

**HSN Membership Meeting**  
**January 21, 2005**  
**Meeting Minutes**

**I. HSN Strategic Planning Update**

Presentation: Bruce Fisher gave a presentation to HSN members about the Steering Committee's Strategic Planning retreat that took place in December, including a brief overview of our current structure. The retreat was very helpful in looking at HSN's successes as well as where we need to improve as HSN moves forward. In its current state, HSN does not have any by-laws or a clearly stated process to join the Steering Committee. This organizational structure has been beneficial in making decisions quickly but needs clarification to ensure participation and transparency. Bruce outlined that the primary issues facing HSN include defining what it means to be a member, the role of member agencies, and how to participate in the Steering Committee.

HSN Member Survey: Quintin Mecke gave an overview of the results of the member survey that we did in early December. The survey was a success, with 42 responses from a broad range of member agencies. Members felt that HSN's primary strengths were creating a dialogue with elected officials, budget/legislative advocacy, and information/education on city and state issues. Areas that need improvement include improving the organizational structure, working on specific collective goals, developing more opportunities for members to participate, and clearly defined roles for members.

Follow-up to the retreat: HSN has created an Operating Procedures Committee that will report to the Steering Committee and members with concrete steps to address the challenges that came out of the retreat.

Fiscal Sponsorship: Debbi Lerman gave an update on the status of HSN's fiscal sponsorship. Currently, HSN has an unusual situation, with Mount Zion Health Fund as our fiscal sponsor and Huckleberry Youth Programs as the staff's employer. With the recent departure of Ann Lazarus from Mt. Zion, HSN is seeking a new fiscal sponsor. Our most likely candidate is the San Francisco Foundation Community Initiatives Funds (CIF), an independent nonprofit created by the San Francisco Foundation specifically to assist organizations with fiscal sponsorship. Staff and the Steering Committee are in discussions with CIF, and we are checking their references. If any member agency has had any experience with CIF, please contact staff with your information.

Member Meeting Location: Some members in the survey expressed concern about the location of our monthly member meeting because of accessibility, parking and construction noise. Staff will follow up with The LightHouse for the Visually Impaired about their offer to move the monthly meeting to their office on Van Ness near City Hall.

**II. Contract Reform Update**

Contract Task Force: Jim Illig gave an update on the status of the City Nonprofit Contracting Task Force. Nonprofit members of the Task Force have met recently with Naomi Little of the Office of Contract Administration (OCA), Monique Zmuda from the Controller's office, and

Wade Crowfoot, the Mayor's Liaison to the Board, to make sure that the implementation of the recommendations is moving ahead. We believe that Naomi Little is in the best position to take leadership with the departments and to move the process forward. The next major step will be a March hearing at the Board of Supervisors to review the status of the implementation plan.

Debbi gave background on the history of the Contracting Task Force and HSN, which dates back to 2002. HSN staff has reviewed Naomi Little's progress report, released in October 2004, and drew up a draft report comparing her report to the original implementation plan. HSN has pushed back the date of the hearing at the Board so that we could meet with City officials and make sure that everyone was on the same page with regard to making the hearing productive and non-confrontational. HSN encourages everyone to attend this hearing to provide examples of what contracting issues still need to be addressed and which have been successfully implemented.

#### Comments from members:

- We need feedback from our members because the City says things are happening when they're not. We need examples of things that have not happened as well as things that have. In addition, SPUR is coming out with a report on contracting that focuses on personal services contracts, looking at DPW, etc.
- DPH said that all contractors were using the COOL (Contracts On-Line system) but they are not. We would like to know who is using it. Staff will follow up to collect data from members.
- There is a potential campaign by the Committee on Jobs/Chamber of Commerce to change civil service classification and retirement benefits for city workers, which would lead to cost savings. This is similar to Gov. Schwarzenegger's state proposals. HSN needs to think about our role in this coming debate. Supervisor Peskin has already responded that this will not lead to contracting out city services. Historically, this relates back to Mayor Brown who favored city employees over nonprofits. City departments need to treat nonprofits the same way as city employees. We need to consider what our relationship is to city employee unions. This issue is related to contracting reform.

