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

1 Section 1. Chapter 21B of the Administrative Code is hereby amended by revising the
2 title and Section 21B.1, adding new Section 21B.2, renumbering existing Section 21B.2 as
3 Section 21B.3 and revising it, adding new Sections 21B.4 and 21B.5, renumbering existing
4 Section 21B.3 as Section 21B.6 and revising it, and renumbering existing Section 21B.4 as
5 Section 21B.7 and revising it, to read as follows:

6 **CHAPTER 21B:**

7 **CORE INITIATIVES ~~COMMODITIES AND SERVICES RELATING TO~~**
8 **PROJECTS ADDRESSING HOMELESSNESS, ~~DRUG OVERDOSES AND SUBSTANCE~~**
9 **USE DISORDERS, MENTAL HEALTH NEEDS, INTEGRATED HEALTH NEEDS,**
10 **AND PUBLIC SAFETY HIRING**

11 **SEC. 21B.1. PURPOSE AND GOALS.**

12 For too long, San Francisco has faced crises related to homelessness, drug overdoses and
13 substance use disorders, mental health needs, integrated health needs, and public safety hiring. The
14 City wants to try innovative solutions to address these crises more effectively and more quickly, but
15 long-established rules often stand in the way of speedy progress. It is the intent of this Chapter 21B to
16 expedite the City's response to these challenges and expand the City's capacity to meet these
17 challenges: to give the City the tools to quickly and effectively implement the Core Initiatives described
18 in this Chapter, so that it can continue to be accountable to, and responsive to the needs of, its
19 residents. In recognition of the fact that a significant number of persons within San Francisco lack the
20 ability to obtain shelter, resulting in a threat to the health and safety of those persons, and that such
21 threat constitutes a shelter crisis, the intent of this Chapter 21B is to expedite the procurement of
22 professional and other services relating to Projects Addressing Homelessness.

23
24 **SEC. 21B.2. DEFINITIONS.**

25 For purposes of this Chapter 21B, the following terms have the following meanings:

1 “Contracts” means contracts for public works under Chapter 6, contracts for commodities or
2 services under Chapter 21, grants awarded under Chapter 21G, leases and related agreements under
3 Chapter 23, and loan agreements for affordable housing under Chapter 66 and/or Chapter 120.

4 “Core Initiative Contract” means a Contract that (1) procures commodities, services, or public
5 works to directly address one or more Core Initiatives or that is required to support a Designated
6 Department’s capacity to ensure the comprehensive operational and programmatic success of one or
7 more Core Initiatives; (2) leases or otherwise provides for the use of real property to directly address
8 one or more Core Initiatives; or (3) provides funding for one or more Core Initiatives.

9 “Core Initiatives” means one or more of any of the following: (1) Projects Addressing
10 Homelessness, (2) Projects Addressing Drug Overdoses and Substance Use Disorders; (3) Projects
11 Addressing Mental Health Needs; (4) Projects Addressing Integrated Health Needs. and (5) Projects
12 Addressing Public Safety Hiring.

13 “Department Head means the head of a Designated Department or their designee.

14 “Designated Departments” means the Department of Public Works, the Department of
15 Homelessness and Supportive Housing, the Department of Public Health, the Police Department, the
16 Sheriff’s Department, the Department of Emergency Management, the Human Services Agency, the
17 Mayor’s Office of Housing and Community Development, the City Administrator, and the Department
18 of Human Resources. In addition, the Mayor may select additional departments or components of City
19 government that are needed to support Core Initiatives to be Designated Departments, by providing the
20 Board of Supervisors a written notice that explains the need for the additional designation and the
21 manner in which the newly designated department shall be expected to support the Core Initiative.

22 ~~For purposes of this Chapter 21B,~~ “Projects Addressing Homelessness” means projects
23 designed to prevent homelessness through the provision of housing subsidies or other
24 services, and projects designed to provide shelter, housing, food, and/or social services to
25 people experiencing homelessness.

1 “Projects Addressing Drug Overdoses and Substance Use Disorders” means projects designed
2 to reduce drug-related deaths and support individuals with substance use disorders (SUDs). These
3 projects include, but are not limited to, increasing access to treatment for individuals with SUDs,
4 providing services to enhance the success of SUD treatment, such as co-delivered mental health
5 treatment and contingency management incentives, providing an array of services to support
6 individuals with SUDs in their living environments, and strengthening community engagement,
7 outreach, intervention, and social support for people at high risk for overdose.

