TOWER TALK

Volume IV, No. 3
March 2018 Edition

## Currently Comfortable Conditions and Concerning Counter Currents

James Guthrie

The semi annual SFT resident meeting of February 21st was a tranquil event. ESC's proposed 2018-19 fee increase is 2.75 %, a figure sufficiently low as unlikely to trigger the suspicion and palpable discord characterizing several SFT past resident meetings.

Who can forget last year when a SFT resident publicly inquired regarding fee increase calculations and was throttled by an ESC official's retort "It's not your money." It is possible that ESC officials have learned from past experience that resident regard for Melody Mitchell is intense and putting her on the agenda early ensures a civil meeting.

U.S. Federal Reserve Board future inflation projections hover around 2%. However, SFT services are highly labor-intensive. Consequently, a 2.75% increase is within the bounds of reason. That does not mean, however, that no resident will feel financial pain. Remember, 58 ESC residents, system wide, already are receiving annual financial subsidies.

If a 2.75 % monthly increase were to be sustained, it would lead to a doubling of resident fees in approximately 26 years. Year over year "compounding" of even a small percentage, is a subtle engine of significant long-term change. For example, if you paid $60,000 in total SFT fees for 2017, and if you are with us downstream in 2044, you will be paying $10,000 a month or $120,000 annually. (Here's hoping your income is elastic. That is a hefty hunk of wampum.)

However one feels regarding the upcoming 2.75%, it is far less frightening than figures from the past. In SFT's infancy, one year's fee increase was nearly 10%. Keep in mind that a rate that high would double fees within seven years.

*Outside of SFT*

Calm within our immediate midst does not easily equate to equanimity everywhere. There is tension just below the surface. ESC officials are engaged in a legal struggle with the Episcopal Diocese, likely subject to ever more intense scrutiny from the ESC governing board, being investigated in a possibly unprecedented way by the state oversight agency (Department of Social Services), being pressed for greater transparency in financial matters by informed SFT residents, and in some instances, by high-powered attorneys whose services are being paid for by anonymous parties.

There are three principal issues, and a widespread perception creating a cloud over ESC management. Substantive issues are separated below to facilitate explanation. In reality, the issues are interrelated. The previously mentioned discordant perceptual matter is discussed in the proposed solution contained in the conclusion of this public essay.

You will not learn about these matters from the SF Chronicle, the SFT Community Newsletter, by attending Resident Council meetings, or by perusing the first floor bulletin boards.

*See You in Court (Again)*

While some SFT residents may understandably fret over proposed hundreds of dollars in individual monthly fee increases, ESC management expends hundreds of thousands of dollars defending its legal efforts intended to achieve separation from the Episcopal Church.

In June of 2016, ESC publicly proclaimed itself organizationally and managerially independent of Episcopal Diocesan oversight. The validity of this "Declaration of Independence" is among issues eventually to be decided in a legal action.

In late 2017, a trial-court decision sustained ESC's unilateral capacity to control governance of "Senior Resources of the West," ESC's skunk works or development agency. However, the trial judge refused to alter Episcopal Diocesan participation in the ESC Board of Directors. The case is on appeal and appellate court hearings are not yet scheduled. The Episcopal Diocese pays for its attorneys. Resident revenues pay ESC lawyers.

*New Sheriff In Town*
In a recent surprising turn of events, California Episcopal Diocese Bishop Andrus exercised his court-protected prerogative and named a new high visibility individual to the ESC Board of Directors. He appointed himself. This may portend a heretofore badly missing Diocesan level of oversight for ESC management.

The tension existing between high-level ESC officials and SFT residents is in substantial measure a consequence of historically weak oversight on the part of the ESC governing board and Episcopal bishops.

*NOM: "Show Me The Money"*
One can safely assert that there are more SFT residents familiar with and able to explain Einstein's Theory of Relativity or who know Coca Cola's secret syrup formula than can coherently comprehend and convey how ESC financial officials calculate NOM.

NOM is the abbreviation for "Net Operating Margin." In the private sector, NOM equates to profit. In the public or not-for-profit sector NOM is revenue collected beyond what are or projected to be forthcoming operating costs. The additional revenue can then be put, one hopes, to some useful purpose.

