STATESMAN JOURNAL

SundayBusiness

BUILDING ON WHAT CAME BEFORE

Dalke Construction uses green technology to restore old buildings

BETH CASPER
SPECIAL TO THE STATESMAN JOURNAL

The cycle of tearing down the old and building new creates massive amounts of waste in the construction world. But Dalke Construction in Salem has created a new cycle — examining the old and reusing it to fit a new use.

The results mean waste doesn't end up in the landfill, a part of history is preserved and new materials do not need to be extracted and manufactured.

Dalke construction did just that at the 76-year-old cannery building at 1745 Oxford St. SE in Salem. In creating a new space for their client, Dalke Construction staff spent time examining the 160,000-square-foot warehouse space for what could be preserved and what couldn't.

"It was an active cannery for a long time," said Jim Schiess, project manager at Dalke. "They canned beans there and other local produce. When we walked in there, it looked like you were walking into 1955. All the kitchen equipment was still there."

In 1927, brothers George and Robert Paulus started Paulus Bros. Packing Co. It was one of three Salem companies picked to supply the military during World War II.

That success allowed the brothers to expand from the original High Street location to Oxford Street in 1946.

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Top left: Original school house light fixtures were refitted with LED lights and hung throughout the office areas.

Top right: Exposed beams grace the ceiling of the warehouse.

Bottom left: Dense insulation allows portions of the beams to remain exposed.

Bottom right: Barnwood Naturals, a local business that reclaims salvageable wood, received wood beams from the ex-cannery's machine shops.

PHOTOS SPECIAL TO THE STATESMAN JOURNAL

Writing a business plan is a creative process

INSIDE BUSINESS
JOANNE SCHARER

Put together the words "writing" and "business plan" and many people cringe, wanting to avoid the fear of writing and the pressure of planning. You also have the recipe for countless businesses that start without a plan, businesses that aren't as prepared and successful as they could be. It doesn't have to be that way.

If you are thinking of starting a business or writing that plan you never got around to for an existing one, give yourself and your business the gift of writing a business plan. The thing to remember is that writing a business plan, is primarily about the process, rather than the outcome. Fully participating in this creative process, making it your primary focus, will positively affect the outcome. What you learn about your business and yourself as you write is the fertile soil for creating, for action. The final product, the plan, is simply evidence that you've been through that process.

Spending intentional time envisioning your business, making countless decisions as you write, brings the business to life through the power of words, your words.

Here are a few tips for treating writing a business plan like the creative process it is, and even enjoying it along the way.

Just get it down

Start by getting what's in your head about your business on paper: your ideas, your questions, your doubts, your goals. If you are a visual person, draw elements of the plan or doodle as you brainstorm to help generate ideas and questions. If you are a kinesthetic learner, dance around a bit as you think and write. The key here is to let it flow freely without editing or concern for format.

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How to be a couch potato investor in Thrift Savings Plan

INSIDE BUSINESS
SCOTT BURNS

Question: I am a former law enforcement officer. I retired from federal employment a few years ago under the Civil Service Retirement System at age 55, after 30 years of service. I invested in the Thrift Savings Plan and have a balance of about $150,000. I plan to keep the funds in the TSP and take the required minimum distributions when required. From a Couch Potato perspective, which TSP funds should the money be allocated to — and at what percentages? **—E.A., by email**

Answer: The simplest way to get close to the basic Couch Potato fund is to put half of your money in the C Fund and half into the G Fund. The C Fund tracks the S&P 500 stocks. The companies in this index account for 80 percent of the market value of all domestic stocks. The G Fund is a special fund that invests in government securities, but is guaranteed against loss of value. This is a unique advantage, so half your money should go into this fund.

Is that it? It could be.

But if you want the possible benefit of investing in the total domestic stock market, you'll need to add the S Fund. It includes mid-cap and small-cap companies. That way you'll have an investment in the 20 percent of the market that the S&P 500 index doesn't cover. If you choose to do that, you'll want to keep the funds in this balance: five parts G Fund, four parts C Fund and one part S fund.

