

**CITY-COUNTY RECORDS  
STORAGE OPERATIONS  
PARTNERING OPPORTUNITIES**

**March 23, 2004**

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## MEMORANDUM

DATE: March 23, 2004

TO: Seattle City Councilmembers  
Metropolitan King County Councilmembers

FROM: Susan Cohen, City Auditor *SC*  
Cheryle A. Broom, King County Auditor *CB*

SUBJECT: City-County Records Storage Operations Partnering Opportunities

Attached is our report on *City-County Records Storage Operations Partnering Opportunities*. The primary objective of the review was to determine whether the City of Seattle and King County could achieve records storage service improvements and cost-savings through partnering. We initially explored records storage operations in 2003 as one of five service areas in which opportunities existed for delivering local government services more efficiently. (See Appendix 1 for legislation adopted by the Seattle City Council and Metropolitan King Council in November 2002 requesting that the Office of City Auditor and King County Auditor's Office conduct a joint review of partnering opportunities.)

Based on our analysis of the City and County records storage functions, we determined that cost savings could not be achieved through shared storage of non-archive records. However, opportunities exist for achieving service improvements through the joint purchase and implementation of a new records management software system. Such a system would require an initial investment by the City and County. In addition, the City and County could benefit from private vendor arrangements for storage of excess inactive records.

The City Fleets and Facilities Department Director and the County Department of Executive Services Director generally concurred with our report recommendations and indicated that they would pursue budget authority for the joint purchase and implementation of comprehensive records management software systems during the 2005 budget process. The department directors also plan to explore the use of private vendor storage arrangements to reduce records storage costs.

Seattle City Councilmembers  
Metropolitan King County Councilmembers  
March 23, 2004  
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The Office of City Auditor and King County Auditor's Office sincerely appreciate the cooperation received from the City and County agencies that participated in the review process. If you have any questions regarding this report or would like additional information, please contact City Auditor Susan Cohen at 233-1093, or County Auditor Cheryle Broom at 296-1655.

SC:CB:yr

Attachment: *City-County Records Storage Operations Partnering Opportunities*

cc: Mayor Greg Nickels, City of Seattle  
County Executive Ron Sims, King County  
John Franklin, Director, City of Seattle Fleets and Facilities Department  
Ken Nakatsu, Director, City of Seattle Department of Executive Administration  
Paul Tanaka, County Administrative Officer, King County Department of Executive Services  
Regina LaBelle, Mayor's Counsel, City of Seattle  
Dave Lawson, Internal Audit Supervisor, King County Executive Audit Services

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## CHAPTER 1: INTRODUCTION

During the fall of 2002, the City of Seattle and King County both anticipated substantial revenue shortfalls for the 2003 fiscal year and beyond. The City estimated a \$60 million gap between General Fund revenues and expenditures for 2003 and expected challenges in balancing the 2004 budget. Similarly, the County estimated a \$52 million Current Expense Fund deficit for 2003 and projected another significant deficit in 2004.

In response to these forecasts, the Seattle City Council and Metropolitan King County Council adopted legislation in November 2002 requesting that the Office of City Auditor and King County Auditor's Office conduct a joint study to explore partnering opportunities for delivering local government services more efficiently. (See Appendix 1 for a copy of City of Seattle Resolution 30544 and King County Motion 11616.) In May 2003, we published a joint report identifying five City and County operations that warranted further review to assess whether service efficiencies and cost savings could be achieved through a partnership. The five service areas identified were records storage; printing, duplicating, and graphic design; mail services; animal control services; and government access cable television.

Our review explores potential City-County partnering opportunities for records storage that would allow both jurisdictions to achieve service improvements and cost savings. The City and County both operate in-house records centers to store inactive and semi-active records, and provide records retrieval, delivery, and disposal services. In May 2003, the volume of records stored at the City warehouse and County records centers was at or exceeded capacity.

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### Results in Brief

We considered three potential City-County partnering arrangements for records storage: 1) shared storage of non-archive records; 2) joint purchase and implementation of imaging technology and electronic records storage; and 3) joint purchase and implementation of a comprehensive records management software system. Our analysis demonstrated that:

- The City and County cannot achieve cost savings through shared storage of non-archive records. Storing some excess County records in the City's Central Warehouse would generate revenue for the City but would not financially benefit the County.
- Imaging and storing inactive records electronically is not a cost-effective option at this time, regardless of whether electronic storage technology is pursued jointly or independently.
- Opportunities exist for achieving service improvements through the joint purchase and implementation of a new records management software system. Such a system would require an initial investment by the City and County but would not necessarily reduce costs.

We also identified three operational improvements that do not involve a partnership but could reduce records storage capacity requirements if implemented independently by both the City and the County. These improvements include:

- Establishing incentives that encourage agencies to authorize the prompt destruction of records once records retention periods expire;
- Continuing to reduce the number of stored boxes containing records with mixed or unknown retention schedules; and
- Considering private vendor arrangements for the storage of excess records.

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## City and County Records Management Background

Chapter 40.14 of the Revised Code of Washington mandates that all public agencies retain public records in accordance with a state-approved retention schedule. In addition, Seattle Municipal Code Chapter 3.42 and King County Code Chapter 2.12 require all agencies under their jurisdiction to maintain public records per approved retention schedules. Retention schedules identify the dates that public records become eligible for disposal. The City and County have established records management programs to assist agencies in complying with State, City, and County records policies. Exhibit 1 below provides an overview of the City and County records storage programs, which differ substantially in terms of their organization and capacity.

