

NEWSPAPERS & TECHNOLOGY

Reprinted with permission from Newspapers & Technology, February 2000

FACILITY PLANNING BY DARIO DIMARE



Avoiding new building sticker shock

The building costs how much? That's impossible! It's too big! We're not building a Taj Mahal! We can't afford that! Where can we cut? My contractor said \$45.00 per square foot! Are you crazy? Our people must have given you a wish list, not a needs list! Or to quote the owner of a large newspaper group, "I never made a %&\$^#)* dollar on a brick!"

That is the final voice of sticker shock.

Sticker shock in newspaper facility renovations, additions, or entirely new building projects is all too common. Newspaper owners typically add on or build new facilities once in a career. If they do it twice, it is usually 20 to 30 years between projects, enough time for technology, building techniques, the economy and costs to change dramatically. The result of being unfamiliar with the current process often results in sticker shock.

Sticker shock is when a newspaper contemplates a facility project and has a certain, often unsubstantiated budget, in mind. Then when the actual costs come in, they are shocked by the real price.

This can create hard feelings, distrust among the people involved, abandonment of a very viable project and severe cost cutting, to a point where the project would be better off postponed than built poorly. I have seen such irrational and crazy cost cutting that it has quite often boggled my mind.

Cutting off the building

An example that I have witnessed more than once is an owner trying to cut initial costs by simply making the facility smaller. This is OK if you had extra space in your original design, however that is not usually the case. This is worse on a tight downtown site where every inch of land is truly needed. The examples I saw resulted in the newspaper taking 12 feet off the building to make it meet their budget, one of the worst ways to save money for several reasons.

One is that the perimeter of the facility is the part of the site with most of the area, that same area that is so precious because you are downtown.

Two is that the facility will probably be

tight for space from the start and need an addition in the near future. This addition will likely cost up to four times as much as the original facility because of the small size of the addition. There would be no economy of scale, typical to larger building additions.

A third reason is that a space with a 12-foot span is not as usable or as flexible as the 25-foot to 35-foot spans typical to newspapers.

The final reason is the cost. Instead of paying \$120 per square foot, it could easily cost \$300 to \$400 per square foot. Dario Designs is working on several projects now that are costing their owners over \$2,000 per square foot for small additions. This is because they were poorly planned years ago.

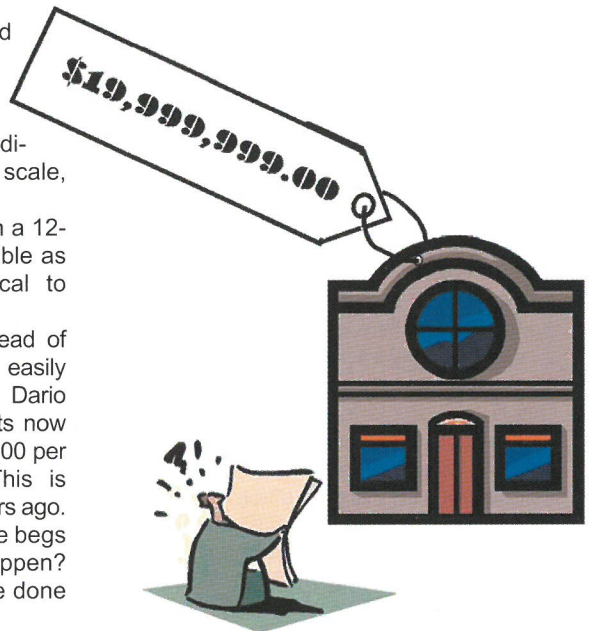
This too common of an occurrence begs several questions. Why does this happen? How does this happen? What can be done to prevent it.

Why?

There are three reasons. The first and most common reason is basic ignorance. This is a very specialized facility type and there is a lot to be lost in a poorly designed newspaper facility.

A major building project doesn't happen all the time. The industry is constantly changing. It is also something that is more complicated than most realize. Maybe ignorance is too strong of a word, but it really comes from not knowing what you don't know. How is a newspaper employee — usually the production manager — whose job it is to put out a newspaper every day, supposed to suddenly become a builder, engineer, architect, space planner, estimator and code official overnight? The fact is, he can't be all these and still do his day-to-day job. Either the job or the project will suffer, and in many cases it's both.

The second reason is ignorance. Contractors and developers are aware of the fact that most companies, not just newspapers, do not do facility projects all the time. They take advantage of this lack of experience, and charm people into going forward with a project by telling the customer what they want to hear in the initial



stages. "Sure, we can do it for that price. A press is no different than other equipment we've put in. Don't worry." Then when reality sets in, so does the sticker shock.

The final reason is ignorance. Often well-intended local developers, contractors or architects think they know what they are getting into and find out, through no malicious intent, that they got in a little over their heads. You really need people who know your business.

How?

Following the theme of lack of experience noted above, the hows are also usually a result of ignorance. If you have not done this before, you cannot be expected to do it from a firm base of knowledge. Some of the examples below illustrate how you can get into trouble on a facility project. Experienced people can often save you up front from the dreaded sticker shock.

Champagne taste on a beer budget

Many newspapers have the classic champagne taste with a beer budget. Gimme, gimme, gimme, until it's time to pay for it. This happens when budgets are

Continued on back

From front

not discussed up front. It also happens when unrealistic or uneducated cost assumptions are used.

“EXTRA, EXTRA! Read all about it!”

