

Downtown, greenfield plant options require study

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SPECIAL TO NEWSPAPERS & TECHNOLOGY

Sound familiar? “We need to grow and can’t afford a new facility, so we will add on to our existing downtown site to save money. We are committed to downtown and do not want a split facility.”

I cannot count the number of times we have heard this.

Adding downtown may very well be the best option, but looks can be deceiving. Upon further investigation, we have found this to be the right choice is less than half of the situations.

After a much more thorough analysis, you too may change your mind. Even if you do remain downtown, some due diligence up front will help you save money and learn some valuable lessons

Consider: We have found that less construction downtown can cost more than twice the construction on a greenfield site.

Truth be told, engineering and design firms would selfishly prefer a downtown renovation because fees would be much higher due to the complexity of the job and the additional services required.

Among the considerations:

Future growth downtown is often difficult. Will downtown addition or renovation allow for growth beyond short-term requirements?

Leave no small area undeveloped. If adding downtown, build right up to your property line. Not only does this accommodate growth but eliminates the often-unwieldy option of having to add space later. Downtown sites are limited and each square foot is critical.

Going up is expensive, but should be considered. But remember: If you build less, you will still have less room to grow. In this case, less is less.

Building a new factory downtown is uncommon. A newspaper production facility is a factory. How many factories do you see being built downtown? Usually, not too many. The reason: They eat up space, they require room for shipping and receiving and town planners want their downtown land apportioned to promote the highest and best use. Why build a noisy factory when you can construct a high-rise hotel?

Access is a challenge. Inserts and newsprint also require



Advanced Publications and The Republican, in Springfield, MA, chose to build less downtown.



But in this case, Advanced Publications chose to build more at a greenfield site for its Grand Rapids Press, Grand Rapids, MI.

trucks or rail. A truck carrying inserts can easily extend 76 feet, requiring a 2,100 square-foot dock. Multiply that by docks for newsprint, waste and other operations and you need more than 12,000 square feet just for dock space. Combine that with municipal requirements forcing all truck maneuvering to take place on private property and add six to eight shipping docks. All told, a newspaper needs more than a half-acre devoted to shipping and receiving. Given the truck requirements and the new codes, this alone would require more than a half a block in most cities. Consider the value of a half block dedicated to trucks in comparison to a half a block dedicated to a multi-story office building. The bottom line: a newspaper needs more space while offering less value. More is less.

Downtown parking is usually costly and hard to come by. The more you need the more it costs. More is more.

Phasing costs downtown add a significant amount to a project's cost. Areas must be protected, modified and finally built-to-suit in a series of stages. This requires a slower process, compromised layouts and multiple set-up costs for

the various trades. Conversely, a greenfield site allows for plenty of room to stage, store and maneuver equipment and materials. Less site space results in more staging costs and coordination. Less is more.

Construction cost is site dependent. Often, a newspaper earmarks just half the space downtown it ordinarily would require in a new site located in an office or industrial park. What's more, downtown building costs often twice as much per square foot as a greenfield construction site. Why? Material costs are usually higher downtown because quite often newspapers want to match existing exteriors and care more about the image downtown. This means that more expensive materials, such as brick or stone, may be required. A greenfield site might be built with more practical and less expensive materials. Building downtown can result in more cost for less material. More is less.

Disruption is inevitable. Building on a site that also has to produce a product almost guarantees disruption. With less space there is sure to be more disruption. This in turn costs more money than what would be spent on a greenfield site. Less is more.

Greater cost contingencies are required downtown. Each time a hole is dug, a wall removed or a mechanical system modified. There is a risk of unknown costs, disruptions and repairs. Environmental discoveries, old utility lines, structural degradation, code violations and even ghosts are some of the common discoveries requiring greater contingencies. More unknowns result in more contingencies. More is more.

Risks increase for downtime, injuries and delays as construction occurs in a fully occupied and operational facility. You get less facility for more cost. Less is more.

Flexibility is more difficult on an existing site where the lack of space poses obstacles. Additional underground services, future growth, modular construction and other modern services are not always available at a downtown site. Acquisition of other businesses or work may not be feasible due to space constraints or limiting layouts. Here less is less.

More time requires more money. Phasing, for example, requires more time, which equates to higher costs due to the additional construction management required. More is more.

Architectural and engineering costs will rise due to the more complex nature of renovation. Everything needs to be documented and addressed. Existing conditions and systems must be analyzed to determine their usable life expectancy, capacity, safety, durability, expendability, flexibility, efficiency and practical use. In a new facility, the safest and most efficient systems can simply be specified. In this case, you pay more for less facility. In other words, more is less.

Costly change orders might rise. Downtown, there are more unknowns. Change orders are an expensive way to do business because they are unpredictable, not competitive, and you are at the mercy of the contractor, architect or engineer. Avoid hiring professionals based solely on price. Less cost up-front could cost you more in the end. Less is more.

Double costs are often encountered downtown. Consider a new roof. In order to replace the roof downtown, you have to first construct some type of protection. Removal must then occur, followed by cleanup. The new roof is installed, then protection is removed. All of this must occur while keeping the existing facility in operation and usually on a space-constrained site. Greenfield? A new roof is installed with no limitations on staging. Less roof downtown can actually cost two times more. Less is more.

Operational costs are important. Splitting a production facility from front-end operations can without - doubt cost more in some areas. Production managers need to budget time and resources for meetings downtown with upper management. Redundant services, such as multiple lunchrooms, lobbies, mechanical rooms, IT infrastructure are also required. In this case, less facilities equal more efficient operations. Less is more.

On the other hand, downtown production facilities have their own operational cost challenges. Multilevel operations require more staffing, more material handling and more supervision. Material flows are usually suboptimal, thus necessitating more buildings, equipment or staffing and in some cases creating dangerous and inefficient cross-traffic situations. We often see longer conveyor runs and inefficient bulk material handling of newsprint and inserts. In this case, more complexity is less efficient. More is less.

Employee morale is an issue. This sparks mixed opinions. Many managers believe that splitting production from other newspaper operations creates a split in the team approach. Production folks become second-class citizens and an "out of sight, out of mind" syndrome occurs. Others believe the opposite: that stuffing production personnel downtown in lieu of investing in a new facility sends a message that production is not important and that press and postpress employees just have to make the best of their situations.

Some also read management's hesitancy to build a new facility as a sign of business distress or lack of confidence.

But keep this in mind:

Taking pride in a new facility can go a long way with both attitude and performance. The new facility can also act as a catalyst for change and allow you to correct issues that were just too hard to deal with in the cramped, deep-rooted, downtown traditions. Therefore, less facility can equate to less morale. Less is less.

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