

**State
of
New York**



**Andrew Cuomo
Governor**

**Development Profile
for
Warehouse/Distribution/Logistics
Center Sites**



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BUILD NOW–NY CURRENT PROGRAM / ROUND 4

Program Overview

To foster economic growth, New York has developed the Build Now–NY initiative that will strategically market an inventory of pre-approved, “shovel ready” sites to a wide range of fast growing, job-creating companies.

Empire State Development (ESD) will coordinate this effort and focus on selecting, developing, permitting, and marketing selected sites.

The State will continue to develop its inventory of sites that have undergone the intensive state and local government reviews necessary to accelerate future investment and development. The program has two elements. Periodically, rounds of Build Now-NY funding have been announced that aid applicants in “pre-permitting” their site. Shovel Ready certification is an ongoing component of the Build Now-NY program that gives official recognition to sites which have completed this advance work and are truly prepared to offer businesses the opportunity break ground on a new facility in a greatly expedited process.

The development profiles are designed to allow local governments to decide on the appropriate type of development for their community. Municipalities will be able to demonstrate to prospective businesses that their community supports and is prepared for new development, new jobs, and economic growth.

Eligible applicants for Build Now-NY/Shovel Ready Certification include municipalities, local economic development organizations, industrial development agencies, and public authorities. Private sector developers and landowners must partner with one of the above entities to apply on their behalf. Application instruction and forms can be found at: www.esd.ny.gov/BuildNow.

Development Profiles

Generic site development profiles have been prepared for three types of economic development projects:

- ◆ High Tech Manufacturing Sites
- ◆ Warehouse/Distribution/Logistics Center Sites
- ◆ Multi-Tenant Business and Technology Park

The profiles describe features typical for each of the business types. Intended to serve as “roadmaps,” the profiles include essential information for each business sector, such as: generic Development Profiles, Project Requirements, Project Profile & Impacts, and a list of “musts” and “wants” that describe site characteristics either necessary or highly desirable for each project type. Prior to nominating sites, applicants should use these profiles to identify the development type most appropriate for their community.

Warehouse/Distribution/Logistics Center Sites

Introduction

In 1999, the State of New York, Empire State Development, and the Governor's Office of Regulatory Reform successfully implemented **Build Now-NY**, a program that provides the State's communities and economic developers with an important competitive edge in the highly competitive corporate site selection process. By offering companies shovel ready sites, communities and regions throughout New York are benefiting from economic growth, new development and new jobs.

Currently, three development types are being promoted and marketed through Build Now-NY: High Technology Manufacturing, Warehouse/Distribution/Logistics Centers, and Multi-Tenant Business and Technology Parks. All of these are eligible for participation in the Build Now-NY program.

This booklet is a guide for warehouse/distribution/logistics center site development. Included is generic information for warehouse/distribution/logistics center development that will be needed to complete State Environmental Quality Review (SEQR), possible zoning changes, and other necessary permitting and site approval requirements. It includes:

- **Generic Site Profile** – Defines and describes the purpose and function of warehouse/distribution/logistics center sites and identifies relevant infrastructure, traffic and construction schedule data. Communities, economic development organizations and local stakeholders may use this information to determine if this type of development is appropriate for their community. The data will also be useful while completing the SEQR process.
- **Must and Wants** – Lists criteria and features that are either essential or highly desirable for site development.

Warehouse/Distribution/Logistics Center Sites

Generic Site Profile

General Description

Warehouse/Distribution/Logistics centers are growing in importance in the manufacturing and wholesale trade/distribution process. As manufacturers become more focused on reducing costs, increasing customer satisfaction, and optimizing their supply chain to resources, suppliers and customers, they are paying much more attention to the number and location of their distribution facilities and the functions they perform.

In the U.S., manufacturer downsizing and outsourcing over the past decade have created major growth opportunities for distribution operations, logistics providers, and more recently, e-commerce fulfillment centers. Historically, typical distribution functions were shipping and receiving, storage, order picking, breakbulk, freight consolidation and containerization. Today, thanks to technology, many distribution operations are computerized, automated, and equipped with state-of-the-art material handling equipment and information systems. This enables them to deliver overnight to a widening geographic market. As a result, many distribution operations have added a number of value-added services, including total logistics management, inventory control and tracking, packaging, labeling and bar coding, procurement and vendor management, and customer service functions, such as returns, repair, rework and assortment promotional assembly.

Information systems and the Internet are improving the logistics of distribution centers, enabling companies to exchange information for products. This has also led to the growth of logistics operations and e-commerce fulfillment centers. According to the Council of Logistics Management (CLM), logistics involves the inbound, outbound, internal and external movement of goods, services and related information. Activities that are provided by logistics operations include customer service, transportation, purchasing, warehousing, materials handling, strategic planning, inventory control and forecasting.

Warehouse/Distribution/Logistics center facilities vary greatly, depending on their type of operations, their functions, the geographic region served and their space needs. Some buildings may be 1.0 million square feet or more.

