



---

## Leadership Updates Meeting Minutes

---

Front Office <FrontOffice@heritagesf.org>  
To: Front Office <FrontOffice@heritagesf.org>  
Cc: Mary Linde <MLinde@heritagesf.org>

Fri, Dec 13, 2024 at 9:11 AM

### Leadership Updates Meeting MINUTES

December 11, 2024, 10am

Follow up to Resident Council questions from 11/27/24 RC meeting:

1.

**Please explain the procedure for determining rent increases. Does the price for apartments that are vacant also increase on a yearly basis or does the rent for a vacant apartment stay the same? If no increase is made, then comparable apartments that are rented become more expensive than a comparable apartment that is vacant.**

**Response from Jon Casey, CFO:** Resident increases are based on the planned revenue (including sales) against planned expenses at the Heritage in the next year per the statute. In most communities, the increase would cover the increase in expenses and capital costs and at least break-even. The Heritage has been running in a deficit for many years. Since we are not covering the deficit, we use operating ratio to try to remain generally stable with previous years.

How does operating ratio work? Operating Ratio or Ops Ratio takes the total expense and divides that against the total revenue.

Generally, the goal is to have the ratio to be 1 or less. Anything over 1 means that you are spending more than the revenue can cover. As you can see from the highlighted portion of the chart below, our actual experience is in the 1.80 range, meaning for every \$1.00 dollar of revenue we are spending \$1.80 in expense.

When the Heritage creates the budget, the goal is to stay closer to 1.60 or lower.

Here is a data chart for reference that reflects the revenue and expenses for the last few years (actual 2022 and 2023, budget and projected 2024, and budget 2025).

	2022	2023	2024 Budget	2024 Projected	2025 Budget
Increase	5%	6.5%	8%		5%
Revenue	\$7.5M	\$6.8M	\$7.4M	\$6.4M	\$7.4M
Expense	(\$13.3M)	(\$12.6M)	(\$11.8M)	(\$11.7M)	(\$11.9M)
Operating Gain (Loss)	(\$5.8M)	(\$5.7M)	(\$4.3M)	(\$5.3M)	(\$4.5M)
Operating Ratio (Ops Ratio)	1.78	1.84	1.57	1.82	1.60

As you can see, expenses are stabilizing but we have not met the revenue targets. We are working to have more units available and ready to sell so that potential residents have more choices.

We are hopeful this will lead to more sales. You may have noted that marketing is already working hard and has had many tours of potential residents.

The budget considers resident requests and while specific cost benefit analysis may not be done since typically these are not revenue generating changes, we do try and determine if life safety, convenience, or our competitive positioning will be enhanced with the requested change. There are other data points we look at but are only used for reference or to help guide planned vendor increases, competitive or regulatory salary changes, market conditions, and other economic factors that could impact the budget.

Any deficit amount to cover operations is managed by the Finance Committee and the Board through careful management of any cash reserves.

#### 1b.

**Does the price for apartments that are vacant also increase on a yearly basis or does the rent for a vacant apartment stay the same. If no increase is made, then comparable apartments that are rented become more expensive than a comparable apartment that is vacant.**

Response from Jon Casey, CFO: Yes, there are increases in the pricing for vacant units year over year that either track with the current resident increase or more if the market rate is higher for a similar unit. In 2024, there was a pause to make sure our pricing was competitive. Therefore, our lowest Monthly Fee and Entrance Fee on a vacant unit should always be higher than the highest Monthly Fee and Entrance Fee paid by the last resident that purchased a similar unit.

2.

**Current affiliation status:**

Response from Randy Gridley, Board Chair: Jon and Mary are collaborating with the Board of Directors in the process of exploring potential affiliation.

3.

**If we affiliate with another organization does the charitable status of the Heritage on the Marina change.**

Response from Jon Casey:

Heritage on the Marina ("Heritage") is classified in the IRS Code as a 501-(c)-3 Not-For-Profit Organization. It is currently characterized under that IRS Code as a Private Foundation. Using the IRS rules, the Heritage is in the process of changing its characterization to a Public Charity which gives us some more flexibility to accept certain donations, but we will still be a 501-(c)-3.

