

**HSN MEMBERSHIP MEETING**  
**JUNE 16, 2006**  
**Meeting Minutes**

**I. Announcements:**

Herb Levine, Independent Living Resource Center: A lawsuit claiming that Prop A (passed in 1999) required the City to rebuild Laguna Honda with 1200 beds was rejected on appeal. The decision agreed with the lower court that the bond measure did not specify the number of beds required for the facility.

**II. Contracting Task Force – *Debbi Lerman***

HSN appreciates the tremendous efforts that Tony Micheline of Catholic Charities, and Judith Stevenson of Baker Places, have devoted to the contract reform process, and we are pleased that Sherilyn Adams of Larkin Street Youth Services has joined the effort.

Contractor survey: HSN strongly urges all members to complete the survey recently sent out by the Office of Contract Administration (OCA). Please ask the appropriate person on your staff to respond. OCA is seeking feedback on the contracting process, contract consolidation, problems with late certification and payment (please provide specific examples), and examples of improvements. Since the end of the fiscal year can be a busy time for finance and contract management staff, HSN will seek an extension on the survey. We understand that some service providers are reluctant to complete the survey because it is not anonymous. The City feels that if contractors are not willing to be candid, they cannot fully investigate the concerns and address the problems. HSN supports this call for openness. However we also understand the fears that some have. While we hope you will respond to the survey directly, if you absolutely will not fill it out otherwise, you can send your response to Debbi Lerman at [debbilerman@sfhsn.org](mailto:debbilerman@sfhsn.org), and it will go to the City anonymously. Judith Stevenson is also willing to meet with individual nonprofits to collect their information and report it anonymously. She can be reached at [stevenson@bakerplaces.org](mailto:stevenson@bakerplaces.org) or 864-4655 x-209. The survey is posted on the home page of HSN's website: <http://www.sfhsn.org>. HSN will also attend contractor association meetings to discuss the survey and gather additional feedback.

Contract dispute resolution: The Review/Appellate Panel, which oversees the implementation of the Nonprofit Contracting Task Force recommendations, is developing a dispute resolution procedure for contractors. The process will seek to resolve disputes first within departments. However, HSN may still need to bring larger, over-arching issues directly to the Panel. The Panel meets on the fourth Monday of each month at City Hall. We encourage nonprofits to attend and highlight some of the broader contracting problems that have not been addressed.

Unnecessary contract requirements: If members have examples of unnecessary requirements, or question whether a contract requirement is necessary, you may contact Tony Micheline of Catholic Charities at [tmichelini@cccyo.org](mailto:tmichelini@cccyo.org) or 972-1200 and he will research the issue.

Monitoring and conflicts of interest with monitors: The Controller's Office found that 70% of the organizations who had a joint monitoring team this year liked the process. Several HSN members reported concerns that monitors had conflicts of interest that were not revealed prior to the visit, such as an individual who had applied for a job but was not hired. One HSN member urged that the City adopt the process used by the schools, where the nonprofit receives a list of monitors' names prior to the monitoring, to double check for conflicts.

HSN will organize a forum later this summer for members to have more in-depth discussions about contracting issues. HSN has scheduled meetings with DAAS and MOCD in July to discuss their progress with implementing the Task Force recommendations.

### **III. Minimum Compensation Ordinance – *Debbi Lerman***

The Minimum Compensation Ordinance (MCO) currently requires nonprofit contractors to pay \$9 per hour. A year ago, the Board of Supervisors allocated funds to increase the nonprofit rate to \$10.50. Nonprofits adopted this rate through their contracts, but the Board has not yet amended the legislation to make it mandatory. The Board is considering amendments to the MCO that would bring nonprofits up to the for-profit rate and tie it to an annual CPI increase, which could be an unfunded mandate for contractors.

HSN is concerned that this will be an expensive proposal that would exhaust potential funding for cost-of-doing-business (CODB) increases, and preclude wage increases to employees making slightly more than the MCO rate. The Mayor's Budget Director, Noelle Simmons estimates that increasing nonprofits to the for-profit rate and adding the CPI to \$11.07/hour would cost the City \$18 million for FY 06-07, or \$11.8 million if the proposal took effect on January 1, 2007. The vast majority of these funds would be spent for IHSS workers. The Board of Supervisors is considering some compromises, such as using the \$10.50/hour rate and adding the CPI to \$10.79/hour, which would cost \$11.6 million for the year, or \$8.6 million to institute the change on January 1, 2007. There is support in the Budget Committee to bring this item to the full Board, but it is just one item under consideration as part of the City budget process.

Ultimately, HSN believes that the nonprofit rate will increase to \$10.50/hour with a CPI increase in increments. However, the Board may not have the votes to override a Mayoral veto. HSN's position is complicated, but the CODB increase is more important than the MCO increase. However, receiving an annual salary increase through the CPI would alleviate some of the tiring annual negotiations during the City budget process.