E-commerce fulfillment centers perform distribution-related functions for goods purchased via the Internet by consumers and/or businesses. They assemble and repackage materials, consolidate orders and shipments, and physically deliver goods to customers. For manufacturers, e-commerce fulfillment centers enhance inventory control and just-in-time manufacturing and help control costs. For retailers, e-commerce fulfillment centers provide a cost-effective means for “unit of one” shipping to consumers who make purchases online. E-commerce fulfillment centers can be freestanding, single use buildings or small “warehouses” within larger distribution centers.

The typical warehouse facility is moving to 30-foot plus ceiling clearances and more truck doors to accommodate higher-stacked pallets and the rapid movement of goods. As the movement of freight within distribution centers accelerates, cross-docking is growing in importance. With cross-docking, goods come in one door and go out another with minimal delay - a package that might have spent five days in yesterday’s distribution center is now processed through in 24 hours or less.

In general, the average distribution facility employs fewer than 100 workers. However, recent trends toward expanding operations to include value-added services are expected to increase the average employment in these type of operations.

To be considered in the Build Now-NY program, a site with a minimum of **50 contiguous developable acres outside the FEMA 100-year flood plain** are necessary to accommodate a distribution, logistics or e-commerce operation, but in metropolitan areas, the developable acreage may be less. If land coverage of 50 percent is assumed, 50 contiguous developable acres can support a building of up to 1.0 million square feet. Available land for expansion purposes should also be considered when identifying appropriate sites.

Market Analysis

Today, technology is the driving force behind growth, development, and increased productivity around the world and in the distribution and logistics industries. Technology has produced a wide range of innovations, including barcode scanning, automated storage and retrieval systems, state-of-the art material handling equipment, computerized freight tracking, voice recognition and advanced communications systems, and the automated purchasing, production and sales systems that support just-in-time inventories and distribution.

The location goal of most warehouse/distribution/logistics centers is to select a site that offers the lowest possible transportation costs with the easiest access to the greatest number of customers. The location process typically used in the selection of an appropriate site takes into consideration the products for which a distribution facility is desired; the market area or areas that are to be served and the degree of market penetration necessary. Just-in-time has increased significantly the importance of being within a day's travel time (500 mile maximum) of suppliers and customers.

The location criteria that warehouse/distribution/logistics centers factor into their site selection decision include, but are not limited to, market trends, proximity to existing and new customers, access to suppliers and vendors, transportation services and cost, telecom infrastructure, labor availability and cost, building and site acquisition and cost, quality educational institutions and training facilities, and regulatory factors, such as inventory valuation.

According to the State of New York Department of Labor, 358,400 were employed in wholesale trade and 60,300 in trucking and warehousing in December 2005. The combined wholesale trade/trucking and warehousing employment of 418,700 was 4.8 percent of the total non-agricultural employment of 8,680,400 in the state. (Please note: Trucking and warehousing includes all sectors in SIC 42 - local and non-local trucking with and without storage, public warehousing and storage, and freight trucking terminals.)

The state has a business environment that is very conducive for supporting new manufacturing projects and expansions. Evidence of this is its consecutive second place rankings in *Site Selection* magazine's Governor's Cup competition for ***New and Expanded Facilities in the State in 2002 and 2003***. According to the March 2004 issue of *Site Selection*, New York experienced a gain of 552 new and expanded corporate facilities.

Minimum Site Acreage

The site must have a minimum of 50 contiguous developable acres, but in metropolitan areas, the acreage may be less.

Appropriate Topography and Configuration

The topography of the site should generally have little elevation change and the developable acres need to be outside the 100-year FEMA flood plain designation. The preferred site configuration is square or slightly rectangular with few outparcel obtrusions. Sites should be at road grade elevation and not have major elevation changes as uneven site topography greatly increases site preparation costs.

Utility and Telecommunications Infrastructure (minimum criteria for a typical site with 50 developable acres)

Electricity

- Kilowatt (kW) Demand: 1,350 kW
- Monthly Kilowatt Hour (kWh) Usage: 1,000,000 kWh
- Should be on a 15 kVA line, or preferably larger
- Should be within 3 miles of a substation with minimum available capacity of 25mVa
- Potential for dual feed from a substation is preferred.

Natural Gas

- Demand: 8,300 CF/Hr.
- Usage: 175,000 Therms/year
- Minimum available capacity: 4-6 inch high pressure line within 3 miles

Water

- Minimum: 2,500–4,000 gallons per minute potable existing available capacity, for up to 4 hours with 8 hour recovery for fire flow
- Water distribution line serving the site should be a minimum of 10 inches in diameter.
- Municipal system preferred

Sewer/Wastewater

- Minimum available capacity: 20,000 gallons per day (gpd) at site boundary
- Municipal system preferred

Telecommunications

- T-1 level of service capacity a minimum

Transportation Requirements

Interstate, highway, and truck access are critical for the delivery of raw materials, supplies and other input materials and the distribution of products. Distribution-related operations seek locations with access via truck routes on an interstate, limited access or other 4-lane highway, and they should be within 15 miles of an interchange of these types of roadways. Access routes must be designated for travel by 53' trucks. Travel to the highway should avoid congested commercial, retail, or residential routes. The site should have dual road access and separate auto and truck access points or entrances, and at least one traffic light should control ingress and egress to the site. Major highway visibility can be a plus.