If there is an affiliation, the Heritage, becomes a part of the new organization. The Board intends to look for a Not-For-Profit Public Benefit Corporation to affiliate with.

4.

**Leadership Meeting: can management report be limited to ½ hour and ½ hour be devoted to answering resident questions and comments.**

Response from Mary Linde, CEO: We moved the meeting to 10am to ensure those who wanted to stay for more question/response time could do so, and those who want to leave may also do so. Shortening the time Leadership has to present means they will not be able to give full updates, which is the purpose of the meeting.

Questions that come from the prior Resident Council meeting are the first item of discussion at the Leadership Updates meeting.

---

**This ends the responses to questions posed by Resident Council. Following is the Leadership Updates**

---

**All follow up questions and answers are in RED. There are answers within the minutes and more questions & answers at the end of this document.**

**Mary Linde, CEO:**

1.

Follow up to Disaster Drill (Tsunami threat) on Thursday, 12/5/24.

a.

Residents and Staff very cooperative and moved quickly to the Perry 4<sup>th</sup> floor, arriving in less than 25 minutes.

b.

Each Department Director accounted for each staff on duty that shift. This was done by Human Resources.

c.

Each Resident was accounted for by roll call, going room to room, and accounting for Residents in the hospital or out for appointments.

d.

What we learned:

i. Even though two staff were dispatched to go door to door to the Flats at 11:15 am, Flats Resident reported they were not made aware until 11:50am. In the future we will make phone calls to the Flats Residents. Additionally, some Flats Residents report never being notified.

1.

It was verified that the staff member who went to the Flats only went to Octavia first floor, believing the higher floors were already in a safe area. Again, reinforcing and training is being done to ensure that the message of the incident commander is followed.

ii. Flats resident who called Front Office and then MOD were initially told that it was not a real incident.

1.

These staff were given misinformation by another staff member. We will have in-services about where to get info and when to share (basically it comes from the incident commander).

iii. As a result of the above two findings, we will conduct a surprise drill just with the Flats residents in the upcoming days.

iv. Instead of Incident Commander having to find and bring a census list of

Residents, Front Office will immediately print the roster and give to Incident Commander.

v. Front Office phone will be forwarded to MOD cell phone so if concerned families call the calls will be immediately answered. They will also bring the Security Camera iPad with them to monitor entry points throughout the evacuation.

vi. Because of issues, a new MOD phone will be purchased.

vii. Department Directors will print their daily schedule and ensure they account for each staff on duty during the emergency and these rosters will be given to the Incident Commander.

viii. Kitchen staff will ensure that the dock door is locked.

ix. All Directors immediately report to Incident Commander for assignments such as:

1.  
Overhead paging instructions
2.  
Personally calling the Flats Residents
3.  
Knocking on all doors in Perry and Morgan to ensure all Residents are accounted for (some decided to shelter in place in their apartments).
4.  
Bring comfort items such as chairs, blankets, water, etc. to the evacuation area.

2.  
Upcoming Parties:

a.  
Resident and BOD Holiday party: TODAY, December 11, 5:30-7:30pm

b.

**Team Member Holiday Party: Friday, December 13, 1:30-3:30pm**

C.

Julia Morgan 100<sup>th</sup>

Anniversary Celebration &amp; Fundraiser, Thursday, March 27, 2025, 2-4pm

3.

Pine Park Health: some of you have had issues, but most seem to be resolved. However, Gary Richmond, NP, who was formerly with PPH is now with a company called Senior

Doc. They offer very similar services to PPH and are available to come to HotM if you choose them. Information is available by calling me or visiting me in my office.

**Angie Lam, Director of Dining Services**

1.

Our Residents' Holiday Party is TODAY Wednesday December 11<sup>th</sup> from 5:30-7:30pm. Doors open at 5:30 and it is open seating.

2.

