

CITY OF TONKA BAY WORKSESSION

Memo

To: Honorable Mayor and City Council
From: Joe Kohlmann, City Administrator
Date: March 11, 2014
Re: Southshore Center Presentation

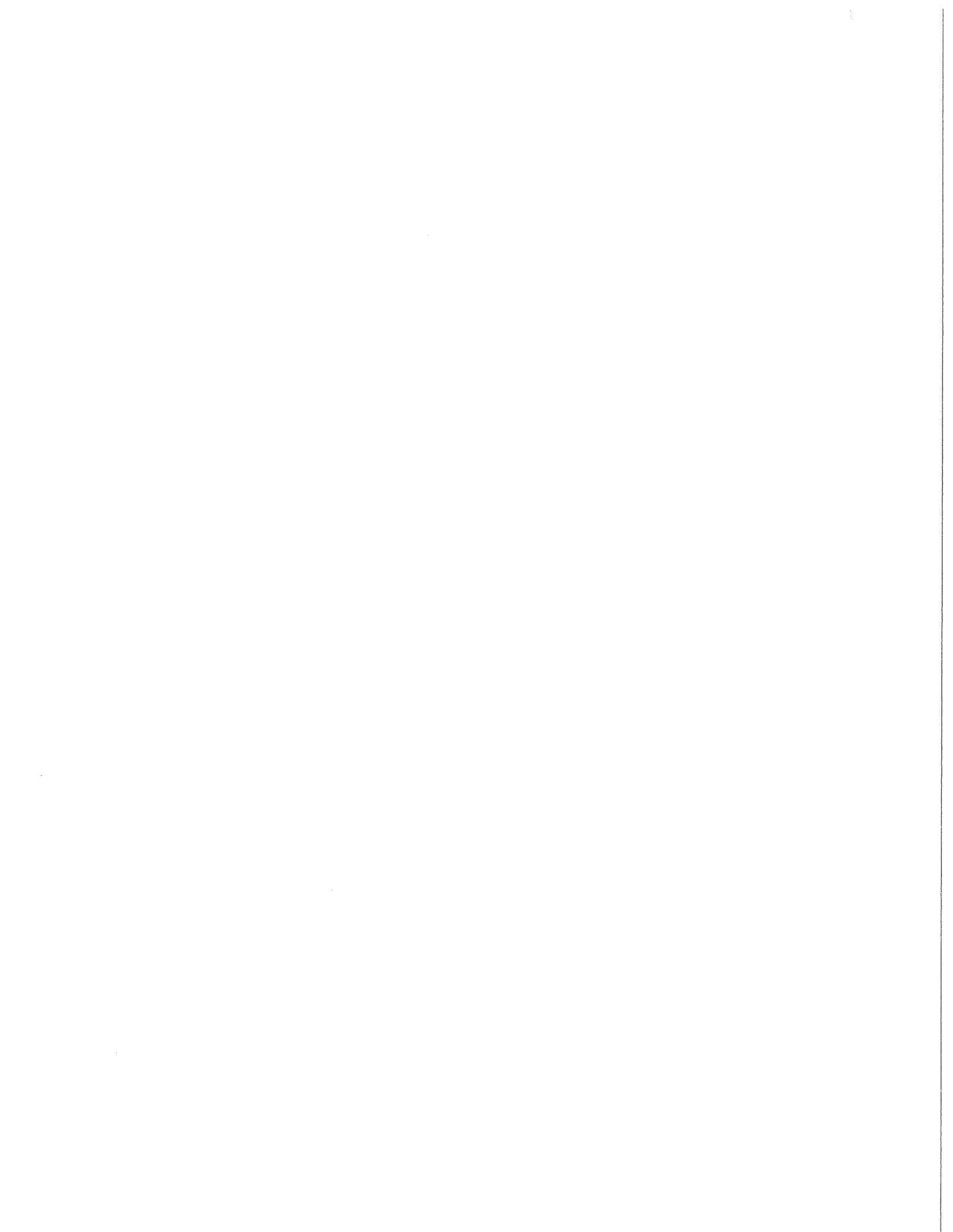
Greenwood Mayor Deb Kind will be in attendance to discuss the *attached* plan for the Southshore Center. She and Councilmember Ansari have presented this plan to the Southshore Advisory Group and it was requested that each member city hold a worksession regarding the plan.

For background purposes:

Attached is the 1996 Cooperative Agreement
Attached is the 2009 Lease Agreement

Council Action Requested:

Discuss the attached plan with Mayor Kind and Councilmember Ansari.



