

Warehouse Consolidation Study

DEPARTMENT OF GENERAL SERVICES

**INTERAGENCY SUPPORT DIVISION
OFFICE OF FLEET AND ASSET MANAGEMENT**

REAL ESTATE SERVICES DIVISION

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Warehouse Consolidation Study

This report has two sections. Section I is a statewide study of potential consolidation opportunities of 65 state-owned or leased warehouses throughout the state. Section II provides state agency oversight guidelines and a case study of an inventory confirmation process at the Department of General Services transit storage warehouse in Sacramento.

Section I – A Statewide Study of 65 Warehouses

Background

This study was conducted in response to language in the Governor’s 2012–13 Budget Summary which included a number of efficiency measures including “Examining warehouse utilization to determine opportunities for consolidation, eliminating unnecessary materials, and reducing warehouse space.” Additionally, Executive Order B-17-12 states that state agencies and departments will work with the Department of General Services (DGS) to review whether leased space is essential and necessary and whether consolidations and better practices can reduce the amount of square footage leased.

Overall Summary

This report summarizes salient facts and observations from the 65 surveys sent to warehouses with over 10,000 square feet and a lease termination date by 2016 or sooner. Responses were received for all surveys.

Particularly interesting are the appendices C and D which contain comments from various warehouse managers and photographs of various warehouses. The comments include accomplishments regarding the oversight and accountability of warehouse space that agencies have taken or plan to take in the near future.

Other than the recent and planned consolidation efforts described in this report, the survey did not identify significant opportunities for consolidation. The overarching observation from this study is that departments have been proactive in their consolidation efforts due to cost-containment efforts, in the face of reduced budgets. This shows that departments are aware of the need to be efficient in an era of government austerity. Many past and future consolidation efforts are described in the Section of the report entitled Recent and Planned Reductions / Consolidations. Additionally, the survey did identify two warehouses which have space for the contents from some of the smaller warehouses. See the Conclusion / Recommendations Section.

Finally, DGS is working closely with state agencies to identify opportunities to reduce the amount of space they occupy, including warehouse space, in order to implement the Governor’s real property footprint reduction initiatives. Actions described in the Conclusion/Recommendations Section, beginning on page 14, will address how DGS will work to contain acquisition of new warehouse space and identify specific warehouse leases that may be terminated in the future through more efficient use of existing space while promoting greater utilization of the existing state-owned and leased warehouse space.

Key Statewide Facts (includes CSU and Constitutional Offices)

State Warehouse Properties - 2012

	# Properties	Total Square Feet	Monthly Rent
State-owned Warehouse Properties	99	3.4 million	N/A
Leased Warehouse Properties	191	2.6 million	\$2.8 million
TOTAL	290	6.0 million	\$2.8 million

A rental rate is not shown for the state-owned properties because for most of these properties, the state agency with jurisdiction does not pay itself a specific rent. The agency is responsible for maintenance and operating expenses, data that is not available to DGS. The rental rate for the leased warehouses includes the rent for the associated office space. The total annual cost of leasing 191 warehouses is approximately \$34 million. However, a majority of warehouse rents are paid for by special funds.

Survey Methodology

The data used in this survey was obtained from the Statewide Property Inventory (SPI). SPI is a database maintained by the Real Estate Services Division (RESA) within DGS. The SPI data represented space that is designated “warehouse” space. Many of the leases for warehouse space also include office space which is a significant amount for several leases. Although that space is not shown in the SPI download, the rental rate reported in this study covers all the space in the lease, including the office space. For leases with a significant amount of office space, this results in a rental rate that may appear to be high for warehouse space. However, the overall building space rate is lower, resulting in a blended rate.

A survey was sent to 24 state agencies. These agencies utilize 65 warehouses throughout the state (57 leased and 8 state owned). About two-thirds of these facilities are in Sacramento and Yolo Counties. We developed this survey (Appendix B) by utilizing and refining a survey instrument previously used to conduct a similar study in 2004.

To refine the survey, we visited several warehouses and solicited input on the questions and obtained ideas for additional information to request. The survey also requested digital photos of the interior of the warehouses (Appendix D).

The survey was sent to warehouses with over 10,000 square feet and a lease expiration by 2016 or sooner. These facilities were selected for the survey because the size and lease term provide greater potential to identify future consolidation opportunities. Attachment A lists the facilities in this survey.

The monthly rent for the 57 leased facilities, including office space that is part of the warehouse and included in the lease, is approximately \$1.5 million per month. The total square footage of all warehouses surveyed is 2.4 million square feet. Eight warehouses generally receive no rent since they are state owned. However, DGS owns the warehouse utilized by The Franchise Tax Board (FTB) at 9645 Butterfield Way in Sacramento, and FTB pays monthly rent for that space from their special fund.

There were warehouse consolidation studies conducted by RESD in 2004 and 2005. The summary of these two studies is in Appendix A.

Components of the Survey

The survey had the following major components:

- Funding source
- The primary purpose of the warehouse
- Percent of space filled
- Program and staff information
- Facility requirements information

Survey Questions and Summary of Responses

The following information is a high level summary of the information obtained from the surveys.

Funding Source

About 40 percent of the warehouses surveyed had rents paid for by General Funds. The majority of rents are paid for by a variety of special funds, bond funds, or federal funds. For seven of the warehouses, there is a mix of General Funds, special funds and federal funds. For these seven, the General Fund percentage was typically under 25 percent.

Primary Purpose of Warehouse Questions

The survey provided categories of use and asked for percent of use by each category. However, the categories turned out to be overlapping. More descriptive, are the examples listed under them. The category mentioned most often was “specialized program” and “other” was the category least mentioned.

Question 1. Furniture, office equipment, forms, staging area. If you are storing used furniture for eventual disposal, how many square feet are being used.

Responses Included:

- Furniture and computer equipment for field offices
- Forms and supplies for state agencies and partner agencies
- Materials, tools and equipment for construction projects
- Publications / forms
- Materials, supplies, and staging area for field staff

A few warehouses indicated that they are storing modular furniture for eventual utilization at field offices. Older furniture was being surveyed for eventual disposal. This was not such a significant amount of space that the warehouse could be reduced or consolidated.

Question 2. Specialized Program. (I.e. food distribution, program material distribution, evidence storage, mass mail, etc.)

Responses Included:

- Pest detection and control equipment
- Emergency medical supplies
- Undercover vehicle operations
- Program materials
- Backup emergency telecommunications equipment
- Distribution center for medical supplies and medications for prisons
- Equipment for air monitoring programs
- Food for public schools
- Text books for public schools
- Distribution center for food to prisons

Question 3. Records storage.

Responses Included:

- The state records center stores records for 144 agencies
- Tax records
- Construction plans, records, contracts and accounting records
- Confidential prison records

Question 4. Other

Responses Included:

- Storage of boiler shop equipment while the rail yard building is being stabilized
- Storage of field surveying items such as equipment and tools
- Storage of public health medical and surgical assets
- Transit storage and surplus property

Question 5. Does this location have a secondary function? In the event of an emergency does the warehouse have any designated use or store emergency supplies/materials?

