

Jonathan Association

RESEARCH & RATIONALE

“Why should an Equipment Storage Facility for the Jonathan Association be located at the Karen House headquarters property?”

TIME FRAME: April 2009 – March 2010

PART ONE:

The following compilation of 32 data points across 6 different management categories summarizes the Gassen Property Management Company research and the recommendations presented to the Jonathan Association Board of Directors by Terri Redshaw and Jim Battenberg at the **October 2009** Jonathan Board of Directors monthly meeting. It also reflects the ensuing discussion among, and opinions of, the Jonathan Board members at that meeting.

Mike Liebe made a motion to solicit 3 contractor bids for the construction of an equipment storage facility to be located at the Karen House headquarters property, and Maria Awes seconded the motion. After discussion, the Jonathan Board of Directors **voted unanimously (7-0) to move forward** with the construction of an Equipment Storage Facility at the Karen House headquarters property.

Staff Efficiency Factors:

- Increase employee efficiency in the staging of maintenance assignments and repair projects while using the least amount of staff preparation and equipment retrieval time.
- Increase the effectiveness in providing asset-protection and security measures which will protect the Association's significant investment in tools and equipment.
- Increase the effectiveness in providing a safe and secure working environment for individual Association staff members and volunteers.
- Increase the efficiency and effectiveness of staff interactions with contractors and vendors who stop by to pick up equipment for transport to other locations so as to provide repair and maintenance services for the Association's equipment.
- Increase the efficiency and effectiveness of staff efforts in maintaining accurate inventory records and reports.
- Increase the ability to provide immediate response should assistance be needed by or given to the many volunteers involved with community-building events such as the "Annual Festival of Garage Sales", "Fourth of July Kiddie Parade", "Cocoa and Coasting", etc.
- Increase the overall day-to-day efficiency of Jonathan Association employees and the contracted professional property management company by creating one central operations center and headquarters for Association business.

Environmental Considerations:

- Eliminate the need to drive Jonathan Association vehicles on and/or over City of Chaska trails and other non-Jonathan property – which is an unintended consequence of storing equipment in the Lake Grace Pavilion.
- Eliminate the unintended consequence of causing Jonathan Association staff members to compete and/or interfere with residents who want to use the Lake Grace Pavilion, beach and picnic areas in the manner for which these recreational amenities were originally intended.
- Eliminate the unintended consequence of giving the impression to Jonathan Association residents, visitors, and our many City of Chaska neighbors that Jonathan is not being managed in an intentional, focused and effective manner.
- Eliminate the opportunity cost of using the historic Lake Grace Pavilion as an equipment storage facility, which prevents the renovation/restoration of this site for an expanded role in serving the recreational and community-building needs of Jonathan Association residents.

Aesthetic Concerns:

- Improve the visual “fit” within an overall physical setting – unlike the current misuse of the Lake Grace Pavilion and beachfront area, where an equipment storage facility is clearly out of place in both form and function in this recreational waterfront area.
- Improve the visual “fit” within an overall physical setting – successful efforts to deliver a compatible exterior color and design palette of an equipment storage facility can be combined with vigorous efforts to provide additional landscaping (coniferous trees, deciduous trees, shrubs, native plant flower beds, picnic areas, etc.) in the surrounding area.
- Improving the visual “fit” of the Karen House property with the addition of a high-quality building for use as an equipment storage facility and additional landscaping (coniferous trees, deciduous trees, shrubs, native plant flower beds, picnic areas, etc.) in the surrounding area, will ***compliment the neighboring properties and enhance the market values of homes*** in the neighborhood.
- Improve the visual “fit” of the Karen House property with the addition of a high-quality equipment storage facility and additional landscaping (coniferous trees, deciduous trees, shrubs, native plant flower beds, picnic areas, etc.) will be a marked ***contrast to the current unfocused and disorganized sprawl of the property.***

Staff & Asset Security Advantages:

- Increase the physical safety of ***Jonathan staff employees*** by relocating Association tools and equipment from the current isolated location down by Lake Grace, to a safe and well-monitored location at the Karen House headquarters.
- Increase the physical security of ***Jonathan tools and equipment*** by relocating said Association assets from the current isolated location down by Lake Grace, to a safe and well-monitored location at the Karen House headquarters.

