

Heritage on the Marina

Minutes of the

Semiannual Meeting

and

Residents Council Meeting

2022-01-28

Heritage on the Marina Residents Council Meeting Minutes 2022-01-28

Attendance

Officers

Patrick Alexander, Martha Torres, Paula Cornyn, Theo Armour

Staff

Mary Linde, Hanh Ta, Janet Howell, Joe Conroy, Oleg Korsunsky

Board members

Patrick Alexander, Martha Torres, Tony Hanley, Dennis Mooradian, Scott Hinds, David Gruber and Kevin Gerber

Venue

The meeting was held in Friendship Hall and was mixed in-person and Zoom

Welcome and Opening Remarks

Patrick Alexander, President of the Heritage on the Marina Residents Council, opened the meeting.

He asked Board members (listed above) to introduce themselves.

Patrick introduced Mary Linde. Mary provided a brief introduction to the staff members (listed above) and stated:

This is a meeting that's required by the contract statutes. And we're required to have a free discussion of subjects including but not limited to our income expenditures, financial trends, and other issues as they apply to the retirement community.

Resident Council Update

Patrick Alexander, President of the Heritage on the Marina Residents Council, introduced the officers (listed above).

Patrick described his vision:

What I was looking for in 2022 would be an involvement of the residents in activities. I'm looking for suggestions from members of the community as to what we're going to do.

One of the things we have done is reach out to the other communities, the San Francisco Towers and the Sequoias, to see if we can combine our activities. They

possibly could come over and dine here. We could go to their communities down there. We possibly could combine our activities together for trips or other events. I've done one Zoom meeting with them. I hope to do a Zoom meeting in February and possibly all the months thereafter so we can get something arranged to work together.

I would also like for us to think about two particular points.

- 1. We are probably the only retirement community in San Francisco that currently does not accept pets. Sooner or later. We're going to have to think about this. The other communities - the Towers and the Sequoias - both accept pets in limited quantities in limited areas. And so I think in future, we're going to have to think about that. A lot of people these days want to have pets. It's definitely a detriment to the renting of apartments if we say absolutely no pets. So somehow we're going to have to think about and solve that particular problem. We're not going to say what's going to happen. We're not going to let lay down a lot of rules. We want everybody's cooperation and thoughts about that.*
- 2. We have a great deal of space in the Chapel not used to a great extent. It's been suggested it could be used for other community events. We don't have a lot of space in the Heritage for activities. So I'd like people to think about that, how we could do it. And if you have an idea, let me or any of the other residents council members know about it.*

Paula Cornun provided the Treasurer's Report:

In December, we had a generous donation to the outreach program specifically for Headstart of \$500. We spent about \$165 for gardening. We ended the year 2031 with \$6,400 and change. That's also the end of January because there's been no activity.

There is a binder outside the dining room on the table that also has a binder for committees. This will have the treasurer's reports each month. If you need your own, let me know and I will email it to you or get you a paper copy if you don't use email. Each committee is listed how much money each community has on hand.

Mary Liz Harris presented the Food Committee report. A copy of her report is at the end of this document.

Semi Annual Meeting
Mary Linde took the floor and remarked about the late notice for the mixed on-person and Zoom meeting. She introduced her Directors.

Janet Howell, Director of Marketing: Marketing Report

Janet Howell presented the marketing report

Occupancy

- Currently at about 83.5 occupancy in independent living

- Newest resident is Atilio Mossi.
- Have applications pending for a two bedroom apartment, a one bedroom apartment and a studio permanent assisted living as well
- Projected occupancy by year end is 94%
- How we get to that number
 - Anticipate about five transitions into higher levels of care
 - Already had one move in this year so far and three pending
 - Making good headway in reaching that goal

New marketing initiatives

- Pole banners in the city of San Francisco are a no go
- Too many challenges regarding permits. Even though nonprofit, they require us to service the outside community in more ways than we currently do now
- New plan for more visibility
 - Have banners fabricated and placed on the front lawn
 - 15 foot banners on both sides of the interior gates.

