



Fulton County Board of Commissioners

Agenda Item Summary

Agenda Item No.: 21-0584

Meeting Date: 8/18/2021

Department

Real Estate and Asset Management

Requested Action *(Identify appropriate Action or Motion, purpose, cost, timeframe, etc.)*

Request discussion of options and approval to authorize the County Manager and the Department of Real Estate and Asset Management to complete due diligence and lease negotiations and bring back for final Board of Commissioners' approval one of two options chosen from the following by the Board of Commissioners: **(MOTION TO ACCEPT OPTION B FAILED ON 8/4/21) (OPTION A APPROVED)**

- A. A lease that consolidates all Fulton County warehouse operations into a single location inclusive of evidence storage warehouse space for the Office of the Fulton County District Attorney and the Fulton County Sheriff; or

- B. A lease that consolidates Fulton County warehouse operations into a single location, and excludes evidence storage warehouse needs for the Office of the Fulton County District Attorney and the Fulton County Sheriff and thereby establish an additional warehouse for that purpose.

Requirement for Board Action *(Cite specific Board policy, statute or code requirement)*

According to O.C.G.A. § 36-60-13, each County or municipality in this state shall be authorized to enter into multiyear lease, purchase, or lease purchase contracts of all kinds for the acquisition of goods materials, real and personal property, services and supplies.

Strategic Priority Area related to this item *(If yes, note strategic priority area below)*

Open and Responsible Government

Commission Districts Affected

- All Districts
- District 1
- District 2
- District 3
- District 4
- District 5
- District 6

Is this a purchasing item?

Choose an item.

Summary & Background *(First sentence includes Agency recommendation. Provide an executive summary of the action that gives an overview of the relevant details for the item.)*

Scope of Work: At the request of various County departments, the Department of Real Estate and Asset Management (“DREAM”) have been reviewing various warehouse options for Fulton County and have developed two options. Direction from the Board of Commissioners is being requested to authorize the County Manager and DREAM to complete a market search, lease costs analysis and lease negotiations based on the Board of Commissioners’ direction. Based on the option chosen by the Board of Commissioners, DREAM will present the lease negotiated consistent with the chosen option for Board of Commissioners’ consideration and approval at a subsequent meeting.

Warehouse needs include: Emergency Management Personal Protective Equipment and other supplies, legal documents from court proceedings, medical records and supplies, office furniture and supplies, computer and network equipment, election equipment and ballots and evidence from civil and criminal litigation. Presently, Fulton County leases approximately 300,000 (+/-) square feet of warehouse space at multiple locations within Fulton County. Fulton County also occupies an additional 80,000 (+/-) square feet of warehouse space for the District Attorney’s Office and Sheriff’s Office’s evidence warehouse. The Department of Registration and Elections also has a continuing need for an additional 100,000-150,000 square feet of warehouse space. Occupancy at several leased locations has become problematic with regards to major system malfunctions and general maintenance. Because of this, several County departments have requested DREAM to complete a market search for an alternate location.

The District Attorney has also requested that DREAM investigate options for a new evidence warehouse facility to comply with various administrative orders issued by the courts regarding the storage and handling of evidence. This District Attorney and Sheriff prefer that the evidence warehouse be separate from the County’s other warehouses.

Based on the various department requests, DREAM has developed two (2) options. One option is for a consolidated warehouse for all of Fulton County’s warehouse needs. The other option is to consolidate the majority of Fulton County’s warehouse needs in one warehouse, but provide for a separate warehouse for evidence for the District Attorney’s Office and Sheriff’s Office. Under either option, consolidating warehouse space should improve efficiency with service levels, commence implementation of a proactive warehouse space plan that will solve the County’s warehouse space needs for the next 20 years, and reduce operational costs and reconfirm the commitment of providing staff the necessary resources.

During the market search regarding the total consolidation option, DREAM viewed multiple locations and a single location was identified that best meets the key evaluation criteria to include but not limited to:

- a. Annual Cost
- b. Warehouse Size

- c. Onsite Amenities
- d. Physical Location
- e. Rental Terms

The warehouse facility located contains approximately 900,000 square feet of warehouse space that can be designed and allocated to accommodate multiple user departments within the same facility. This facility can also accommodate the evidence needs of the District Attorney and Sheriff.

DREAM has also located a warehouse that will meet the evidence warehousing needs of the Fulton County District Attorney and Sheriff.

DREAM's analysis indicates that a total consolidation of Fulton County's warehouse needs is expected to save the County approximately \$7,000,000 over 10 years. If the District Attorney and Sheriff occupy a separate warehouse for their evidence needs, this savings is expected to be reduced by approximately \$4,000,000, to \$3,000,000.