8 “Projects Addressing Mental Health Needs” means projects designed to support people with
9 mental health disorders, including, but not limited to, providing residential care and treatment services
10 for both long- and short-term stays, providing case management, providing therapy, and connecting
11 individuals with healthcare and medication, along with services to address co-occurring substance
12 abuse disorders and/or medical needs.

13 “Projects Addressing Integrated Health Needs” means projects designed to serve people who
14 are at risk of experiencing homelessness due to the potential loss of their shelter, housing, or release
15 from an institution. These projects include, but are not limited to, shelter health services, linkages,
16 case management, wrap around services, eligibility and benefits enrollment, and navigation services.

17 “Projects Addressing Public Safety Hiring” means projects to support the hiring process for,
18 and/or the recruitment, training, and retention of, police officers, deputy sheriffs, and 911 operators.

19
20 **SEC. 21B.32. CORE INITIATIVE CONTRACTS WAIVER OF COMPETITIVE BIDDING**
21 **REQUIREMENTS.**

22 (a) Purpose. This Section 21B.3 is intended to streamline the process for Designated
23 Departments to enter into Contracts for Core Initiatives that they otherwise are legally authorized to
24 enter into, by waiving or modifying certain approval requirements that may otherwise apply to those
25

1 Contracts. This Section 21B.3 is not intended to otherwise enlarge or expand the general contracting
2 authority of Designated Departments as to different types of Contracts.

3 **(b) Waiver of Requirements Related To Competitive Bidding and Approval of Leases.**

4 Notwithstanding Sections 21.1 and 21G.3 of the Administrative Code or any other provision of the
5 Municipal Code, the Department of Public Works and the Department of Homelessness and Supportive
6 Housing Designated Departments may enter into and/or amend Core Initiative Contracts
7 for services or commodities or grants for professional and other services or commodities relating to
8 Projects Addressing Homelessness without adhering to the competitive procurement requirements
9 of Administrative Code Sections 2.6-1, 21.1, 21G.3, 23.33, 120.2(b), or any other provision of City
10 law competitive procurement requirements, and without obtaining approval of leases by resolution
11 under Administrative Code Sections 23.27 and 23.30, provided that in any of the above circumstances
12 the Department Head must first provide the Mayor a written justification explaining why the Contract
13 is necessary to support a Core Initiative.

14 **(c) Approvals Under Charter Section 9.118. The Board of Supervisors hereby delegates**
15 authority under Charter Sections 9.118(b) and 9.118(c) to Designated Departments to enter into or
16 amend Contracts, subject to all of the following conditions:

17 (1) A resolution seeking approval under Section 9.118 has been introduced at the
18 Board of Supervisors on or before January 8, 2026;

19 (2) The resolution is signed by the Department Head and the Mayor and states why
20 the Contract is necessary for a Core Initiative;

21 (3) The Contract does not require anticipated expenditures by the City and County
22 of \$50 million or more, or in the case of a modification or amendment of an existing Contract does not
23 have an impact of \$50 million or more;

24 (4) The Contract does not have a term of ten years or more, or in the case of an
25 amendment or modification of an existing Contract does not extend the Contract term by ten years or

1 more, with the exception of (A) leases of City property for affordable housing development which shall
2 not exceed 99 years, (B) loans for acquisition, development, construction, rehabilitation, or
3 reconstruction of affordable housing; and (C) grants to subsidize rents or operations of an affordable
4 housing development which shall not exceed 30 years;

5 (5) The Contract is substantially in the form of the applicable City templates for
6 such Contracts, and incorporates City-standard requirements related to matters such as insurance and
7 indemnity following consultation with the City Attorney and Risk Manager;

8 (6) The Board of Supervisors has failed to act within 45 days after the date of
9 introduction.

10
11 **SEC. 21B.4. AUTHORIZATION TO ACCEPT AND EXPEND DONATIONS.**

12 Designated Departments shall have authority to accept and expend gifts, grants from
13 nongovernmental sources, services, bequests of money, and other donations for purposes of supporting
14 the City's efforts on the Core Initiatives. The Controller is authorized to establish special funds as
15 required to appropriately account for funds so received. Designated Departments shall annually
16 report to the Board of Supervisors on such donations and expenditures.