Contractors often low-ball estimates to stay in contact with the newspaper, then hit them up for a zillion extras later on. They will say whatever the newspaper wants to hear to be the favorite contractor. They will try to build a “solid relationship” so that the newspaper will use them in a negotiated manner in lieu of competitive bids. Then when the job becomes a reality, the contractors appear completely dumbfounded. “Gee, I didn’t realize the press was that big, that’d be an extra.” “Oh, you need air conditioning. I thought it was just a warehouse. This is also an extra.” “What ink system? That’ll be an extra.” “You mean we have to hang conveyors from the ceiling? Jeepers, the roof won’t hold that. We’ll have to charge extra.” “Compressors – what compressors? They make a lot of noise. We can provide acoustic isolation for a little extra.” “Press isolation, dust filters, roll tracks, transfer tables, ink pits – hey, I didn’t know anything about this stuff. That’ll be extra, too.”

These are all called extras or change orders. I actually witnessed a contractor tell a publisher that the new office and production facility would cost \$30 to \$32 per square foot. I explained the complexities of the facility and he only moved to \$32 to \$34 per square foot. He was telling the publisher what he wanted to hear, not the truth. After the luncheon, I told the publisher that he was not his friend. The job came in at \$110 per square foot.

Scope creep

Scope creep is another culprit in sticker shock. “We just want to add on to the mailroom. And add a driver’s room. And just a small area for the distribution offices. And as long as we’re working in the area, we should probably upgrade the toilet area to comply with the Americans with Disabilities Act. And if we can, we like to add a small overhang for the distribution area along with a couple additional parking spaces. And when we move out of the old mailroom, we just kinda want to patch and paint it up for the alternate media group.” I don’t have to say any more about scope creep or project creep, do I?

Butler Building bargain

This is another classic. “We’ll just build a Butler Building. I called the guy and he said \$26 per square foot.” “EXTRA, EXTRA...” I can hear it coming. A Butler Building

— a pre-engineered, off-the-shelf type building — is a great tool for a standard box building, which newspapers are not. They have offices, heavy electrical, heavy floor loading, are usually fully air conditioned with the exception of the warehouse. Even the warehouse needs some type of lower level wall protection.

The mailroom has conveyor loads and protected shipping docks. You will probably want the heavier gauge metal and the premium roof, if you plan on occupying the facility for any length of time. Every time you alter a Butler Building, you increase the cost of the facility, until you get to a point where you’re just better off building exactly what you need instead of customizing a cheap tin box.

I will admit that I saw one newspaper facility built out of three customized Butler Buildings and it came out alright. However, they are now spending more money maintaining it than a normal facility. It was not built for \$26 per square foot. It came in at \$65 per square foot, in a remote area, and was built non-union, 10 years ago, during a recession.

Booming economies bust budgets

The price of construction can vary from 10 percent to 25 percent based on the local economy. We recently designed a facility that is now under construction that had four or five very interested contractors during the design phase. They were on the phone all the time harassing us for the job. Then the economy boomed, we sent the job out for bids, and three of the five contractors dropped out. They apologized and said all of their foremen were tied up and would not be available for four to six months. This was a \$10-million job, a high quality facility, and impossible to believe. The job was estimated early on by the winning contractor, and the bid was still 10 percent to 15 percent higher than anticipated.

Buy an existing building and save \$

Not always. This is a common sticker shock trap. We see a building, it’s the right size, it’s got plenty of parking, it’s nearby – it’s the answer. Again, this is not always true. As a matter of fact, sometimes existing facilities can cost more than building new. In most cases you have to take something down before you put something up, and this costs more than building new.

We often have to upgrade the facility to comply with local codes, which can be costly. Quite often the mechanical and electrical systems are not adequate for our operations. Ceilings and roofs are not usu-

ally designed to hold conveyors loaded with newspapers. Floor slabs are usually not strong enough to store rolls of newsprint. And what about the press? Almost all facilities need a new press pad and modifications to this area, be it isolation or a higher roof.

So you see, an existing building is not always less expensive. One side note on this issue. Architects are often accused of pushing new facilities to foster their own best interest. When, in reality, architects actually charge more for renovations than new buildings because the existing facility has to be field measured, tied into in numerous areas. There are also many unique situations and much more phasing in a renovation. Unknown underground utilities, rerouted electrical and plumbing, and circuitous ductwork are a few examples.

What?

So how do you prevent sticker shock? Now that you are aware of some of the pitfalls listed above, you can certainly keep these in mind. But, the best way to avoid sticker shock is to know exactly what you are getting into from the very start.

Approach the project from a firm base of knowledge. Do not assume that everybody knows what a newspaper facility should cost. Generate a master plan with a company that knows your business, and a company that is familiar with costs.

Check the initial costs with local contractors without fully committing. Use several contractors to assure yourself that the numbers are accurate. This will also give you a chance to feel them out. If you are very concerned with controlling the cost up front, you can also hire professional estimators or pay a general contractor for some of these pre-construction services without totally committing.

Sticker shock can be avoided, but it will take a lot of up front planning and a clear understanding of the consequences of each decision along the way.

So how much should a newspaper facility cost? Next article.▲

Dario DiMare is the president of Dario Designs Inc., an architectural, design, planning and consulting firm specializing in newspaper facilities. He can be reached at 508.877.4444.

 **DARIO** INC.
DESIGNS
NEWSPAPER
ARCHITECTURE,
PLANNING &
CONSULTING