Re-Employing Urban Manufacturing Zones for the 21st Century

From Blue Island to Bolingbrook: How and Why Did G&W Make The Move?
Why We Needed A New Building

• Outdated Facility
• Logistics Challenge
• Company Growth
• Customer Service
• Employee Recruiting/Retention
G&W Electric Overview

• Leading custom manufacturer of medium voltage (up to 38kv) switchgear and cable accessories for the utility and power industry
• Founded in 1905 and owned by Mueller family since 1977
• Employees-600 globally
• World HQ and 70%+ of manufacturing
Blue Island – Built 1955
Old Building - Blue Island

- 160,000 sq. ft.
- Built in 1955
- Four loading docks
- Two conference rooms
- No product demo area
- No A/C in factory, no production segregation
- Minimal sustainability
Goals for Relocation Project

- Project will be transparent to our customers
- Impact on employees will be minimized
- Manage to schedule and cost targets
Planning, Incentives & Acquisition

• Strategic planning confirmed need for new facility in 2009

• Site selection limited to Illinois, Indiana and Wisconsin

• Epstein was chosen early to develop project master plan
  – Building criteria and square footage
  – Project budget and schedule
  – Site and expansion evaluations

• Investigated state and local incentives and financing programs

• Property negotiations / incentive discussions for Bolingbrook site in 2010

• Bolingbrook property purchased in February 2011
Project Incentives - Received

- State of Illinois Edge Income Tax Credits
  - Based on jobs created (over 100)
  - Offsets State income tax

- Waiver of permit fees by local government
Project Financing - Bonds

• Financing – Recovery Zone Facility Bonds - $24.0M (15 year Term)
  • County-Level Approval (County Board)
  • Building must be vacant for at least 1 year
  • Fees – Approximately $350k in upfront fees (lawyers) rolled into principal
  • Interest is Tax Exempt

• Permitted Uses of Funds
  • Purchase of Building (Not Land) and Build Out / Refurbishment
  • Future Capital Expenditures (Going Forward 3 Years)

• Timing – Bonds needed to be ISSUED by December 31, 2010.
  • Expiring Program
  • Bonds Actually Issued Before the Closing on the Building
  • Proceeds issued to an escrow account
  • Unused portion must be repaid after 3 years

• Conventional Project Financing Not Needed
Design & Construction Timeline

• Project master plan completed - March 2011

• Detailed design phase / Relocation planning began - April 2011

• Design and permitting broken into 3 phases
  – Minimize impact on operations
  – Accommodate fast-track schedule
  – Phases: Exterior Wall, Office, Manufacturing

• Construction Management used to minimize costs for phased approach

• First permit received / Demolition began on façade and atrium - July 2011

• Manufacturing began - December 2011 (cable accessory cell)

• Substantial completion - Spring 2012
Design Concept . . .

KEY
1. 4 DEMOLISHED STRUCTURAL BAYS
   + NORTH WALL
2. INTERIOR DEMOLISHED
   STRUCTURAL BAY
3. NEW LANDSCAPED ENTRY COURT
4. NEW GLAZED INTERIOR COURTYARD
   ENCLOSURE WALLS
5. NEW LANDSCAPED INTERNAL
   COURTYARD
6. NEW ENTRY CANOPY
7. NEW INDoor - OUTDOOR WOOD
   SCOFFIT
8. NEW GLASS VESTIBULE
9. NEW BOARDROOM
10. NEW SOUTH AND WEST GLAZED FACADE
    AT ENTRY COURT
11. NEW PORFORATED METAL PANEL SCREEN
    WALLS
12. NEW HIGH VOLTAGE BAY
Construction . . .
Project Scope - Office

- 51,155 square foot modern corporate HQ office
- 182 employees
- Two interior landscaped courtyards accessible from the office area
- Ten conference rooms with a total seating capacity of 112 people
- Cafeteria to seat 250 at tables
- Divisible Training rooms to seat 100 at tables
Relocation Planning

- Included the Following G&W ‘Move Teams’:
  - Manufacturing
  - Office/IT
  - Business Continuity/MRB
  - Change Management
  - Green Initiatives
  - New Policies
  - Safety
  - Customer Impact
How We Moved - Planning

- **Clean**: 2/28
- **Prep**: 2/28
- **Tag**: 2/28
- **Disconnect**: 2/27
- **Move**: 3/6
- **Reconnect**: 3/6
- **Put-away**: 3/7
- **Startup**: 3/7
- **Shakedown & Calibration**: 3/7

9 days

Final
Results . . .
Bolingbrook - 2012

- 371,000 sq. ft.
- Eight docks, two drive-in ramps
- 20+ meeting spaces, training room, boardroom
- World class Customer Solution Center
- Facility 100% A/C and segmented/pressurized
- LEED Gold-Certified
Lessons Learned...

Select site selection, design and construction team early

Integrate External Team with Owner’s team
  — Align Owner objectives with tactical implementation (facility, operations, logistics)
  — Employer retention
  — Customer service
  — Phased approach
  — Smooth transition to new facility and operations

Verify community public utilities meet demand, reliability and schedule requirements

Engage up front and communicate with employees throughout project
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