Community Impact: A decision by the Board of Commissioners regarding which warehouse option County staff should pursue will not negatively impact the community.

Department Recommendation: The Department of Real Estate and Asset Management and the County Manager recommend that approval be granted to complete a real estate market search for available warehouse space and lease negotiations for purpose of implementing a warehouse space consolidation initiative, to include or not include a separate evidence warehouse, that will improve staff efficiency and increase available warehouse space.

Project Implications: The Board of Commissioners granting permission to complete a market search and lease negotiations is consistent with the Fulton County initiative that all people trust government to be fiscally sound and efficient.

Community Issues/Concerns: None.

Department Issues/Concerns: None.

History of BOC Agenda Item: None.

August 4, 2021

Warehouse Options

Dept. of Real Estate & Asset Management

EXECUTIVE SUMMARY

Option A

- Procure a warehouse capable of housing all seven (7) current and planned warehouse needs in a single location.
- Requirements
 - Already constructed and available
 - Or, ready 1st Q 2022
 - Provides for future expansion of agency programs
- Identify qualified options with favorable contract and economic terms

Option B (Separate Location in Addition to Option A)

- Identify a warehouse suitable to meet the evidence storage needs of the District Attorney & Sheriff
 - Approximately 32,000 sq. ft. (+/-)
- Already constructed and available

EXECUTIVE SUMMARY

Challenges

- Record level market activity and demand for warehouse space
- Current market- High demand and competition for options-based upon lease term and speed
- Purchase price (If purchase was being pursued) inflated - \$75-90 PSF

Opportunities

- Evaluated 18 site options in Fulton County
- 9 sites issued RFP's

Screening Process

- Developer pre-screening
- Willingness to accept County lease termination requirements
- Building and expansion availability
- Lease and Economic Terms
- Site availability, timing

PROPOSED SOLUTIONS

Warehouse Space Search Details

Attributes	District Attorney/Sheriff Evidence (Stand Alone)	Consolidation	Comments
Availability	Immediate	Immediate	
Locations	Would be a separate stand alone location for the DA/Sheriff for evidence.	This would consolidate all seven of our current locations including the DA/Sherriff if desired.	If DA/Sheriff evidence is a separate location, the consolidate warehouse would consolidate the remaining 6 locations.
Requirement	32,000 (+/-) Sq. Ft	907,652 (+/-)	Consolidation allows for all current warehouse functions; including DA/Sherriff and needed new functions to a projected total of (720,000 +/- sq. ft.) and provides for expansion and new needs and requirements as they develop.
Evidence	Co-locates Sheriff & DA	Allows for Sherriff, DA, Marshall & FCPD	Consolidation allows for all evidence to be located in one centralized location as well.
Cost Factors	\$4M (+/-) over Consolidation costs.*	Represents savings of \$7M (+/-) over 10-11 year period.** 4	* If DA is separate locations, reduces the consolidation savings by \$4M to \$3M.* ** Consolidation savings include: all existing leases, plus adding needed expansion for elections to cost of current leases.

Financial Summary

Fulton County Warehouse Consolidation OCCUPANCY COST ANALYSIS

Cash Flow Comparison

7/19/2022

Cash Flows / (Revenues)

	Total Cost	Year 1 Initial	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025	Year 6 2026	Year 7 2027	Year 8 2028	Year 9 2029	Year 10 2030	Year 11 2031	Year 11 2032
CURRENT FACILITIES + EXPANSION [EXTEND IN CURRENT FACILITIES]	\$64,178,569	\$4,323,253	\$4,842,265	\$4,986,830	\$5,120,600	\$5,277,807	\$5,422,363	\$5,570,973	\$5,723,752	\$5,880,818	\$6,042,294	\$6,208,305	\$4,779,309
OPTION A - CONSOLIDATION	\$57,519,847	\$0	\$8,665,604	\$4,521,944	\$4,626,990	\$4,734,543	\$4,844,663	\$4,957,413	\$5,072,855	\$5,191,056	\$5,312,083	\$5,436,005	\$4,156,690
OPTION B - CONSOLIDATION & STAND ALONE SHERRIFF/DA RELOC	\$61,635,254	\$0	\$10,233,311	\$4,753,916	\$4,865,187	\$4,979,141	\$5,095,843	\$5,215,360	\$5,337,762	\$5,463,119	\$5,591,505	\$5,722,995	\$4,377,115

** The \$4.3M of initial investment is out-of-pocket maintenance and repairs not funded by the different landlords.⁵



Thank You.

Questions?