How much additional revenue and how that amount is calculated is the issue at hand with ESC. If ESC did not set annual targets for and collect revenues under the guise of NOM, resident fees would be lower—some claim a great deal lower.

California law specifies "…changes in monthly care fees shall be based on projected costs, prior year per capita costs, and economic indicators." There is no legally permitted subjective component to this calculation. Nor is there any mention of NOM.

A handful of residents who have explored the issue almost uniformly conclude that prior-year monthly fee increases have been inappropriately calculated and are higher than need be because of the manner in which ESC officials calculate and impose NOM.

One resident has gone so far as to employ attorneys at his own expense. These legal inquiries have provoked a State agency examination of ESC procedures. (A letter from the California State Department of Social Services requesting additional financial information from ESC is publicly available should a reader desire.)

*Dancing Delicately*
Anyone, regardless of motive, who believes ESC management has operated in a manner contrary to residents' interest, faces a several faceted dilemma. The easy way to get to the bottom of all this would be to transmit accumulated, damning information, of which there is a great deal, regarding possible managerial malfeasance to a team of contingency lawyers, and let them take the issue to court.

The knife-edged iceberg lurking below the surface of such a strategy is that damages from a successful suit could put ESC at financial risk. All of us as residents should be fearful of that. The institution we have chosen and the lifestyle we treasure would be imperiled. Another problem for would-be reformers and whistle-blowers is the enormous regard in which SFT's current management is held. No reformer wants SFT Director, Melody Mitchell, jeopardized or placed in a compromised position relative to ESC officials.

*Exit Strategy*
A portion of the distrust between ESC officials and SFT residents is a function of ESC officials' perceived arrogance. Sometimes, ESC seems to treat residents as tottering and debilitated elders whose future would be dismal without the divine intervention and superior wisdom of ESC decision makers.

Another problem is that ESC budgeting is an impenetrable black box. If one or two SFT residents were continually critical and dubious regarding NOM calculations, they could be discounted as simply cranky outliers. However, this is not the case. SFT residents trained as accountants, financial advisers, attorneys, public-finance professors, and investment specialists persistently question ESC budgeting procedures. ESC may or may not be at fault or acting illegally. However, when this many informed, intelligent. and analytic professionals smell a rat, some kind of effort should be made to clear the air.

A Tony Soprano "sit-down" should take place under the auspices of the SFT Resident Council Finance Committee. ESC board members and officers, Melody Mitchell, Social Service Department officials, and a financially sophisticated representative of the Bishop's office should be invited to participate. It should be a public meeting with advance notice, publicized start time, and held in a venue of sufficient size to accommodate all interested parties. Audience members should be granted an opportunity to ask questions. Discussion should be full. Comity should dominate. Answers should emerge.

---

## A Curious Connection

Peter Hertzmann

A while back I was introduced to *The Hail-Storm,* a short video about the life and descendants of John Dabney. Although known primarily as a bartender—he served one of his famous mint juleps to the future Edward VII during the prince's 1860 visit to America—Dabney opened a restaurant in 1870s Richmond, Virginia, that reigned as the best in the area for two decades. Wendell Dabney, John Dabney's fifth son and biographer, wrote about his father that "his note was good at any bank and his word was as good as an oath." Dabney, an ex-slave who had been beaten as a child for attempting to learn to read and write, was illiterate his entire life. Reflecting on his father's life, Wendell Dabney continued: "The thing that got me most was that notwithstanding Pop's business ability, his well-known integrity, and reliability, no white man, women, boy, or girl would call him Mr. Dabney. 'Twas always John or Uncle John. Conversely, Dabney was always expected to address his white customers by their title, be it real or honorary, and family name.

One historian I've discussed this with said that this manner of address was because slaves didn't have family names. This may be the case, but the British treated sharecroppers in Ireland in a similar manner. The British colonizers forced the Anglicization of the earlier, Gaelic clan names into what became Irish family names. Still Irish farmers were addressed only by their given name by their landlords. It was the same model the British followed with indentured servants in the colonies during the eighteenth and nineteenth centuries. The British, for the most part, did not follow the same model at home where servants were mostly addressed by their family names.