THE COVE

LEARN • PLAY • CELEBRATE



3-YEAR PILOT PROJECT PROPOSAL FEBRUARY 15, 2014

Prepared by
Tonka Bay Councilmember Elli Ansari
and Greenwood Mayor Deb Kind

BACKGROUND

The Southshore Center (SSC) is located at 5735 Country Club Road, Shorewood, MN. The facility was built in 1996 with funding from the following:

	Contribution	% of Ownership
Deephaven	\$139,639	22.45%
Excelsior	\$90,812	14.60%
Greenwood	\$24,569	3.95%
Shorewood	\$311,000	50.00%
Tonka Bay	\$55,980	9.00%
Friends of the Southshore Center (Seniors)	\$100,000	
Total	\$622,000	100.00%

The Friends of the Southshore Center operated the center with funds from grants and their membership until 2008 when grant money dried up. From 2009 to present, the city of Shorewood has managed the SSC. They hired a director to increase rentals of the facility and to create programming for all ages. At the same time, the “Friends” became the Southshore Senior Partners (SSSP) and rented space at the SSC for approximately \$600 per month for their senior programs. In 2012, Shorewood contributed \$60,000 to subsidize SSC operations. In August 2013, Shorewood officials initiated discussions with the 5 owner cities to determine the future operations of the SSC. A SSC Advisory Committee was formed and engaged students from VANTAGE (Minnetonka High School’s Advanced Professional Studies program) to help with the project. From November 2013 to January 2014, the VANTAGE team worked with SSC Advisory Subcommittee members to conduct research and make recommendations that will restore the financial viability of the SSC so it can continue its mission of providing services and facilities to the residents and businesses of the 5 cities.

Key learnings from the VANTAGE team’s research:

1. There are 6 community centers in the metro area that operate at or near break-even, so it is possible for the SSC to operate at break-even as well.
2. The facility’s awareness needs to be improved. 43% of survey respondents never heard of the SSC, and of the 57% who have heard of the SSC, most believe that it is a “senior” center only.
3. To operate at break-even status, the facility needs to ...
 - Have professional programming, scheduling, and marketing to maximize use of the space.
 - Appeal to all ages and potential renters.
4. To appeal to all ages and potential renters ...
 - The appearance of the building needs to be upgraded to have a “wow” feeling.
 - The building technology needs to be upgraded.
 - The building needs new “branding.”

Key desires from the city of Shorewood and the SSSP:

1. Would like someone on site during regular business hours, programming, and rentals.
2. Would like the SSSP to be able to continue to rent space at the facility.

The 3-year pilot project proposal on the following pages addresses the above “key learnings” and “key desires” with the goal to set a course that will make the center financially viable for the future.

3-YEAR PILOT PROJECT PROPOSAL

1. Since the “Southshore Center” name evokes “senior center,” it is important to re-brand the building with a new name and tagline to appeal to all ages and potential renters. The proposal is to change the building’s name to something like **The Cove** – *Learn, Play, Celebrate* (see design idea on the cover of this document). The Cove name is inspired by the building’s cozy / hidden location near Lake Minnetonka.
3. Update the website and building with the new brand.
4. Make building upgrades to create a “wow” first impression that appeals to all ages (see list on pages 4-5). The list includes costs for “now” and costs for potential “future” upgrades. The “now” costs include changes that would create the biggest impact for the least amount of money ... (a) A dramatic entrance with a feature wall, accent lighting, carpet, etc. (b) To house the “senior” items and to make better use of space, the large coat room would be re-purposed into “The Corner” gift shop / display area – a centralized place to showcase bakery sale items, greeting cards, newsletters, books, etc. (c) Coats would be hung on an attractive new coat hook system in the hallway. (d) Also, to tie-in with the lake theme, the rooms would be named after Lake Minnetonka bays – Echo Bay Room (dining room), Gideon Bay Room (activity room), Carson Bay Room (conference room) – and black and white prints of Lake Minnetonka images would be displayed on the walls. Ideas for paying for the “now” costs are on page 6.
3. A Cove Executive Board would oversee the upgrades (see page 6).
4. For simplicity, the proposal is for Shorewood to continue to manage operations, set room rental rates, etc. Based on the projections on pages 7-10 spreadsheets, the operations are likely to break even (conservative estimate) or could be profitable (optimistic estimate). The spreadsheets for operations assume the following:
 - A. Minnetonka Community Education (MCE) will provide professional programming for all ages. Marketing will be done through the MCE catalog that is mailed to all school district homes. The catalog will include an ad for renting The Cove. MCE also will be in charge of scheduling all programs and rentals, so space information is in one place. Rentals will be for the room and table set-up only. The renter will need to arrange for linens, catering, liquor insurance, etc.

