

Client: AutoZone

Project: Distribution center site selection, incentive negotiation, and facility development

Location: Hazleton, PA

Objective: Select the optimal location for a new 600,000 sq. ft. distribution center, from which AutoZone's retail stores in the Northeast could be served efficiently; negotiate a strong financial incentive package to reduce capital investment and recurring operating costs; coordinate design and construction of the facility.

Site selection requirements included:

- Minimizing transportation costs and other operating expenses
- Avoiding labor union problems
- Accessing a large supply of high-quality workers

Challenges: Avoiding labor unions in a region in which organized labor is deeply entrenched. Non-disclosure of the client's identity until the building was nearly completed and AutoZone was ready to begin employee recruiting. Identifying location options with low labor costs in a region with historically high cost workers.

Solution: Walker's WISERsm site selection optimization model quickly identified non-union, low cost locations with significant labor resources near the centroid of AutoZone's network analysis. A conceptual facility design was prepared and used to assess the cost and feasibility of each site option identified, completed concurrently with a detailed pro forma development and operating cost analysis in each finalist community.

Value Added: Walker negotiated with the state, county, township and school board to craft a rich incentives package that included property tax abatement; grant funds to defray site development costs, equipment acquisition and road construction; income tax credits and support for training. We structured all contracts to insulate AutoZone from requirements to pay prevailing wages on construction funded with government grants.



Walker also negotiated important building code equivalency variances that reduced construction costs and improved the operating efficiency of the facility.

All negotiations were concluded with only key individuals aware of the client's identity, all of whom were bound by confidentiality agreements.

The Walker Way works best