Most facilities answered no to this question. Approximately 10 facilities answered yes. Disaster response was the typical reason given. Emergency medical supplies, emergency telecommunication equipment, storage of IT equipment for disaster recovery, and incident command training are some examples.

Question 6. Percentage of Space Filled

Even though we lease space by the square foot, we asked for the cubic feet and the percent of space filled. Approximately half of the surveys responded to this question. The majority of respondents indicated between 70% to 100% of their cubic feet was used. The pictures in Appendix D reflect this observation.

One survey from the Department of Water Resources (DWR) indicated only 25 percent of usable space was filled. However, this is a newer lease and they are in the process of filling that warehouse. See the comments from DWR in Appendix C.

Many surveys reported percent of space filled just on their square feet filled, and most of these reported 80 to 100 percent of usable space as filled.

Program and Staff Questions

Question 1. Is it anticipated that the need for storage/warehouse space or office use at this location will experience growth or reduction of space in the near future?

About half of the surveys listed no anticipated changes. A few anticipate future growth, but many listed past reductions in space or plan to close or consolidate warehouses. For example, all six of the surveys from Department of Parks and Recreation (DPR) indicate these warehouses will be consolidated into a facility at McClellan Park. A total of 10 DPR warehouses will be consolidated into this Facility.

See the report Section “Recent and Planned Reductions / Consolidations.”

Question 2. If you have reduced your warehouse leased space in the last 5 years, how many square feet have been reduced?

Several warehouses listed a reduction in space in the last five years. See the Recent and Planned Reductions / Consolidations Section for specifics.

Question 3. Are program changes planned or anticipated by your agency that could eliminate the need for office and/or storage/warehouse space at this location?

Most surveys indicated no to this question. Those that answered yes are the same facilities listed in the Section on Recent and Planned Reductions / Consolidations.

Question 4. Is there a programmatic need for these office functions and/or materials stored there to be located at this particular facility or at its current location?

Almost all the surveys listed yes for this question. Geographic location, facility characteristics, security considerations, and the cost of handling and shipping from another site are typical reasons for keeping a facility at its current location.

Question 5. Could the materials stored at this location be placed in a general storage facility operated by the state?

Almost 100% of facilities answered no to this question. Reasons are similar to the question above - location of the business function, security, climate control, etc.

Question 6. Does your agency have other warehouse space in the area that could accommodate your needs?

Almost 100% of the facilities answered no to this question. The few that answered yes did so because they will be part of the DPR consolidation project.

Facility Requirements Questions

Question 1. Does this facility provide any unique or unusual space, storage or building features?

Pickup/Delivery () Frequent access to material () Climate Control ()
Public Access () Security () Other ()

A majority of the surveys indicated pickup/delivery, frequent access to material, and security. A few listed climate control. The California Emergency Medical Services Authority (EMSA) warehouse is an example of requiring climate control because they store pharmaceuticals.

Question 2. Does the program at this location have needs that are currently unmet at this location?

A majority of surveys answered no to this question. Those answering yes included the DPR warehouses which are scheduled for consolidation.

Question 3. Does this office or warehouse have any vacant or underutilized space that could be made available to another agency for sublease?

Most surveys indicated no to this question. However, the DGS Transit Storage Facility in Natomas does have available space for additional storage from state agencies. Likewise, the DGS owned warehouse at 805 R ST. in Sacramento will have space available. Also, the Department of Public Health (DPH) on North Market in Sacramento indicated that underutilized space at the warehouse could be available for another agency for sublease. However, a follow-up indicated that this response was incorrect and there is no space available.

Question 4. Is there any reason why the operations at this location could not be co-located with another agency's office/warehouse facility?

Almost all surveys indicated yes to this question. The specific programmatic functions and facility locations were the primary factors.

Question 5. Are there any constraints (i.e. hazardous materials, security issues, etc.) regarding the operation or the materials stored in this facility being in proximity to other programs or materials owned by other government agencies?

There was a mixed response – about half yes and half no. However, the question is rather general, and a no answer is not indicative that a facility could be co-located with another agency.

Question 6. Will you be able to reduce your space needs by 25% by eliminating unnecessary materials?

Almost all surveys answered no to this question. There were two surveys that indicated yes. One facility is the DGS owned warehouse at 805 R. St. in Sacramento. The DGS Building and Property Management Branch (BPM) will have space available in the future when they no longer store supplies there. This warehouse has five other state agencies in that facility. Additionally, The Department of Conservation (DOC) in Sacramento also indicated they can reduce space because of a program reduction.

Question 7. Do you have any other ideas on how to reduce statewide warehouse space?

There were only a few suggestions – see comments in Appendix C.

Recent and Planned Reductions / Consolidations

The Board of Equalization (BOE), West Sacramento, will vacate the 15,000 SF Warehouse in 12/2012.

EMSA will close its Santa Clara warehouse in May 2013 if they do not get a budget appropriation to keep it open.

The six DPR warehouses will be consolidated into a single facility by August 2013. Four other warehouses which were not part of this survey will be included in this consolidation.

The California Department of Transportation (Caltrans) warehouse and associated facilities in Oakland (state owned) has been vacated and is now surplus property.

Caltrans in Sacramento reduced 21,000 SF in the last five years.

The California Department of Food and Agriculture (CDFA) in Sacramento and Anaheim reduced 5,000 SF at both facilities in the last five years.

The California Prison Industry Authority (CALPIA) warehouse in Sacramento reduced space by 46% (114,000 SF to 63,000 SF) on Feb.1, 2012.

The DOC warehouse in Sacramento will reduce space by 10,000 SF.

DGS, at 805 R. St. in Sacramento, will vacate a portion of the facility which is now occupied by five other agencies.

The Department of Consumer Affairs (DCA) in Riverside will reduce 5,000 SF in 12/2012.

The California Emergency Management Agency (Cal EMA), in Sacramento has reduced 20,000 SF in the last five years.

DPH, 831 N. Market, Sacramento closed the 12,000 SF warehouse in 2010. This and previous reductions resulted in a total of 31,000 SF reduced in the last five years.

DPH, Fresno, reduced 85,000 SF at another location by consolidating supplies and equipment.

DWR in Sacramento, reduced 7,000 SF in the last 5 years. DWR in Lancaster has a lease which will be terminated in June, 2013. A second warehouse in Lancaster will also be closed contingent on building warehouses on state owned properties.

The State Library warehouse will be vacated by June 2013 after the renovation of the Library and Courts Building.

Note: Any savings reflected by these reductions have already been accounted for in individual Department budgets.

Potential Growth

Ten of the surveys indicated potential growth in the need for warehouse space. However, only two of the surveys provided specific information.

The California Department of Corrections and Rehabilitation (CDCR) warehouse on Valdez Avenue in Sacramento expects to grow 43,000 SF by August 2012.

