

City conducts due diligence for Seattle Public Utilities water system acquisition

On November 9, 2011, the City announced that it and Seattle Public Utilities (SPU) had negotiated tentative terms for the purchase of the SPU water assets system located within Shoreline. The City and the City of Seattle have negotiated a tentative price of \$25 million for the assets with purchase in 2020.

However, prior to any final decision by the City Council regarding the acquisition, the City must complete its due diligence to confirm that the City Council's requirement for the acquisition of the water system can be met. The requirement is that Shoreline ratepayers' water bills will be equal to or less than the SPU forecasted rate structure over a reasonable time period.

As part of that review process, the City Manager has formed a citizen's steering committee to provide a recommendation on whether the City should move forward with the acquisition of the system. The City has hired EES Consulting, a management consulting firm that is an expert at conducting utility rate and engineering studies, to acquire and analyze all of the information needed for the steering committee to make a recommendation and the City Council to make a decision.

ESS's analysis will report on four areas:

Engineering Analysis

The engineering analysis will look at the distribution and general plant water system included in the proposed sale of Seattle's assets within the City of Shoreline. The City must be satisfied that the assets reflected on Seattle's books are in existence and in good working condition. In addition, the City will need to review SPU's planned capital improvement plans, identify additional capital improvements, general operation and maintenance spending needed on the system, and estimating separation costs of the two systems.

Financial Analysis

The financial analysis will be a forecast of retail user rates under various scenarios. A 10 to 20-year forecast of retail rates under each option will be developed. There are numerous responsibilities associated with operating a water utility, including engineering and operations, finance and administration, customer service, and human resources. The financial analysis will test the purchase price along with the other operating costs against the forecasted SPU rates. A retail rate forecast would be developed based on information from the

engineering analysis. In addition, the analysis will provide a financial comparison between projected SPU water rates and City of Shoreline water rates.

Business Plan

The business plan is intended to use information from the engineering and financial analysis and identify the steps necessary to move the process from acquisition to implementation.

Water Supply Analysis

Adequate and competitively-priced water supply is one of the most important aspects of this utility acquisition. Currently, Shoreline customers receive water costs based on Seattle's retail rate. In the future, the City would pay the wholesale rate for water. This analysis would include a review of the water supply situation in the region and provide an overview of water supply options, including those costs that may be unique to other existing SPU wholesale customers and how that might affect the City's wholesale contract.

Each of the reports will be available on the City's website as they are completed. For more information, visit the SPU project page at shorelinewa.gov/SPU.

SeeClickFix

In October of last year, the City started using SeeClickFix as another way for residents to report issues around the city using their smartphones or tablets. The application uses GPS coordinates to inform the City of the exact location of the problem and allows residents to submit photos and a brief description of the problem with their phones without having to search for phone numbers or addresses.

SeeClickFix is for non-emergency issues only. Emergencies should always be reported to 911 immediately.

Since the City started using the program, residents have submitted reports about graffiti, potholes, missing street signs and debris in the roadway.

The application is free to download and can be found by searching for "SeeClickFix" in your smartphone's application marketplace. Issues can also be submitted on the web at shorelinewa.gov/onlineservicerequest, by calling the Customer Response Team at (206) 801-2700, or by visiting City Hall.