Program revenue will be split 60% to the instructor / program director, 30% to MCE, 10% to The Cove.
Rental revenue from weddings, class reunions, etc. will be split 30% to MCE and 70% to The Cove.
 - B. The Cove may host fundraising events during times when the facility is not being used for MCE programming or rentals.
 - C. The Cove’s regular business hours would be 9am to 4pm, M-F. The reception desk would be “manned” during regular business hours and anytime The Cove has programming or rentals after hours.
 - D. A Site Manager / Receptionist (paid by The Cove) would work 4 hours per day, M-F. Responsibilities include:
 - Greeting people who enter the building, answering the phone, responding to emails.
 - Maintaining the Facebook page, website, electronic monument sign, TV loop.
 - Recruiting, training, and scheduling Assistant Receptionists to cover the other regular business hours and after-hours programming / rentals as needed.
 - Showing facilities to potential renters (scheduling will be done through MCE).
 - Coordinating The Cove fundraising events such as Oktoberfest and Open Mike Nights.
 - Managing the Custodian.
 - The Site Manager will have access to the schedule and / or coordinate with MCE to determine scheduling for the reception desk and Custodian.
 - E. The Custodian (paid by The Cove) will report to and be scheduled by the Site Manager. The Custodian will be responsible for cleaning / general maintenance of building and for table / chair set-ups as needed.
5. To honor the historic contributions of the “Friends” and SSSP, The Cove may discount rentals to the SSSP, and may split proceeds from “The Corner” gift shop / display area with the SSSP. However, to ensure that The Cove’s re-branding efforts are successful, the SSSP will need to keep a clear and separate identity for their organization and printed materials.

The proposal is to commit to the above pilot project for 3 years. If all goes well, The Cove / MCE partnership may be continued in the future.

Estimate of Upgrade Costs

					Now	Future
	Unit	Quantity	Cost per Unit	Subtotal	Total with Design and Project Mgmt	Total with Design and Project Mgmt
1	EXTERIOR					
2	Remove: Southshore Center lettering	EA	1	\$200	\$200	\$250
3	Paint: change white under canopy to dark brown	SF	600	\$2	\$1,200	\$1,500
4	Paint: downspouts and columns (dark brown)	EA	4	\$200	\$800	\$1,000
5	Add: new laser cut sign of The Cove logo	EA	1	\$2,500	\$2,500	\$3,125
6	Add: new block address numbers (brushed aluminum)	EA	1	\$300	\$300	\$375
7	Future: dark brown lattice to screen trash area 10' x 12' x 6' high	LF	44	\$30	\$1,320	\$1,650
8	Future: down lighting for columns (2 recessed cans in soffit)	EA	4	\$300	\$1,200	\$1,500
9	FOYER					
10	Move: display bookcase, bakery rack, magazine racks, and card display to "The Corner"			\$0	\$0	
11	Paint: touch up walls as needed	SF	800	\$1	\$1,000	\$1,250
12	Paint: accent paint on tray ceiling (2' high soffit and linear cove light)	SF	200	\$2	\$300	\$375
13	Replace: track lights with new disc lights	EA	9	\$50	\$450	\$563
14	Add: new small flat screen TV for looping JPGs of upcoming events	EA	1	\$750	\$750	\$938
15	Add: feature wall with cool "fireplace" and laser cut of The Cove logo	SF	120	\$25	\$3,000	\$3,750
16	Add: new end tables	EA	2	\$200	\$400	\$500
17	Add: new "entry grade" wall-to-wall carpet squares on top of tile, carpet base board	SF	900	\$5	\$4,500	\$5,625
18	Add: new framed BW prints of Lake Minnetonka maps or photos	EA	6	\$250	\$1,500	\$1,875
19	Add: new accent ceiling lights	EA	5	\$150	\$750	\$938
20	"THE CORNER" (FORMER COAT ROOM)					
21	Remove: coat rack and everything except pop machine			\$0	\$0	
22	Paint: patch and paint entire room	SF	400	\$1	\$500	\$625
23	Add: new wall-to-wall carpet squares and carpet base board	SF	120	\$5	\$600	\$750
24	Add: display bookcase, bakery rack, magazine racks, and card display from foyer			\$0	\$0	
25	Add: quilt from reception desk area			\$0	\$0	
26	RECEPTION DESK					
27	Remove: blinds covering door to conference room and extra desk			\$0	\$0	
28	Paint: touch up walls as needed	SF	200	\$1	\$250	\$313
29	Add: Cambria counter (6ft)	SF	18	\$60	\$1,080	\$1,350
30	Future: new wall cabinet system to cover up door to conference room	LF	10	\$200	\$2,000	\$2,500
31	ECHO BAY ROOM (DINING ROOM)					
32	Remove: valance / shades, string lights, fake plants			\$0	\$0	
33	Paint: change piano color to be black			\$0	\$0	
34	Replace: 2 entry doors with new glass / wood doors / existing frame	EA	2	\$1,200	\$2,400	\$3,000
35	Add: pull down 12' screen (\$350), short throw LCD projector (\$1200)	EA	1	\$1,550	\$1,550	\$1,938
36	Future: touch up walls as needed			\$1,000	\$1,000	\$1,250
37	Future: new framed BW prints of Lake Minnetonka maps or photos	EA	6	\$250	\$1,500	\$1,875
38	Future: replace (24) 2 x 4 fluorescent lights with new indirect lights	EA	24	\$300	\$7,200	\$9,000
39	Future: replace 140 ceiling tiles to match (reuse in activity room)	EA	140	\$120	\$16,800	\$21,000
40	Future: replace (20) 2 x 2 fluorescent lights a long perimeter replace with new dimable CFL recessed can light in new ceiling tile	EA	20	\$75	\$1,500	\$1,875
41	Future: stylish sliding "barn doors" to hide kitchen windows and door	EA	2	\$1,500	\$3,000	\$3,750
42	Future: replace 2 steel storage room doors with wood doors	EA	2	\$1,200	\$2,400	\$3,000
43	Future: refinish deck and deck furniture					???
44	Future: new dining chairs (200)					???