The California Technology Agency (CTA) Warehouse on North Fifth Street in Sacramento has a temporary need (approximately 24 months) for 10,000 SF.

Statewide Trend Data (2010 – 2012) and Planned Projects

In addition to the data from the survey, the following statewide trend data for leased space, provided by RESD, is presented. This data includes smaller storage buildings as well as warehouses. Historical trend information is not available for state-owned space; RESD will record this data for state-owned and leased space going forward.

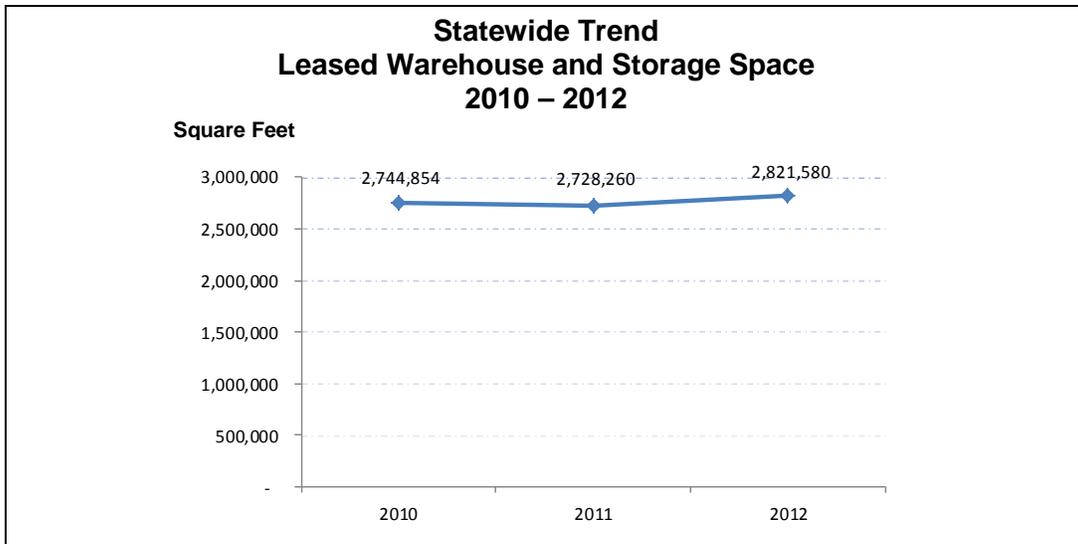
In March 2010, warehouse/storage space consisted of a total of 2,744,854 square feet of leased space. During the timeframe between March 2010 and March 2011:

- There was a net loss of 16,594 square feet of warehouse/storage space
- 19 warehouse/storage leases were terminated
- 19 warehouse/storage leases were entered into where a new lease was formed or space was added to an existing lease

In March 2011, warehouse/storage space consisted of a total of 2,728,260 square feet of leased space. During the timeframe between March 2011 and March 2012:

- There was a net gain of 93,320 square feet of warehouse/storage space
- 23 warehouse/storage leases were terminated
- 26 warehouse/storage leases were entered into where a new lease was formed or space was added to an existing lease

In March 2012 warehouse/storage space consisted of a total of 2,821,580 square feet of leased space.



Below is a list of current projects that are in the process of adding or reducing warehouse space.

Project #: 134308
 Lease #: 4429-001
 Agency: Conservation, Dept. Of
 Address: 1059 Vine Street, Sacramento
 Current square feet: 20,847
 Planned square feet: 10,300

Project #: 131896
 Lease #: 4571-002
 Agency: Motor Vehicles, Dept. of
 Address: 4201 Sierra Point Drive, Sacramento
 Current square feet: 69,831
 Planned square feet: 86,522

Project #: 132836
 Lease #: 4577-001
 Agency: Consumer Affairs, Dept. of
 Address: 14050 Orange Avenue, Paramount
 Current square feet: 3,250
 Planned square feet: 7,821

Project #: 134250
 Lease #: 6372-001
 Agency: Water Resources, Dept. of
 Address: 4801 Feather River Blvd, Oroville
 Current square feet: 0
 Planned square feet: 19,500

Project #: 130208
Lease #: To Be Determined
Agency: California Technology Agency
Address: To Be Determined in the Fortuna/Eureka/Arcata area.
Current square feet: 0
Planned square feet: 3,905

Project #: 133674
Lease #: To Be Determined
Agency: California Technology Agency
Address: To Be Determined in the city of Redding.
Current square feet: 258
Planned square feet: 833

Project #: 133710
Lease #: To Be Determined
Agency: California Highway Patrol
Address: To Be Determined in the city of Ventura.
Current square feet: 0
Planned square feet: 3,318

Project #: 131648
Lease #: 6281-001
Agency: Department of Resources Recycling and Recovery
Address: To Be Determined in the city of Sacramento
Consolidation of two offices:
Horn Road: 4,834 square feet of office space, 2,482 square feet of warehouse space
Vine Street: 1,779 square feet of office space, 20,847 square feet of warehouse space
Planned square feet: 4,164 square feet of office space, 12,224 square feet of warehouse space.

Project #: 134174
Lease #: 6357-001
Agency: California Technology Agency
Address: To Be Determined in the City of Sacramento.
Current square feet: 0
Planned square feet: 23,284

Project #: 133555
Lease #: To Be Determined
Agency: Consumer Affairs, Dept. of
Address: To Be Determined in the City of San Francisco.
Current square feet: 0
Planned square feet: 2,200

Conclusion and Recommendations

Warehouse space has not grown significantly over the last two years. Statewide trend data shows a very slight growth in leased warehouse / storage space from 2,744,854 square feet in March 2010 to 2,821,580 square feet in March 2012.

The survey process did not identify additional significant leased warehouse space that could be consolidated at this time. However, this study does show the departments surveyed have already taken proactive steps in reducing and/or consolidating their warehouse space. These positive steps by the departments show that they are cognizant of the importance of such an activity. The survey did identify space available at the facilities described in the following recommendations that should be offered to other state agencies with warehouse needs.

Additionally, in doing this study, DGS identified improvements in initial processes and procedures that will allow DGS to better evaluate the need to consolidate and/or eliminate space if that need should arise in the future. To accomplish this, the action plan discussed below will help to aid the departments and guide them in managing their warehouse utilization. In turn, DGS will have the ability to ensure that available space is being properly utilized.

Recommendations

From the survey process, we found space available at the DGS transit storage facility in North Natomas and the DGS owned warehouse at 805 R Street in Sacramento. There are over 10 leased sites in the Sacramento area under 3,000 square feet and lease expiration dates within the next two to three years. As the leases on these facilities expire, consolidation into these two facilities should be evaluated.

As part of implementation of the Governor's real property footprint reduction initiatives, DGS is working closely with state agencies to identify opportunities to reduce the amount of space they occupy, including warehouse space. The following action plan will address how DGS will work to contain acquisition of new warehouse space; identify specific warehouse leases that may be terminated in the future through more efficient use of existing space; and promote greater utilization of the existing state-owned and leased warehouse space and improve storage management practices.