Communications

- **Touchtown.** Purchased enhanced applications to include the ability to allow residents to access the system using their mobile devices or computers or tablets
- Several weeks out
- **Alexa** Going to have a small pilot test group to integrate Alexa into some of the apartments to work with Touchdown where residents can place certain requests through Alexa
- Going to help residents with vision impairment and hearing impairment as well as those that may not necessarily have the ability to fill out those many forms that we have for the various requests

Hanh Ta, Operations Director

COVID-19 updates

Hanh Ta reported on COVID-19 updates

- KN95 masks are available to all residents. Oleg and Erin have been instrumental in the delivery
- We are on the Department of Public Health watch list because of positive cases
- No guest meals for the time being
- Resident satisfaction survey in March

Mary Linde, CEO, Strategic Plan

Mary Linde, CEO, Heritage on the Marina

- Charged by the Board to make operations sustainable
- Need to have revenue exceed our expenses
- What is brought in through apartments, guests meals and parking spaces equals or exceeds what is spent in wages and departmental expenses
- Working with Rockwood Pacific
 - <https://www.rockwoodpacific.com/> Rockwood Pacific is a professional real estate

services firm serving mission-based organizations committed to advancing wellness and longevity for older adults through better housing and better health care

- Projecting our finances for 10 years, working with architects, land use attorneys and people who can get us in front of city planners to understand how much revenue by increasing space we can get on campus.
- Expect to have real answers after May or June
- Presentation will follow due diligence

Aging in Place

- Your move to your Independent Living apartment is where you want to be till the end of your life
- We understand this!
 - As people move across levels of care and downsize further, they lose more of their stuff and have less familiarity with caregivers.
 - It becomes confusing cognitively for people
 - People age better when they are in their homes
- Working since last summer on a model we call “aging in place” - bringing care and services to your apartment
- The only time you would really need to move across levels of care to assisted living is if your care needs required cohorted care or two people to transfer and and move you or your care needs required were so acute that it required eyes from nurses on you much more frequently than every two or three hours in your apartment
- Staffing is different in assisted living than in a visiting nursing model and independent living
- Actively working on transition now
- Training our clinical staff started last summer
- Training about why it works better to give people care and services in their apartments
- Actively recruiting for a nursing director with an RCFE license, who is an RN, who is strong clinician and who really understands and can promote the Aging in Place model

2022 Budget Presentation

Mery Linde outlined the budgeting process

Budget Process ~ Last year

- Based on feedback from residents
- Created a financial review board - a resident board that meets quarterly with the administration to review quarterly financials and variance report
- Feedback also from resident council meetings, random complaints or issues that arise
- Also from our resident satisfaction surveys
- Identify what the concerns are and what needs to be brought into the budget in the coming year
- Hear from residents, what's working, what's not working, where there we need to put dollars to support resident services
- We were able to get those things that residents suggested into our budget
- Bolstered marketing efforts

- brought in consultants Bild & Company in last fall
- Worked closely with Janet and Patti
- They did a tremendous job with new training and insight
- On track to try to bring 12 new people in this year
- Quarterly variance reports are always posted down on the resident bulletin board every quarter

Budget Process ~ This year

- Starting to work on the next year's budget already
- Starting with revenue projections
- Look back at last year and three to five years back to garner revenue through apartment sales, guest apartments and parking fees
- Look at our ancillary charges for guests meals, guest rooms, parking
- Does it require a nurse or a med tech or certified nursing assistant?
- Does it pay for itself by the charts?
- Looking what should be done and what to improve

Recording of the meeting has a gap here

Department expenses

- Don't just give a 3% increase to everything we spent last year
- Department directors talked about the real need to spend this money
- If we didn't spend it last year, what's the reason it wasn't spent last year? Is it getting accounted for somewhere else?
- Or can the amount actually be reduced?
- Really looked at a zero balance budget
- Tried to make the truest expense budget recorded