### **IV. Nonprofit Local Business Enterprises– *Debbi Lerman***

The Board of Supervisors recently adopted legislation to create a Small Local Business Enterprise Program (LBE) to replace the Women and Minority Owned Business Program invalidated in a lawsuit against affirmative action. The LBE program will provide bidding preferences to small businesses with revenues below a threshold amount.

While the legislation was under consideration, an issue arose when a nonprofit lost an existing contract to a for-profit group to operate a parking garage (using the revenue to support its

programs). The for-profit group received additional bidding points as an LBE, while nonprofits were not eligible for certification. Supervisor Ammiano remedied this situation by introducing amendments that will allow nonprofits to be certified as LBEs and receive bidding points for service contracts. This legislation will be relevant for nonprofits with business development programs. For example, nonprofits could bid and compete for janitorial, security, architecture or construction contracts. This program benefits smaller organizations over larger ones.

The Board passed the legislation in May, but HSN has asked Supervisor Ammiano to introduce an amendment exempting health and human service contracts. Supervisor Ammiano has agreed to look at this after the budget process. Meanwhile, the Human Rights Commission is moving forward with implementing rules and regulations. They are holding hearings specifically on nonprofits on June 22 and July 19. Please e-mail Debbi Lerman at [debbilerman@sfhsn.org](mailto:debbilerman@sfhsn.org) for more information on the HRC hearings.

#### **V. Caring for Vulnerable San Franciscans – Steve Fields**

HSN is proposing to co-host a large policy dialogue in the fall around health and human service decision making. We hope that this event will lead to a time-limited Task Force to develop recommendations for an entity to be charged with planning and oversight of services for vulnerable San Franciscans. The Mayor and Supervisor Peskin are committed to the concept and have agreed to co-host the fall event. The Controller is also supportive. Nani Coloretti in the Mayor's Office and Linda Yeung in the Controller's Office are assigned to this project, and HSN representatives will meet with them in early July. The next HSN planning committee meeting will be held on Wednesday, June 28 at 11:30 at Progress Foundation (368 Fell Street). HSN members who are interested in joining the committee should contact Merrill Buice at [mibuice@sfhsn.org](mailto:mibuice@sfhsn.org).

#### **VI. Revenue Coalition – Steve Fields**

For the past year, HSN has participated in the San Francisco Revenue Coalition, a group of advocacy organizations and labor, to develop a revenue measure for the November ballot. Supervisor Peskin has introduced the Coalition's proposed business tax that would apply to businesses with gross receipts over \$2 million. The measure should generate approximately \$50 million/year. These funds would replace the revenue lost when the business community successfully challenged the City's prior tax structure. The business community immediately opposed the Supervisor's legislation and the Mayor has indicated that he will not support the measure. Public hearings will occur in July. The campaign will need significant support from the nonprofit sector, including financial contributions and people who can walk precincts to distribute literature.

Although the Board has not yet finalized and approved the measure, HSN is asking our members to begin the endorsement process immediately. Members that were present at today's meeting voted unanimously to send the measure, once finalized, to the full membership for an endorsement vote.

## **VII. City Budget – Steve Fields**

The Mayor's budget includes a 2% cost-of-doing-business (CODB) increase for nonprofit contractors. We greatly appreciate the Mayor's continued support for the sector, but it is not sufficient to cover nonprofits' rising expenses. DPH had already allocated funds for a 2% contractor CODB in their base budget. The Mayor asked DPH to use these funds for new initiatives, taking the CODB out of the base budget, so HSN will have to advocate to be included in the base budget again next year.

Nonprofit contractors need a 4% CODB, so HSN has been meeting with Supervisors to request an additional 2%. The Mayor's budget allocates \$7 million for the 2% CODB, of which \$1.8 million covers the UC agreement, leaving \$5.2 million for General Fund contractors. In addition, the City must recognize service providers who receive grants rather than contracts, which have never had an increase. This would include Ryan White and McKinney grants. All nonprofit employees should be treated equally. Providing a 2% CODB for grants would increase the total nonprofit CODB cost to about \$6.2 million. An additional 4% increase for contracts and grants would cost another \$6.2 million. Supervisors Peskin, Dufty and Elsbernd have all supported the concept of the increased CODB, but there are many requests for additional funding, and the Board will have to make compromises to meet the unfunded needs.

The "big" Board budget hearing on health and human service departments will occur on Thursday, June 22. The hearing begins at 1 pm, but public comment does not start until 5 pm. It is crucial that nonprofits attend and make a public statement about the need for the increased CODB. Individual groups will also be asking for specific projects and labor unions will be well represented. Debbi Lerman will prepare talking points so nonprofit representatives can add the CODB points into their comments. While it is important to bring a large number of nonprofit supporters, it is not necessary for all clients and staff to testify at length. The Supervisors would appreciate a few carefully chosen speakers, and we should encourage other representatives to simply rise in support of the issue. HSN has been working with the unions to coordinate strategy, and assure that the unions realize the nonprofit CODB is in their best interest.

## **VIII. Guest Speaker: Supervisor Bevan Dufty**

Supervisor Dufty stated that he loves his job and asked to be on the Board's Budget Committee. He thanked HSN for educating him on issues in the nonprofit sector.