New Policy Action Plan

Assessing acquisition of new warehouse space:

Keeping in mind the ultimate objective of limiting the amount of additional future warehouse space procured by state agencies, DGS will assess requests for new or additional warehouse space to determine if the need can be accommodated in existing warehouse space. This assessment will also occur for requests to extend a current lease. For all requests in Sacramento, the state agency will be requested to confer with the DGS Transit Storage Program to verify if DGS can provide suitable storage space. Confirmation that the need cannot be met in the DGS facility must be produced before the request is processed.

Identifying specific leases for warehouse space that may be terminated in the future:

DGS staff will examine smaller leases, as well as multiple leases occupied by the same agency in the same geographic area to identify future consolidation opportunities. Lease terminations for warehouse space will be tracked as part of DGS' space utilization effort.

Promoting greater warehouse space utilization and improved storage management practices:

RESD staff will prepare a letter to all state agencies from the DGS Director that will cover the following points:

- DGS implementation of the Governor's Executive Order B-17-12.
- Actions to reduce state real property footprint – office space and warehouse space.
- Availability of DGS Transit Storage to eliminate need for individual warehouses.
- Review property being stored in warehouse space and identify property not being used. Reduce space use for records storage by consulting with DGS staff from the state Records Program.

DGS will assess and report on the effectiveness of these recommendations and the status of the planned consolidations by April 1, 2013.

The next section provides guidelines on actions which can be taken by state agencies to efficiently manage their warehouse utilization.

Section II - State Agency Oversight of Warehouse Utilization and Case Study

Overview and Purpose

While Section I is a statewide study of 65 warehouses throughout the state, this section focuses on internal review procedures state agencies can use to ensure cost-effective utilization of their leased and/or owned warehouse space. Over the long-term, greater warehouse space utilization and improved storage management practices will result. This section contains a case study from an inventory confirmation process conducted at the Department of General Services (DGS) transit storage facility located at 1700 National Drive in Sacramento, California. This section concludes with general policy recommendations which can be utilized by all state agencies.

A Case Study at the DGS Transit Storage Facility

Background

The DGS transit storage facility, operated by the Office of Fleet and Asset Management (OFAM) Surplus Property Program (Program) provides storage for all state agencies. Currently, OFAM provides storage for over 40 state agencies. The 168,000 square foot warehouse is located at 1700 National Drive in Sacramento, California. This space is used for multiple purposes such as transit storage, Federal and state surplus property, as well as public auctions. The transit storage portion of the warehouse has a 445,000 cubic foot capacity.

The warehouse charges state agencies 23 cents per cubic foot for storage of items. This rate includes free local delivery of paper products in the Sacramento Region and storage for all types of materials including records/files, paper products, furniture, equipment and vehicles. The warehouse operates differently than most private sector warehouses because it rents by the cubic foot rather than by the square foot, while not charging the customer for access to stored items.

Even though the services mentioned above exist, the Program did not provide periodic notice to state agencies concerning the items stored in the warehouse. Additionally, the monthly storage fees paid by the agencies were done so electronically which led to the possibility that the details of the charges were not examined thoroughly by them. As a result, OFAM management determined that inventory confirmations of items stored over five years should be sent to state agencies in order to determine whether or not they had a continued business purpose in storing them.

Methodology

The following actions were employed by OFAM to accomplish the inventory review process.

- Items stored over five years were identified by producing a report from the Transit Storage System (TSS). An “item” could consist of cartons of brochures, a pallet of records, or a single crate of furniture.
- Individual queries of each item were made in the TSS to determine if the item had been taken out of the warehouse during the last five years.
- A physical inspection of the warehouse was conducted to determine whether or not the items on the list were actually in the warehouse. This exercise revealed that records were not always accurate, some items were stored in an improper location, some items were not found, while in other cases there was an improper item count. Once a discrepancy was discovered, OFAM's records were updated to reflect the correction and monthly bills were adjusted accordingly.
- Agencies were then sent inventory confirmation letters to determine if they still had a business need to store the item. Sometimes, contact information in the system was out-dated and significant amounts of time had to be spent locating the proper person who handled warehouse storage at their particular agency. In other cases, non-frequently accessed items like legal records were stored for many years because a legal mandate required it.

Many agencies requested a visit to the warehouse in order to conduct a visual inspection of their items. A considerable amount of staff time was spent setting up appointments and showing agency visitors their stored items.

Appendix E at the end of this study gives an illustrative example of the procedures used to conduct the analysis and review process.

Key Results of the Inventory Review Process

Of the 31 agencies receiving inventory letters, 22 had items removed, 7 kept all items in storage, and 2 agencies are still evaluating their storage needs.

The 22 agencies which removed items sent them to disposal, recycling, surplus sales, or had the items transferred to their offices. These efforts resulted in over 9,000 cubic feet of items removed from storage.

These agencies are now saving over \$2,000 in monthly storage fees as a group. Over a five year period, savings will amount to more than \$125,000.

Additionally, outdated contact information was updated and replaced with current information.

The following list gives some examples of items that were removed from the warehouse. Many of these items were stored in the warehouse for ten years.

- The Department of Health Services recycled 22 cartons of folders for a non-operational program.
- The High Speed Rail Authority removed 5 cartons of records to be stored at their facility for legal purposes.
- CSU Fullerton recycled 382 cartons of old student records to be shredded. Prior to OFAM contacting them, CSU Fullerton did not know of their existence or their whereabouts.
- The Public Employment Relations Board sent 50 pieces of furniture to the DGS surplus auction.
- The Department of Education sent 417 cartons of video tapes to disposal.

Conclusion and Recommendations

OFAM's review of its Program, and the use of the Program by state agencies, did ultimately result in an achievement of savings and efficiencies for the state. As previously mentioned, the review identified 9,000 cubic feet of items that were unnecessarily being stored. The removal of these items will save state agencies approximately \$125,000 over the next five years.

However, OFAM's review also emphasized the need for OFAM to institute new procedures within the Program that will help to prevent the accumulation of dead stock in the future. The review brought to light the fact that several state agencies were unaware that they had items stored at OFAM's facility. Furthermore, without periodic reviews of Program inventory, the situation is likely to occur again. Consequently, OFAM developed and implemented new procedures (Appendix E) for the Program which will require staff to: 1) annually identify stock that has been in storage for 5 years or longer; and, 2) work with departments to ensure that the storage of these items continues to be programmatically necessary and cost-effective.