### **III. Contract Reform and City Services Auditor**

Guest Speakers: Naomi Little, Purchaser; Monique Zmuda, Controller's Office; Peg Stevenson, City Services Auditor

Facilitator: Jonathan Vernick, Baker Places

Naomi Little/OCA: Naomi is the former E.D. of the Taxi Cab Commission. Mayor Newsom appointed her in June 2004 to head the OCA. She spoke about what we've done collectively to achieve the goals of the Contracting Task Force. A lot has changed since her October report, including meeting with contracting agencies, HSN, and departments. The next step is the creation of an appellate review panel, which will look at unnecessary requirements, contract streamlining, and other goals. The importance of this is to bring departments together with nonprofits. The panel will look at joint monitoring and tiered assessments. Members of the panel will include the Controller's office, Dave Curto of DHS, Dwayne Jones of MOCD, Judith Stevenson of Baker Places and Tony Michelini of Catholic Charities. The first meeting will be

January 31. In February, she will bring back all of the members of the Task Force before the Board hearing takes place.

#### Member questions and comments:

- Question: Streamlining is great but a lot of funding is federal money passed through city agencies. What are the limits of streamlining? Sometimes federal rules are less restrictive than city rules. Naomi: Working with the departments, we can outline what is mandated and what can be streamlined across departments.
- We need to make sure that contract standards are mandated and not arbitrary. The Task Force report is a blueprint that will outline steps to address this issue, and the panel will hold both departments and contractors accountable.
- Question: How do you see your role in this process? Naomi: I get asked that question a lot. By charter, I'm not the one who can demand from the departments that things get done. I am more of a facilitator, with Monique as enforcer. Monique: There is collective agreement that the system needs to be streamlined with fewer steps and more effective monitoring.
- Question: Did the merger of DAAS into HSA lead to more streamlining? Monique: DHS has taken on the contracts/accounting functions of DAAS and there will be one process for the agency, modeled on DHS.
- Question: What has been done so far? Could you give a brief review since most members have not seen OCA's October progress report? Naomi: Departments have been trained on the COOL system as a central document repository. The process of standardizing forms has begun, and DHS/DPH have begun to streamline their own internal processes. We have had many conversations with departments and need to formalize what is coming out of these discussions.

Monique Zmuda/Controller's Office: With regard to the recommendations that the Controller's Office was responsible for, here is what we have done. Electronic payment for all vendors, which everyone has been waiting for, will be in place within the next 12-18 months. Information about nonprofit contracts is posted on the Controller's website, showing how much money goes to each nonprofit and where their invoice is in the system. By the end of the next fiscal year, everything should be in place. Our office is currently in the midst of completing an inventory of the monitoring that has been done by departments. Our nonprofit finance guide is also available from the Controller's Office, and I have brought about 50 copies to hand out. We hope that streamlining will make it easier for nonprofit to do administrative work related to city contracts. Administrative staff for the city has decreased while the number of contracts has increased.

#### Questions and comments:

- Question: When departments talk about capping indirect rates, what is your role? Monique: The decision process should involve nonprofits, but the final decision on indirect rates is the City's. I have no position but the rate does need to be reasonable so that it is not difficult for nonprofits.
- Question: What type of information are you supposed to keep for monitoring? Monique: The Controller will not be keeping programmatic information. Departments need to keep that information, so until there is standardization, you need to keep the information as requested by the department.

- How do we get smaller departments involved in this process instead of just the larger departments? For example, the Commission on the Status of Women has several contracts but does not seem to be involved in this process.

Peg Stevenson/Controller's Office — Prop. C City Services Auditor: Peg is the head of the City Services audit team in the Controller's Office. Prop. C passed in November 2003 and became effective in July 2004. It sets aside .2% of the annual budget towards audits and creates a whistleblower hotline. The Controller's Office has been working on its implementation, especially on the performance side. They were able to hire quite a few new auditors and hope to audit every department on a 5-7 year cycle. Regarding how Prop. C will affect nonprofits, departments have lost staff and will turn over some auditing to the Controller's Office. Larger contractors with multiple contracts will move to the Controller's Office while smaller contractors will stay with departments. It is our hope that the finance guide will help nonprofits and that the implementation of e-payments and invoicing will make it easier.