17
18 **SEC. 21B.5. TRANSFER OF FUNDS.**

19 As authorized by Administrative Code Section 3.18, the Controller may transfer appropriated
20 funds for the purpose of supporting the City's work on the Core Initiatives. Such transfers shall not be
21 further limited by administrative requirements not required by Section 3.18 or the Charter.

22
23 **SEC. 21B.6. RULES AND REGULATIONS; REPORTING.**

24 (a) The Controller in consultation with the City Administrator shall have authority to adopt
25 rules and regulations to effectuate the purposes of this Chapter 21B. By way of example but not

1 limitation, these rules and regulations may govern the expedited approval of Contracts for Core
2 Initiatives to ensure increased transparency and accountability, and additional public reporting of
3 activities conducted under this Chapter 21B. Nothing in this subsection (a) shall limit the authority of
4 the Controller or City Administrator to conduct regular audits or reviews of department activities.

5 (b) A Designated Department that enters into or amends a Contract for a Core Initiative
6 under Section 21B.3 The Department of Homelessness and Supportive Housing and the Department of
7 Public Works shall submit to the Board of Supervisors an annual report that includes the
8 following information for each such Contract ~~contract or grant~~ that the respective departments
9 executed during the prior year ~~without adhering to the requirements of Section 21.1 or Section~~
10 21G.3, pursuant to the authority in Section 21B.2: the name of the party with whom the City has
11 entered into the Contract ~~contract or grantee~~; the services to be provided under the eContract or
12 grant; the amount of funds conveyed or received; the duration of the eContract or grant; and any
13 measurable outcomes of the eContract or grant.

14
15 **SEC. 21B.7 ~~21B.4~~. SUNSET PROVISIONS.**

16 This Chapter 21B shall expire by operation of law on May 5, 2029, ~~or on the effective~~
17 ~~date of an ordinance making the finding that according to the most recent Point in Time Homeless~~
18 ~~Count, that there are no more than 2,199 people experiencing unsheltered homelessness which is a~~
19 ~~50% reduction in unsheltered homelessness from the 2022 Point in Time Count, whichever date is~~
20 ~~earlier~~. Upon expiration of this Chapter 21B, the City Attorney is authorized to cause this
21 Chapter to be removed from the Administrative Code.

22
23 Section 2. Chapter 6 of the Administrative Code is hereby amended by revising
24 Section 6.76, to read as follows:

1 **SEC. 6.76. PUBLIC WORKS ADDRESSING HOMELESSNESS, DRUG OVERDOSES**
2 **AND SUBSTANCE USE DISORDERS, MENTAL HEALTH NEEDS, INTEGRATED HEALTH**
3 **NEEDS, AND PUBLIC SAFETY HIRING.**

4 (a) The Department of Public Works is authorized to enter into and/or amend any
5 contract for any Public Work or Improvement, as defined in Administrative Code Section 6.1,
6 including any professional services for a Public Work or Improvement, without adherence to
7 the requirements of this Chapter 6, Administrative Code Chapter 14B, the Labor and
8 Employment Code, and the Environment Code; provided, however, that the Public Work or
9 Improvement is for the construction, repair, or improvement of one or more sites that will be
10 used for the primary purpose of ~~providing housing, shelter, or services to people experiencing~~
11 ~~homelessness supporting a Core Initiative as set forth in Administrative Code Chapter 21B.~~

12 (b) This Section 6.76 shall expire by operation of law on May 5, 2029, ~~or on the~~
13 ~~effective date of an ordinance making the finding that according to the most recent Point in Time~~
14 ~~Homeless Count, that there are no more than 2,199 people experiencing unsheltered homelessness~~
15 ~~which is a 50% reduction in unsheltered homelessness from the 2022 Point in Time Count, whichever~~
16 ~~date is earlier.~~ Upon expiration of this Section 6.76, the City Attorney is authorized to cause
17 this Section to be removed from the Administrative Code.