Needs Analysis:

- The Jonathan Association, as ***the largest homeowners association in either Minnesota or Wisconsin***, needs to have the necessary amount of tools and equipment so as to carry out a minimum level of repairs and maintenance projects, and thus not be exposed to an untenable financial burden caused by the sole reliance upon outside vendors and contractors – along with the ever-increasing annual costs charged by those outside vendors and contractors.
- The Jonathan Association, ***with a resident population larger than 75% of all the cities and towns in Minnesota***, needs to have the necessary amount of tools and equipment so as to carry out a minimum level of repairs and maintenance projects, and thus not be exposed to an untenable financial burden caused by the sole reliance upon outside vendors and contractors – along with the ever-increasing annual costs charged by those outside vendors and contractors.
- The Jonathan Association, with its large inventory of valuable and well-maintained tools and equipment, owes it to its membership to provide a safe and secure equipment storage facility ***located in the most efficient and cost-effective location***.
- The Jonathan Association, in partnership with its professional management company (Gassen), is committed to “management done right”, and as such needs to provide an equipment storage facility that is ***located in a safe and well-monitored location*** for its staff employees.
- The Jonathan Association is responsible for the maintenance of 23 neighborhoods, 100 acres of common open space, 20 miles of trails, 19 tot lots, 47 mail stations and bus shelters, and 34 neighborhood entrance monument areas on behalf of 8,000 residents, and needs to have its equipment storage facility located in the most efficient and cost-effective location so as to guarantee ***the highest level of time-related effectiveness*** of its limited staff in the staging of repair and maintenance projects.
- The Jonathan Association is responsible for the maintenance of 23 neighborhoods, 100 acres of common open space, 20 miles of trails, 19 tot lots, 47 mail stations and bus shelters, and 34

neighborhood entrance monument areas on behalf of 8,000 resident, and needs to have its equipment storage facility located in the most efficient and cost-effective location so as to guarantee ***the highest level of fuel-related efficiency*** of staff in the staging of repair and maintenance projects.

- The Jonathan Association owns the historic Lake Grace Pavilion and needs to relocate storage of its tools and equipment so as to facilitate the possible ***renovation and restoration of this distinctive recreational resource*** for the community-building benefit of its residents.
- The Jonathan Association needs to store its large inventory of valuable and well-maintained tools and equipment in a safe and secure ***storage facility that provides a permanent solution*** – without relying on a lease or rental (annual, monthly, etc.) arrangement with a continually spiraling increase in costs to the Association membership.

Cost-Benefit Evaluation:

- The cost of building a permanent equipment storage facility (one time cost) on its own property will provide a greater benefit to the Jonathan Association than the illusory cost savings of renting or leasing storage space (the rate of increase for which is out of Jonathan's control) from some other organization.
- The cost of building a permanent equipment storage facility on the Karen House headquarters property will provide a benefit to the Jonathan Association in that this structure will be part of a greater beautification effort (landscaping, etc.) for the entire Karen House property.
- The cost of building a permanent equipment storage facility on the Karen House headquarters property will provide a two-for-one benefit to the Jonathan Association in that the Lake Grace Pavilion will be freed up for necessary restoration and renovation efforts so that it can be returned to its original recreation purposes, and a more efficient and effective storage facility can be located at Association headquarters.
- The cost of building a permanent equipment storage facility on the Karen House headquarters property will provide the benefit of a safe and non-secluded working environment which will benefit the Association's staff employees.
- The cost of building a permanent equipment storage facility on the Karen House headquarters property will provide the benefit of a secure and well-monitored location for the Association's large and well-maintained inventory of tools and equipment.

