

# GROW UP NOT OUT

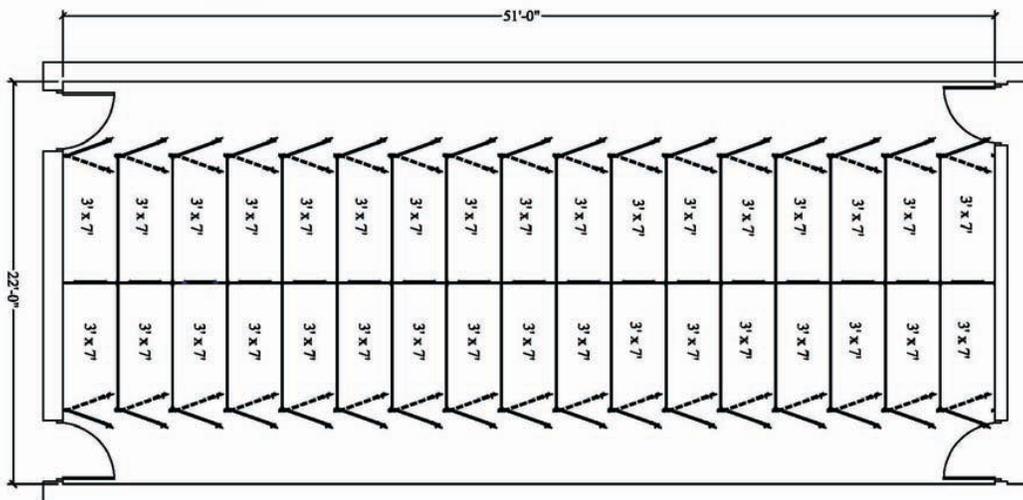
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Mason Company  
Back-to-Back Double D System

EXHIBIT 1

51' x 22' Interior Room Size      Total Runs: 34  
 10' Ceiling      Run Size: (34) 3' x 7'  
 1,122 SQ. FT.  
 11,220 CU. FT.



Most entrepreneurs considering building a boarding facility think of kennel runs occupying the ground floor of a building. The owner and their architect determine how many runs to install and what sizes are desired before designing a plan to fit the square footage. The owner usually visualizes the new boarding facility requiring a large, open area to accommodate all the runs because most people tend to think of rooms in only two-dimensions rather than in three. In other words, we imagine rooms in terms of their square footage rather than their cubic footage.

While this approach works in many cases, there are situations where it makes more sense – especially economic sense – to employ a two-story or “double deck” design for kennel systems. This double-deck design refers to a true two-story system with full-sized runs on both levels. The upper level is accessed by a staircase (see picture) rather than the traditional stacked cage system that requires the operator to lift a dog up into the higher cage. A double-deck system can dramatically cut the costs of developing the boarding facility because it requires a significantly smaller footprint. Further advantages include lower utility and cleaning costs.

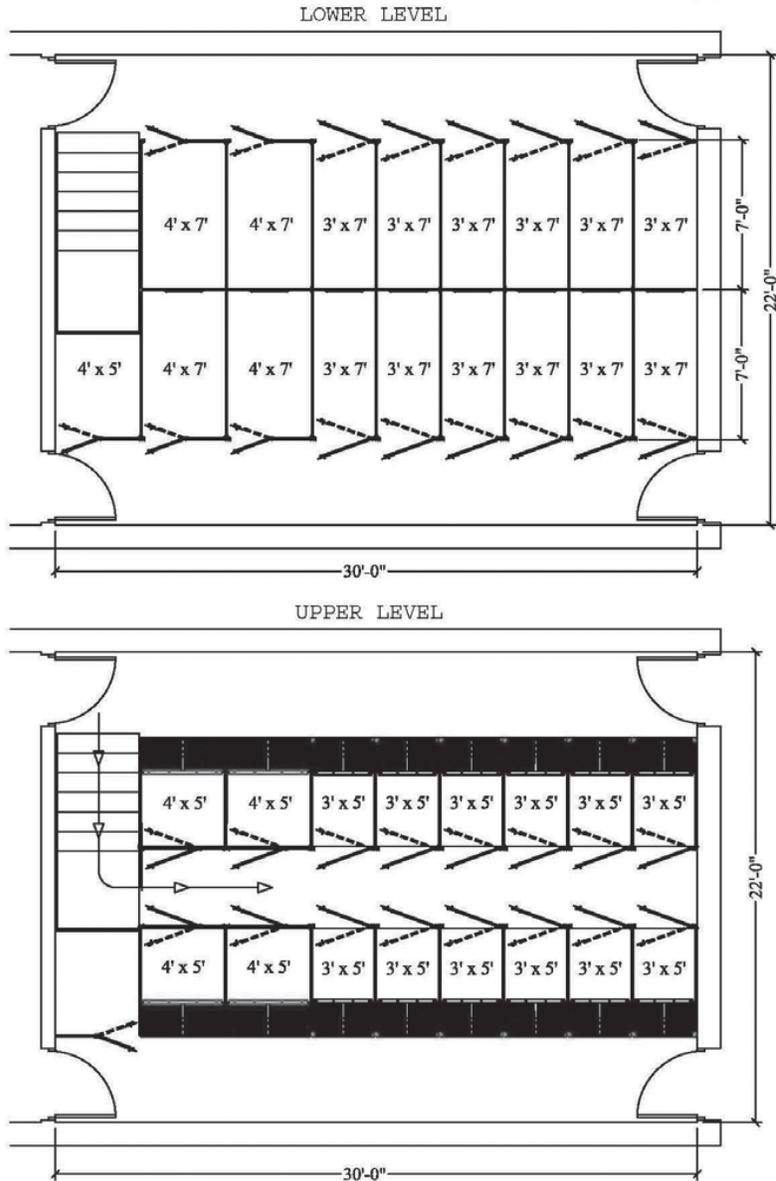
Consider the following example. An entrepreneur investigating the boarding business decides to enter the industry by building a 34-run facility, using an uncomplicated design that incorporates a single row of three foot by seven foot back-to-back runs. This straightforward plan requires a 51 foot by 22 foot room with a 10 foot high ceiling or 1,122 square feet (see Exhibit 1). The construction will cost around \$200 a square foot for a total of \$224,400. The land itself would be an additional cost. Obviously, this expense varies by locale, but a reasonable estimate for this example is \$12.50 a square foot or a total of \$14,025. The overall cost for the land and building would then be \$238,425.

