

LOUISE H. RENNE
Chair, Board of Directors of
The Laguna Honda Foundation
350 Sansome Street, Suite 300
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December 8, 2011

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Sonia Melara, MSW
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101 Grove Street, Room 308
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Re: **Meeting of December 14, 2011**

Dear President Tierney and Vice-President Melara:

Derek Parker, Vice-Chair of the Laguna Honda Foundation, and I look forward to our meeting December 14, 2011 to discuss the Laguna Honda Foundation. We appreciate the opportunity to bring you and members of the Health Commission up-to-date on our activities. As we see it, the role of the Foundation is to support the work of the Health Department by promoting Laguna Honda's mission to serve a safety net population of seniors and adults with disabilities.

In preparation for our meeting, we thought it might be helpful to provide you with some background information concerning (1) our current Board members—who they are and their backgrounds, (2) a brief re-cap of how the Foundation was formed and our relationship with Community Initiatives, which provides accounting and back-office support, (3) the various activities we have undertaken to assist the new Laguna Honda to get off-the-ground, and (4) major future activities particularly with regard to community engagement for the hospital.

To us, San Francisco has always been an innovator in public health care delivery, and Laguna Honda plays a significant role in that effort. As you know, it is one of the few public hospitals in the country (much less, the world!) to provide specialized care for seniors and adults with disabilities, and is now uniquely poised to assume a leadership role in the nursing care field.¹

¹ As you know, these services now include specialized care for people living with traumatic brain injuries, spinal cord injuries, the effects of stroke, AIDs and dementia. We believe that the range of special facilities, programs and activities designed to implement this care and to provide a high quality of life for its residents is truly impressive.

The Foundation is dedicated to assisting the hospital realize its vision of becoming a national center of excellence in long term care and rehabilitation. We hope we have been helpful in the past and hope to continue to do so in the future.

I. Laguna Honda Foundation Board Members

All Board members serve without compensation and contribute their services because of their commitment to the mission of Laguna Honda Hospital.

- I am the Chair of the Board and one of the initial founders of the organization. I have had a longstanding interest in the Laguna Honda. As city attorney, I filed groundbreaking consumer protection lawsuits on behalf of the city and county against the top five tobacco companies, and championed the ballot initiative directing that proceeds from the settlement of those suits be used to rebuild Laguna Honda. The use of tobacco settlement revenue for the rebuild project substantially lowered the amount of the rebuild paid for by local property taxes.
- Derek Parker is Vice-Chair. Derek is an internationally acclaimed architect. As a principal of Anshen-Allen, the architectural firm for the new Laguna Honda, he had the vision and sensitivity that led to the creation of the neighborhood-and-household model at the new hospital, which provides a more home-like environment for residents. The model enables Laguna Honda to provide individualized care in 12 specialized nursing programs of 60 residents each within the economy of scale of a larger, integrated organization. As a leader of the evidence-based design movement in health care architecture, Derek also provided important insight into the creation of a therapeutic environment. The strong use of natural light, the inclusion of garden spaces, the installation of operable windows by each bedside and other features supported by the literature in the field lend therapeutic value to the buildings themselves.
- John A. Knight is Secretary/Treasurer, and associated with First Republic Bank in San Francisco. Mr. Knight has been a long-time supporter of Laguna Honda.
- Hon. Harry Low is a distinguished jurist, well-known not only for his judicial accomplishments as a former member of the California Court of Appeal, but for his many civic contributions as well. Judge Low is also a former Insurance Commissioner for the State of California. He is a neighbor of the hospital.
- Clare Murphy is the recently retired Executive Director of the San Francisco Retirement System. Ms. Murphy is a neighbor of the hospital.