Rail service is important for some operations. The growth of intermodal service, *i.e.*, containers and truck trailers carried on trains over long distances, has meant additional options for cost conscious shippers as fewer distribution centers are needed to cover much larger areas. Therefore, sites served by rail, or in close proximity to rail that have the capability of access by a spur, have a competitive advantage.

Air transportation is more important for some users than for others. It is especially critical for operations handling products with a limited shelf life that are needed by just-in-time manufacturers, such as pharmaceutical companies. Air service is also used by operations that handle products of limited weight and whose shipping costs are relatively low. Surface access within 60 minutes to a commercial airport with jet service is preferred.

For projects involving water-based shipping, there should be direct access to a navigable waterway or express access to a coastal port within 240 miles.

Proximity of Support Facilities

Warehouse/Distribution/Logistics centers prefer locations with proximity to trucking companies, truck mechanics, and other service providers; technology, computer, and telecom specialists; temporary staffing services; office and industrial supply warehouses; and courier services.

Site Development Barriers and Issues

Access to environmental information about the site is critical. Environmentally sensitive sites or those with ecological, archeological, historical or cultural resources that significantly limit use or require continued monitoring should be avoided. Plant operating parameters should not be adversely impacted by undesirable emissions from offsite activities; worker health and welfare must be protected.

Site Ownership vs. Lease

Most warehouse/distribution/logistics centers own the property on which they are located. When it comes to site acquisition and ownership, companies prefer properties with one landowner, or if not appropriate, a limited number of landowners without known property transfer objections or legal impediments that adversely affect transfer.

Surrounding Land Use Issues

Due to high volume truck traffic and potential continuous, round-the-clock operations, surrounding land uses must allow for the 24-hour operation of facilities without noise level restrictions on heavy truck engines.

Other Criteria Critical to Site Selection

Please see the project list of Musts and Wants.

Project Profile & Impacts

Type of Facility: Regional Distribution Center

Capital Investment

- Building and improvements: \$16.0 million
- Machinery and equipment (includes fixtures and racks): \$1.8 million
- Inventory: \$13.0 million

Building Size

- 250,000 square feet, expandable to 500,000 square feet

Site Requirement

- 50 contiguous developable acres

Utility and Telecom Infrastructure Requirements

Electricity

- Kilowatt (kW) Demand: 1,350 kW
- Monthly Kilowatt Hour (kWh) Usage: 1,000,000 kWh

Natural Gas

- Demand: 8,300 CF/Hr.
- Usage: 175,000 Therms/year

Water

- Minimum: 2,500–4,000 gallons per minute potable existing available capacity, for up to 4 hours with 8 hour recovery for fire flow

Sewer/Wastewater

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Telecommunications

- T-1 level of service capacity a minimum

Site Accessibility

Vehicle Access (Truck and automobile)

- Truck and automobile access is critical for a warehouse/distribution/logistics center.
- Must be within 15 miles via a truck route of an interchange of an Interstate, limited access, or other 4 lane highway
- Site must have unimpeded left hand turn access for trucks
- Site access should be at a signaled intersection of two roads to provide dual road access to separate truck and auto traffic.

Rail Access

- Optional but could make site more desirable

Air Access

- Surface access within 60 minutes to a commercial airport with jet service is preferable.

Construction and Facility Peak Traffic Estimates

- Construction Peak Traffic: 100 vehicle trips/day
- Facility Peak Traffic: 350 vehicle trips/day

Warehouse/Distribution/Logistics Center Sites

Project Musts and Wants

Site Musts

- **Must** be a minimum of 50* developable contiguous acres configured to support the site development plan.
- **Must** be within 15 miles via a truck route of an interchange to an interstate, limited access or other 4-lane highway.
- **Must** be zoned for warehousing and distribution activities, or a letter of commitment to rezone the property must be included.
- The 50 developable acres **must** be located in an area outside the FEMA 100-year flood plain.
- The 50 developable acres **must** be free of wetlands, protected species, and environmental issues, or have mitigations plans in place that can be enacted in 90 days.
- **Must** have electric and municipal water and wastewater services properly sized and with adequate system capacities to meet the needs as shown in the Project Profile, or must evidence the ability to upgrade services to meet the Project Profile requirements.

**In metropolitan areas, sites with less acreage will be considered if all other criteria are satisfied.*

Site Wants

<u>Weight</u>	<u>Factor</u>
10	Ease of transportation access
9	Favorable site characteristics (<i>i.e.</i> , configuration, topography, surrounding uses, ownership)
8	Additional adjoining, contiguous, available acres
7	Quality and available work force
5	Competitive recurring costs (<i>i.e.</i> , utility costs and property taxes)
5	Natural gas service to site
4	Competitive investment costs (<i>i.e.</i> , land, cost of construction)
4	Telecom accessibility (<i>i.e.</i> , T-1 line level of service)
4	50 acre site should be subdividable into 15+ acre sites