<b>EXHIBIT 1 COMPARISON OF CITY AND COUNTY 2003 RECORDS STORAGE OPERATIONS</b>		
	<b>City of Seattle Warehousing Services Unit</b>	<b>King County Records Center</b>
Records Storage Organization	Decentralized with storage services provided at multipurpose warehouse	Centralized under one records management authority
Records Storage Facilities	Leased warehouse with dedicated records storage space that could be expanded	Owens two storage facilities, leases space at a third facility, and also contracts with private storage vendors
Non-Archive Records Storage Capacity	20,720 cubic feet	90,826 County-owned cubic feet and 7,120 leased cubic feet
Non-Archive Records Storage Inventory	22,182 cubic feet	95,551 cubic feet, including records stored at leased facility
Estimated Annual Records Storage Costs	\$101,300 in 2003 and \$103,800 in 2004	\$386,000 in 2003 and \$410,057 in 2004 <sup>a</sup>
Records Storage Cost Allocation Methodology	Average per box rate estimated at \$5.74 in 2003 and \$5.88 for 2004 with cost allocations based on number of boxes stored plus number of retrievals during prior two-year period	Average per-box rate of \$4.04 in 2003 and estimated at \$4.29 for 2004 with cost allocations to agencies based on authorized full-time equivalent positions
Records Storage Staff	Approximately 1.0 full-time equivalent position	3.8 full-time equivalent positions
<p><b>Source:</b> Information obtained from the City and County records storage managers and staff during audit fieldwork conducted between June and December 2003.</p> <p><b>Note<sup>a</sup>:</b> Annual County records storage costs include facility lease expenses, capital, and major maintenance repair expenses.</p>		

As shown in Exhibit 1, the City's records storage functions are largely decentralized, although the Fleets and Facilities Department Warehousing Services Unit operates a centralized records storage facility. Only 17 City agencies store records at the City's Central Warehouse; the remaining 22 City agencies store semi-active and inactive records at on-site facilities, leased storage facilities, or with private records storage vendors. The City's non-centralized, offsite records storage arrangements were excluded from our study. Currently, the Central Warehouse Unit houses 22,182 cubic feet of inactive and semi-active records.

In contrast, the County maintains a fully centralized and comprehensive records operation that includes records management, archives, and records storage functions under the Department of Executive Services' Records, Elections, and Licensing Services Division. All County agencies store semi-active and inactive records at storage facilities operated by the Records Center, although five County agencies also store some records with private vendors. Currently, the Records Center houses 95,551 cubic feet of inactive and semi-active records.

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## **Scope and Methodology**

We initiated the review of the City and County records storage operations to determine whether service improvements and cost savings could be achieved through partnering arrangements. Our review focused on records storage operations. The review excluded specialized archive services for identifying and preserving historically valuable records, and records management services, such as the development of retention schedules to meet legal requirements. During the review, the Office of City Auditor and King County Auditor's Office:

- Reviewed State, City, and County laws, policies, and guidelines for paper and electronic records management and storage;
- Researched records management industry literature, best practices, and standards;
- Researched records storage software system features, and contacted vendors to obtain general information on software, equipment, licensing, and training costs;
- Interviewed the City, County and University of Washington records managers and staff, and conducted on-site visits at City, County, and University of Washington records storage facilities to observe operational practices and storage capacity;
- Interviewed City and County technology personnel, as well as an electronic document management consultant, to obtain information on service enhancements that could be achieved through implementation of paperless technology;
- Determined the reasonableness of in-house service costs by comparing private records storage vendor rates to those for the City and County; and
- Analyzed cost data for electronic document management and scanning systems to determine the cost effectiveness of replacing or reducing City and County records storage capacity through the implementation of paperless technology.

This study was conducted in accordance with generally accepted Government Auditing Standards, with the exception of an external quality control review. Our joint fieldwork was conducted between June and December 2003.

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## **CHAPTER 2: CITY AND COUNTY RECORDS STORAGE OPERATIONS**

This review explores potential partnering opportunities that would allow the City of Seattle and King County to achieve records storage service improvements and cost savings. The report does not envision an organizational merger or consolidation of City and County agencies; rather, it identifies potential cooperative operational arrangements that better utilize local government resources and enhance service effectiveness. Our definition of partnering, developed in the May 2003 *Joint Work Plan for Partnering Opportunities* report, is as follows:

*Partnering is a collaborative or cooperative effort to make better use of City and County resources while maintaining or improving the level of services.*

The City and County both operate in-house records centers to store inactive and semi-active records, and provide records retrieval, delivery, and disposal services. We considered three potential City-County partnering arrangements for records storage: 1) shared storage of non-archive records; 2) joint purchase and implementation of imaging technology and electronic storage of records; and 3) joint purchase and implementation of a comprehensive records management software system.