City Budget and Nonprofit CODB: The Supervisor understands City government needs, but if the Board doesn't cut the employee positions that Budget Analyst Harvey Rose recommends, then the Board wouldn't have any funds to fill unmet needs. He stated that he was pleased with this year's budget from the Mayor because there were no significant cuts, and a Bielsonson hearing was not needed to discuss the potential effects of proposed health cuts. He understands that HSN's members are requesting an additional 2% CODB to cover increasing costs. HSN members stressed that grant-funded nonprofits also need a 4% CODB. HSN members expressed frustrations with the annual budget process and the last minute struggle for a nonprofit CODB while the City's increased costs are fully covered at the beginning of the process. The Supervisor replied that he believes the nonprofit sector is very close to receiving the recognition and

structural budget changes we need, especially if the economy continues to grow over the next two years.

Minimum Compensation Ordinance: Supervisor Dufty asked for feedback on the MCO, which was discussed at the Board earlier in the week. He understands that the timing of the implementation of the higher wage rate will obviously impact the budget required for this year, and that IHSS consumes the majority of the funds. HSN members relayed the results of our informal survey that found that most HSN members currently exceed the proposed MCO wage rates. The MCO will make wage compression an issue for many nonprofits, as lower paid employees are paid more, yet funding is not available to increase their supervisors. We need to increase salaries across the board. A CODB increase on the total cost of the contract allows nonprofits to raise all employees' salaries.

Community Living Trust Fund: The Supervisor is pleased that the Mayor allocated \$3 million for the Fund, which he co-sponsored with Supervisor Alioto-Pier. HSN members thanked the Supervisor and added that they want to assure there is equity for younger people with disabilities to access services and receive case management. Advocates have a proposal for \$10 million in unmet service needs for the senior and disabled populations.

Local Revenue Measures: Supervisor Dufty expressed frustration with Supervisor Peskin's business tax proposal because it appears that the opposing parties are not working together for the greater good. He was interested to learn that Dianne Feinstein first proposed a similar tax. He is committed to work on this issue because he believes the City needs the additional revenue. He hopes the voter turn-out in November will help the measure, along with the City's improved economy and the Mayor's high poll numbers. The Supervisor urged HSN to help bring the opposing sides together, particularly those within City Hall. He advises both sides to put their egos aside and work for the common good.

Universal Health Care Task Force: The Supervisor strongly supports the collaborative process of the Universal Health Care Task Force, and he looks forward to receiving the report next week. He hopes that the proposal will help the thousands of uninsured San Franciscans.

Services in the South East: Supervisor Dufty has spoken with the Controller about conducting a Prop C audit of services and benefits in the South East section of the City. He added amendments to the Bayview Redevelopment legislation to provide oversight and regular audits of the Redevelopment Agency.

## **IX. Next Meeting and Adjournment**

- HSN's next membership meeting will be held on Friday, July 21, from 9:30 a.m. – 11:45 a.m. at LightHouse for the Blind and Visually Impaired. **We will host a panel discussion on disaster planning and the role of nonprofits. We will also discuss several measures on the November ballot. The meeting will go until 11:45am to allow for more questions.**
- HSN's Public Policy Committee is meeting on Wednesday, June 28 at 10 am at Progress Foundation. This meeting is open to all HSN members who are current in their dues.
- The meeting adjourned at 11:30 a.m.

**ATTENDEES AT HSN GENERAL MEMBERSHIP MEETING, JUNE 16, 2006**

**Sherilyn Adams, Larkin Street Youth Services**  
**Brett Andrews, Positive Resource Center**  
**Margy Baran, IHSS, Inc.**  
**Kavoos Bassiri, RAMS**  
**Merrill Buice, HSN**  
**Debberra Burrell, Bayview Hunter's Point Foundation**  
**Donna Calame, IHSS Public Authority**  
**Dodie Chaney Fernandes, Bayview Hunter's Point Foundation**  
**George Clark, LightHouse for the Blind**  
**Meg Cooch, Planning for Elders**  
**John Cunningham, Positive Resource Center**  
**Margi Dunlap, International Institute SF**  
**Lewis Eldridge, Haight Ashbury Free Clinics**  
**Steve Fields, Progress Foundation**  
**Bruce Fisher, Huckleberry Youth Programs**  
**Nick Footracer, Children's Council of SF**  
**Norman Hering, Oakes Children's Center**  
**Debbi Lerman, HSN**  
**Herb Levine, Independent Living Resource Center SF**  
**Ellen Lord, LightHouse for the Blind**  
**Tony Michelini, Catholic Charities**  
**Sarah Ohle, Episcopal Community Services**  
**Quan Hong Qiu, Compassionate Community Care**  
**Ken Reggio, Episcopal Community Services**  
**Elisha Rochell, CLAER**  
**Judith Stevenson, Baker Places**  
**Rachel Thieme, SF Food Bank**  
**Jonathan Vernick, Baker Places**  
**Carla Wilson, Quan Yin Healing Arts**