Capital Budget

- Keep a list going throughout the year we know how much we have budgeted for capital
- Projects that come up during the year that we need to address later. May not have money now
- Must prioritize capital because emergencies come
- Sometimes I have to say "that's a want, this is an emergency. And we need to get to that emergency repair sooner than this"
- Look at capital projections as well
- A lot of what you wanted came into play through Bernie Burke's survey

Investment Portfolio

- Ideal outcome is that revenue exceeds our expenses
- A revenue excess contributes to cash reserves
- Not the case at Heritage on the Marina
- Reality:
 - Expenses exceed revenue
 - Investment portfolio supplements operations.
- Not what our investment portfolio policy is written to be.
- Investment portfolio is supposed to support charitable operations outside of this

community.

- Want to be able to support scholarship and benevolent care when residents run out of their assets
- Have to get to a place where operations are supported with our own revenue; not rely on the investment portfolio
- Big question: how do we get there?
 - Pre-planning for a strategic plan
 - The only way to get there is to add revenue generating apartments
 - Need apartments of greater square footage and need more apartments to generate revenue and attract people

Snapshot of Budget Year 2021

- Revenue decreased by one and a half million dollars, a huge hit to our revenue budget.
- Healthcare saw a declining census
- Some intentional, because moving to an aging in place model, but also market-driven.
- Also driven by what Medicare allows for people to come in
- Some driven by COVID and fewer elective surgeries
- Based on the actual census: 1.5 million fewer dollars in revenue this year
- Expenses stayed quite neutral; they decreased \$14,000.
- Part of that is healthcare staff; we don't need as many because our occupancy is less in healthcare
- Offset by sliding some of those healthcare staff over to the RCFE - Independent and Assisted Living staff moved to aging in place.
- The number of full time equivalents (FTEs) remained neutral

Budget Analyst Position

- Added a budget analyst position
- Don't want to say short staffed, tightly staffed, as we are in our finance department
- Hired somebody who can really work with us, with Joe on budget reporting and getting that done timely. And also:
 - To work with department directors for more budget accountability
 - To work with them monthly on their variance reports
- More engagement by department directors in the budgets.

Administrative assistant position

- Added an administrative assistant position.
- Shared by marketing, administration and maintenance
- If we can take:
 - Some of the administrative stuff away from marketing, they have more time to sell apartments, which is where we get our revenue
 - Some administrative duties away from Oleg and his team, they have more time to be hands on and do repairs and maintenance in the community and rounding and those kinds of things

FTEs

- But even with those two FTEs added, our FTES remained neutral year to year.

Losses

- Projected operating loss is 1.5 million down in revenue year to year
Projected operating loss is \$5.9 million; usually runs 4.5 to 5 million
- Running an operating loss and pushing to 6 million.
- Part of that is because of a 2.3 million capital expenditures