Our analysis demonstrated that the City and County could not achieve cost savings through the three partnering arrangements explored in this study, although opportunities exist for achieving service improvements through the joint purchase and implementation of a new records management software system. Implementing the joint comprehensive records management system, however, would require an initial investment by the City and County. We also found opportunities for achieving internal records storage operating efficiencies independently through improved compliance with mandated retention schedules, reduced storage of records boxes with expired retention dates, and expanded use of private vendor arrangements for storing excess or inactive records.

### **City of Seattle Records Storage Operations**

The Fleets and Facilities Department Warehousing Services Unit operates the City's records center, which is co-located with Seattle's Central Warehouse. The City recently relocated the warehouse to a leased facility on Second Avenue South. This facility had not yet been identified during the fieldwork phase of our May 2003 preliminary partnering study.

Non-archive City records comprise approximately 9,500 square feet (32 percent) of the available floor space at the Central Warehouse. The average monthly lease cost for the City's new Central Warehouse is \$16,698, of which approximately \$5,000 is chargeable to records storage operations. The Central Warehouse lease expires in April 2008. Although the Warehousing Services Unit is also responsible for other warehousing and distribution functions, one Senior Warehouser (1.0 full-time equivalent position) is assigned primarily to the City records storage function.

The City's records inventory is 22,182 cubic feet, which exceeds the current 20,720 cubic foot shelving configuration at the Central Warehouse by 1,462 cubic feet. The excess records were

not an issue, as the Warehousing Services Manager planned to destroy or archive 3,549 cubic feet of records in early 2004. The Warehousing Services Manager also expected the City's records inventory to remain relatively stable in the next few years, as the City Records Manager works proactively with each agency to improve compliance rates with records retention and disposal schedules. (Refer to Finding 2 on page 9 for more information on records retained beyond scheduled disposition dates.)

The Warehousing Services Unit posts records storage guidelines and forms for City agencies on its Web site. City agencies may initiate records service requests for storage, retrieval, and delivery by e-mail, fax, or telephone. Records storage and distribution costs, which include space rent, personnel, communications, vehicle, miscellaneous, and overhead costs, were estimated to be \$101,300 in 2003 and \$103,800 in 2004. These costs are allocated to City agencies based on the cubic feet (or number of boxes) of records stored and the number of records boxes retrieved during a preceding two-year period. Based on the estimated direct and indirect records storage expenses, including storage boxes and retrieval services, the average cost per box was \$5.74 in 2003 and was expected to increase to \$5.88 in 2004.

### **King County Records Storage Operations**

The King County Department of Executive Services' Records, Elections, and Licensing Services Division owns and operates a primary records facility on East Fir Street and a satellite facility on North 35th Street with a combined storage capacity of 90,826 cubic feet for non-archive records. Because the County's total records storage inventory of 95,551 cubic feet exceeds the storage capacity at these two facilities, the Records Center also shares a leased warehouse on First Avenue South with the County Elections Unit. This facility, which temporarily houses 6,688 cubic feet of records, has a records storage capacity of 7,120 cubic feet. During our review, the Department of Executive Services expressed interest in allocating the entire warehouse to the Elections Unit, which would require the transfer of 6,688 cubic feet of records to an alternate facility.

Four employees (3.8 full-time equivalent positions) staff the County's records storage function. Records storage program expenses, including operating costs, lease expenses, capital, and major maintenance reserves, were estimated at \$386,000 in 2003 and \$410,057 in 2004. Annual records management operating costs are allocated to County agencies based on the number of full-time equivalent staff each agency employs, but the County's cost per box was estimated at \$4.04 in 2003 and was expected to increase to \$4.29 in 2004.

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**Finding 1: The City and County cannot achieve cost savings through partnering; however, opportunities exist for improving service through joint purchase and implementation of a comprehensive records management software system.**

Finding 1 presents the analysis of the three partnering arrangements explored during this study, which include: 1) shared storage of non-archive records; 2) joint purchase and implementation of imaging technology and electronic storage; and 3) joint purchase and implementation of a comprehensive records management software system. Our analysis demonstrated that the City and County cannot achieve cost savings through any of these arrangements, although

opportunities exist for improving service through the joint purchase and implementation of a new records management software system. Our analysis of each potential partnering arrangement considered is described in the sections below.

**Potential Partnering Arrangement 1: Sharing Non-Archive Records Storage Facilities**

At the present time, the County is at or near its storage capacity at its primary storage facilities on East Fir Street and North 35th Street. Because the County expressed interest in potentially relocating the 6,688 cubic feet of records stored at its leased facility on First Avenue South, and because the City increased its storage capacity with its move to a new facility, we performed a cost analysis to determine the reasonableness of storing County records at the City warehouse. The City’s warehouse is located within reasonable proximity to the County’s Records Center, which could be included in the City’s downtown core delivery routes. The City’s Warehousing Services Manager indicated that the Central Warehouse could be reconfigured to increase its capacity by an estimated 6,720 cubic feet to accommodate the County’s excess records.

However, as shown in Exhibit 2 below, the City storage rates exceed both the First Avenue South storage rate of \$4.81 and the County average cost of \$4.29. Although housing County records currently stored at the First Avenue South facility would generate \$34,109 for the City and would allow the City’s per box records storage allocation rate to be reduced from \$5.88 to \$5.10, this arrangement still would not be cost-effective for the County. (Also, see Exhibit 4 for a comparison of City, County, and private storage rates.)