Finally, even though the review discussed in this section was conducted at OFAM's Transit Storage facility, the steps taken, with a few slight changes, could easily be applied to other state agencies who store materials. Therefore, OFAM recommends that state agencies establish policies and procedures to maximize their warehouse efficiencies. The following three steps can aid state agencies in helping to accomplish this task:

1. Establish In-House Policies

- These policies should describe what categories of items are authorized for storage in the warehouse and length of time they should be stored. The purpose is to guarantee that the warehouse does not become an inefficient dumping ground resulting in unneeded and valueless dead stock.
- A contact list of those employees tasked with sending items to the warehouse needs to be updated as often as possible. A current contact list will help to facilitate a smoother process when determining the business need for stored items.
- When an employee leaves an organization, the exit clearance process should include an inquiry as to whether the departing employee arranged to have items stored in the warehouse and if so, whether or not there is a continuing business need to store them.

2. Conduct Periodic Assessments

- Agencies should inventory all items in their warehouse(s) on a periodic basis. If the agency has an automated system, it should be used to produce an aging report of items in the warehouse.
- If no automated system is in place, a manual inventory must be taken. In a situation where a large warehouse with high racks needs to be inventoried, the process can be facilitated by maintaining a manual listing attached to each section of racks. This manual listing would become updated over time as items are stored and/or removed.

Inventory lists should describe the following:

- A description of the items stored, including the quantity, length of time stored, and the owner of the items.
- An inventory list should be provided to the organizational units which stored the items on a periodic basis to determine if there is a business need or possible legal mandate to store them.

3. Dispose of Unneeded Items

- If items have no foreseeable use or legal mandate for retention, various disposition strategies should be considered. Some of these strategies could consist of sending them to auction, donating them, or recycling them.

To help ensure the implementation of procedures for efficient use of state leased and/or owned warehouse space, OFAM has developed the following Management Memo (Page 22) which applies many of the aforementioned policies and procedures.

(DRAFT) MANAGEMENT MEMO

SUBJECT:	NUMBER: MM XX-XX
WAREHOUSE UTILIZATION GUIDELINES	DATE ISSUED: (MONTH) (DAY), 2013
REFERENCES:	EXPIRES: UNTIL RESCINDED
EXECUTIVE ORDER B-17-12; STATE ADMINISTRATIVE MANUAL, SECTION 3535; GOVERNMENT CODE SECTION 14600	ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

Purpose	This Management Memo provides guidelines to help state agencies manage warehouse space efficiently, as provided in Executive Order B-17-12, the State Administrative Manual (SAM), and Government Code (G.C.) Section 14600.
Policy	State agencies will adopt policies and procedures to ensure that items stored in warehouses are necessary for program use or required by legal mandate.
Who is Affected	All state entities under the Governor’s executive authority (G.C. § 11000).
Background	Executive Order B-17-12 requires agencies and departments to work with the Department of General Services (DGS) to examine opportunities to eliminate or reduce warehouse space. In 2013, the Department of General Services conducted a survey of 65 warehouse managers to determine whether the state’s existing leased warehouse space is essential, and whether better practices can reduce the amount of square footage leased. The results of the survey are contained in a 2013 DGS report entitled, <i>Warehouse Consolidation Study</i> . The guidelines presented in this Management Memo are based on input from warehouse managers statewide and an internal case study of DGS’ Transit Storage Facility.
Definitions	Warehouse A facility used for the storage and/or distribution of equipment, supplies, records and other items. The facility should contain at least four of the following five requirements: 1) be at least 10,000 square feet; 2) made of standard construction quality; 3) be 100,000 cubic foot clear; 4) contain vehicular-receiving capability; and 5) have stable humidity and temperature. Dead Stock Items which <i>have</i> been stored for various reasons but have no foreseeable use or legal mandate for continued storage.

Guidelines

Agencies operating and/or utilizing warehouses should develop guidelines to address what content will be stored in the warehouse(s) as well as the length of time that the items will be stored. These guidelines will vary for each agency based on program mission and legal requirements. Additionally, these guidelines may change depending upon whether or not agencies operate a warehouse or merely utilize one. The following steps will help to clarify which process is applicable depending on usage.

1. Establish In-House Policies

- Warehouse operating and/or utilizing agencies should establish policies that describe what categories of items are authorized for storage in a warehouse, and length of time they should be stored. These policies help ensure that each warehouse operates efficiently and does not accumulate unneeded and valueless dead stock.
- Warehouse operating and/or utilizing agencies should also establish a contact list of those employees tasked with sending items to and/or tracking items in the warehouse. At a minimum, this list should be updated annually. A current contact list will facilitate a smoother process when determining the business need for stored items.
- When an employee involved with warehousing activities leaves an organization, the exit clearance process (as appropriate) should include an inquiry as to whether the departing employee arranged to have items stored in a warehouse and if so, whether or not there is a continuing business need to store them.

2. Create Inventory Lists

Whether the entity is a warehouse operating agency or a warehouse utilizing agency, inventory lists should, at minimum, include the following information:

- A description of the items stored, including size, quantity, and condition.
- The date that a given item was first stored.
- Ownership information (agency, department, office, division, program, etc.)
- Appropriate contact information.
- Annual review schedule.

3. Conduct Periodic Assessments (for warehouse operating agencies)

- Warehouse operating agencies should inventory all items in their warehouse(s) on a periodic basis:
 - If the agency has an automated system, it should be used to produce an aging report of items in the warehouse.
 - If a warehouse operating agency has no automated system in place, a manual inventory must be taken. When a large warehouse with high racks needs to be inventoried, the process can be facilitated by maintaining a manual listing attached to each section of racks. This

**Guidelines
(Continued)**

manual listing needs to be updated when items are stored and/or removed.

3. Conduct Periodic Assessments (for warehouse operating agencies) (con.d)

- Warehouse operating agencies should also provide, on a periodic basis, an inventory list to the organizational units (agency, department, office, division, program, etc.) that have items stored within the agency's warehouse. This will allow an organization to determine if there is an ongoing business need or legal mandate to continue storing the items.

4. Dispose of Unneeded Items

When items have no foreseeable use or legal mandate for retention, the following disposition strategies should be considered:

- Offer the property to eligible recipients pursuant to Public Contract Code 10389.1 and 10389.2; or,
- Donate the property to an eligible public school, public school district, or eligible organization (see State Administration Manual 3520.5); or,
- Send the items to the DGS State Surplus Property Program for agency reutilization or public auction; or,
- Recycle the items.

Please see the **Additional Resources** section below for a link to the DGS website for specific information on how to donate, sell, or recycle state-owned personal property, including the Form [STD 152 Property Survey Report](#).

**Who Should
Review**

Program Managers, Business Services Officers, Property Controllers, and Warehouse Managers should review this memo.

**Additional
Resources**

- 1) An electronic copy of the *Warehouse Consolidation Study* can be found at: <http://www.dgs.ca.gov/ofam/Resources.aspx>
 - 2) Additional information on appropriate disposition procedures pertaining to state surplus property can be found at: <http://www.dgs.ca.gov/ofam/Programs/StSurplus/Reutilization/CSPS.aspx>
 - 3) State Administrative Manual 3520.5: <http://sam.dgs.ca.gov/TOC/3500/3520/35205.aspx>
 - 4) Public Contract Code Sections 10389.1 & 10389.2: <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=pcc&group=10001-11000&file=10389.1-10389.2>
-

DGS Contact

For further information concerning this Management Memo, please contact:

Steve Paul, Manager, Surplus Property Program
Department of General Services, Office of Fleet and Asset Management
(916) 928-2183, steve.paul@dgs.ca.gov.