18
19 Section 3. Chapter 21G of the Administrative Code is hereby amended by revising
20 Section 21G.3, to read as follows:

21 **SEC. 21G.3. COMPETITIVE SOLICITATION.**

22 (a) Granting Agencies shall award all Grants through an open and competitive
23 process under Sections 21G.4, 21G.5, and 21G.6, except for Grants (1) to a governmental
24 entity for programs, activities, or services that can be practically performed only by that
25 particular entity, (2) made to a specific entity as required to comply with applicable law or

1 contract, or as a result of the requirements of the funding source, (3) made for improvement to
2 property by a property owner, ~~or~~(4) awarded on a sole source basis pursuant to Section
3 21G.8, or (5) awarded for a Core Initiative as set forth in Administrative Code Chapter 21B.

4 * * * *

5
6 Section 4. Chapter 23 of the Administrative Code is hereby amended by revising
7 Sections 23.27, 23.30, and 23.33, to read as follows:

8 **SEC. 23.27. EXECUTION OF LEASES; APPRAISALS AND APPRAISAL REVIEWS;**
9 **RESOLUTION AUTHORIZING LEASE.**

10 Except as otherwise provided by the Charter, Administrative Code Sections 21B.3 or
11 23.26-~~above~~, or other provision of this Code, the Board of Supervisors shall approve all Leases
12 on behalf of the City as tenant by resolution. Before adoption, the head of the department
13 concerned shall recommend any such resolution for approval by the Board of Supervisors and
14 the Director of Property shall determine the Market Rent of such Lease based on a review of
15 available and relevant data. If the consideration to be paid by the City for the Lease as base
16 rent is more than \$45 per square foot per year, the Director of Property, on behalf of the
17 department concerned, shall obtain an Appraisal for the Market Rent of the Lease. If the
18 consideration to be paid by the City for the Lease as base rent is more than \$60 per square
19 foot per year, the Director of Property, on behalf of the department concerned, shall obtain an
20 Appraisal Review for such Appraisal. Any Appraisal or Appraisal Review shall have an
21 effective date of value that is not earlier than nine months before the date legislation for the
22 proposed Lease is submitted to the Board of Supervisors. All such Leases shall be executed
23 by the Director of Property or as otherwise directed by resolution of the Board of Supervisors.

1 **SEC. 23.30. LEASE OF REAL PROPERTY.**

2 Except as provided by Sections 4.112, 4.113, 4.114, 4.115, and B3.581 of the
3 Charter and by Sections 2A.173 and 23.36 of this Code, or as otherwise provided by the
4 Charter or this Code, the Director of Property shall have the charge of the Lease of Real
5 Property owned by the City. When the head of any department in charge of Real Property
6 reports to the Director of Property that certain land is not required for the purposes of the
7 department, the Board of Supervisors, by resolution, may authorize the Lease of such Real
8 Property. The Director of Property shall determine the Market Rent of such Lease based on a
9 review of available and relevant data. If the Market Rent of the Lease is more than \$45 per
10 square foot per year as base rent, the Director of Property shall obtain an Appraisal for such
11 Lease. If an Appraisal determines the Market Rent of the Lease exceeds \$60 per square foot
12 per year as base rent, the Director of Property shall obtain an Appraisal Review for such
13 Appraisal. Any Appraisal or Appraisal Review shall have an effective date of value that is not
14 earlier than nine months before the date legislation for the proposed Lease is submitted to the
15 Board of Supervisors. The Director of Property shall arrange for such Lease to the highest
16 responsible bidder in accordance with Competitive Bidding Procedures and for no less than
17 the Director of Property's opinion of Market Rent if there is no Appraisal, or for no less than
18 the Market Rent stated in the Appraisal if there is an Appraisal, unless the Board of
19 Supervisors has by resolution found that (a) such Competitive Bidding Procedures are
20 impractical or impossible or has authorized other means of award in furtherance of a proper
21 public purpose, or (b) a lesser sum ~~with~~ which furthers a proper public purpose. The Director of
22 Property shall collect rents due under such Lease.

