

**White Paper on
Warehouse Asset Management Best Practices**

**Authored by the General Services Administration
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Introduction

Warehouses are a significant part of the Federal Government's vast and diverse real property inventory. The General Services Administration (GSA), Office of Government-wide Policy (OGP) has identified a number of innovative practices for making more efficient use of warehouse space. This white paper serves to provide best practices that have been shown to be effective solutions for the efficient use, reduction and management of warehouse space.¹

Issue

Agencies have made significant progress in reducing the federal warehouse footprint. For example, GSA's FY 2014 Federal Real Property Profile (FRPP) Summary report, which summarizes the data agencies report to the FRPP², the government's real property inventory database, indicates that the total square footage of warehouses in the U.S. and U.S. territories was 155,356,059. This is 5,291,034 square feet less than FY 2013, when warehouse assets reported totaled 160,647,093 square feet.

Under strategic policies such as Freeze the Footprint and Reduce the Footprint, agencies have begun to establish long-term reduction strategies for their warehouse inventories. For example, the Reduce the Footprint policy³ directs executive agencies to move aggressively to dispose of surplus properties, make more efficient use of real property assets, and reduce the total square footage of the office and warehouse inventory relative to an established baseline.

Despite these strides, continued focus on the management of federal warehouses is needed. The General Accountability Office (GAO) has identified federal real property management as a high risk area.⁴ In its 2014 report titled *Strategic Focus Needed to Help Manage Vast and Diverse Warehouse Portfolio*, GAO noted that federal agencies face significant challenges in acquiring, maintaining and disposing of federal civilian warehouses. GAO encouraged GSA to address these challenges by promoting best effective and efficient warehouse management practices across government.

¹ Executive Order (EO) 133271, *Federal Real Property Asset Management*, issued in February 2004 focuses on the Federal Government's need to effectively and efficiently maintain its assets. EO 13327 mandated that executive branch departments and agencies improve their real property asset management by promoting efficient and economical use of real property, increasing agency accountability and management attention to real property reform, and establishing clear real property goals and objectives.

² FRPP is a real property asset data system established as a single, comprehensive, and descriptive database of all real property under the custody and control of all executive branch agencies, except when otherwise required for reasons of national security. Agencies annually submit data on their real property assets for the prior fiscal year.

³ OMB Management Procedures Memorandum No. 2015-01, *Implementation of OMB Memorandum M-12-12 Section 3: Reduce the Footprint*, dated March 25, 2015.

⁴ GAO, *High Risk Series: An Update*, GAO-15-290 (February 2015).

GSA's Role as a Strategic Leader

GSA develops, promotes, and assesses compliance with management policies and regulations for the effective and efficient stewardship of federal real property assets, including warehouses. GSA directs agencies to save real property costs through a number of measures, including disposing of excess real property. Under national strategic policies such as “Freeze the Footprint” and “Reduce the Footprint,” GSA promotes smarter space usage through co-location and consolidation.

GSA is supporting efforts to reduce the federal warehouse footprint through a variety of innovative tools and services. For example, in early 2016 OGP released the Real Property Management Tool (RPMT) to all agencies that report data to the FRPP. The RPMT is designed to assist agencies in finding opportunities for consolidation, co-locations and disposals using data visualization technology in all asset types, including warehouses. Using pre-established features within the tool, agencies are able to see analyses of expiring direct leases and GSA-occupancy agreements, the utilization of agency assets, and potential cost avoidance opportunities from the disposal of underutilized and inactive assets.

Solutions

One typically thinks of warehouses as those places where goods and commodities are kept until they are distributed. Warehouses are in fact complex real property assets requiring access (such as rail, water and roads), security, IT technology, temperature controls, and life-cycle and supply chain management. These factors influence how agencies assess and analyze the warehouse as a real property asset for current and future mission and program requirements. Reduction strategies for warehouses must take into account the functions supported by the materials stored in the warehouses, the supply chain needed to make the most efficient use of the warehouse, real time business intelligence, and the technology advances that require fewer resources to support the mission.

GSA has developed a web page titled *Best Practices in Warehouse Space Asset Management* to identify best practices that can be applied government-wide to promote the efficient use of warehouse space. GSA assembled these best practices following extensive research and interviews with federal agencies as well as private sector firms.

The following is a list of key warehouse asset management best practices:

Best Practices in Warehouse Asset Management
Oversee and manage warehouses as real property assets by implementing policies and procedures for consistently reviewing, classifying, justifying, and accounting for warehouses.
Assess real property warehouse inventory to ensure inventory information is accurate and complete; revalidate warehouse requirements.
Effectively utilize warehouse space by disposing of excess inventory and exploring opportunities for warehouses consolidation.
Assess efficiency of warehouse space and operations to identify opportunities to reduce cost.
Dispose of underutilized and aging warehouse facilities to achieve space efficiency and reduce costs.
Utilize emerging technologies, key performance indicators and techniques to improve warehouse management and reduce operations and maintenance costs.

The following are among the case studies featured on the GSA Best Practices in Warehouse Asset Management resource page located on www.gsa.gov:

★★ GSA Supplies Distribution Center, Burlington, New Jersey

GSA recently disposed of a significant warehouse asset in Burlington, New Jersey. This vacated 1-million-square-foot distribution center was part of GSA's effort to move to a new supply model and reduce costs. With six years left on the lease, GSA faced an outstanding annual lease obligation of more than \$7 million. GSA customized a disposal solution to reduce its vacant warehouse space and rent. Utilizing the services of a local broker to market the lease, GSA secured a sublease for the entire warehouse for the remaining term, saving the government \$35 million.

★★ GSA United States Postal Service Detroit Priority Mail Center, Romulus, Michigan

This 10-acre site contained a vacant single story 137,600 square-foot industrial distribution facility that was formerly utilized as a U.S. Post Office priority mail center. The steel frame constructed building was built in 1978, and had a front office area, more than 200 parking spaces and 29 docks with power doors and dock lifts. GSA auctioned and sold this property for \$3.1 million.

Conclusion

There are many examples where federal agencies have achieved measurable progress in reducing warehouse space. As detailed on GSA's *Warehouse Asset Management Best Practices* page, such initiatives include GSA's successful disposal of the Burlington, New Jersey, wholesale distribution center, which resulted in a \$35 million savings for American taxpayers. Another example is GSA's transition to a business model that relies on GSA's vendor partners to store and ship commonly used office supplies rather than utilizing and maintaining warehouse space in GSA's portfolio, which is significantly more costly.

GSA will continue to offer a variety of tools and services that will encourage agencies to work collaboratively to find opportunities for efficient space usage, especially those that will result in no net growth of the overall federal real property inventory. Key best practices outlined in this white paper and on GSA's best practices webpage should serve as a catalyst for more effective and efficient warehouse management practices across government.