



Insight into Site Selection

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There are many qualified brokers that will be more than happy to sell you a piece of land, but they fail to uncover the numerous obstacles that lie beneath the surface. For this reason, it is considered a “best practice” to enlist the assistance of your architect at this critical point of the project because of the vast array of things to be done in site selection. Rushing your decision making process or starting with perception instead of facts can prove to be a big mistake in the grand scope of the project.

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Jack Reis, President of Thorpe Distributing Co. in Medina, Minnesota discovered just how beneficial bringing your architectural firm in early can be when he engaged HDA (holleran duitsman architects) of St. Louis, Missouri to assist Thorpe with their site selection and design.

Thorpe Distributing Company was founded in 1962 and Jack Reis purchased the business in 1988. The Anheuser Busch and Heineken distributor has been in its current location for 10 years, but is now in need of additional, more modern space for their offices and warehouses. Thorpe Distributing will be relocating 12 miles north of the existing facility to Rogers, Minnesota. HDA has designed a beautiful new 110,000 square-foot headquarters that features a contemporary exterior with architectural pre-cast concrete panels accented with blue reflective glass. The interior will have a high-tech feel incorporating limestone and exposed metal trusses. Prominent walls include wood paneling while the employee break room will reflect a cafe' with Italian light fixtures and a bar with a frosted glass front.

It is certainly a building design that could beautify any land parcel but a structure of this magnitude requires a certain type of site. Finding the best site that requires little preparatory work can make a huge difference in Thorpe's project and budget.

Thorpe already had a broker who looked at many sites and selected one that had a real estate developer ready to sell and build the new facility. Reis engaged the assistance of HDA to confirm that the site would meet his operation's current and future objectives, but after examining the proposal, HDA thought the developer needed a little competition to be more aggressive with his compensation structure. Jack Holleran, President of HDA, suggested a site across the street with a different developer and encouraged the two companies to compete for the wholesaler's business.

HDA crafted a RFP (Request for Proposal) from the developers that included at their cost the following information:

- Preliminary grading and utilities plan;
- Storm water control plan;
- List of impact fees;
- Soils investigation;
- Phase I environmental report;
- Developer fees;
- Construction general conditions;
- Construction overhead profit;
- List of self performed work and mark-up;
- Schedule for government approval; and
- Schedule for construction

After reviewing both of the proposals, asking numerous questions, and evaluating a formal presentation, Thorpe's team selected the second developer with the property across the street. The process added three months to the project timeline, but saved Thorpe \$722,320.00. Jack Reis felt it was definitely worth the time and was pleased HDA was involved early in the project, "After meeting and getting to know HDA, I was confident they would be the business partner we needed to lead us through this project enabling us to do what we know best...sell more beer!"

Thorpe's new facility in Rogers, Minnesota is currently under construction, but important lessons have been learned in the site selection phase of the project.

Site Selection

Site selection may be the initial step in the project timeline, but as the Thorpe project illustrates, selecting the correct site is crucial to the success of a new development. Involving your entire project team at this juncture, especially the architectural firm, helps ensure that as many project criteria are satisfied as possible. The following points should be considered as you select your site:

- Evaluating Specific Land Parcels – Avoid buying land that is not ready for immediate development. Obtaining zoning changes or variances and conditional use permit or installing major off-site infrastructure improvements tend to require more time and capital expenditure than most wholesalers have available.

It is especially important that water, gas, electricity, telephone, and sewer services with appropriate capacities be available for the office/distribution facility. The site should be relatively flat to accommodate the large pads that are needed and should have a minimal amount of ledge rock, groundwater, or peat with soft ground.

- Finding and Acquiring the Site – Real estate brokers specializing in industrial properties are the best source for potential sites. Wholesalers should first narrow down their target location and then work with brokers familiar with the area to obtain information on sites listed and those that may not currently be on the market.

Site acquisition generally takes place in three stages:

1. A free look period;
2. A period during which earnest money is forfeitable; and
3. Closing

Rushing into a real estate purchase to discover later that the site has major issues may be too high of a price to pay to win the property.

- Engineering Feasibility – Preliminary engineering investigations are an integral part of site selection. Perhaps the most significant aspects of this process are:
 - Preliminary site plan including grading, retaining walls and utilities;
 - Phase I environmental report;
 - Geotechnical investigation with recommendations for foundation, slab, and pavement design;
 - Government approval process;
 - Zoning restrictions determine the size and placement of the structures that can be build on a given site. Typical zoning requirements include:
 - Front, side and rear setbacks
 - Height restrictions
 - Access requirements
 - Parking ratios
 - Parking and loading design
 - Landscape requirements and screening regulations
 - Maximum F.A.R. (floor area ratio)
 - Development and impact fees signage and landscaping.

- Covenants, Conditions and Restrictions – Covenants, Conditions and Restrictions (CC&Rs) are private land use controls and standards commonly used for business parks. They supplement municipal regulations such as zoning and subdivision controls and apply to virtually every aspect of an industrial park development including site coverage, architectural design, building materials, parking requirement signage and landscaping.

Design guidelines can be included as part of the CC&Rs. They establish very specific uniform guidelines and criteria regarding height, types of materials, registration, and overall aesthetics design of the building.

In short, don't try to save a few dollars or shave a few days off the project timeline. The small investment you make at the beginning of the project potentially saves you time and money later in the project. Get the right team involved from the beginning so you can relax and focus on what you know best ... selling beer!

Since HDA's founding in 1986, the firm has gained national recognition for their expertise in the beer distribution and the warehousing industry as a whole throughout the United States. HDA has worked with over 100 beer wholesalers and has designed over 100 distribution facilities totaling more than 10 million square feet. They have established a highly respected reputation within the beer industry with some of the nation's largest and smallest wholesalers who distribute a variety of brands and products.