- Timothy A. Tosta is a partner at the law firm of Luce, Forward, Hamilton & Scripps L.L.P. Under the auspices of the Zen Hospice Project, Mr. Tosta serves as volunteer in the hospital's hospice program. He is an author and commentator on end-of-life issues.
- Wesla Whitfield is a singer who is well-known locally and across the nation. She has been described in "O, the Oprah Magazine" as follows:

"The stage lights go up and the pianist and the bassist toss out an up-tempo prelude. In a moment Wesla Whitfield wheels herself onstage in an aerodynamically streamlined wheelchair. You will suspect me of exaggerating when I say that within 50 seconds of listening I have clean forgotten the wheelchair. I am not, however, exaggerating; Whitfield's voice bathes the room with an intimacy painful enough to render the wheelchair invisible."

- Anthony Wagner has a distinguished career in health care administration. He has served in a number of leadership positions in both the public and private sector, including as Executive Administrator of Laguna Honda Hospital from 1988 to 1998. Currently, he is the President of the Board at the Institute on Aging in San Francisco.

Past board members have included Lawrence Funk, Wilkes Bashford, Gina Moscone and Barbara Sklar.

II. The History of Laguna Honda Foundation, a project of Community Initiatives

A. The Beginning

As you know, the new Laguna Honda was financed by Proposition A, a measure placed on the ballot in November 1999, which passed with 73% of the vote. Proposition A authorized construction of a new Laguna Honda by a combination of general obligation bonds and revenue from the tobacco settlement received by the City.

However, Proposition A funded construction only, leaving the cost of the furniture, fixtures and equipment (FF&E) to other unidentified sources. Like the San Francisco Public Library and other civic projects built with bond funds, it was recognized that private support would be needed for FF&E—then estimated at \$40 million.

As Laguna Honda supporters and City officials explored various avenues to raise this amount of money, it became clear that a new charitable foundation would have to be established to seek the private gifts that would be required for the medical equipment, furniture, information technology and kitchen equipment at the new hospital. At the same time, it was recognized that once the new hospital was up and running, there would be a continuing need for a Foundation as a vehicle to fund programs necessary to the hospital's mission.

With these goals in mind, the Laguna Honda Foundation was officially incorporated in October 2003. The Cooley law firm in San Francisco provided pro bono assistance to incorporate the Foundation and file the requisite forms with federal and state authorities.

Foundation organizers selected Community Initiatives to provide the administrative, fiscal and back-office services. Community Initiatives was formed by the San Francisco Foundation to support the establishment of non-profit organizations like the Laguna Honda Foundation. On June 11, 2003, the Foundation entered into a fiscal sponsorship agreement with Community Initiatives. That relationship continues to this day, and Laguna Honda Foundation remains a project of Community Initiatives.

B. 2004–2009

During the years of 2004 – 2009, several notable events occurred that had a substantial impact on the Foundation.

1. First, on January 7, 2004, Mayor Brown approved a settlement committing the City to at least \$25 million for the furniture, fixtures and equipment (FF&E) needed for the new hospital. As a result, the Foundation's capital equipment campaign was reduced to \$15 million.

2. An Executive Director and staff were hired in June 2004 to assist with the remaining capital campaign. As the new staff began their work to implement the capital campaign, a wave of adverse publicity engulfed the hospital.²

It became impossible to raise money. At the same time, money to be used for the capital campaign was evaporating in salaries for Foundation employees, without any prospect of raising additional funds. Faced with the reality of the situation, the Board of Directors took the only responsible action that it could. It recommended termination of staff and drastically curtailed operations until such time as the direction of the hospital could become clear. Since that time, the Foundation has had no employees and has continued to rely upon the professional services of Community Initiatives.

3. Fortunately, during this time period, the needs of the hospital that could be met by the Foundation were reduced when the City committed to paying the remaining \$15 million in FF&E costs, eliminating the need for a major capital campaign. Hospital and City officials continued to encourage the Foundation to remain viable and reactivate when needed. That opportunity arose at the beginning of 2009. With the new hospital scheduled to open in the 2010, it was time for the Foundation to renew its activities.

