

# State consolidates storage space

## Cost-saving moves to close 13 warehouses

Wednesday, February 23, 2005

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### Of The Patriot-News

Gov. Ed Rendell said yesterday the state will save about \$4 million annually by consolidating its equipment and supply storage needs at four warehouses around central Pennsylvania.

The moves, when completed next month, will reduce the number of state-run storage facilities in the midstate from 17 and enable the state Department of General Services to eliminate more than 40 warehouse jobs.

Rendell was quick to note that the staff reductions will be made without layoffs because all affected workers will fill vacancies elsewhere in state government.

DGS Secretary Don Cunningham said the warehouse streamlining is, in large part, an offshoot of the administration's decision last year to consolidate its office-supply purchases through Illinois-based Boise Office Solutions/OfficeMax.

Boise/OfficeMax has its own distribution and delivery system, meaning the supplies -- which used to fill about 50 percent of the state's warehouse space -- are no longer kept in bulk at state facilities.

That change prompted DGS to get an independent review of the state's warehousing needs, resulting in the consolidations announced yesterday, Cunningham said.

Rendell touted the changes as the latest example of his ongoing efforts to bring the "best practices from the private sector" to government, saving hundreds of millions of dollars without affecting operations or services.

What's good for the state and its taxpayers, however, may not be such welcome news for the commercial real estate market in central Pennsylvania.

All but two of the warehouse spaces being abandoned were leased, and "any new warehouse space that is going to come onto the market is not a welcome sight," said Thomas Posavec, vice president of Landmark Commercial Realty Inc. in Lemoyne.

"There is an abundance of space on the market right now," Posavec said, especially buildings that range from 20,000 to 50,000 square feet.

The spaces the state is leaving range from 1,175 square feet to 54,700 square feet at 1001 Maclay St.

The exception, Posavec said, will be if the affected landlords are willing to sell their buildings. He noted a lack of industrial properties for sale in the Harrisburg area now, and with interest rates still relatively low, some firms with needs for warehousing space might be enticed to buy.

David Yarkin, DGS deputy secretary for procurement, said he knows of at least one case in which the state was asked to leave a warehouse more quickly than scheduled because the landlord had a new tenant anxious to move in.

Rendell said his paramount objective is increasing the efficiency of state government for taxpayers. He boasted yesterday that his administration's changes in procurement and other ways of doing business have cut annual costs by hundreds of millions of dollars.

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