

December 7, 2022

MEMORANDUM

To: Seattle City Council
From: Lise Kaye, Analyst
Subject: Council Bill 120469: Lease for Vehicle Evidence Storage

On December 13, 2022, the City Council will consider and possibly vote on [Council Bill \(CB\) 120469](#) that would authorize the Director of the Department of Finance and Administrative Services (FAS), or the Director's designee, to negotiate and execute a lease on behalf of the Seattle Police Department (SPD) for space in a building on Sixth Avenue South in SODO to be used for overflow vehicle evidence storage. The Executive has requested expedited Council action to enable the Mayor to sign the bill by the end of the year.

This memo provides a brief description of the purpose and need for the lease and summarizes its key provisions and the budget authority required to execute the lease. Staff have not identified any policy issues with the proposed lease.

Background

In December 2020, the Office of Inspector General (OIG) reported that SPD needed to take immediate steps to address capacity issues at its vehicle storage facility.¹ According to the OIG report, SPD concurred with the recommendation but could not commit to additional steps absent budget and staffing capacity. Council subsequently appropriated \$500,000 one-time funding in the mid-year 2021 supplemental budget ([CB 120112](#)), which was then carried forward into 2022 via [CB 120316](#). SPD and FAS have since identified property at 2724 Sixth Avenue South as the most suitable location of nine potential sites, based on its proximity to existing vehicular evidence storage sites (including the City-owned Airport Way Center), security, and size (approximately 12,000 square feet, sufficient for at least 30 vehicles).²

Key Lease Conditions

Key provisions of the lease include the following:

Term of the Lease

Five-year lease term with two five-year renewal options, beginning January 1, 2023, contingent upon Council authorization. The City can cancel the lease after 2.5 years with no penalty should

¹ On December 17, 2020, the OIG published an "[Audit of Destruction of Post-Conviction DNA Evidence](#)," which included a recommendation that SPD "should take immediate steps to address capacity issues at the Evidence Warehouse, which is 94% full and the vehicle storage facility, which is at 100% capacity."

² The other sites were more expensive and less ideally located than this site. However, if this were not approved, FAS could move to the next best site; according to FAS, it would be at least three or four months until a different site could be leased. FAS reported that storage sites from Northgate to Southcenter would be at similar rates, with costs dropping only for locations out near North Bend.

Council not provide funding for the full term of the lease (FAS anticipates the current \$500,000 appropriation described in the Budget Authority section below would be exhausted by mid-2025).

Costs

First year's base rent would be \$149,448, with fixed annual increases of three percent plus a pro rata share of operating expenses estimated at \$44,834.³ Operating expenses, excluding real estate taxes and insurance, would not increase by more than 3 percent per year.⁴ The City's costs would be prorated should the term commence other than January 1 or end other than on December 31.

Permitted Uses

Warehousing, storage, and related support including vehicles and materials storage.

Environmental Considerations

The City must comply with any recommendations or suggestions pertaining to improper hazardous materials management reported as a result of an environmental inspection, site assessment, or audit conducted on behalf of the landlord.

Budget Authority

Council initially appropriated \$500,000 one-time funding in the mid-year 2021 supplemental budget (CB 120112) for additional SPD evidence storage capacity. Council's passage of CB 120316 approved the carryforward of that appropriation, but those funds have remained unspent. FAS will need to request a budget carryforward of these unspent funds into 2023, 2024 and 2025 to make the first 30 months (2.5 years) of lease payments. Additional funding for the last 2.5 years of the lease will be required beginning approximately mid-2025 unless alternate space is identified.

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Brian Goodnight, Lead Analyst

³ According to FAS, annual base rent increases have typically been three percent for the past five years.

⁴ Upon request, FAS provided Central Staff rates for two comparable leases for warehouse space in SODO: FAS Warehouse in SODO: operating costs in 2022 are approximately 32 percent of base rent; SPD Bayview in SODO: operating costs in 2022 are approximately 16 percent of base rent.