Estimate of Upgrade Costs

	Unit	Quantity	Cost per Unit	Subtotal	Now Total with Design and Project Mgmt	Future Total with Design and Project Mgmt
45	GIDEON BAY ROOM (ACTIVITY ROOM)					
46				\$0	\$0	
47	SF	1350	\$1	\$1,688	\$2,109	
48				\$0		
49	EA	1	\$200	\$200	\$250	
50	SF	30	\$60	\$1,800	\$2,250	
51	SF	1100	\$5	\$5,500		\$6,875
52	EA	12	\$250	\$3,000		\$3,750
53	CARSON BAY ROOM (CONFERENCE ROOM)					
54				\$0	\$0	
55				\$0	\$0	
56	SF	900	\$1	\$1,125	\$1,406	
57	EA	5	\$250	\$1,250	\$1,563	
58	EA	1	\$400	\$400	\$500	
59	SF	22	\$60	\$1,320	\$1,650	
60	EA	3	\$300	\$900	\$1,125	
61	SF	570	\$5	\$2,850		\$3,563
62				\$0	\$0	
63				\$0	\$0	
64	EA	100	\$20	\$2,000	\$2,500	
65				\$0	\$0	
66	BATHROOMS					
67	SF	600	\$1	\$750		\$938
68	SF	22	\$80	\$1,760		\$2,200
69	GENERAL					
70				\$0	\$0	
71	EA	8	\$50	\$400	\$500	
72					\$1,000	
73						???
74						???
75						???
76						
77	Total Cost				\$44,891	\$64,725

78
79 *These costs were estimated by Tammy Magney (architect / designer of The Commons Workplace).*

Note: Shorewood also is considering parking lot improvements. See the concepts provided by Shorewood in the **FYI** section of this document.

IDEAS FOR PAYING THE "NOW" COSTS

1. Split evenly by the owner cities (see spreadsheet below).
2. Split by percentage of building ownership (see spreadsheet below).
3. Split by blending 1-2 above (see spreadsheet below).
4. Seek in-kind partnerships (e.g. Cambria) and / or donations from the community to offset costs.
5. Other ???

Note: A separate but related topic that needs to be discussed by the owner cities is how to pay for other capital expenses such as a new roof. See the Capital Improvement Plan provided by Shorewood in the **FYI** section of this document.

BUILDING OWNERSHIP

		% of Building Ownership
1	Deephaven	\$10,078 22.45%
2	Excelsior	\$6,554 14.60%
3	Greenwood	\$1,773 3.95%
4	Shorewood	\$22,445 50.00%
5	Tonka Bay	\$4,040 9.00%
6	TOTAL	\$44,891 100.00%

SPLIT EVENLY

		% Split Evenly
9	Deephaven	\$8,978 20.00%
10	Excelsior	\$8,978 20.00%
11	Greenwood	\$8,978 20.00%
12	Shorewood	\$8,978 20.00%
13	Tonka Bay	\$8,978 20.00%
14	TOTAL	\$44,891 100.00%

BLENDED - 1/2 BY BUILDING OWNERSHIP, 1/2 SPLIT EVENLY

	1/2 Ownership	1/2 Split Evenly	Total	Blended %
18	Deephaven	\$5,039	\$4,489	\$9,528 21.23%
19	Excelsior	\$3,277	\$4,489	\$7,766 17.30%
20	Greenwood	\$887	\$4,489	\$5,376 11.98%
21	Shorewood	\$11,223	\$4,489	\$15,712 35.00%
22	Tonka Bay	\$2,020	\$4,489	\$6,509 14.50%
23	TOTAL	\$22,445	\$22,445	\$44,891 100.00%

THE COVE EXECUTIVE BOARD

The proposal is to establish The Cove Executive Board to oversee the improvements. The following outlines the procedures and duties of the board ...