Our December Birthday Night is Friday December 13<sup>th</sup>.

Come and celebrate your fellow residents' birthdays. Happy Hour in Morgan Parlor at 5:00pm, followed by dinner at 5:30pm.

3.

We will be celebrating El Salvador Friday December 20<sup>th</sup> at dinner. Please come and enjoy our El Salvadoran fare.

4.

Christmas is only two weeks away, Wednesday December 25<sup>th</sup>.

If you are planning on having any guests for our Mid-Day Dinner, please make sure to make a reservation as soon as possible.

5.

For Christmas Supper, Wednesday December 25<sup>th</sup>, we will be delivering a meal to your apartment between 4:00pm-5:00pm.

If you will be out of the community or would not like a tray delivered, please let the dining room know by Monday December 23<sup>rd</sup>.

If we do not hear from you, we will assume you would like your food delivered.

The dining room will NOT be open for seating and will close at 5:30pm.

Please do not hesitate to contact the dining room with any questions/concerns.

6.

**Angie reiterated that if you do not like your food, please report to your server immediately so they can make it right or get you something different.**

**Cortez McFarland, Director of EVS & Transportation****Transportation:**

The **van**

lift is currently non-operational. We are working with our vendor to schedule a time to get this resolved. Once this is scheduled, we will let you know.

Please continue to make non-medical and medical requests at the Front Office.

**Laundry:** We are receiving many requests for additional laundry services, please be aware that Marina Cleaners can assist with additional laundry services at a fee. Please see the Front Office for more information.

**Housekeeping:** No updates.

**Misc:** On Tuesday, December 10, 2024, around 12pm, The Fitness Center will be temporarily closed for a few hours as we service the machines. The service should last about 3 hours.

We are continuing to change out cable boxes and replacing them with an upgraded cable box in the community. Just for clarification, only those who have an outdated cable box will be changed out. Anyone who already has the X1 cable box, yours will remain in your room.

**Praveen Rattan, Executive Director of Human Resources**Recruiting Updates:

- Openings in Nursing:

- CNA (Per Diem)

- **Praveen thanked residents for their contributions to the employee appreciation fund. The employees are so grateful for your generosity.**

**Martha Nkhoma, Executive Director of Resident Health Services**

Services provided: LOCAT has been updated and will be used for all required services starting soon

.

Sign-up sheet for Kaiser patients needing the flu and COVID vaccines. This will involve a trip to Kaiser to receive the vaccines.

**Martha will arrange for both a Pfizer vaccination trip and a Moderna vaccination trip, as they are at separate sites.**

.

How to support others who are experiencing cognitive challenges

**Bob Connolly, Sr. Sales Manager**

## Advertisement/Marketing/Sales

- - Marina Times Ad
- - SF Chronicle ad placement Jan 3rd
- - Nob Hill Gazette Blitz.  
Editorial for Jan 5<sup>th</sup> Active  
Aging and Wellness edition. Full page Ad, 50,000+ qualified  
e-mail blast campaigns being sent. Nob Hill Gazette website  
Ad placement.
- - Richmond Review publication Ad
- - Invitations sent to prospective residents to attend Christmas party and 100<sup>th</sup> anniversary  
celebration
- - New exterior banners for 100<sup>th</sup> Anniversary  
Julia Morgan Celebration, Jan 7th.
- - Email and mailer blast, internal
- - Open House scheduled for Jan/Feb for prospective residents
- - Jim and Candy Naughton anticipate home sale this month and move in early Q1.  
Either 420 and 411 Perry or 1530 Francisco
- Marketing is averaging 6-7 in person tours each week/ or 25 per month
- There are currently 11 available (ready to move in) apartments vacant. Six apartments  
are also vacant but not yet available to rent; they will be converted into  
three one-bedroom apartments.
- Residents suggested an Open House for current Residents to tour other apartments on  
campus. Bob said he would arrange this.