Questions and comments:

- Comment: Nonprofits should have access to group City purchasing discounts, including equipment, utilities, etc. This would lead to cost savings across the board. Monique: It is a good idea but there is an assumption that it's cheaper for the city. Departments already complain that purchasing is too expensive for them as it is and that they can find things cheaper on their own. Naomi: It is important to note that not all vendors are excused from the living wage and other requirements.
- Comment: We need to avoid management consultation towards nonprofits without it going the other way. The concept of technical assistance has to take into consideration best practices. There is a distinct difference between City culture and nonprofit culture around outcome measurements. The unspoken reality is that our agency has not gotten back useful info from the departments. What about using teams of service providers to help navigate technical assistance to other nonprofits? Departments cannot measure data accurately, which makes outcome measurements difficult. Nonprofits are their own resource. Peg: The City has its strengths and weaknesses, and we have no prejudice against where best practices come from. Different levels of need exist at different agencies. I come from the nonprofit sector and I understand this.
- Even if nonprofits have the skill, it doesn't mean they have the capacity to offer that service to other nonprofits. What about CompassPoint?
- Monique: Please remember that we are not going to take over monitoring functions from departments, but we will develop monitoring standards for departments.

Contact Information:

Naomi Little: [Naomi.Little@sfgov.org](mailto:Naomi.Little@sfgov.org)

Monique Zmuda: [Monique.Zmuda@sfgov.org](mailto:Monique.Zmuda@sfgov.org)

Peg Stevenson: [Peg.Stevenson@sfgov.org](mailto:Peg.Stevenson@sfgov.org)

Whistleblower Hotline: 554-CITY

#### **IV. Announcements and Updates**

Steve Fields/City Budget: There is no major inside news to report. Nonprofits have finally achieved equality in a lose/lose situation. The Mayor's Budget Office has told departments to include anticipated cost increases of their nonprofit contractors in their projections. Coming out of meetings with DPH, it has been floated that a 3% COLA may be included but you'll have to decrease services by the same amount – permission to do it, but not an increase. General sentiment from contractors is that a raise for their staff is important. The Mayor's Office is now apparently backing off the DPH approach, and instead would undertake a citywide policy. HSN is looking to have a follow-up meeting with Ben Rosenfield to talk about the budget. In addition, after the initial Schwarzenegger budget was released, the City's deficit went from \$130M to \$150M, assuming that the \$97M mid-year cuts proposed by the Mayor stick and that city employees continue to give back 7.5%. If both assumptions don't hold, then the deficit gets higher. Also, for the first time, SFGH is providing the revenue (\$18M) to offset perceived cost increases. I don't know how that happened but we'll take it.

HSN Member Dues: Staff reminded members that it is now time to pay dues for 2005. Please send in your dues as soon as possible and give as much as you can. Because of our fiscal sponsorship, checks should be made payable to:

Mt. Zion Health Fund/S.F. Human Services Network  
3310 Geary Blvd.  
SF, CA 94118

#### **Next HSN Member Meeting:**

Friday, Feb. 18, 2005  
9:30 am to 11:30 am

ATTENDEES AT HSN GENERAL MEMBERSHIP MEETING  
JANUARY 21, 2005

Ginger Martin, ASATF  
Charlene Clemens, Family Service Agency  
George Clark, LightHouse for the Blind  
Dodie Fernandes, BVHPMHS  
Emily Claassen, Mission Community Council  
Ann Hinton, Institute on Aging  
Scott Elsishans, Edgewood Center  
Patrick Hoctel, Public Authority  
Sherry Williams, TIHDI  
Belinda Lyons, MHA-SF  
Laurie Paarlberg, SFSU/MPA  
Judy Siff, Goodwill  
Joseph Smooke, BHNC  
Richard Heasley, Conard House  
Jim Illig, Open Hand  
Margi, Baran, IHSS  
Sandy Mori, Kimochi, Inc.  
Bartholomew T. Casimir, Swords to Ploughshares  
Karen Patterson Matthews, BVHP Foundation  
Winnie Xie, DPH  
Nicholas Footracer, Children's Council of SF  
Judith Stevenson, Baker Places  
Alex Darr, Faithful Fools  
Estela Garcia, Instituto Familia  
Denise Howell, Catholic Charities CYO  
Angela Tang, RAMS, Inc.  
Darryl Inaba, HAFCI  
Abner Boles, WCMHC  
Sandra Santana-Mora, Edgewood  
Ann Quaintance, SF Food Bank  
Donna Calame, IHSS Public Health  
Genny Price, Larkin Street  
Michael Blecker, Swords to Ploughshares  
Calvin Welch, CCHO  
Andrea Spagat, CHD  
Michelle Tolle, Progress Foundation  
Steve Fields, Progress Foundation  
Bruce Fisher, Progress Foundation  
Debbi Lerman, HSN  
Quintin Mecke, HSN