- The cost of building a permanent equipment storage facility on the Karen House headquarters property will provide the benefit of more fuel-efficient repair and maintenance practices by Association staff employees.
- The cost of building a permanent equipment storage facility on the Karen House headquarters property will provide the benefit of more effective time-management repair and maintenance practices by Association staff employees.

PART TWO:

The following timeline illustrates the events and actions taken in the investigation, identification, research, analysis, recommendation, discussion, decision, and administrative process steps involved with regard to the Equipment Storage Facility project for the Jonathan Association.

- **April 2009** – “10 Strategic Priorities” were identified by the Jonathan Association Board of Directors during the April monthly Board meeting. The Equipment Storage Facility analysis was included in this list of priorities.
- **June 2009** – “10 Strategic Priorities” (including the Equipment Storage Facility analysis) were highlighted in a feature article in the “Summer Issue” of the ***Jonathan Neighbors*** newsletter. (This newsletter is USPS delivered to every homeowner in the Jonathan Association).
- **July-September 2009** – Gassen Property Management Company representative Terri Redshaw and Jonathan Association Board Member Jim Battenberg (Chair of Buildings & Grounds Committee and Chair of Architectural Review Committee) complete an equipment inventory and a needs analysis for the Jonathan Association Board of Directors.
- **October 2009** – Gassen Property Management Company representative Terri Redshaw and Jonathan Association Board Member Jim Battenberg (Chair of Building & Grounds Committee and Chair of Architectural Review Committee) present the findings of an equipment inventory and needs analysis to the Jonathan Association Board of Directors at the October monthly meeting of the Board. Mike Liebe made a motion to collect three (3) contractor bids for the construction of an Equipment Storage Facility at the Karen House headquarters property. Maria Awes seconded the motion. The Jonathan Association Board of Directors gave unanimous approval via a **7-0 vote**.
- **December 2009** – The unanimous vote of approval by the Jonathan Association Board of Directors, at its October 2009 monthly meeting, for the construction of an Equipment Storage

Facility at the Karen House headquarters property was reported in a full-page feature article in the “Winter Issue” of the *Jonathan Neighbors* newsletter. (This newsletter is USPS delivered to every homeowner in the Jonathan Association).

- **December 2009** – An architectural firm (Barbeau Architects, Inc.) is hired by the Gassen Property Management Company and the Jonathan Association to design an Equipment Storage Facility for construction at the Karen House headquarters property.
- **January 2010** – The architectural firm (Barbeau Architects, Inc.) completes a proposed design for an Equipment Storage Facility at the Karen House headquarters property.
- **February 2010** – The Heritage Preservation Commission of the City of Chaska gave approval by a **vote of 6-2 in favor** of the Jonathan Association Equipment Storage Facility, designed by Barbeau Architects, Inc., for location at the Karen House headquarters property.
- **March 2010** – The Planning Commission of the City of Chaska gave approval by a unanimous **vote of 6-0 in favor** of the Jonathan Association Equipment Storage Facility, designed by Barbeau Architects, Inc., for location at the Karen House headquarters property.
- **March 2010** – The City Council of the City of Chaska gave approval by a unanimous vote (Christopher Schulz was absent) of **4-0 in favor** of the Jonathan Association Equipment Storage Facility, designed by Barbeau Architects, Inc., for location at the Karen House headquarters property.

PART THREE:

Architectural Review Committee

It is the responsibility of the Architectural Review Committee to protect and maintain the architectural standards and to oversee the application of the appropriate rules and covenants, *while considering the well-being of all residents* in Jonathan.

Buildings & Grounds Committee

The purpose of the Buildings & Grounds Committee is to have the broad responsibility for overseeing the Jonathan Association’s physical assets: land, buildings, and equipment. Responsibilities include *preparing recommendations and appropriate budgets based upon known current needs and perceived future needs for the Association’s physical structures* and shared amenities.