23 When the Public Utilities Commission, the Recreation and Park Commission, the Port
24 Commission, or the Municipal Transportation Agency require approval of the Board of
25 Supervisors to a proposed Lease of Real Property owned by the City, the applicable

1 Commission or Agency shall determine the Market Rent of such Lease based on a review of
2 available and relevant data. If the Market Rent of the Lease is more than \$45 per square foot
3 per year as base rent, the applicable Commission or Agency shall, through the Director of
4 Property, obtain an Appraisal of the Market Rent for the Lease unless the Executive Director
5 of the Port determines, for Real Property under Port jurisdiction, that the rental rate for the
6 proposed Lease meets or exceeds the Port Commission's annually adopted parameter rental
7 rate for such Real Property, and such Lease shall be for no less than the Market Rent
8 established in the Appraisal unless (1) the Commission or Agency determines that applying
9 the Market Rent requirement would interfere with its capacity in discharging one of its core
10 functions under the City Charter, (2) the Board of Supervisors has found by resolution that a
11 lesser sum will further a proper public purpose, or (3) the Commission or Agency determines,
12 with Director of Property concurrence, that an independent, appropriately qualified real estate
13 economic expert is better suited than an Appraiser to perform the rental analysis. If an
14 Appraisal determines the Market Rent of the Lease exceeds \$60 per square foot per year as
15 base rent, the applicable Commission or Agency shall, through the Director of Property, obtain
16 an Appraisal Review for the Appraisal. Any Appraisal or Appraisal Review shall have an
17 effective date of valuation that is not earlier than nine months before the date legislation for
18 the proposed Lease is submitted to the Board of Supervisors.

19 The requirements in this Section 23.30 for Board of Supervisors approval by resolution shall
20 not apply to leases for Core Initiatives as set forth in Administrative Code Chapter 21B.

21

22 **SEC. 23.33. COMPETITIVE BIDDING PROCEDURES.**

23 To the extent that any ordinance, Code provision, or Charter provision gives the City,
24 or any of its commissions, boards, or departments, power to award Leases without
25 competitive bidding, it shall be City policy that, notwithstanding such power, all such Leases

1 that are expected to produce more than \$2,500 per month in revenue be awarded in
2 accordance with Competitive Bidding Procedures, unless such Competitive Bidding
3 Procedures are impractical or impossible. It shall also be City policy that any and all Leases
4 awarded without following the Competitive Bid Procedures shall be in an amount not less than
5 the fair market value of the leased property. If any City department wishes to award a Lease
6 of City-owned property for less than fair market value, it shall make a finding of the public
7 purpose to be served by such Lease, and such Lease and finding shall be subject to the prior
8 approval of the Mayor and the department head, as well as the applicable commission. If
9 there is no commission approval, then such Lease and finding shall also be subject to the
10 prior approval of the Board of Supervisors. The Lease shall also require that the tenant will
11 use the leased premises in accordance with the stated public purpose for the entire lease
12 term. The provisions of this Section 23.33 shall not apply to any leases awarded pursuant to
13 ~~San Francisco~~ Administrative Code Chapters 21B or 23A, ~~the Surplus City Property Ordinance~~.

14

15 Section 5. Behested Payments Waiver.

16 (a) San Francisco has been facing multiple crises related to homelessness, drug
17 overdoses and substance use disorders, mental health needs, integrated health needs, and
18 public safety hiring, and has declared its response to these matters as its “Core Initiatives,” as
19 set forth in Administrative Code Chapter 21B. It is essential that the City respond effectively
20 and quickly to these crises, both on its own through the work of the Designated Departments
21 identified in Chapter 21B, as well as through partnerships with private entities and individuals
22 and community stakeholders who may wish to support such efforts.

23 (b) Entering into public-private partnerships will serve the public interest and is
24 critical to helping the City explore innovative strategies to support the Core Initiatives. The
25 Mayor’s Office seeks to support these efforts, understanding that some of the individuals or

1 entities with whom the City might partner may be considered to be interested parties under
2 the Behested Payments Ordinance (Campaign and Governmental Conduct Code, Section
3 3.600 *et seq.*).

4 (c) The City has rules and policies to ensure Designated Departments receiving
5 outside support do so with transparency. Under Chapter 21B, Designated Departments must
6 annually report to the Board of Supervisors on donations and expenditures related to Core
7 Initiatives and when they enter into Contracts for the purpose of Core Initiatives, and are
8 subject to additional reporting obligations determined by the City Controller. Also, Designated
9 Departments are subject to donor disclosure requirements under Administrative Code Section
10 67.29-6.

11 (d) For the foregoing reasons, the Board of Supervisors under Section 3.620(f) of
12 the Campaign and Governmental Conduct Code hereby waives application of the Behested
13 Payment Ordinance as to the Mayor and employees of the Mayor's Office so that they may
14 solicit donations from private organizations and individuals to support the Core Initiatives, for a
15 period of six months beginning on the effective date of this Section 5 of this ordinance. The
16 granting of this waiver serves the public interest by supporting the Core Initiatives and, further,
17 does not create an appearance of impropriety.