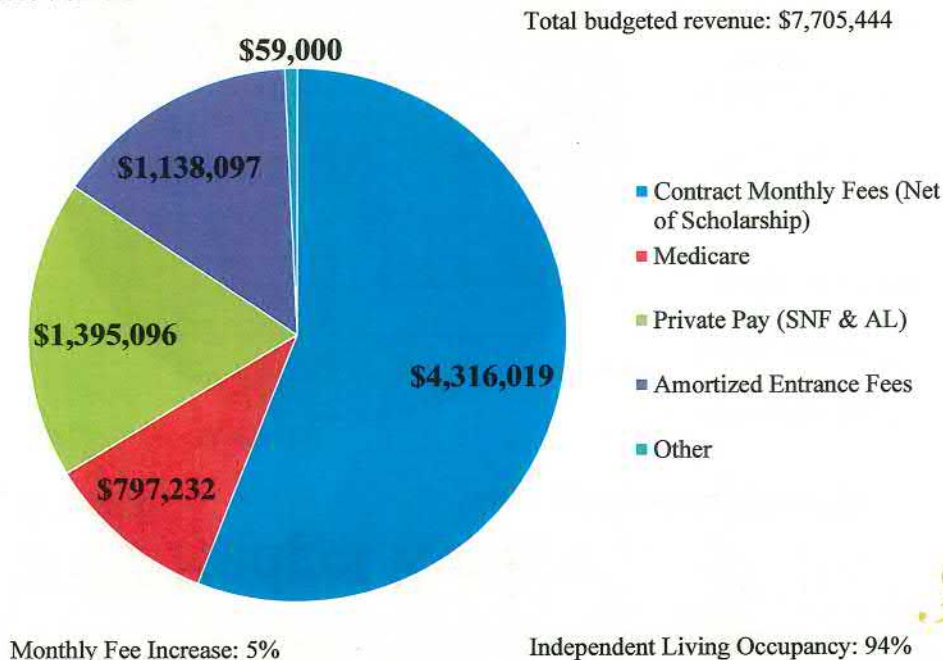
Fees

- Asking for a 5% resident increase in fees this year for all contract types.
- Projecting a cost of living adjustment for staff at 3%.
- We really didn't want to go less than that for our staff. So we were happy to be able to hold that line there.

Joe Conroy, Controller

Joe explained the details of this slide:

2022 Budget Review Revenue



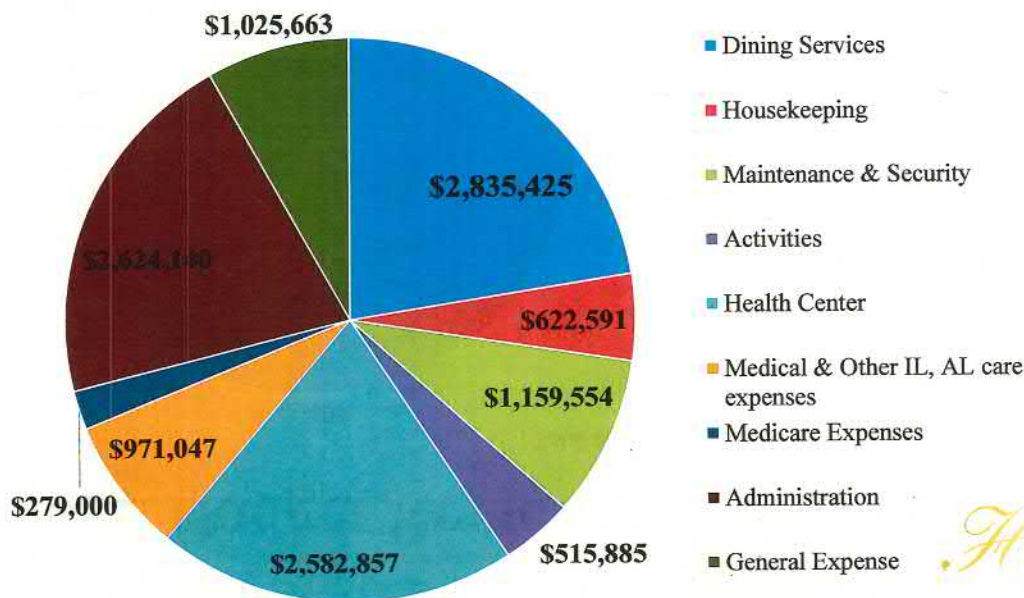
- Slide: global revenue sources,
- Revenue for 2021 was \$7.7 million.
- Largest slice: contract monthly fees
- Amount is net of certain things.
 - Provide subsidies to a number of residents
 - Program for those residents who have run out of funds or have depleted them to a point where they cannot fully pay their monthly care fees
- Medicare is \$797,000 followed by private pay or SNF and Assisted Living
- Purple slice is actually amortized entry fees