I recall a different situation with my German immigrant grandparents who always referred to their cook and housekeeper with her title and family name. There was also my only uncle, a German immigrant by way of Greece and Palestine, who always addressed his oldest friend as Mr. Dix. Shortly after he arrived in America in 1947, he met Bill Dix, a black Navy veteran, at a Fillmore Street jazz club. They would remain friends their entire lives with Mr. Dix even moving in to help my uncle after his eyesight was mostly gone due to glaucoma. Bill and I always addressed each other by our given names, but to my uncle, he was always "Mr. Dix" and to Bill, my uncle was always "Mr. Koshland."

Having lived now for almost nine months at The Towers, I've become increasingly aware of how the name relationship between residents and staff follows the rigid customs of our colonizing forebears. I make no claim that the system here is directly linked to colonization or slavery or that residents who comply with its requirements condone slavery. I would, however, like to see all workers' name badges include their last name. This would allow residents who wish to refer to individual staff members by their family name to be able to do so. Each day, many workers in this building directly contribute to my welfare and happiness. Each deserves my gratitude and respect. Each deserves, at least by me, to be addressed by their family name and not by their given name, like I would address them if they were children.

## Entre Nous

Sugar Caen

Austin and Van Ness (SFT 1501) are engaged in their morning ritual of newspaper reading, coffee drinking, and bickering. Let's listen.

*All right, have it your way — you heard a seal bark!*

*Aus:* ESC's rebranding is exciting don't you think?

*Van:* It certainly is, if you believe in putting lipstick on a pig.

*Aus:* I think the new name, Covia, is brilliant.

*Van:* Does one purchase Covia over the counter or does it require a prescription? Are there any side effects? How does it interact with statins?

*Aus:* Oh stop! Covia is a creative blend of "Co" representing toget her and "via" suggesting a journey.

*Van:* I thought it was an acronym standing for Corporation of Vultures Inveigling the Aged.

*Aus:* What would you suggest as a new name? Something modern and punchy I hope!

*Van:* How about "CAVE"?

*Aus:* Seriously now? For what would that stand?

*Van:*: Corporate Avarice to Victimize the Elderly.

*Aus:* Ooooh! Ouch! What prompts such a hostile reaction?

*Van:* ESC issues go far deeper than branding. Whatever rebranding means, it's only an obfuscation, a canard so that we proletarians do not pay attention to real issues.

*Aus:* Really! I would've thought you would be excited about something new.

*Van:* Any organization with a waiting list as long as there is for San Francisco Towers, need not rebrand anything. Indeed, customer satisfaction of this magnitude suggests stability. Do you think Coca-Cola or Boeing is currently engaged in rebranding?

*Aus:* I disagree. Organizations that don't keep up with the times disappear. What is your recollection of Studebaker, Philco, or Eastern Airlines?

*Van:* The elephant sitting in this corner is ESC officials' desire to separate themselves from the Episcopal Church. If rebranding takes place, you can bet there will be one letter missing. It will be "E" for Episcopal. Just you watch the "E" vanish.

*Aus:* Play out your paranoia for me. Where do you think this is headed?

*Van:* ESC officials have a grand plan. Change the name, separate from the church, and take the organization private. Make it a profit seeking company. Sell stock. Get rich. Is that sufficiently clear?

*Aus:* Jeezo Peezo! I never thought of that.

*Van:* That is exactly what they are counting on. Of course, en route to this end, the lawyers for and against will get rich first.

*Aus:* I began the day happy. Now, I am depressed.

*Van:* Fret not. The Trump stock market is up. We can move to Mexico.

Tower Talk is a collection of opinion, anecdotes, humor, and informational items of potential interest to the San Francisco Towers' community. Tower Talk is privately published and does not carry the approval or endorsement of SFT Management, nor rely upon SFT resources. It contains no commercial content and is not intended to replace regular Towers' publications. All comments, complaints, and compliments should be directed to James Guthrie at sugarcaen00@gmail.com.