Signature

Fred Klass, Director
Department of General Services

Appendix A

Results of Previous Consolidation Studies

There were two studies on warehouse operations by RESD in 2004 and 2005.

The first study focused on finding new clients for the 1700 West National Drive facility in Natomas. The study revealed that both the cost of leased warehousing and the need for storage services comparable to those offered at the West National facility were far less than originally thought.

A survey was sent to 26 agencies holding leases for 46 sites including those with attached offices.

The study considered several sites for potential consolidation at the Natomas facility. These sites were in “soft term” which means their leases would be up for renewal in the next several years.

It was determined that the agencies evaluated were not suitable for consolidation at Natomas because of location needs, program operations, or cost effectiveness to move.

The second study had a larger focus and evaluated the benefits of consolidating numerous facilities into a large central office / warehouse facility.

The results of this study showed that there was no significant cost-benefit to be gained by consolidating state warehouse / storage operations into a single joint-use multi-tenant facility. There did not appear to be any basis to justify a consolidation project at that time.

The study recommended that DGS seek opportunities for lease consolidations when there is an economic advantage and continue short to medium term leasing in dispersed warehouse / storage facilities. This will provide flexibility, low rent rates, and accommodate changing agency programs.

Appendix B

Warehouse Questionnaire

Warehousing Facilities

Return by Friday, April 20, 2012

Your cooperation in completing this questionnaire is appreciated. The information you provide will enable the Department of General Services planning staff to complete a study of state storage/warehouse space needs.

Agency/Department:

Agency Designated Representative:

E-mail address:

Occupancy Summary

Current Data as of February 29, 2012

Review and update, where necessary, the following Occupancy Summary data for the program located at the address indicated below (employee count should reflect the actual number of employees accommodated, not the number of PYs).

Existing Space Information

County	City	Lease Number	Address	SQ. FT.	Monthly Rent	Cancel (Firm) Date of Lease	Expiration Date of Lease	PYs	Req'd access (Hours)

Provide corrections to the above data in the space provided below:

County	City	Lease Number	Address	SQ. FT.	Monthly Rent	Cancel (Firm) Date of Lease	Expiration Date of Lease	PYs	Req'd access (Hours)

What is the funding source for your lease? (General funds, federal funds, special funds, etc.)

What is the primary purpose of this warehouse?

1. %_____

Furniture, office equipment, forms, staging area. Briefly describe program and % of warehouse used for storage and frequency of access. If you are storing used furniture for eventual disposal, how many square feet are being used.

2. %_____

Specialized program. Briefly describe program and % of warehouse used for program. (I.e. food distribution, program material distribution, evidence storage, mass mail, etc.) and frequency of access.

3. %_____

Records storage. Briefly describe program and % of warehouse used for records and retention schedule and frequency of access.

4. %_____

Other. Briefly describe program and % of warehouse used if the use does not fit into one of the above categories and frequency of access. Add additional categories as appropriate.

5. Does this location have a secondary function? In the event of an emergency does the warehouse have any designated use or store emergency supplies/materials? Briefly describe any secondary or emergency designation of this warehouse.

6. What is the total cubic foot storage of the warehouse? _____.
On average, what % of the warehouse's cubic feet is filled? _____.

Storage/Warehouse Study Questionnaire

Respond to the following questions by marking the appropriate box below. Please include additional information where requested.

I. Program and Staff

1. Is it anticipated that the need for storage/warehouse space or office use at this location will experience growth or reduction of space in the near future?

Warehouse: *Growth* () *Reduction* ()

Office: *Growth* () *Reduction* ()

List approximate amount growth/reduction in square feet and date:

Provide details:

If you have reduced your warehouse leased space in the last 5 years, how many square feet have been reduced? _____

2. Are program changes planned or anticipated by your agency that could eliminate the need for office and/or storage/warehouse space at this location?

Yes () **No** ()

Provide details and date of anticipated change.

3. Is there a programmatic need for these office functions and/or materials stored there to be located at this particular facility or at its current location?

Yes () **No** ()

Provide details:

4. Could the materials stored at this location be placed in a general storage facility operated by the state?

Yes () **No** ()

If no, explain why not.

5. Does your agency have other warehouse space in the area that could accommodate your needs?

Yes () **No** ()

II. Facility Requirements

1. Does this facility provide any unique or unusual space, storage or building features?
Pickup/Delivery () Frequent access to material () Climate control ()
Public Access () Security () Other ()
Please provide details.

2. Does the program at this location have needs that are currently unmet at this location?
Yes () No ()
Please provide details.

3. Does this office or warehouse have any vacant or underutilized space that could be made available to another agency for sublease?
Yes () No ()
Please provide details.

4. Is there any reason why the operations at this location could not be co-located with another agency's office/warehouse facility?
Yes () No ()
Please explain.

5. Are there any constraints (i.e. hazardous materials, security issues, etc.) regarding the operation or the materials stored in this facility being in proximity to other programs or materials owned by other government agencies?
Yes () No ()
Please identify agency/business type.

6. Will you be able to reduce your space needs by 25% by eliminating unnecessary materials?
Yes () No ()

7. Do you have any other ideas on how to reduce statewide warehouse space?

Please don't forget to attach two digital photos of the interior of the warehouse.

The Department of General Services appreciates your taking time to review the data listed above and respond to this questionnaire. Any additional comments are welcome. If you need more time to complete this set of questions, please contact our staff as soon as possible. Thank you.

If you have any questions or would like to meet to discuss this questionnaire, please call

Department of General Services at the numbers listed below.

Dennis Mehl, Project Coordinator

Dennis.Mehl@dgs.ca.gov

(916) 928-3821

or

John Bailey, Regional Portfolio Manager

John.Bailey@dgs.ca.gov

(916) 375-4677

This questionnaire should be completed no later than Friday, April 20, 2012.

Return electronically to John Bailey at the e-mail address above or hardcopy to:

Department of General Services
Office of Fleet and Asset Management
1700 National Drive
Sacramento, CA 95834-1965

Atten Dennis Mehl

Appendix C

General Comments from Warehouse Managers

The comments below were paraphrased from answers given on the surveys.

CDCR, Galt facility: A state-of-the-art warehouse built on our facility (state-owned) would alleviate leasing cost and would possibly save in utility cost if powered by solar energy.

DWR: Summary of our surveys: Out of the 6 warehouses we have in the survey, two in the Lancaster area may be going away soon (proposed within 14 months) because we have a proposed plan to build warehouses on state property closer to where the work is located and where parts and materials are needed. When those buildings are built, we will no longer lease warehouses in the Lancaster area. The other warehouses in the survey are being used very efficiently aside from 1400 Enterprise where a lease just began. We do plan to put some pallet racks in that facility like we have in other facilities. We will be storing more items in that warehouse shortly.