² Two hospital physicians and others then employed at the hospital made public assertions that the hospital was unable to safely accommodate the flow of patients from San Francisco General Hospital. They placed an initiative on the ballot, Proposition D, which sought to limit the hospital's safety net mission. Voters in the November 2006 election soundly defeated Proposition D, but the damage to the fundraising climate and reputation of the hospital had been done.

C. 2009 and Going Forward

Sean Elsbernd, the Supervisor for the district in which the hospital is located, hosts an annual crabfest to raise money for community organizations. In February 2009, all proceeds from the event were received by Community Initiatives for the Laguna Honda Foundation project. With these funds in hand, the work of the Foundation could proceed. The Foundation joined with city event planners and the Laguna Honda Volunteers (now Friends of Laguna Honda) in a joint effort to plan the gala and ribbon-cutting ceremony for the new hospital in June 2010. The Foundation also undertook activities to announce the opening of the new Laguna Honda, and to support the training of staff as they transitioned to the new hospital. The Foundation was extremely involved in each one of these activities. For example, we helped to fund the banners and materials announcing the new hospital; we hired temporary assistants to organize the gala and ribbon-cutting ceremonies; we provided funding for a visioning process to develop staff leadership focused on improving the resident-centered model of care.

Today, the members of the Board of Directors of the Foundation continue to assist the hospital in various phases of its new operations with projects approved by the City and/or the hospital administration. In addition to the above activities we have:

- Provided funding for the hospital's participation in the Pebbles Project, an initiative of the Center of Healthcare Design, which assisted the hospital to develop best practices to connect medical needs to the therapeutic environment in the new buildings.
- Funded research by the University of California at San Francisco School of Nursing to compare healthcare outcomes in the old and new buildings. The grant includes the study of resident safety, quality of care, staff performance and satisfaction. This research will be helpful not only to current and future hospital operations, but will help put the Laguna Honda model into the mainstream of nursing home reform.
- Conducted market research to explore possible uses of the new gift shop space in the pavilion, including focus-groups with residents to learn how they would like to see the shop operated. Recommendations have been transmitted to hospital staff.
- Improved upkeep of the hospital grounds. Until last year, Laguna Honda had only one gardener for its 62-acre campus. The Foundation made possible a community partnership with gardeners associated with Community College of San Francisco. Their work was supplemented by community college graduates and high school students. One of the CCSF gardeners was been hired in 2010 as a second gardener.

- Commissioned an economic feasibility study about future uses of the hospital's 450-seat theatre. The report has been transmitted to hospital staff.

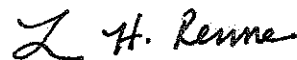
III. Where Do We Go From Here?

D. Future Projects:

- A Gift Shop: As noted above, a new gift shop space has been created in the pavilion, but is currently without an operator. Discussions about the use of the space are ongoing.
- The Theatre: The Art-Deco theatre at the hospital is still in the process of renovation. We continue to explore ways in which the theatre can return as an integral community resource for the hospital.
- Adult Day Care and Assisted Living Program: Discussions have been undertaken with the Health Department administration and others as to how to restart the adult day care program and institute an assisted living program, both of which were a part of the environmental impact report prepared for the new Laguna Honda Hospital. Current state and federal budget cuts make planning difficult for both, but we hope we can be helpful in making either or both a reality in the future.

I hope that this background information is helpful as an overview about the Foundation and the role we have played in an effort to support the hospital and its residents, families and staff. Mr. Parker and I look forward to meeting with you on the 14th to answer other questions you might have.

Sincerely,



Louise H. Renne

LHR:zc

Steven Tierney, Ed.D. CAS

Sonia Melara, MSW

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cc: Members of the Health Commission:

- James M. Illig
- Edward A. Chow, M.D.
- Margine A. Sako
- David J. Sanchez, Jr., Ph.D.
- Catherine M. Waters, R.N., Ph.D.
- Executive Secretary of the Commission, Mark Morewitz, MSW ✓

Director of Public Health, Barbara Garcia

Executive Director, Laguna Honda Hospital, Mivic Hirose