- Entrance fees are amortized over a period of time
- Get a piece of fee every year that the resident is here
- Earning it over time, as opposed to putting it all in a single year
- Other is parking fees, guests fees, and new resident application fees
- Total revenue: \$7.7 million

2022 Budget Review

Expenses

Total budgeted expenses: \$13,648,748



- Slide: Pie chart of expenses
- Gets a little bit busier because there are more departments than revenue sources.
- Important thing without going to each department is that the total amount is \$13.6 million
- It takes \$13.6 million to run this organization with all the departments and the people
- Only getting \$7.7 million in revenue
- \$5.9 million deficit is funded by our investment portfolio
- You can see the dilemma that we're in

At this point there is a gap in the recording that picks up with Oleg talking carrying out the works outlined in the capital budget as detailed in the following two slides:

Oleg Korsunsky, Director of Maintenance

2022 Capital Budget

Total budget approved: \$2,279,781

Resident Priorities:

- Garden Room Refresh
- Fitness Center Refresh
- Morgan Elevator Refresh
- Francisco Elevator
- Access Control & CCTV Phase 2

Marketing/Administration:

- Apartment Renovations +/-or Combinations
- Apartment Cosmetic Refresh
- Campus Replacement Items
- Main level Campus Unification & Refresh



2020 Capital Budget (Cont'd)

Maintenance:

- Morgan Roofing
- Nurse Call & Pendant Replacement
- VoIP Implementation House wide
- New Washing Machine in Laundry Dept.
- Perry Steam Boiler & Boiler Controls
- Porter Garden Retaining Wall Repair & Tile Replacement
- Phased Repair of Failing Sewer Main
- Installation of Backflow Preventers (Morgan)
- Main Kitchen:
 - Sandwich Station Counter & Refrigeration
 - New Compliant Eye Wash Stations
 - Flooring Repairs
 - Walk-in Freezer Delamination

Nursing:

- Vital Sign Kiosks compliant with electronic health record (EHR)

It feels like Oleg was discussing the increased liaison between Maintenance and Marketing on

the development of capital projects. Pick up here:

- Maintenance and marketing are now meeting as a group
 - Projects became more realistic
 - Focus is on the community first
 - Meeting as a group weekly to ensure that we understand the scope of these projects
 - Meeting on a monthly basis to ensure we are on track with budget, deadlines and timelines
 - Some projects are quick, just a matter of allocating their resources and then go
 - Some of them are much more complex, like the plan to redo the attendance system.
- Resident Priorities are projects that are started or already in process
 - With designers or they're already with our contractors
 - Parts have been gathered to initiate the projects
- Goal is to follow a robust budget and to speak to that budget by accomplishing all these projects in this fiscal year
- Make a system with a lot more technology
- Bring us to a place much more on par with other communities
 - Devices that speak to a system that provides us with data in real time versus something that somebody has to key in.
 - Audit and analyze to get to the bottom of what's happening with the initial responses
 - Helping with tracking elopement or security issues
 - Helping communicate with the systems that we're putting in place
- Goal is to get to someone to help as opposed to have another layer of control
- Much is going to happen in terms of the appearance
- Much going to happen in terms of infrastructure
- These are long standing repairs that either need to happen based on the nature of our facility and the age of some of the components
- There are over 20 individual projects
- Will update the community at address of the council needs
- Residents Council meetings are a great place to get updates
- Month to month there will be broader snapshots

Mary Linde, Concluding Remarks

- Not all projects are listed
- But you can see this is an aggressive year for capital
- Janet and Ollie and I are meeting monthly to review the Gantt chart that has projects slated for the year
- Don't want to get to the end of the year and say we didn't spend it and we didn't complete this project
- So we are working earnestly together to ensure that projects are completed.
- As Oleg said, we will keep you informed about projects as they go forward.
- At this time, I'd like to open it up to questions from the group

Questions and Answers

Question: Depleting the investment portfolio at the rate of \$6 million a year to meet operating expenses is not a sustainable strategy. Expanding the size of Heritage will increase revenue, but it's not likely to solve the problem. What other solutions for example, sale to a larger group is the Board of Directors considering if the board is not considering any other solutions? Why not?