<b>EXHIBIT 2 COMPARISON OF CITY AND COUNTY STORAGE COSTS</b>		
	<b>Current First Avenue South County Storage Cost</b>	<b>Potential City Storage Cost</b>
Per Box Storage Rate	\$4.81	\$5.10 <sup>a</sup>
Annual Storage Rate	\$32,159	\$34,109
<p><b>Source:</b> Information obtained from City and County records storage managers and staff during audit fieldwork conducted between June and December 2003.</p> <p><b>Note<sup>a</sup>:</b> The City’s 2004 average cost allocation rate for records storage and retrieval services is estimated at \$5.88 per box, but could be reduced to \$5.10 per box if King County stored 6,688 cubic feet at the City’s warehouse. This rate does not include potential expenditures for new shelving required to store the transferred County records, because the City and County would need to negotiate a cost-sharing arrangement.</p>		

It should be noted that the King County Department of Executive Services informed audit personnel during the audit process that it was no longer interested in transferring the records stored at the First Avenue South facility to an alternate facility.

**Potential Partnering Arrangement 2: Imaging and Storing Electronic Records**

During our review, we estimated the cost of a City-County partnering arrangement for the joint purchase and implementation of imaging technology. Imaging technology could be used to image and store incoming paper records electronically, thereby reducing physical records storage

capacity requirements. Based on current cost information, we determined that imaging technology would not be cost effective in reducing records storage volumes for the City or County due to the labor-intensive nature and substantial labor cost associated with scanning incoming paper records. Because the City and County records centers generally house inactive records with low retrieval activity, the costs of imaging inactive records would exceed the records accessibility benefits and the savings from reduced facility space requirements. The estimated annual labor costs associated with in-house scanning of City and County records are shown in Exhibit 3 below.

<b>EXHIBIT 3 POTENTIAL CITY AND COUNTY IN-HOUSE SCANNING LABOR COSTS</b>		
	<b>City Scanning Labor Cost</b>	<b>County Scanning Labor Cost</b>
Annual Volume of Incoming Records	2,500 cubic feet	12,321 cubic feet
Number of Scans Required <sup>a</sup>	16,406,250 scans	80,856,563 scans
Labor Rate with Overhead Charges <sup>b</sup>	\$27.81 per hour	\$25.59 per hour
Productivity Assumed <sup>c</sup>	1,800 scans per hour	1,800 scans per hour
<b><i>Estimated Annual Labor Cost</i></b>	<b><i>\$253,477</i></b>	<b><i>\$1,149,628</i></b>
<b>Notes:</b>		
<sup>a</sup> Assumes that each cubic foot contains 4,375 pages and that half of the pages are double-sided.		
<sup>b</sup> Labor costs based on hourly rates for City Printing Operator and County Records Center Technician.		
<sup>c</sup> Productivity measure based on data provided by the State of Washington Department of Printing.		

As shown in Exhibit 3, estimated labor costs associated with scanning incoming records would be \$253,477 (4.4 full-time equivalent positions) for the City and \$1,149,628 (27.6 full-time equivalent positions) for the County. The annual labor cost for scanning incoming records would be \$101 per box for the City and \$93 per box for the County, which is 17 to 21 times higher than the City and County estimated 2004 annual per box rates of \$5.88 and \$4.29 respectively. In addition to the annual labor expenses, the City and County also would incur expenses for the purchase and maintenance of scanning equipment, customized software, storage media (e.g., compact discs or servers), and training services. Thus, we concluded that in-house imaging and electronic records storage was not cost-effective.

We also obtained cost data from private vendors to determine whether purchasing private scanning services would be cost-effective. Private vendor rates began at 4 cents per scanned page, which would yield annual costs of approximately \$656,250 for the City and \$3,234,263 for the County based on estimated annual volumes of incoming records. Purchased scanning services are less cost-effective than in-house scanning based on these private vendor rates.

The primary benefit of imaging technology and scanning services would be improved document accessibility, but the majority of stored City and County records are inactive. The City's Warehousing Services Unit retrieved only 1,962 records boxes in 2002, which was just 9.4 percent of the 20,882 records boxes stored. Similarly, the County retrieved only 660 boxes

in 2002, or just 0.7 percent of the County's records inventory. Costly, labor-intensive records scanning operations do not seem justified based on these low retrieval rates.

Even though paperless technology is not beneficial when the primary objective is to reduce paper storage requirements, some departments may achieve more efficient business processes by incorporating electronic document management into daily operations. One consultant estimated that only 30 percent of the total savings achieved through the implementation of paperless technology would be generated from reduced paper storage requirements.

### **Potential Partnering Arrangement 3: Sharing Comprehensive Records Management Software Systems**

Opportunities exist for achieving operational efficiencies through the joint purchase and implementation of a low-cost, comprehensive records management software system. Such a system would enhance records tracking and improve current database-reporting capabilities. The City and County each use internally developed, Microsoft-based records tracking systems. Records managers for both the City and County indicated that joint purchase of records storage software would be beneficial.