PART FOUR:

The Jonathan Association is currently storing its tools, equipment and some of its motorized maintenance vehicles (as part of an extended “temporary” solution) in the historic Lake Grace Pavilion. The Lake Grace Pavilion, one of the first buildings constructed in Jonathan, was designed to serve as a recreational facility for the Jonathan homeowners and other Chaska residents who wanted to enjoy the beach front amenities of Lake Grace. For most of the past decade the original intent of providing community recreational and social opportunities through the use of the Lake Grace Pavilion has been thwarted by the extended “temporary” solution of storing Jonathan’s tools, equipment and some motorized maintenance vehicles in this building.

The Lake Grace Pavilion is a two (2) mile round trip – down and back – from the Jonathan Association headquarters offices at the Karen House. Access to the Lake Grace Pavilion via pick-up truck, currently granted by permission from the City of Chaska, is accomplished only by making an illegal left turn off Hundertmark Road (near the Jonathan Montessori/World Learner School) and driving on the paved recreational biking/hiking trail, which is owned by the City of Chaska. Special care must be taken daily on each trip down and back to the Lake Grace Pavilion by Jonathan maintenance staff members (while commuting via pick-up truck), as often times there are multiple groups of school children, Jonathan homeowners, and other Chaska residents who are using this biking/hiking trail in the recreational manner in which it was intended.

The Consequences of Storing Equipment at the Lake Grace Pavilion include the categories of miles, fuel expenses, staff time, and salary costs.

- Costs measured in terms of **MILES**

Miles per roundtrip:	2
Trips per day on average:	3-6
Miles per day:	6-12
Working days per year:	255
Miles per year:	1,530 – 3,060

- Costs measured in terms of **FUEL**

Miles per roundtrip:	2
Trips per day on average:	3-6
Miles per day:	6-12
Working days per year:	255
Miles per year:	1,530 – 3,060
Miles per gallon via Jonathan truck:	12
Gallons of gas per year:	1,275 – 2,550
Cost per gallon in 2009:	\$2.50
Total fuel cost in 2009:	\$3,188 - \$6,375

- Costs measured in terms of **STAFF TIME**

Trips per day on average:	3-6
Minutes per trip on average:	8-12
Minutes per day on average:	24-72
Working days per year:	255
Minutes per year on average:	6,120-18,360
Hours per year on average:	102-306
Working Days per year on average:	13-38
Weeks per year on average:	2.6-7.7

- Costs measured in terms of **EMPLOYEE SALARIES**

Trips per day on average:	3-6
Minutes per trip on average:	8-12
Minutes per day on average:	24-72
Working days per year:	255
Minutes per year on average:	6,120-18,360
Hours per year on average:	102-306
Employee salary per hour:	\$20
1 employee per trip:	\$2,040-\$6,120
2 employees per trip:	\$4,080-\$12,240

SUMMARY:

- Staff Time Cost/Wasted Per Year: 5 weeks
- Staff Salaries Cost/Wasted Per Year: \$8,100
- Fuel Cost/Wasted Per Year: \$4,700

The Jonathan Association and its professional property management contractor, the Gassen Management Company, currently provide a wide array of property maintenance services and solutions in the following areas: landscaping/pond maintenance, snow removal, grounds keeping, irrigation, shelter maintenance, trails/trees maintenance, maintenance supplies, maintenance repairs, contracted labor, and refuse removal.

By offering as many of these services “in-house” as possible, the Association Board saves a significant amount of money each year for the thousands of Chaska residents who live in the 23 Jonathan neighborhoods. If all property maintenance services were to be contracted out to vendors, the cost increase to Jonathan homeowners would be enormous. Compare the negative budget impact of contracting out all property maintenance services to outside vendors, vs. the current budget:

Maintenance budget (current):	\$160,700.00
Maintenance budget (contracted out):	\$292,240.00

If the Jonathan homeowners were to have all their property management services contracted out to vendors, the Jonathan Association would have an immediate annual increase of \$131,540.00, subject to additional increase (due to inflation) with each consecutive passing year.

