

Client: AutoZone

Project: Distribution center consolidation, incentive negotiation, and facility development

Location: Terrell, TX

Objective: Identify the optimal location for a 600,000 sq. ft. distribution center into which two smaller DCs could be consolidated, and negotiate a rich incentive package to defray development and operating costs. Ideal location to be determined based on:

- Minimizing total logistics cost
- Low operating costs
- Attractive real estate options
- Low construction costs
- Strong non-union labor environment
- Excellent access to transportation infrastructure

Challenges: Fast-track project. Non-disclosure of the client's identity until facility construction was well underway. Heavy staffing requirements in a geographic region with historically low unemployment.

Solution: Within days of project inception Walker's WISERsm site selection optimization model identified all location options for the facility that satisfied AutoZone's logistics, labor, operating cost, union and infrastructure requirements.

Detailed construction and operating cost projections in the short-listed options identified the most profitable location, and served as the basis for development of the capital and operating budget for the DC. On-site investigation confirmed the availability of quality labor and its strong non-union orientation.

Value Added: Negotiated incentives and capital contributions reduced AutoZone's capital budget by 15%. Property tax rebates were negotiated which reduced property tax liability by 90% for more than fifteen years. Improvements to existing roads and new road construction were fully funded by the state and local governments, valued at \$3 million.



The Walker Way works best