Many of the newer records storage software systems provide for improved records tracking and database reporting, barcoding technology, and more efficient, Web-based customer access. The County Records Manager was interested in the instant identification and labeling of records boxes possible with barcoding technology, and both records managers indicated that a Web-based customer interface would allow for more efficient processing of customer requests. Users would be able to track records in storage, submit transmittal information, and request retrievals through a Web-based customer interface. This would reduce warehouse staff processing time and the potential for data entry errors by automating activities currently performed manually. The City Warehouse Supervisor indicated that processing record transmittals and retrieval requests via the Internet would reduce records storage staff hours by approximately two hours per day (0.25 full-time equivalent positions).

The City and County could jointly purchase a Web-based customer interface program that includes software licenses, barcoding equipment, training, and implementation charges for approximately \$50,000. Annual maintenance fees in subsequent years would be approximately \$5,000. The City and County would need to identify a vendor that would provide a licensing agreement covering a joint purchase and a software package that would meet the system and program requirements of both records storage operations.

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### **Potential Partnering Alternative:**

1. The City and County should consider negotiating a joint purchase of a new records center software system to enhance records tracking, improve current database-reporting capabilities, and provide for more efficient, Web-based interaction with City and County records storage customers.
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**Finding 2: Opportunities exist for the City and County to implement internal operating efficiencies independently.**

We identified three operational improvements that do not require partnering but could reduce records storage capacity requirements if implemented by both the City and the County. These include: 1) providing incentives to promote timely records destruction; 2) reducing the number of stored boxes containing records with mixed or uncertain retention schedules; and 3) considering private vendor arrangements for the storage of excess records.

**Independent Operational Improvement 1: Providing Incentives to Promote Timely Records Destruction**

The City and County records managers indicated that departments have not adhered consistently to State-mandated retention schedules, and have retained non-permanent records beyond expired retention periods. The current inventory stored at the City Central Warehouse includes 3,549 cubic feet of records (16 percent of the total inventory) that are currently eligible for disposal. The County's Records Center inventory in October 2003 included 5,581 boxes (6 percent) that had met retention requirements and were overdue for disposition. As a result, both the City and County incur costs by maintaining unnecessary records storage capacity.

The City Warehousing Services Manager and Records Manager worked with departments in 2003 to dispose of records scheduled for destruction in 2003 or earlier. As the Records Manager continues to educate and work with City agencies, the Warehousing Services Manager expects City agencies to become more responsive to requests to dispose of records with expired retention schedules.

However, opportunities also exist for establishing incentives that would encourage agencies to authorize timely disposition of records. Incentives that may increase adherence to retention schedules include charging additional fees for storing records beyond scheduled disposition dates or returning boxes to originating departments once retention requirements have been met.

**Independent Operational Improvement 2: Continuing to reduce the number of stored boxes containing records with mixed or uncertain retention schedules**

Another problem identified by the County Records Manager was the substantial number of boxes containing records with varying retention schedules and target destruction dates. Historically, County agencies have stored records with varying retention schedules in the same box, sometimes without identifying which retention period should apply. County Records Center personnel estimated that 2,950 boxes containing records with varying retention schedules are stored in the County's records facility. Although the County is now enforcing its policy requiring agencies to ensure that only records due for disposal in the same year are stored in the same box, the County inventory still includes file boxes submitted before enforcement began. The County Records Center is considering options for disposing of these records, including an option to return such boxes to the originating agencies.

### Independent Operational Improvement 3: Considering Private Vendor Options for Storing Excess Records

As noted in Finding 1, a City-County partnering arrangement for storing some County records would not be cost-effective. Concurrent with our analysis of City and County partnering options, we assessed the feasibility of private records storage as an alternative. We reviewed a contract that the County recently awarded to a private vendor. This contract was negotiated by the County’s Procurements Office based on agency requests for an alternate storage option. Due to storage capacity constraints, the Records Center cannot always accept records within a timeframe that satisfies agency preferences. The County Records Center has not yet determined how it will utilize this new contracting arrangement. However, proposed vendor rates were lower than the current City and County in-house costs based on estimated records storage, retrieval, and destruction costs.

Exhibit 4 below contains a comparative analysis of potential private storage costs and current City and County records storage operations costs. It compares the County’s recently established private vendor rate to the City and County’s in-house per-box storage costs.

<b>EXHIBIT 4 COMPARISON OF CITY, COUNTY, AND PRIVATE VENDOR RECORDS STORAGE RATES</b>		
	<b>Cost Per Box</b>	<b>Cost Factors Included</b>
<b>City of Seattle</b>	\$5.88 <sup>a</sup>	All records storage expenses included in rate
<b>King County</b>	\$4.29	All records storage expenses included in rate
<b>Private Vendor Bid</b>	\$3.41	Records storage expenses based on estimated storage, retrieval, and destruction activity
<p><b>Note<sup>a</sup>:</b> The City rate shown is the estimated 2004 cost allocation rate based on inventory of stored records and retrieval activity during a prior two-year period.  <b>Source:</b> Information obtained from managers and staff of City, County, and private records centers during audit fieldwork conducted between June and December 2003.</p>		

Although the analysis shown in Exhibit 4 above assumes certain volumes of retrieval and destruction activity, the figures demonstrate that opportunities exist for realizing savings through private storage arrangements. Private storage costs could be further reduced if the City and the County were to utilize this service exclusively for inactive records, as storing inactive records is less costly than storing records that will be retrieved. We also note that exact private vendor costs could vary from estimates depending on the actual volumes of records retrieved, destroyed, and stored, as well as turn-around time for retrievals and number of accounts closed.