There is a more diversified Couch Potato portfolio that I call the Margarita portfolio because it is invested in three equal parts — G Fund, C Fund and the I Fund. The I Fund invests in international stocks. This portfolio is more diversified, but since it has two-thirds equities instead of one-half equities, it has more risk and a somewhat higher expected return.

Whatever combination you choose, the low-low cost of the Thrift Savings Plan puts you far ahead of more expensive managed offers that are probably

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JEFF CHIU/AP

Backers of a soda tax campaign say a penny-per-ounce tax is needed in San Francisco, Oakland and tiny Albany, Calif., to curb consumption of sweetened drinks.

San Francisco voters to consider soda tax

JANIE HAR
ASSOCIATED PRESS

SAN FRANCISCO - The national fight over sugary soda is bubbling up in the San Francisco Bay Area, where voters in November will consider a tax on the drinks that many health experts say contribute to diabetes, obesity and tooth decay.

Backers of the campaign say a penny-per-ounce tax is needed in San Francisco, Oakland and tiny Albany to curb consumption of sweetened cola, sports drinks and canned teas that people gulp without thinking, adding empty calories.

Opponents, however, say a "grocery tax" will lead to higher prices on other goods, hurting small businesses and customers struggling to survive in one of the country's most expensive places. They also warn that city leaders can use the money however they want, despite talk of putting it toward health programs.

"We work so hard to keep the price low as much as possible, and we work every day to continue to stay in business," said Adel Alghazali at his produce market in the low-income Mission District.

Only a couple of other U.S. cities have adopted such a tax.

Voters in Berkeley approved a penny-per-ounce soda tax in 2014. And Philadelphia did so in June, taxing diet drinks as well. The American Beverage Association is suing to prevent the 1.5-cent-per-ounce tax from taking effect in January.

Bay Area success this fall could tip the national conversation, said Lawrence Gostin, a global health law professor at Georgetown University and tax supporter. Voters in Boulder, Colorado, also will decide on a soda tax measure Nov. 8.

"Not long ago, it would have been unthinkable to tax soda, and now, not only are we thinking about it, we're doing it," Gostin said.

The Bay Area campaign battle is costly, with opponents funded largely by the American Beverage Association reserving nearly $10 million in television ad time. Meanwhile, soda tax advocate and former New York City Mayor Michael Bloomberg has donated about $1.7 million each to the Oakland and San Francisco campaigns.

This is San Francisco's second try at a soda tax. In 2014, a similar proposal failed to get enough votes for a "dedicated" tax, which requires a two-thirds approval. This year, backers went for a "general" tax, which requires a simple majority and doesn't stipulate how the revenue is spent.

The beverage industry is calling it a "grocery tax," arguing that business owners will be forced to raise prices on other items to spread the cost. The tax is on distributors and is not paid by customers who buy the drinks.

Tax proponents have fought back with their own ads, saying that a tax on soda will improve the health of children and families.

Business brief

Saalfeld Griggs, PC adds three associate attorneys

Saalfeld Griggs, PC announced the addition of three new associate attorneys: Abby Fitts, Joshua Feil and Mitch Emmert.

Fitts, who graduated from Willamette University College of Law, joins the Employment Law and Litigation practice group. Feil, a graduate of the University of Iowa College of Law, joins the Litigation and Creditors' Rights practice group. Emmert, who graduated from Pepperdine University School of Law and the New York University School of Law (LLM, Taxation), joins the Business and Taxation Law practice group.

— Lee Clarkson

Scharer

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from your heart, not someone else's.

Give yourself breathing room

After each brainstorming session or draft, give yourself and the plan a break, at least a day in between sessions. When you return to it, you will have more clarity, new perspectives, and objectivity. With this approach, before you know it, the plan will be ready without grueling effort and resistance on your part.

Write in your own voice

This is your business, your dream, express it in your own words and go through your own process. While sample plans can help for understanding what a business plan involves, avoid the temptation to copy or just tweak someone else's plan. One of my clients recently wrote me, "This business plan is a whole lot of heart on paper." Let your plan speak from your heart, not someone else's.

Trust the process

As you write, you may find that your ideas change, that your business has a mind of its own. Be willing to let things evolve as you move forward. You may find that you like a different idea more or that a slightly different approach will help you reach your goals sooner. If you cling to your idea in its original form, you miss the opportunity to explore and discover what you and your business really want to be.