A double-deck system provides the same kennel revenue potential for a considerably lower cost. This results in lower equity and borrowing requirements, a higher return on investment and more capital available for other business uses. All these benefits are a function of the mathematics of the building. Ceiling space above single-level kennels is typically unused or “dead” space. Increasing

EXHIBIT 2

30' x 22' INTERIOR ROOM SIZE  
 15' CEILING HEIGHT  
 660 SQ. FT.  
 9,900 SQ. FT.

TOTAL RUNS: 32  
 RUNS SIZES: (12) 3' x 7'  
 (12) 3' x 5'  
 (4) 4' x 5'  
 (4) 4' x 7'



the height of the walls a few feet can unlock the ability to add a second level of runs, whereas doubling the number of runs with a traditional single floor approach means doubling the entire building space, land, etc. Employing the same parameters as in the first example above, a 33-kennel double-deck system can be constructed using only a 30 foot by 22 foot area if a 15-foot ceiling height is used. This system requires only a 660 square foot area or 41 percent less than the tradition model (See Exhibit 2).

Raising the ceiling an extra five feet does entail a cost, but it is considerably less than expanding the entire footprint of the building. Consider that going from 10 to 15 feet on a 30 foot by 22 foot building

involves an extra 520 feet of wall (See Exhibit 2). At \$15.25 a square foot, this additional wall costs only \$7,930. The cost of adding an extra 21 feet of length to the building necessitated by staying with a single floor of kennels would require an extra 420 square feet of building space (21' x 20'), but this floor space costs considerably more than increasing the height of the walls (\$200/sq. ft. vs. \$12.50/sq. ft.) Assuming \$200 square feet of cost, the 420 additional square footage adds \$92,400 to the bill. Furthermore, the additional 420 square feet of land needed would add \$5,775 (420 x \$12.50 a sq. ft.). The total cost of the land and building would equal \$98,175 versus the additional wall cost of only \$7,930. This is a difference of \$90,245 or 38 percent as detailed in the chart below.

### Analysis of Cost Difference Regular vs. Double-Deck Kennel Systems

	Regular System 34 Runs 51' x 22' Bldg	Double-Deck System 33 Runs 30' x 22' Bldg	Difference Fav/(Unfav)
<b>Sq Ft Building</b>	1,122	520	462
<b>Cost/Sq Ft Bldg</b>	\$200	\$200	- 0 -
<b>Subtotal: Bldg Costs</b>	\$224,400	\$132,000	\$92,400
<b>Cost/Sq Ft Land</b>	\$12.50 sq ft	\$12.50 sq ft	- 0 -
<b>Subtotal: Land Costs</b>	\$14,025	\$8,250	\$5,775
<b>Additional Wall Height</b>	NA	520 ft	(520 ft)
<b>Cost per ft</b>	NA	\$15.25	(\$15.25)
<b>Subtotal: Extra Wall Cost</b>	NA	\$7,930	(\$7,930)
<b>Total Cost</b>	\$238,425	\$148,180	\$90,245

In addition to the savings detailed above, there are other benefits to building up rather than out. There is less total room volume with a double-deck system that will result in lower HVAC costs year after year. There is also less walkway space with a double deck, which means less area to clean.

Perhaps more importantly, a much smaller land footprint is required. This allows boarding on land parcels that might be too small or too irregular-shaped to accommodate a standard kennel system. The space freed up from using a double-deck system can also be employed in other revenue generating operations such as doggie day care, grooming, etc. Or an owner may elect to build the same size facility and take advantage of the double-deck design to offer more boarding. In any scenario, the double-deck system increases the flexibility of the business.

Double-deck systems may not work for every building or every business. There may be special load bearing or structural requirements that require more expensive kennels. The double-deck system is,

however, an interesting option that provides significant cost savings and therefore, a higher return on investment. 🐕