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#### Recommendations:

1. The City’s Fleets and Facilities Department and the County’s Department of Executive Services should consider incentives to encourage timely records disposal, such as additional charges for departments that store records beyond required retention periods.

2. The City's Fleets and Facilities Department and County's Department of Executive Services should consider options for storing records with private vendors, particularly for records that are not likely to be retrieved until their destruction date.
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**APPENDIX 1**  
**PARTNERING LEGISLATION**  
**Exhibit A—City of Seattle Resolution 30544**

JD/gsr  
RESOLUTION partneringKCv5  
November 18, 2002  
V #5

**RESOLUTION**

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A RESOLUTION regarding collaboration with King County and directing steps to be taken to review potential cost savings through the partnering of City and County services and internal support functions.

WHEREAS, the City of Seattle reduced its adopted budget by \$7 million in 2002 and the proposed 2003 and 2004 budgets reflect a \$60 million general fund gap between projected revenues and current expenses; and

WHEREAS, the City of Seattle is aggressively reviewing its budget for expenditure reductions and revenue enhancements; and

WHEREAS, the general fund is experiencing a fiscal shortfall that is the result of declining revenue growth and increasing governmental expenses; and

WHEREAS, the legislative, executive, and judicial branches of the government of the City of Seattle consistently seek alternatives to provide services at the lowest possible cost while maintaining public policy objectives; and

WHEREAS, King County's total 2003 budget is proposed at \$3.1 billion; and

WHEREAS, King County provides regional services to all county residents, local services to unincorporated area residents, and services to other local governments on a contractual basis; and

WHEREAS, the factors that are contributing to the County's fiscal shortfall are also impacting other local governments, including the City of Seattle; and

WHEREAS, King County is also aggressively reviewing the general fund for expenditure reductions and revenue enhancement; and

WHEREAS, King County reduced the general fund budget by \$41 million in 2002 and faces a general fund deficit of \$52 million for 2003 and projects significant deficits in 2004 and 2005; and

WHEREAS, the council, the executive, and the judiciary of King County are also consistently searching for ways in which to provide effective services at the lowest possible cost; and



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WHEREAS, the City of Seattle and King County each provide some services and conduct some internal support functions that are similar in nature; and

WHEREAS, there may exist possibilities to achieve economies of scale in the provision of some services or internal support functions that would allow the City of Seattle and King County to provide the same level of service at a lower cost to, and at a greater convenience for, their citizens; and

WHEREAS, the King County Council is considering the adoption of a motion to pursue a collaborative city-county review of potential cost savings through partnering of City and County services and internal support functions;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE THAT:

The City Council directs the Auditor of the City of Seattle, in collaboration with the County Auditor, to explore opportunities for improved services and more efficient use of public resources through the partnering of selected county and city services.

The City of Seattle and County Auditors shall collaborate on the preparation of a work plan that will include the following:

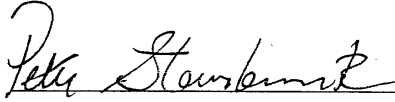
1. An identification of those programs and services that will be studied in greater depth;
2. A schedule for conducting feasibility studies regarding the partnering efforts of the City of Seattle and King County in 2003 and 2004;
3. An estimate of potential outcomes from the studies;
4. An estimate of the costs and staff time for the studies; and,
5. Recommendations, as appropriate, for the staffing and execution of the joint study of the services and programs by the County's and the City's offices.



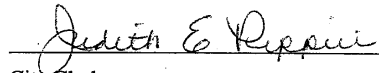
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The work plan shall be submitted to the City Council and to the County Council by April 30, 2003. The respective Councils will review the work plans and give further direction to the Auditors as appropriate.

Adopted by the City Council the 18<sup>th</sup> day of November, 2002, and signed by me in open session in authentication of its adoption this 19<sup>th</sup> day of November, 2002.

  
\_\_\_\_\_  
President of the City Council

Filed by me this 19 day of November, 2002.

  
\_\_\_\_\_  
City Clerk

(Seal)



**APPENDIX 1**  
**PARTNERING LEGISLATION**  
**Exhibit B— King County Motion 11616**



**KING COUNTY**  
**Signature Report**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**November 25, 2002**

**Motion 11616**

**Proposed No.** 2002-0547.2

**Sponsors** Constantine

1                   A MOTION directing the auditor of King County to  
2                   collaborate with the auditor of the city of Seattle to develop  
3                   a work plan that identifies opportunities where the county  
4                   and the city may partner to provide services more  
5                   efficiently and directing the executive to assist in the  
6                   process.