1. One elected official appointed by each owner city. The board chair is elected by the board.
2. All city councils must approve expenditures beyond the scope outlined in the approved budget.
3. The board will review monthly payables reports and YTD statements provided by the fiduciary contractor via email.
4. The board may call special meetings as needed.
5. The board exists for the duration of improvement project only.

Projection for Ongoing Operations - Conservative Estimate

REVENUE

1	Program Revenue			
2	Average class fee per person per hour	\$10		
3	Times average number of members per class X	10		
4	Average income per room per hour	\$100	A	
5				
6	Potential programing hours per day (9am to 9pm)	12		
7	Times 3 rooms X	3		
8	Times days per week (no programs on Fridays or weekends) X	4		
9	Times number of weeks per year X	45		
10	Equals total number of potential programming hours per year	6,480		
11	Minus 65% of program hours unscheduled or cancelled classes -	4,212		
12	Total number of program hours per year	2,268	B	
13	Times average income per room per hour (A) X	\$100	A	
14	Equals total program revenue per year	\$226,800		
15	60% to instructors	\$136,080		
16	30% to MCE	\$68,040		
17	10% to The Cove (Annual Programming Revenue)	\$22,680		\$22,680
18				
19	Weddings and Special Event Rental Revenue	\$25,000		
20	SSSP Space Rental (\$600 per month)	\$7,200		
21		\$32,200		
22	30% to MCE	\$9,660		
23	70% to The Cove (Annual Rental Income)	\$22,540		\$22,540
24				
25	VANTAGE Space Rental			\$15,000
26	Donations to The Cove - from businesses and individuals			\$2,000
27	The Cove Fundraising Events (Oktoberfest, Open Mike Nights) - proceeds above costs			\$2,000
28				
29	Total Revenue			\$64,220

EXPENSES (paid by The Cove)

33	Labor			
34	Regular business hours per year	1,750	H	
35	(7 hours per day, 5 days a week, 52 weeks per year, minus 10 holidays)			
36	Site Manager / Receptionist hours per year			
37	(4 hours per day, 5 days a week, 48 weeks per year)	960	I	
38	Times hourly rate X	\$15		
39	Site Manager / Receptionist cost per year	\$14,400	J	
40				
41	Reception Desk Assistants hours per year (H - I)	790		
42	Additional program hours (4pm to 9pm M-F) +	518	B-H	
43	Additional special event hours (Friday late night and weekend rentals) +	550		
44	Times hourly rate X	\$8		
45	Reception Desk Assistants cost per year	\$14,864	K	
46				
47	Custodian hours per year	300		
48	Times hourly rate X	\$30		
49	Cost per year	\$9,000	L	
50				
51	Total Payroll (J + K + L)	\$38,264		
52	FICA (6.2%)	\$2,372		
53	Medicare Contribution (1.45%)	\$555		
54	Workers Comp	\$300		
55	Total Labor	\$41,491		\$41,491

55	Custodian Supplies (light bulbs, cleaning supplies, etc.)	\$1,500
56	Office Expenses (rental price sheets, envelopes, stamps, etc.)	\$1,000
57	Sales & Marketing	
58	MCE Catalog Program Listings	\$0
59	MCE Catalog Ad for The Cove Rentals	\$0
60	Web Hosting	\$450
61	Fiduciary Contractor	\$2,500
62	Payroll	
63	Receivables	
64	Payables	
65	Year-to-Date Reports	
66	Year-End Report	
67	Audit	
68	Property Taxes (none - government building)	\$0
69	Building Insurance	\$1,000
70	Utilities	
71	Cable TV - None	\$0
72	Phone	\$1,500
73	Electric	\$9,300
74	Gas	\$2,000
75	Internet - WiFi (Shorewood)	\$0
76	Waste Removal	\$2,150
77	Water	??
78	Snowplowing & Landscape Contractor	\$1,000
79	Snow Plowing	
80	Mowing / Landscape Maintenance	
81	Pest Control	
82		
83	Total Expenses	\$63,891
84		
85	NET PROFIT (Revenue minus Expenses)	\$329