CALPIA: Pursuant to DGS Management Memo 11-01, enacted to reduce environmental impacts and to achieve cost-effective purchase and reuse of furniture (modular systems and conventional), state agencies shall ship all CALPIA manufactured surplus furniture to this warehouse for renovation or recycling.

DWR 809 North Market, Sacramento: We have made an effort over the last three years to increase the efficiency of the use of our warehouse space. This effort included the installation of pallet racks to take advantage of the high ceilings in the warehouse which would make better use of the vertical space available. Additionally, we have been able to consolidate some program space. This effort has freed up 7,000 sq. ft. within our warehouse providing warehouse space to programs who request it rather than forcing them to lease space elsewhere.

DWR, 1730 14th street, Sacramento: We consolidated the contents of another warehouse nearby at 6th and R streets into this facility causing it to operate more efficiently thereby reducing staff and cutting lease costs.

DWR warehouses in Lancaster: Southern Field Division proposes to build three new warehouse storage facilities located at the Pearblossom, Oso, and Cedar Springs Subcenters. This lease can be terminated with 30 days written notice after October 31, 2012.

DOC, Sacramento: Loss of a division and their product has given us the need to reduce. The department has a Cruise in to reduce space, Project #134308. We are looking to reduce space by 10,000 sq. ft.

DPH, Fresno: The program has already reduced its storage space by 85,000 sq. ft. through consolidation of warehouses and the development of private and public partnerships.

EMSA, Santa Clara: One hundred percent of this facility is used to store Emergency Medical Assets that would be used in the event of an all hazards disaster. There are two Mobile Field Hospitals, one Medical Assistant Teams Caches, one Mission Support Team Caches and two Hospital Administrative Support Unit cache stored in this warehouse. This facility also acts as the mobilization center for disaster volunteer medical team members. This facility would also act as an Emergency Operations Center for an event in the bay area. This facility is accessed daily.

DPH, North Market, Sacramento: Underutilized space at the warehouse could be available for another agency for sublease. Vertical space could be maximized by adding some additional racks; however, it would require funding.

DGS, 805 R St., Sacramento: Once term orders are secured through the std. 65. The intent is to not require warehousing of building supplies in that portion of the warehouse occupied by BPM. Five other state agencies are co-located in this facility.

DGS, State Records Center, West Sacramento: Have state agencies transfer their paper records to an electronic media, thus eliminating paper records altogether.

Caltrans, Lanatt St., Sacramento: The warehouse is used primarily for storage of modular furniture for existing reconfigurations and future project installations. A West Sacramento warehouse was closed and consolidated into this warehouse in 2011.

Caltrans: The San Diego District Warehouse is responsible for the receipt, storage, issuance, and shipping of a heavy volume of varied supplies in a large and complex redistribution and/or point-of-use warehouse operation. This facility is used primarily for storage of materiel utilized by Caltrans Maintenance crews in maintaining California Highways in San Diego and Imperial Counties. This facility is composed of indoor and outdoor storage areas and is accessed on a daily basis.

Caltrans, 1112 29th Avenue, Oakland: This is a Department owned maintenance facility. This facility is now surplus to maintenance needs and right of way has taken over management until we have clearance to dispose of property as excess lands. This is a 2.2± acre site improved with 4 main structures.

Various Warehouse Pictures



Cal EMA, Sacramento - Emergency Supplies



DGS, West Sacramento - Records storage for 144 agencies



BOE files, West Sacramento - This warehouse will be vacated by November 2012 as the result of a scanning project.



DWR, Sacramento - 40% of space for central storage and distribution of water education and conservation materials.



DWR, North Market, Sacramento - 55% of space for storage of surplus from Social Services (DSS) to reconfigure 400 DWR cubicles. DGS arranged the reuse of this furniture.



Air Resources Board, Sacramento – Electric Vehicle studies



DPR Sacramento – Historical artifacts to be moved to the consolidated DPR facility (contents from 10 warehouses to be consolidated).



Department of Motor Vehicles, Sacramento – Forms, supplies, publications, license plates, etc.



DPH, Fresno – Medical and Surgical Supplies



CDFA warehouse, Anaheim - Pest Detection Equipment and Supplies



California Department of Forestry and Fire Protection, Sacramento -- Parts for aircraft repair and maintenance



State Library, West Sacramento -- Warehouse to be vacated in 6/2013 after renovation of Library and Courts Building.



Employment Development Department, Sacramento -- Forms and supplies for field offices.



EMSA, Sacramento -- Disaster medical supplies.



FTB, Sacramento -- Furniture, equipment, supplies, program materials, etc.



DSS, West Sacramento -- Forms sold to counties (250 different forms with a volume of 2.2 million) and surplus furniture for reutilization at field offices.



DPH, Sacramento -- Program materials for various public health programs



Caltrans, Los Angeles -- Materials and supplies for landscape and highway Maintenance and repair



DGS, state-owned facility at 805 R St., Sacramento -- Space will be available



DGS Transit Storage, 1700 National Drive, Sacramento – Space available

Office of Fleet and Asset Management (OFAM) Transit Storage Program

I. OFAM Annual Inventory Services and Procedures

As a courtesy and value added service to transit storage customers in helping them minimize their transit storage costs, the Office of Fleet and Asset Management (OFAM) sends out annual inventory confirmations of items that have been stored in OFAM's transit storage warehouse for five years or longer. On an annual basis starting on January 1 of each year, reports are created using the Transit Storage System (TSS).

The following steps were utilized in this inventory process.

1. Create a Transit Storage System (TSS) report.
2. To create a report in the TSS and export it to a hard drive, transit storage staff should do the following:
 - A. Log onto the TSS, open **Reports** then open **Item Reports**. See **Creating a Report in the Transit Storage System** on page 49 for an illustration of the following four steps.
 - B. There are four steps that need to be followed in **Item Reports**.
 - Step 1 on the screen: select **Items Stored Here More Than (____) Days**.
 - Step 2 on the screen: select **Warehouse** and enter **02** in the drop down screen, then select **All Agencies**.
 - Step 3 on the screen: enter **1825** under **Number of Days** for a 5 year list.
 - Step 4 on the screen: click the magnifying glass then click **Preview the Report before Printing**.
 - C. In the **Preview** window that opens, the user will need to right click on the electronic report. If the user wants to export the electronic report into an Excel format, they must select **Export** then they must select **Excel** then click **OK**. The report will be exported to the H: drive. The name of the report is **rptStorage**. Once the report is opened, sort by **column G** and delete all rows with 0 items. (There will be hundreds of rows to delete). The remaining items will be those items first stored over five years ago.