7  
8  
9                   WHEREAS, King County's total 2003 budget is proposed at \$3.1 billion, and  
10                  WHEREAS, the County's 2003 proposed general fund budget is \$495 million,  
11                  and

12                  WHEREAS, King County provides regional services to all county residents, local  
13                  services to unincorporated area residents and services to other local governments on a  
14                  contractual basis, and

15                  WHEREAS, the general fund is experiencing a fiscal shortfall that is the result of  
16                  declining revenue growth and increasing governmental expenses, and

17           WHEREAS, the factors that are contributing to the county's fiscal shortfall are  
18 also impacting other local governments, including the city of Seattle, and

19           WHEREAS, King County is aggressively reviewing the general fund for  
20 expenditure reductions and revenue enhancements, and

21           WHEREAS, the city of Seattle is also aggressively reviewing its budget for  
22 expenditure reductions and revenue enhancements, and

23           WHEREAS, King County reduced the general fund budget by \$41 million in  
24 2002 and faces a general fund deficit of \$52 million for 2003 and projects significant  
25 deficits in 2004 and 2005, and

26           WHEREAS, the city of Seattle reduced its adopted budget by \$7 million in 2002  
27 and the proposed 2003 and 2004 budgets reflect a \$60 million general fund gap between  
28 projected revenues and current expenses, and

29           WHEREAS, the council, the executive and the judiciary of King County  
30 consistently search for ways in which to provide effective services at the lowest possible  
31 cost, and

32           WHEREAS, the legislative, executive and judicial of the government of the city  
33 of Seattle are also consistently seeking alternatives to provide services at the lowest  
34 possible cost while maintaining public policy objectives, and

35           WHEREAS, the city of Seattle and King County each provide some services and  
36 conduct some internal support functions that are similar in nature, and

37           WHEREAS, there may exist possibilities to achieve economies of scale in the  
38 provision of some services or internal support functions that would allow King County

**Motion 11616**

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39 and the city of Seattle to provide the same level of service at a lower cost to and at a  
40 greater convenience for their citizens, and

41 WHEREAS, the Seattle city council is considering the adoption of a similar  
42 resolution to pursue a collaborative city-county review of potential cost savings through  
43 partnering of city and county services and internal support functions;

44 NOW, THEREFORE, BE IT MOVED by the council of King County:

45 The council directs the county auditor, in collaboration with the auditor of the city  
46 of Seattle, to explore opportunities for improved services and more efficient use of public  
47 resources through the partnering of selected county and city services.

48 The council directs the executive to identify key staff of county departments and  
49 agencies, including, but not limited to, separately elected officials, to participate with the  
50 Auditors in refining and selecting potential projects for further study.

51 The auditors shall collaborate on the preparation of a work plan, which shall  
52 include the following:

53 A. An identification of those programs and services which will be studied in  
54 greater depth;

55 B. A schedule for conducting the feasibility studies regarding the partnering  
56 efforts of the city of Seattle and King County in 2003 and 2004;

57 C. An estimate of potential outcomes from the studies;

58 D. An estimate of the costs and staff time for the studies; and

59 E. Recommendations, as appropriate, for the staffing and execution of the joint  
60 study of the services and programs by the county's and the city's offices.

**Motion 11616**

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61           The work plan shall be submitted to the county council and to the city council by  
62   April 30, 2003. The respective councils will review the work plans and give further  
63   direction to the auditors as appropriate.  
64

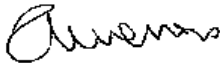
Motion 11616 was introduced on 11/4/2002 and passed by the Metropolitan King County Council on 11/25/2002, by the following vote:

Yes: 12 - Ms. Sullivan, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. Phillips, Mr. Pelz, Mr. Constantine, Mr. Pullen, Mr. Gossett, Ms. Hague, Mr. Irons and Ms. Patterson  
No: 0  
Excused: 1 - Mr. McKenna

KING COUNTY COUNCIL,  
KING COUNTY, WASHINGTON

  
Cynthia Sullivan, Chair

ATTEST:



Anne Norris, Clerk of the Council

Attachments   None

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**APPENDIX 2**

**City of Seattle Fleets and Facilities Department Executive Response**




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Gregory J. Nickels, Mayor

**MEMORANDUM**

DATE: March 3, 2004

TO: Susan Cohen  
City Auditor

FROM: John Franklin, Director   
Fleets and Facilities Department

SUBJECT: Executive Response to the Audit Report on City-County Partnering Opportunities  
for Records Storage

Thank you for the opportunity to review your report. We appreciate the information you have gathered and your ideas for policy and programmatic changes. We are fundamentally in agreement with the content and findings of the report and in particular support your recommendations regarding partnering opportunities in the area of records management software purchases. If we were to pursue a partnership in this area it would need to be identified in the upcoming budget. At that time we would look to your office for input and direction.

As to your other findings regarding operating efficiencies and outsourcing excess records we will be monitoring these areas and if practical implement recommended changes.

Again, thank you for your analysis and recommendations on the city's Records Storage Program.

---

**APPENDIX 2**  
**King County Executive Response**



**King County**  
**Ron Sims**  
King County Executive  
516 Third Avenue, Room 400  
Seattle, WA 98104-3271  
206-296-4040 206-296-0194 Fax  
TTY Relay: 711  
www.metrokc.gov

**RECEIVED**  
**MAR 05 2004**  
**KING COUNTY AUDITOR**

March 2, 2004

Cheryle A. Broom  
King County Auditor  
Room 1020  
COURTHOUSE

Dear Ms. Broom:

Thank you for sending me the proposed final report of the records storage partnering study conducted jointly by the Seattle Office of City Auditor and the King County Auditor's Office. I have reviewed this document with our records management staff and with our department managers. We offer the following comments.