Projection for Ongoing Operations - Optimistic Estimate

REVENUE

1	Program Revenue		
2	Average class fee per person per hour	\$10	
3	Times average number of members per class X	10	
4	Average income per room per hour	\$100	A
5			
6	Potential programing hours per day (9am to 9pm)	12	
7	Times 3 rooms X	3	
8	Times days per week (no programs on Fridays or weekends) X	4	
9	Times number of weeks per year X	45	
10	Equals total number of potential programming hours per year	6,480	
11	Minus 30% of program hours unscheduled or cancelled classes -	1,944	
12	Total number of program hours per year	4,536	B
13	Times average income per room per hour (A) X	\$100	A
14	Equals total program revenue per year	\$453,600	
15	60% to instructors	\$272,160	
16	30% to MCE	\$136,080	
17	10% to The Cove (Annual Programming Revenue)	\$45,360	\$45,360
18			
19	Weddings and Special Event Rental Revenue	\$25,000	
20	SSSP Space Rental (\$1000 per month)	\$12,000	
21		\$37,000	
22	30% to MCE	\$11,100	
23	70% to The Cove (Annual Rental Income)	\$25,900	\$25,900
24			
25	VANTAGE Space Rental		\$15,000
26	Donations to The Cove - from businesses and individuals		\$2,000
27	The Cove Fundraising Events (Oktoberfest, Open Mike Nights) - proceeds above costs		\$2,000
28			
29	Total Revenue		\$90,260

EXPENSES (paid by The Cove)

31	Labor		
32			
33	Regular business hours per year	1,750	H
34	(7 hours per day, 5 days a week, 52 weeks per year, minus 10 holidays)		
35	Site Manager / Receptionist hours per year		
36	(4 hours per day, 5 days a week, 48 weeks per year)	960	I
37	Times hourly rate X	\$15	
38	Site Manager / Receptionist cost per year	\$14,400	J
39			
40	Reception Desk Assistants hours per year (H - I)	790	
41	Additional program hours (4pm to 9pm M-F) +	2,786	B-H
42	Additional special event hours (Friday late night and weekend rentals) +	550	
43	Times hourly rate X	\$8	
44	Reception Desk Assistants cost per year	\$33,008	K
45			
46	Custodian hours per year	300	
47	Times hourly rate X	\$30	
48	Cost per year	\$9,000	L
49			
50	Total Payroll (J + K + L)	\$56,408	
51	FICA (6.2%)	\$3,497	
52	Medicare Contribution (1.45%)	\$818	
53	Workers Comp	\$300	
54	Total Labor	\$61,023	\$61,023
55			

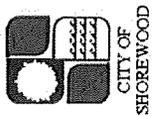
56	Custodian Supplies (light bulbs, cleaning supplies, etc.)	\$1,500
57	Office Expenses (rental price sheets, envelopes, stamps, etc.)	\$1,000
58	Sales & Marketing	
59	MCE Catalog Program Listings	\$0
60	MCE Catalog Ad for The Cove Rentals	\$0
61	Web Hosting	\$450
62	Fiduciary Contractor	\$4,500
63	Payroll	
64	Receivables	
65	Payables	
66	Year-to-Date Reports	
67	Year-End Report	
68	Audit	
69	Property Taxes (none - government building)	\$0
70	Building Insurance	\$1,000
71	Utilities	
72	Cable TV - None	\$0
73	Phone	\$1,500
74	Electric	\$9,300
75	Gas	\$2,000
76	Internet - WiFi (Shorewood)	\$0
77	Waste Removal	\$2,150
78	Water	??
79	Snowplowing & Landscape Contractor	\$2,000
80	Snow Plowing	
81	Mowing / Landscape Maintenance	
82	Pest Control	
83		
84	Total Expenses	\$86,423
85		
86	NET PROFIT (Revenue minus Expenses)	\$3,837

NEXT STEPS

We (Elli Ansari and Deb Kind) have met with Tim Litfin from MCE, and tweaks were made to this proposal based on his input. However, the MCE board would need to approve the plan before “committing” to anything. After our presentation to the SSC Advisory Committee, the consensus of the group was to present the concept to the owner city councils to gauge their interest in pursuing the project, before anything is presented to the MCE board. Also, it should be noted that the revenue spreadsheets include income from renting to Minnetonka High School’s VANTAGE program. It is our understanding that VANTAGE is looking for more rental space, but we have not met with VANTAGE officials yet.

Therefore, the next steps are ...

