

Client: Longs Drugs

Project: Logistics analysis, distribution center site selection, facility development and surplus property disposal.

Location: Patterson, CA

Objective: Fast-track logistics analysis, site selection, design and construction of an 810,000 sq. ft. distribution center, and disposal of Longs' existing 436,000 sq. ft. DC. The preferred location for the new operation had to meet the following criteria:

- Abundant, low-cost labor
- Strong non-union labor environment
- Attractive real estate options with expansion potential
- Low construction or lease costs
- Low operating costs



Challenges: Fast implementation on the project was essential. Longs stood to realize significant cost savings by distributing non-prescription items itself, rather than utilizing wholesalers, which had been its practice. Compounding the challenge was the need to locate the operation in northern California, a region with protracted entitlement and permitting processes.

Solution: Walker identified two suitable solutions that met Longs' distribution objectives: an existing building that could be purchased and expanded to easily meet the schedule; and a site on which entitlement and permitting could be accelerated for construction of a new building, but which represented greater risk relative to construction schedule.

Detailed investment and operating cost analyses of each option demonstrated that the recurring savings of operating a new facility, designed and built to Longs' specifications, far outweighed the schedule risk and potential holdover penalties under the wholesaler contracts.

Walker managed due diligence, plan review and permitting, engaged an architect to design the building shell, and managed construction of the facility. To meet severe timing constraints, mechanical scopes of work were delivered on a design-build basis.

The facility was open for operations 13 months following commencement of due diligence, one month ahead of schedule despite record rainfall.

Value Added: Walker marketed and sold Longs' existing DC via a reverse 1031 exchange, significantly reducing capital requirements to construct the new facility. In 13 months, the Walker team delivered a building designed to meet the client's specific operational requirements, in an environment in which permitting alone can take up to a year.

The Walker Way works best