All of the current tools, equipment, and motorized maintenance vehicles owned by the Jonathan Association are completely bought and paid for. This gives the Jonathan Board of Directors and the Gassen Property Management Company powerful leverage for holding down annual property maintenance costs for the thousands of Chaska residents who live in Jonathan neighborhoods.

Ted Rogers, President of the Casualty-Assurance Company, the insurance carrier for the Jonathan Association, estimated that the cost of insuring the Equipment Storage Facility – the structure only – will average less than \$500.00 per year. Spread among all 2,900 homeowners, this cost per household in Jonathan will be approximately \$0.17 per member annually. This amount (\$500.00) is easily affordable out of Jonathan’s annual projected revenues.

Tom Barbeau, of Barbeau Architects Inc., projects that the Jonathan Board’s target budget of \$88,700.00 will be enough to construct the Equipment Storage Facility – as designed and already approved by the City of Chaska’s Heritage Preservation Commission. Spread among all 2,900 homeowners, this cost per household in Jonathan will be approximately \$30.60 per member. This is a one-time construction cost only, and is easily affordable out of Jonathan’s annual projected revenues for 2010.

The Jonathan Board seeks to save an annual average of five (5) weeks of staff time, approximately \$6,120 in annual staff salary costs, and approximately \$4,700 in fuel costs by moving all the Association’s tools and equipment into a new Equipment Storage Facility at the Karen House headquarters property. The annual savings in staff salary and fuel costs alone (\$10,820) represents the purchasing power of 50 additional boulevard trees per year throughout all 23 Jonathan neighborhoods (based upon current contract discount rates for 2010 between Jonathan and the Mustard Seed Nursery & Landscaping Center).

COSTS (No Storage Shed & No Equipment):

Each Homeowner - \$45.36 (annual increase)

COSTS (Storage Shed & Equipment):

Each Homeowner - \$30.60 (one-time increase)

Each Homeowner - \$ 0.17 (annual insurance increase)

MEETING AGENDA
Jonathan Association Board of Directors
Tuesday, October 13, 2009
Chaska City Hall Council Chambers
Chaska, MN 55318
6:30 PM

- I. Call to order
- II. Designate the Quorum
- III. Adopt the Agenda as presented/amended
- IV. Adopt Minutes from September 8, 2009
- V. Open Forum
- VI. General Reports
 - A. President's Report
 - B. Heritage Committee
 - C. Communications Committee
 - D. Buildings & Grounds Committee
 - E. Architectural Review Committee
 - F. Activities Committee
 - G. Treasurer's Report/Finance Committee
 - H. Management Report
- VII. Old Business
 - A. Commitment to Community Task Force Update
 - B. *Equipment Storage Evaluation***
 - C. Neighborhood Equity Analysis
- VIII. New Business
 - A.
 - B.
- IX. Adjournment

MEETING AGENDA
Jonathan Association Board of Directors
Tuesday, April 14, 2009
Chaska City Hall Council Chambers
Chaska, MN 55318
6:30 PM

- I. Call to order
- II. Designate the Quorum
- III. Adopt the Agenda as presented/amended
- IV. Adopt Minutes from March 10, 2009
- V. Adopt Minutes from March 10, 2009 Special Meeting
- VI. Open Forum
- VII. General Reports
 - A. President's Report
 - B. Treasurer's Report
 - C. Management Report
 - D. Building & Grounds Committee
 - E. A. R. C.
 - F. Heritage Committee
 - G. Activities Committee
 - H. Communications Committee
 - I. Ad hoc/Answers Committee

- VIII. Old Business
 - A. Commitment to Community Task Force Update
 - B. Christmas in May-Chaska Update

- IX. New Business
 - A. Jonathan Neighbors newsletter advertising rates
 - B. Strategic Priorities for 2009**
 - C. Current Committee memberships - update

- X. Adjournment