18 (3) Consistent with Section 3.620(f), this waiver will sunset after six months unless
19 renewed by the Board of Supervisors by resolution.

20
21 Section 6. Effective Dates.

22 (a) Section 5 of this ordinance, which waives application of the Behested Payments
23 Ordinance and which the Board of Supervisors is authorized under Section 3.620(f) of the
24 Campaign and Governmental Conduct Code to adopt by resolution, shall become effective
25 immediately upon enactment.

LEGISLATIVE DIGEST

[Administrative Code - Core Initiatives to Strengthen City’s Responses to Homelessness, Drug Abuse, Mental Health Needs, and Related Crises]

Ordinance amending the Administrative Code to 1) waive competitive procurement and certain other Municipal Code requirements for contracts, grants, and leases necessary to accelerate the City’s response to homelessness, drug overdoses and substance use disorders, mental health needs, integrated health needs, and public safety hiring (the “Core Initiatives”); 2) delegate to department heads the authority to approve certain types of contracts, grants, and leases for Core Initiatives under Charter, Section 9.118, if the Board of Supervisors has failed to act within 45 days; 3) delete the requirement under Chapter 23 of the Administrative Code that the Board of Supervisors approve leases, if the lease is for a Core Initiative; 4) authorize the City to accept gifts, grants, and other donations for Core Initiatives; 5) clarify the authority of the Controller to transfer surplus funds to support Core Initiatives; and 6) authorize the Office of the Mayor for six months to solicit donations from various private entities and organizations to support the City’s work on the Core Initiatives, notwithstanding the Behested Payment Ordinance.

Existing Law

City law requires departments to conduct a competitive process before awarding certain types of contracts. Contracts involving the expenditure of City funds – for example, to procure goods or services, to improve City property, to fund private entities through grants or loans – typically must comply with these rules. Contracts to lease out City real property are subject to similar requirements, concerning competitive bidding.

The Administrative Code contains some exceptions to these requirements. For example, under Chapter 21B, competitive bids are not required for the Department of Public Works (“DPW”) or by the Department of Homelessness and Supportive Housing (“HSH”) to award contracts or grants that support projects addressing homelessness. Under Chapter 6, public works contracts awarded for the purpose of providing housing or shelter are also exempt from certain requirements under Chapter 6, as well as under the Labor and Employment Code and Environment Code. These exceptions in Chapter 21B and Chapter 6 expire in May 2029, or at such time as the Board of Supervisors (“the Board”) finds that homelessness levels have dropped to a certain level, whichever is earlier.

City law also requires departments to obtain Board approval of some contracts. Under Chapter 23, the Board must approve certain types of leases – both where the City is the tenant, and where the City is leasing out its own property as the landlord. And Section 9.118 of the City Charter requires Board approval by resolution of certain types contracts, including contracts that will do any of the following: (1) generate \$1 million or more in revenue for the City, (2) require anticipated expenditures of \$10 million or more, (3) modify an expenditure

agreement previously approved by the Board by \$500,000 or more, (4) have a term of 10 years or more, or (5) sell or transfer City real property. The Board can under certain specific conditions delegate approval authority under Section 9.118 to departments.

The Board also is required to approve most gifts and grants to the City. In most cases, departments have delegated authority to accept gifts of up to \$10,000, and grants of up to \$100,000, without Board approval.

Finally, the City's Behested Payments Ordinance restricts designated City officials and employees from soliciting donations from persons in administrative proceedings before the City, City contractors, lobbyists, and permit consultants (collectively, "interested parties"). The Board is authorized to waive these restrictions for up to six months at a time.

