

Client: Polo Ralph Lauren

Project: Distribution center site selection and build-to-suit management

Location: Martinsburg, WV

Objective: Identify the optimal location and development program for a new distribution center for the company's fast-growing children's apparel line. A new facility was required in approximately seven months to house goods already in production overseas. The ideal location had to meet the following criteria:

- Ability to relocate employees from existing operations in Cumberland, MD
- Low operating costs
- Strong non-union labor environment
- Attractive real estate options
- Low construction or lease cost

Challenges: No building was available in the optimal location. A build-to-suit required fast track design and construction to meet the inflexible date for delivery of product from overseas.

Solution: As the site selection process began, Polo's supply chain consultant designed material handling systems and workflow, and developed a facility master plan. Walker's WISERSM site selection optimization model identified communities with desirable operating and cost characteristics within the geographic region that allowed Polo Ralph Lauren to retain its core workers. The DC master plan was used as a template against which all sites were compared to select the best alternative. Comprehensive design-bid packages and construction contracts were sent to qualified general contractors (GCs). As a condition of bidding, GCs were required to adopt our contract.



Value Added: Walker created an ownership and occupancy structure never before employed in the state of West Virginia. The facility is owned by the State Development Authority, financed with state-issued bonds at a very low interest rate. Polo Ralph Lauren occupies the facility under a long-term lease with rent payments equal to the debt service with no markup. Polo has a purchase option that can be exercised at any time, and the purchase price is the original building cost, less 50% of the debt reduction on the bonds. Polo also has 100% real property tax abatement during the lease term. The entire project, from inception of site selection through occupancy of the facility, required only seven months. The compressed schedule was possible because design of the material handling systems and operations master plan was coordinated in lockstep with facility design and construction.

The Walker Way works best