For more information on writing a business plan, visit:

» http://www.inc.com/articles/2000/04/18470.html

» http://www.inc.com/articles/2000/08/20061.html

» http://www.toolkit.com/small_business_guidesbg.aspx?nid=P02_0001

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Burns

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piling up in your mailbox.

Q: My former employer is offering a lump sum pension settlement of $180,000. I am single and 56 years old. I have progressive debilitating health issues. They have the potential to put me on permanent disability. I work as a nurse, make $90,000 a year and have $80,000 in my 401(k). I am in a balloon adjustable rate mortgage with a private mortgage company, HARP ineligible. I owe $140,000 but the home is worth $120,000. The interest rate can range from six percent to 14 percent. It's now over seven percent. What do you suggest about paying the mortgage down?
—S.H., by email

A: It's good to consider these two issues separately. One is very long term — your retirement. The other is a money management issue. Let's take the home/mortgage question first. With a mortgage interest rate over seven percent you are, effectively, being punished for being "upside down" on your home.

Since you don't have accessible savings, the alternative of paying down the mortgage and refinancing to a lower rate is not available. And selling the place to buy another would be difficult, too, even if you borrowed from your 401(k) to cover the difference because you'd need a down payment on the new house. One workable solution would be to borrow from your 401(k) to cover the cost of selling the place and then renting.

This would get you out from under the expensive mortgage and reduce your responsibilities at the same time. It might also reduce your cost of shelter.

If you take the lump sum pension offer, do it as a rollover to an IRA. That way you'll avoid having to pay taxes on the $180,000 lump, which would be painful. Transferred to an IRA you will only need to pay taxes on the money you withdraw from the account. That means it can continue to grow while you are still working.

If you really, really want to stay in your current house, you would also have the option of taking enough from the IRA/pension lump account to negotiate a new mortgage at a much lower interest rate. Since you would likely save at least three percent a year on the new mortgage — about $3,000 a year if you have a 20 percent down payment against the $120,000 market value of your house — it could be argued that the $40,000 cost of refinancing would reduce your cost of living by more than you can earn on any CD.

Scott Burns is a syndicated columnist and a principal of the investment firm AssetBuilder Inc. Email questions to scott@scottburns.com.

Like Brangelina, business partners need prenups, too

SMALL BUSINESS
RHONDA ABRAMS

Oh dear, it's the end of a beautiful partnership: Angelina Jolie and Brad Pitt have filed for divorce. If "Brangelina" can break up, what hope is there for you, if you have a partner in your small business? While the two stars could go through a nasty divorce, you definitely want to avoid a gruesome split in the event that you and your business partner go separate ways.

After all, Brad and Angelina seemed like a perfect fit, just like you and your small-business partner. They shared the same values and goals, worked as a team, built a thriving enterprise (their family and their charitable works). What happened?

Well, we may never know, but they probably were smart enough to take a step to avoid a problem many small-business partners forget: a prenuptial agreement.

You, too, should have a type of "prenuptial" agreement if you take on a business partner. You need a buy-sell agreement and a written partnership arrangement.

After all, honeymoons don't last with business partners, as well as with romantic partners. Sure, it's all rosy at the beginning, when you think you're going to balance each other's strengths and weaknesses, both put in equal amounts of time and money, and each contribute the same amount to the success and operations of the business.

But the ups and downs of running a business put stresses and strains on virtually every working partnership. After a few years, it's likely that one or both of you will change your goals or time commitment, have differing family demands, or just not deliver on the other's expectations. It's typical that each partner views his or her contribution as significantly more important than the other's.

I can imagine some of your complaints:

"You don't do the accounting anymore. You leave your paperwork all over the place. I find notes from customers you haven't told me about. You're too demanding. You're not responsive. When's the last time you brought me a new customer? And, not to be personal, but your performance in the board room isn't exciting me anymore."

If you intend to go into business with other people, even a spouse or a friend, you need to protect yourself and each other with a written partnership agreement. If you've already begun working with a partner, you still need to do this.