## **Roxana Lara, Asst. Director of Life Enrichment**

### December 12<sup>th</sup> – Songbirds Holiday Concert

- 3pm Morgan Parlor

### December 13<sup>th</sup> Buck Institutes' seminar #9

- Boosting Brain Resilience to
- Restore Memory
- 10am, Friendship Hall

### December 16<sup>th</sup> – Interim Home Health Presentation

- Understanding
- Aphasia and detection signs

### December 18<sup>th</sup> – Celebrating El Salvador Happy Hour w/

- Entertainment by TBA (need to confirm)

### December 19<sup>th</sup> Marin men's Chorus

- 3pm Morgan Parlor

### December 23<sup>rd</sup> – Holiday Christmas Carol Sing a long

- In Morgan Parlor 3pm  
w/ Alex Bootzin

### December 25<sup>th</sup>

Christmas mass

- 10am The Chapel

December 25<sup>th</sup> Christmas  
Social & Resident Art Show

- w/ refreshments w/ Jeanne
- 2pm, Friendship Hall

Also, the Muttville visit is being rescheduled for January, since it was interrupted by the tsunami drill.

Also, it was suggested that the slide on TouchTown advertising this meeting be put up one week before the meeting. This has been done in the system today.

**Hector Arrazola, Sr. Facilities Director**

**Completed Projects:**

- Perry & Morgan buildings stairways wall repairs, patching and painting
- Replacement of the Morgan Elevator Earthquake sensor
- New Alarm Pannel Final Testing - Pending **Inspectors are requiring a re-test**
- Lift Chairs City Inspector - First approval completed
- New Nurse System - New Pendants **pending system tweaking and staff training**

**Projects working on during the month of December:**

- Adding annunciator speakers & amplifier
- Perry & Morgan Stairs Chair Lifts

- Morgan Building Elevator / preparation for remodeling
- Apartments Remodel #423 Laundry room conversion / #213 & #327
- Cottage building new landscaping
- New nursing call system, main computer & others
- Generator Diesel Tank repair
- New Diesel Tank Fence
- Francisco building air vents clean up, roof structure removal
- Morgan Building front lawn plants installation
- Pending - Alarm Panel deficiencies follow up, Final inspection

### **MORE QUESTIONS THAT REQUIRE FOLLOW UP:**

**\*\*\*We scheduled a financial meeting on  
Wednesday, January 22, 2025, at 10:30am to discuss the following questions:**

1.

#### **Charitable Classification:**

○

Does the new status mean that Heritage on the Marina is now classified as a 509(a)(1) organization?

2.

#### **Investment Portfolio Impact:**

○

Does this change affect the support Heritage on the Marina or Heritage on the Marina residents receives from its investment portfolio?

3.

#### **Allocation of Funds:**

- Will Heritage on the Marina be required to allocate funds to other foundations or charities instead of focusing solely on its residents?

#### 4. Expenditure Requirements:

- Does Heritage on the Marina need to allocate two-thirds of its funds to individuals who are not residents, or any amounts beyond the current \$1,500 per year?
- If yes, what will this amount need to increase?

Another question:

- How much money did the Resident's raise for the Employee Appreciate Fund?  
**\$103,492.00 (THANK YOU!!)**



3400 Laguna St.

San Francisco, CA 94123

P: 415.202.0300

F: 415.292.7080

[www.heritagesf.org](http://www.heritagesf.org)

RCFE# 380500295 COA# 260

#### 2 attachments

	2022	2023	2024 Budget	2024 Projected	2025 Budget
Increase	5%	6.5%	8%		5%
Revenue	\$7.5M	\$8.8M	\$7.4M	\$8.4M	\$7.8M
Expense	(\$13.3M)	(\$12.6M)	(\$11.8M)	(\$11.7M)	(\$11.9M)
Operating Gain (Loss)	(\$5.8M)	(\$3.7M)	(\$4.4M)	(\$3.3M)	(\$4.1M)
Operating Ratio (Ops Ratio)	Red	Red	Green	Red	Green

image001.png  
81K [View Scan and download](#)



image002.png  
65K [View Scan and download](#)