

## **BASICS**

### **Overview**

- \$ Most practices will begin to outgrow their original building after five years. This number will go up or down, of course, depending on the economy, the amount of competition, and how quickly the population in an area is growing.
- \$ Practice renovations are a necessary evil, as most businesses cannot afford to build a completely new building when their building is outgrown. If a new facility is not a necessity or if financial or zoning restraints make it impossible, renovating an old facility is an excellent alternative.
- \$ It has been demonstrated that any sort of building change will lead to an increase in practice revenue (although a sensible theory for this has yet to be proven). Most practice management consultants recommend that every facility get a “face lift” every five years. Even simple renovations, such as painting or landscaping, will have a positive effect on gross revenue.
- \$ When it comes time to consider renovations, it is best to plan carefully so the practice will be closed for a minimal amount of time, and so the majority of the work can be done despite ongoing business.
- \$ Ideally, all renovations would be accomplished while the practice remains open for business; however, many times this will be difficult, due to the distractions. In general, it may be smarter and safer to close down for a few days.
- \$ The major steps are funding the project, finding a builder, obtaining a building permit, developing a drawing of the new facility, and finalizing specific details.

### **Terms Defined**

- \$ Architect. Someone who creates plans to be used in construction (such as blueprints for a building).
- \$ Building Permit. A document authorizing the holder to construct a building of a particular kind on a particular lot.
- \$ Building Variance. An exception to the building rules. Usually, a variance is requested when zoning won't allow for the construction of a certain type of building. It is up to the builder to show that by allowing an exception, hardships will not be created for nearby residents.
- \$ Design-Build (DB). A concept that allows for a single contract between the facility builder and the persons paying for the work. The DB team may be comprised of different members, such as a contractor and an architect.

## **OPTIONS AND ISSUES**

### **Funding**

- \$ At some point in this process, a decision regarding funding will have to be considered.
- \$ The two major possibilities are self-funding (out of savings or daily cash flow) and borrowing money from a lending source (banks or family).
- \$ Both options should be considered and analyzed to see what makes the most sense for the situation.
- \$ When interest rates are low, most people will recommend borrowing the money and paying it off gradually. If it is possible to invest knowing that the investment will appreciate continuously and interest rates will remain low, this could be a win-win situation. However, most banks will only agree to this type of loan on a variable rate, so when interest rates rise, so does the monthly payment. If an investment will keep pace with rising rates, this won't be a problem. If not, it would have been better to self-pay.
- \$ Take a long, hard look at the possibilities, and speak with an accountant for advice on which option would be the best choice.
- \$ To keep income coming in, it would be best if most of the construction could be completed while the hospital remains open; however, with any large renovations, this is often not possible.
- \$ A compromise can often be reached: It is often possible to begin work in non-essential areas first, and then gradually move into spaces more necessary in the daily functioning of the practice. When construction becomes too noisy or difficult, the hospital can close for a few days.

### **Finding a Builder**

- \$ After having made the decision to renovate, the first step is to start looking for builders or renovators. It is good to talk with owners of other local veterinary facilities and research their builders. The more effort you put into this, the better the chances that the final project will turn out well.
- \$ When choosing a builder, it is not enough to look at potential builder's finished products, as time is often a necessity in practice renovations. Talk with the owners of that building to find out if the work was completed in a reasonable amount of time, whether the time frame and expenses were close to the projected estimates, and how overages were handled.
- \$ It is vitally important that you are sure your builder is honest and the best method to know this is by checking references.
- \$ When looking for someone to do physical work, it is much smarter to use builders and architects with previous experience on veterinary facilities. Veterinary hospitals are unique in many respects. For example, the location of a heating or air conditioning duct is unusual. In most places, these are located at the base of a wall. In a veterinary hospital where animals might urinate on the wall, however, these ducts are placed either higher up on the walls or on the ceiling. Another specific veterinary need is odor and noise control.
- \$ Many regular builders won't know enough about veterinary facilities to attend to these problems in regular construction, so it is extremely important to stress these issues with them early in the building process.
- \$ The last step is deciding how the builder will be paid.
- \$ Normally, the full sum is divided into a series of payments relating to the quantity of

work completed. The minimum is three payments, but it might be safer to separate it into small increments.

\$ Do not front any money before work has been completed. A respectable firm will have a few weeks to a month before they need to pay for their materials, so there shouldn't be any reason to pay for materials when they are ordered.

\$ One benefit of choosing a larger company is that they may be able to space the payments out over longer periods of time, so you will be in less danger of paying for parts of projects that have not yet been done.

\$ For smaller jobs, it might be possible to have a handy staff member handle the project. Clearly, this is not in the job description, but bonuses and overtime pay might prove appealing. This is often a cost-effective method as stores such as Lowe's and Home Depot carry all necessary materials and can supply advice on completing the renovation.

### **Obtaining a Building Permit**

\$ A building permit will be necessary before any actual construction can begin.

\$ In order to get a permit, it is first necessary to apply for one. Forms can usually be found at the local town government building.

\$ Before going to the building, pull up the website for your local town government. Most localities have sites that provide information about what one needs to meet the requirements for permits and what materials are necessary for the forms. It is sometimes possible to download the information and/or the actual forms from the website.

\$ If the form is difficult, ask your builder for advice. They have experience in these matters.

\$ While at the town government, check on zoning and building permits to make sure a variance isn't required.

\$ Variances are time-consuming, as they usually require multiple zoning or board meetings before they are approved. Such meetings often occur on a monthly basis, which accounts for most delays incurred by variances. Having to request a variance will often delay a project by at least 3-4 months and often for longer than a year.

\$ For most renovations, variances aren't necessary, but it still pays to check out the rules to avoid an unexpected fine.

### **Designing the Renovated Facility**

\$ Make a list of every desired change and addition.

\$ Draw a floor layout that includes changes and additions. Depending on the size of the job, this drawing might be simple or complex.

\$ Hire a design/build company to assist, and meet with them with your list and drawing. If the renovations are complex, it may be necessary to hire an architect. They are more expensive, but architects have a better understanding of what is necessary for large renovations.

\$ After a few meetings, a blueprint will take shape.

### **Finalizing Details**

- \$ Details seem easy, but this last step will often take the most time, both to consider and to complete.
- \$ Finalizing details implies agreeing to all of the specific decisions regarding construction. These include, but are not limited to, choosing materials, colors, textures, height, locations and placement of items, number of windows and doors, closets, heating/cooling systems, roofing, and number of electrical sockets.
- \$ As you are the one working in the finished product, you should be the one making all such decisions.

## **EXAMPLES**

### **Other Common Problems for Veterinary Hospitals**

- \$ Number of electrical outlets. Most facilities could use 20-30% more electrical outlets than they have, especially in the lab area. This prevents the need for extension cords and keeps a facility from overloading the present electrical system.
- \$ Size of electrical service. Most facilities require a larger system than they have.
- \$ Amount of storage area. There never seems to be enough space. If adding rooms onto an existing building, add an additional 20% more space to allow for adequate storage.

## **MISCELLANEOUS**

### **Recommended Reading**

- \$ Info for Building Homepage. 1999. Available at <http://www.infoforbuilding.com>. Accessed June 13, 2004.
- \$ Permit Place, Inc. 1999. Available at [www.permitplace.com](http://www.permitplace.com). Accessed June 7, 2004. Information about building permits.
- \$ Service Magic, Inc. 1999. Available at [www.servicemagic.com](http://www.servicemagic.com). Accessed June 12, 2004. Website that should help with locating contractors.

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