If one partner doesn't want an agreement — "I like to do business with a handshake only" — that's a red flag. The process of writing up and agreeing to the terms of your relationship is, of itself, an important exercise in understanding your working and legal partnership. Don't think you're too busy to do this. It's critical for the future of your business.

The most important partnership agreement is your prenuptial equivalent: a "buy-sell" agreement. A buy-sell agreement clearly spells out what happens, financially, if you stop working together — whether through choice, circumstance or death.

A buy-sell (or buyout) agreement details, in advance, how the company will be valued and how the departing partner, or heirs, will be paid (for example, at once, over time or with the proceeds of an insurance policy).

Remember, a messy "divorce" from a business partner is as difficult as a messy marital divorce — even Brad and Angelina's.

Connect with Rhonda Abrams at facebook.com/RhondaAbramsSmallBusiness or on Twitter: @RhondaAbrams. Register for Rhonda's free business tips newsletter at www.PlanningShop.com.

SPECIAL TO THE STATESMAN JOURNAL

Native Oregon white oaks were incorporated into the landscape design.

Dalke

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In 1955, Dole Hawaiian Pineapple Co. bought the business. Thirty years later, canning operations ended for good at the site, though it was used for distribution for a time after closing.

Dalke was charged with turning the old cannery space into office space and cold storage for wine for Northwest Distribution & Storage.

"We were able to leave all the exterior walls," Schiess said. "We had to demolish some of the machine shops, but the wood went to Barnwood Naturals, which exclusively uses salvaged wood for new projects."

Dalke kept the entire ceiling system — all of the joists and trusses — in place despite being tasked with creating an insulated environment to keep wine cool.

"We installed a denser insulation so it didn't take up as much space and we built around the beams so as to leave a portion of the beams exposed," Schiess said. "Covering it up would have been way easier, but this way is more aesthetic and shows the building's history."

The steel pipe from the old process water piping was cut and reused as posts to help direct trucks at the trucking and dock area. After removing the piping, energy efficient LED lights were installed across the warehouse ceiling.

For the office areas, Dalke workers left much of the natural wood, wood paneling, the original fir floors and a beautiful wide staircase. The old schoolhouse light fixtures remain, but Dalke employees fitted them with LED lights to save energy.

"It is less expensive and it makes more sense to leave elements of the building intact if they are viable," Schiess said.

Dalke construction also left the topography of the ground around the site alone.

"For the whole site in general, we worked around the existing grade so we didn't have to bring in a bunch of material or haul out a bunch of material," Schiess said. "The ground is covered with white oaks over 100 years old, so we incorporated all those into our landscaping."

But a building that old cannot be completely salvaged. Dalke had to replace all of the windows because they weren't energy efficient and would have required more energy to cool the warehouse.

"This was one of our most recent green projects," Schiess said. "It was one of the largest single story buildings on the West coast, but it was a derelict building for 15 years. Now it's a real viable building."

Dalke construction tries to incorporate EarthWISE practices in all of its projects. The company became EarthWISE certified in 2008. EarthWISE staff helps businesses recycle, save energy, reduce waste and much more. To earn certification, a business meets criteria in six areas. Dalke is one of more than 150 EarthWISE businesses and organizations in Marion County.

Even its home offices at 2180 16th street NE include eco-friendly elements. At every work station and in the break room, recycling is available and encouraged. In the break room, durable dishware and silverware is used and washed to prevent the waste of disposable plates and forks.

In the shop, where the heavy equipment is maintained, all of the bulk motor oil is recycled. Fuel and other products are purchased in bulk to save on packaging and in the budget.

"We have two blue recycle bins and one garbage can," said Tracie Farnsworth, the head of dalke's green team. "And we don't always fill up our garbage can each week."

In addition to its garbage bill, the company's electric bill is minimal. Skylights in the shop allow for enough daylight that electric lights are often turned off. Motion sensors in the break room, conference room and other public spaces mean that lights aren't left on when no one is using them. And the set of windows at the front of the office allows for day light to provide the bulk of the lighting in front offices.

"Our practices are green because we believe in preserving the environment for the next generation," said Farnsworth.

For more information about Dalke Construction, go to www.dalkeconstruction.com. To learn more about the EarthWISE program, go to www.mcEarthWISE.net or call 503-365-3188.