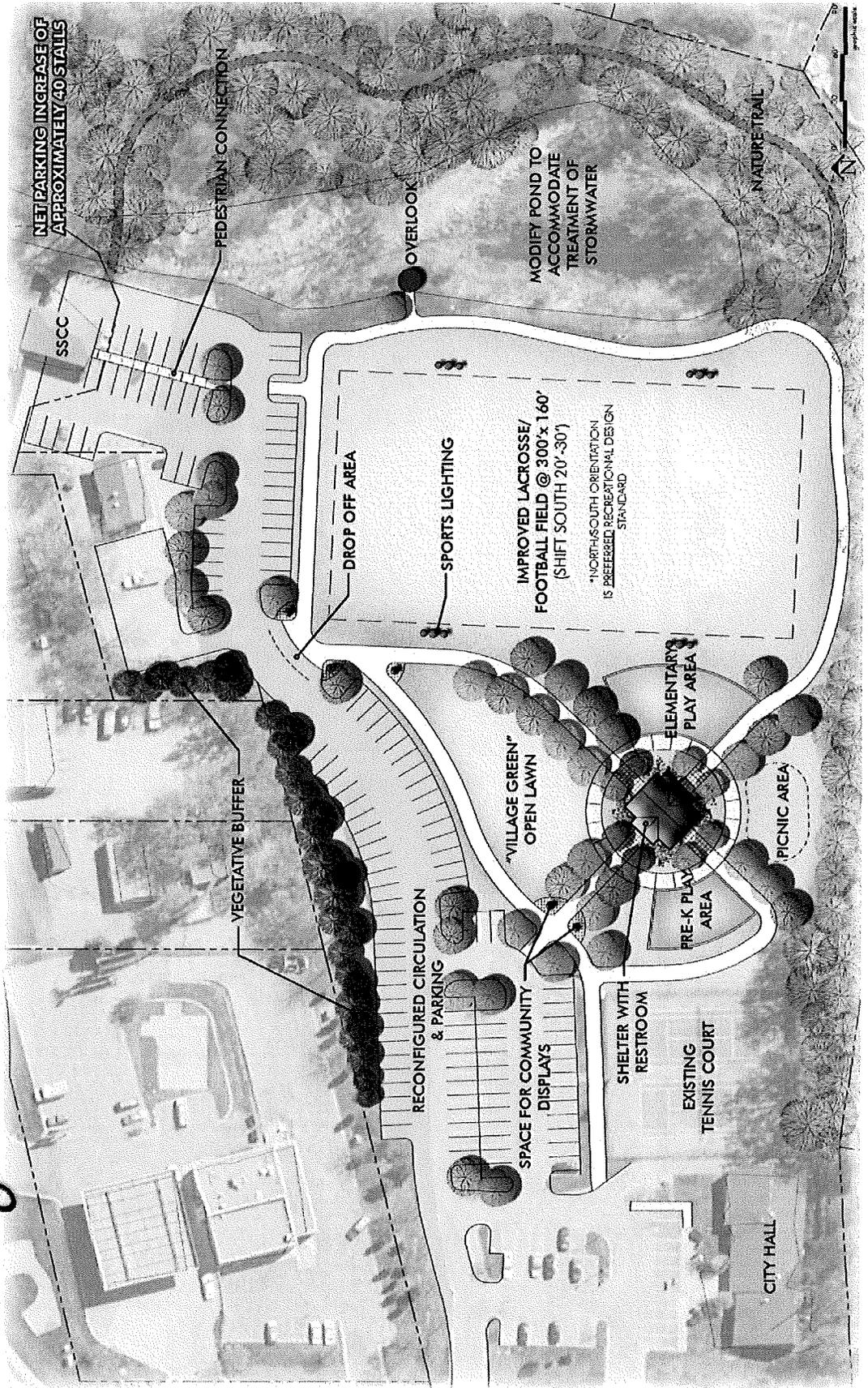
1. Present the proposal to the owner city councils to gauge their interest in pursuing the project.
2. Determine the formula for “now” costs.
3. Discuss concept with VANTAGE officials.
4. Present the proposal to Tim Litfin and the MCE Board.
5. The owner city councils consider approval of the 3-Year Pilot Project.