The report summarizes its findings and recommendations as follows:

- 1) The city and the county could not achieve cost savings through partnering in records storage operations, but there is an opportunity for improving service through the joint purchase of a comprehensive web-based records management system.
- 2) Implement internal operational efficiencies by providing incentives to agencies that encourage timely disposition of records.
- 3) Consider using a private storage vendor to store excess records. This was based on the cost-competitiveness of the storage contract recently awarded to a private vendor.

We concur with the first and third findings and recommendations. We agree with the second recommendation that Records Management provide incentives to encourage agencies in the timely disposition of records, and would note that incentives already exist. They can be found in the Executive Policies and Procedures INF 15-3 (AP), Disposition of Records at the King County Records Center, that state:

*"King County Departments, Agencies and Offices will have thirty days to request changes to the Disposition Authorization Notice. If Records Management does not hear back from a department within that time, a final Disposition Notice will be forwarded to the department. Unless department response is received within thirty days of sending the final Disposition Notice, all records indicated will be destroyed according to their approved schedules."*



Cheryle Broom  
March 2, 2004  
Page 2

Although we continue to store records that are past their legal retention, we only do so when there are valid business reasons. Any storage extension must be approved by Records Management. We work closely with agencies regarding records retention, and we are committed to quick resolution of any issues relating to storage extension.

For ease of presentation, a more detailed response to each of the recommendations is attached.

Thank you for the opportunity to provide comments. We appreciate the thoroughness and professionalism of the Auditor's Office staff. If you have any questions about this response, please feel free to contact me again.

Sincerely,



Ron Sims  
King County Executive

Enclosure

cc: Susan Cohen, City Auditor, City of Seattle  
Sheryl Whitney, Assistant County Executive  
Dave Lawson, Internal Auditor Supervisor, Executive Audit Services  
Paul Tanaka, County Administrative Officer, Department of Executive Services (DES)  
Caroline Whalen, Deputy County Administrative Officer, DES  
Dean Logan, Director, Records, Elections and Licensing Services Division (REALS), DES  
Tony Adams, Manager, Archives, Records Management and Mail Services Section,  
REALS, DES

**Records Management Program response to Auditor's Office recommendations**

Recommendations	Records Mgmt. Position	Schedule for Implementation	Comments
<p>1. The joint purchase and implementation of a comprehensive records management software system</p>	<p>Concur</p>	<p>The following is the timeline for implementation: (Note: This schedule assumes City of Seattle's concurrence)</p> <ol style="list-style-type: none"> <li>1. Meet with City of Seattle Records Management representatives to outline common software needs, operational goals, and tentative implementation plan. (6/04)</li> <li>2. Request budget authorization for 2005 budget. (7/04)</li> <li>3. Draft Request for Proposals (12/04)</li> <li>4. Vendor evaluation and selection (2/05)</li> <li>5. System installation and testing, Staff/Customer Training (5/05)</li> <li>6. Full implementation (6/05)</li> </ol>	

<p>2. The county should implement incentives that encourage timely disposition of records.</p> <p>3. The county should consider options for storing records with private vendors.</p>	<p><b>Duplicative – Incentives already exist</b></p> <p><b>Concur</b></p>	<ol style="list-style-type: none"> <li>1. Inventory review to determine which records would qualify for vendor storage. (6/04)</li> <li>2. Corresponding budget request for 2005 budget. (7/04)</li> <li>3. Arrange for transfer of boxes to vendor storage. (03/05)</li> </ol>	<p>Incentive is already in place and implemented in accordance with Executive Policy INF 15-3 (AP). The Records Center (RC) notifies and requests agency approval to destroy records past their legal retention. If the agency fails to respond within 30 days, a final notice is sent out. If the RC does not hear back from the agency within 30 days of the date of the final notice, the records are destroyed or returned to the originating agency.</p>
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## Office of City Auditor's Report Evaluation Form

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**FAX...MAIL...CALL...  
HELP US SERVE THE CITY BETTER**

Our mission at the Office of City Auditor is to help assist the City in achieving honest, efficient management and full accountability throughout the City government. We service the public interest by providing the Mayor, the City Council and City managers with accurate information, unbiased analysis, and objective recommendations on how best to use public resources in support of the well-being of the citizens of Seattle.

Your feedback helps us do a better job. If you could please take a few minutes to fill out the following information for us, it will help us assess and improve our work.

\* \* \* \* \*

Report: City-County Records Storage Operations Partnering Opportunities

Release Date: March 23, 2004

Please rate the following elements of this report by checking the appropriate box:

	<b>Too Little</b>	<b>Just Right</b>	<b>Too Much</b>
Background Information			
Details			
Length of Report			
Clarity of Writing			
Potential Impact			

Suggestions for our report format: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Suggestions for future studies: \_\_\_\_\_  
\_\_\_\_\_

Other comments, thoughts, ideas: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name (Optional): \_\_\_\_\_  
\_\_\_\_\_

Thanks for taking the time to help us.

Fax: 206/684-0900

E-Mail: [auditor@seattle.gov](mailto:auditor@seattle.gov)

Mail: Office of City Auditor, PO Box 94729-4729, Seattle, WA 98124-4729

Call: Susan Cohen, City Auditor, 206-233-3801

[www.cityofseattle.net/audit/](http://www.cityofseattle.net/audit/)