- D. Each item in the Excel spreadsheet must be looked up on the TSS. Individual queries of each item must be made in order to determine if the item has been taken out during the last five years. The **Items Menu** under **Files** in the TSS can be used to perform this function. A drop down menu provides a listing of all items in transit storage. The **Items Screen** shows the last date an item has been taken out of the warehouse. If the date is less than 5 years ago, it will not be listed on the inventory confirmation letter.
3. After the final listing is determined, a physical observation in the warehouse should be made by transit storage staff to insure that the item is still present and in the proper place. If items cannot be seen or located, list them in an email and send to warehouse staff.
 4. If the items are stored in an improper location, cannot be found, or the item count is incorrect, inventory records will need to be updated by authorized staff.
 5. Inventory confirmation letters must then be prepared and e-mailed to each agency with items greater than five years old (See sample Inventory Letter and email on pages 50 and 51). In order to determine which agency needs to be contacted on the report, please note that the first 6 digits of the item numbers on the report are the billing code for each agency. The billing code is listed on the monthly **Summary Billing Report** which also lists the name of each agency.
 6. The TSS does contain customer information but it is often outdated. If this information is outdated, the Chief or Deputy of Administration for each agency must be contacted so the proper staff member who handles inventory issues can be notified. Once current contact information is found, transit storage staff should update the outdated information in the TSS database. The state online telephone directory is a useful starting point to locate this proper person. If not, the general phone number of the agency may be used.
 7. Agencies may request a visit to the warehouse in order to conduct a visual inspection of the items they have stored at the warehouse.

Important Tips

I. Staggering Notifications

If notifications to agencies (step 5 above) are not staggered, many agency representatives may show up to the warehouse at one time, overwhelming staff and creating safety issues. The following tips can be utilized in order to avoid this problem.

1. Using the report created in Step 2, perform physical observations of the items for two or three agencies.
2. After the inventory list for the first few agencies has been verified, prepare and send the inventory letters to those agencies.
3. Repeat steps 1 and 2 listed above until all inventory letters are sent.

II. Recordkeeping Requirements

In order to effectively track which agencies choose to keep items in storage, it is important to have a solid recordkeeping system. All critical documentation for the transit storage process will be stored on the Q drive in the **Annual Transit Storage Inventory Procedures** folder.

1. Go to the Q: Drive and locate the **Annual Transit Storage Inventory Procedures** folder. This folder should contain any communications sent or received from all agencies, all spreadsheets from prior years, and any other pertinent documentation. All documentation should be kept in one place so that it is easily located.
2. The **Inventory Cost Savings Spreadsheet**, located in the **Annual Transit Storage Inventory Procedures** folder, summarizes the results of the inventory process and can be prepared on a continual basis as agencies determine what items, if any, they want removed from storage.

III. Alternate Year Processing Instructions

Some agencies will choose to keep some or all their items in storage. Furthermore, these agencies may have additional items show up in a search the following year. If this occurs, it is important that these agencies are not bothered each year with a request to remove their items. These particular agencies should be notified every two years. The following steps show how to address this issue.

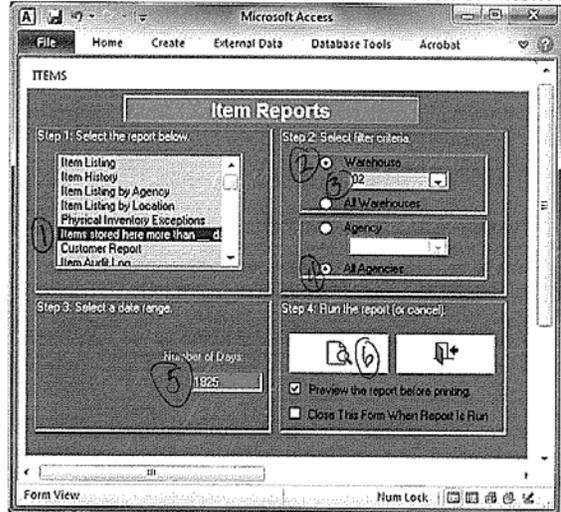
1. Go to the Q Drive and locate the folder titled **Annual Transit Storage Inventory Procedures**.
2. As an example, open the file labeled **Agencies Leaving All Items in Transit Storage – 2013**. Look at the seven agencies requesting that their items stay in storage in 2013 with their respective billing codes. In order to prevent letters being sent to them in 2014, cross out all items with the billing codes (first six digits of item number) for these seven agencies on the spreadsheet produced using the instructions on page 45.
3. Since the seven agencies were contacted in 2013 and have elected to keep most or all of their items in storage, they do not need to be contacted again until 2015. Even if they have items that showed up in a 2014 search, these agencies should not be contacted until 2015.

Creating a Report in the Transit Storage System

To look up Items stored more than five years:



Click on the "REPORTS" button then click on "Item Reports". The following window will open:



Select "Items stored here more than ___ days" (1) in Step 1. In Step 2, select the Warehouse option (2) and enter 02 in the dropdown field (3). Then select the All Agencies option (4). In Step 3, enter "1825" under "Number of Days" (5). Click the magnifying glass button (6) to get the report. If you right click on the report you can export it to excel.

Sample Inventory Letter

Department of General Services-Office of Fleet and Asset Management
1700 National Drive
Sacramento, CA 95834

Re: Transit Storage Inventory

To (Agency Name):

The Department of General Services, Office of Fleet and Asset Management (OFAM) recently completed an inventory analysis located at its warehouse on 1700 National Drive, Sacramento, CA 95834. Items from your agency that have been at this facility for greater than five years have been identified. OFAM wants to be sure that agencies are cognizant of these items and that there is a continuing business need to store them.

Please have the appropriate person review the attached listing and determine whether or not there is a business need to continue to store these items.

If it is determined that your agency no longer wishes to have OFAM store these particular items, please fax a **Transit Storage Form 56** to (916) 928-5840 indicating your agency's desire to have these items sold or recycled. OFAM will do so upon receipt of this form. If your agency desires to pick up these items, please indicate the intent to do so on the form.

In addition to submitting **Transit Storage Form 56**, attach this Transit Storage Inventory letter to a return email and identify any items that your agency plans to withdraw from storage. Conversely, if you plan to leave all items in storage, please indicate so in a return email.

Thank you,

Dennis Mehl
Phone: (916) 928-3821
Email: Dennis.Mehl@dgs.ca.gov.

Sample Attached Listing

Item #	Description	Quantity
030070OLD001	Files	41 cartons
030100LAPCASE	laptop cases	11 cartons

Sample email

To (Agency Contact):

Enclosed is a list of items that have been in the Department of General Services transit storage warehouse, located at 1700 National Drive, Sacramento, CA 95834 for five years or longer. The instructions contained in the Transit Storage Inventory letter attached to this email will guide you through this process. Please respond to this email within the next two weeks.

If you would like a visual inspection of these items, please contact Warren Horsley at 928-5851 to set up an appointment.

Thank you,

Dennis Mehl
Phone: (916) 928-3821
Email: Dennis.Mehl@dgs.ca.gov.