Amendments to Current Law

The proposed ordinance amends Chapter 21B to streamline certain approval requirements for Contracts entered into by Designated Departments to support Core Initiatives:

- The term "Contracts" covers contracts for public works under Chapter 6, commodities and services under Chapter 21, grants awarded under Chapter 21G, leases and related agreements under Chapter 23, and loan agreements for affordable housing under Chapter 66 and/or Chapter 120.
- The term "Designated Departments" means DPW, HSH, the Department of Public Health, the Police Department, the Sheriff's Department, the Department of Emergency Management, the Human Services Agency, the Mayor's Office of Housing and Community Development, the City Administrator, and the Department of Human Resources. The ordinance also allows the Mayor to select additional departments or components of City government as Designated Departments.
- The term "Core Initiatives" means one or more of any of the following: (1) Projects Addressing Homelessness, (2) Projects Addressing Drug Overdoses and Substance Use Disorders; (3) Projects Addressing Mental Health Needs; (4) Projects Addressing Integrated Health Needs. and (5) Projects Addressing Public Safety Hiring. The ordinance contains additional language to describe the types of projects that can qualify as Core Initiatives under these sub-categories.

Under the ordinance, a Designated Department with authority to enter into a Core Initiative Contract could do so without competitive bidding, if the Department Head had first provided the Mayor a written justification of why the Contract is necessary to support a Core Initiative. (The ordinance does not expand the general contracting authority of any of the Designated Departments. For example, a Designated Department that lacks general authority to enter into leases would still need to comply with the provisions of Chapter 23 that confer general

leasing authority on the Director of Property, but the lease could be awarded without a competitive bid if necessary for a Core Initiative.)

The ordinance extends the Chapter 6 exception for public works contracts for projects that provide shelter, to public works contracts by DPW that are for any of the Core Initiatives.

The ordinance would waive the requirements under Chapter 23 for Board approval of leases, in the case of leases that support Core Initiatives.

The requirement of Board approval under Section 9.118 would still apply, but Designated Departments could approve Core Initiative Contracts (other than revenue contracts) on the Board's behalf, under certain conditions, and if a resolution seeking the Board's approval had been introduced at the Board on or before January 8, 2026 and the Board had failed to act on the resolution within 45 days of introduction. In this context, the Board would have "failed to act" if it had neither approved nor disapproved the resolution within 45 days. Both the defeat of a motion to approve, and the passage of a motion to disapprove, would constitute the disapproval of the resolution. This delegation of authority under Section 9.118 would apply to the following types of Contracts:

- The resolution is signed by the Department Head and the Mayor, and states why the Contract is necessary for a Core Initiative;
- The Contract does not require anticipated expenditures by City of \$50 million or more, or in the case of a modification or amendment of an existing Contract does not have an impact of \$50 million or more;
- The Contract does not have a term of ten years or more, or for an amendment or modification of an existing Contract does not extend the Contract term by ten years or more, with the exception of (A) leases of City property for affordable housing development which shall not exceed 99 years, (B) loans for acquisition, development, construction, rehabilitation, or reconstruction of affordable housing; and (C) grants to subsidize rents or operations of an affordable housing development which shall not exceed 30 years; and
- The Contract is substantially in the form of the applicable City template for such a Contract, and incorporates City-standard requirements related to matters such as insurance and indemnity following consultation with the City Attorney and Risk Manager.

The ordinance would also authorize Designated Departments to accept gifts, grants, services, and similar donations provided for the purpose of supporting the Core Initiatives. And it would clarify the legal authority of the Controller to transfer funds within the City budget for purposes of supporting the Core Initiatives.

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All of the above requirements would expire by operation of law on May 5, 2029.

Finally, the ordinance would grant the Mayor and the Mayor's Office Staff a six-month waiver from the Behested Payments Ordinance, to facilitate fundraising to support the Core Initiatives.

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OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: Fentanyl Emergency Ordinance
DATE: January 14, 2025

Ordinance amending the Administrative Code to 1) waive competitive procurement and certain other Municipal Code requirements for contracts, grants, and leases necessary to accelerate the City's response to homelessness, drug overdoses and substance use disorders, mental health needs, integrated health needs, and public safety hiring (the "Core Initiatives"); 2) delegate to department heads the authority to approve certain types of contracts, grants, and leases for Core Initiatives under Charter Section 9.118, if the Board of Supervisors has failed to act within 45 days; 3) delete the requirement under Chapter 23 of the Administrative Code that the Board of Supervisors approve leases, if the lease is for a Core Initiative; 4) authorize the City to accept gifts, grants, and other donations for Core Initiatives; 5) clarify the authority of the Controller to transfer surplus funds to support Core Initiatives; and 6) authorize the Office of the Mayor for six months to solicit donations from various private entities and organizations to support the City's work on the Core Initiatives, notwithstanding the Behested Payment Ordinance.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org