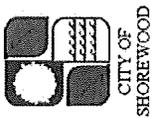


Badger Park City of Shorewood, MN

concept 1

701 West Avenue South, Ste. 202
Shorewood, MN 55488
www.villagegreen.com
Dale M. Hovde, P.E., PLS
Project #: 0450242

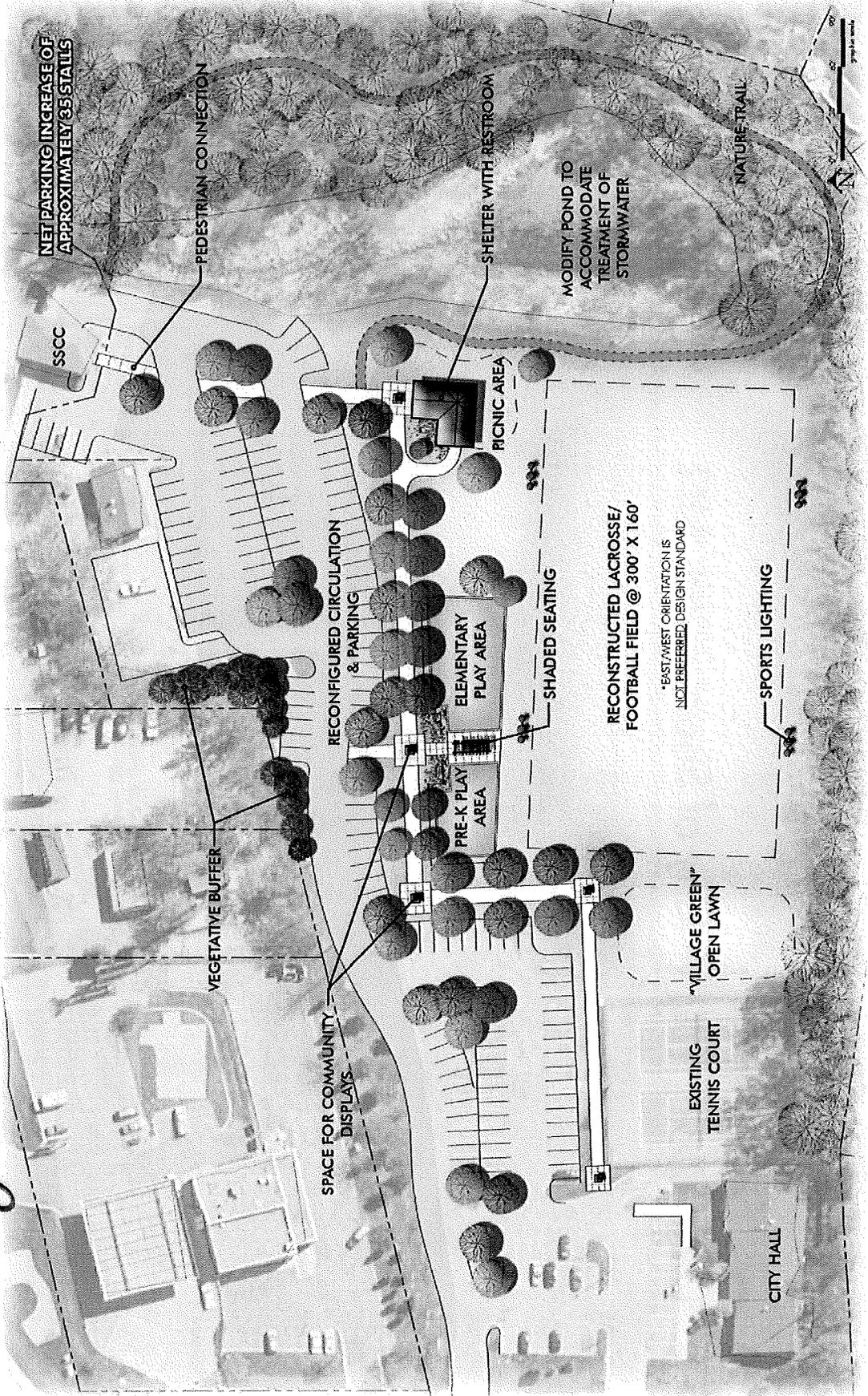




Badger Park City of Shorewood, MN

concept 2

701 North Avenue, South City, 5520
Shorewood, MN 55116
www.shorewoodmn.gov
Date: November 23, 2010
Project #: 01-250-240



FYI

Capital Improvement Program City of Shorewood, Minnesota

2014 *thru* 2018

Department 490 - Southshore Center

Contact

Type Improvement

Useful Life

Category Public Facilities/Buildings

Priority n/a

Project # PF-11-01
Project Name South Shore Community Center

Total Project Cost: \$88,500

Description

The council directed funds be included to cover possible capital maintenance or improvement costs to the South Shore Community Center.

2016 - Water Heater \$2,500
2017 - Roof \$41,000
2018 - HVAC \$43,000
2021 - Exterior Paint and Caulk \$2,000

Justification

Expenditures	2014	2015	2016	2017	2018	Total
Equip/Vehicles/Furnishings			2,500	43,000	41,000	86,500
Total			2,500	43,000	41,000	86,500

Funding Sources	2014	2015	2016	2017	2018	Total
403 - Equipment Replacement			2,500	43,000	41,000	86,500
Total			2,500	43,000	41,000	86,500