Mary Linde: Sale to a larger group is still an option that's on the table. When I came, we were discussing the possibility of an affiliation. And that affiliate would then help us with our project of grouting and the strategic plan. It is my belief that we will be in a much better position to affiliate once we do the project, do the renovation, and become sustainable operationally. My fear would be that if we affiliate first we lose so much of what makes Heritage on the Marina so special and unique. I want us to be in a position to come into an affiliation strong - having something to offer so that we get to contribute to the culture of the new organization, not be taken over by an organization.

But you're right. We must have more revenue brought in and that's the work that Frank Rockwood and Marissa Cicala and I are doing with Janet and Joe right now, through Rockwood Pacific. We are doing concept planning and budget projections over 10 years to really understand how we get there. We've engaged HKS architects. We have land use attorneys where we're doing work, it's very high level and theoretical. At this point, we don't have plans for apartments or we don't know where we're building necessarily. We're doing very high level planning to try to understand how much revenue we can get on campus and to understand: will that revenue support operations? We're in that process right now.

Aggie Hoff, resident: this has nothing to do with the money situation. I just would like to ask that employees wear their name tags where you can see them as opposed to a down off their waist preferably backwards. I'm terrible at remembering names.

Mary Linde: Thanks Aggie. I agree we can definitely work on that. We'll work on that. Aggie, thank you for the suggestion.

Sheila Moore, resident: I would just like to say that the acoustics in this room are terrible. Can we go back to the dining room?

Janet Howell: the problem with the dining room is we can't do as good a projection. But what I'm learning is that I need the budget next year for something called the Zoom Room to have a really large screen that lets us have live and projected meetings in a room that is meant for this.

Mary Linde: I want to just tell you, thank you so much for spending the last hour and 15 minutes with us. I appreciate you all so much. I adore being here with you. I'm so glad that I'm getting to know you more. It has been a wonderful 10 months. Thank you. Thank you for being here. And thank you - all the board members and all of you who joined us remotely. Good to see you. That ends our meeting. Thank you so much.

FOOD COMMITTEE MEETING - JAN. 11, 2022 - 10:30 am - TUES,

Present - Dining Room Staff: (3)

ERIN - ANGIE - SOPHIA (DIETICIAN) (KEVIN WAS INVOLVED WITH A DELIVERY
SO UNABLE TO ATTEND)

Present - Residents: (8)

JANE STANDING, TONY + LINDA HANLEY, FRED WENTKER, KATIE LOO, YVONNE,
MERCEDES, MARY LIZ HARRIS

ERIN read comments from the box in the Dining Room. Some comments
were the following:

1. Staff continues to be friendly & helpful
2. Serve Lentil Soup without spinach
3. Label the fish - "Farm" or "Wild"
4. Chocolate fudge pie was outstanding
5. Lasagna was overcooked + dry.

Other comments from those present:

6. Could we have gluten free bread?
7. Good to see cooking staff in dining room to check on residents
discussion pertaining to food
8. The supply chain issues are also affecting us especially in
regard to dairy products such as flavored ice cream getting
hard to get.
9. Some were concerned with the need for low salt food items
as many are having water retention issues.
10. Visitors are still not allowed in the dining room but it's
possible to order "take out" & eat it with visitor off property
11. Thurs. Jan. 27 will be the Japanese New Year dinner.
Feb. 24 will be Chinese New Yr. dinner.

The next Food Committee Meeting will be Tues.
Feb. 8 at 10:30 am in McGinley Room.

Respectfully Submitted,
Mary Liz Harris
(Chair)