

# SPU water system acquisition

## More investment in Shoreline, no more taxes to Seattle

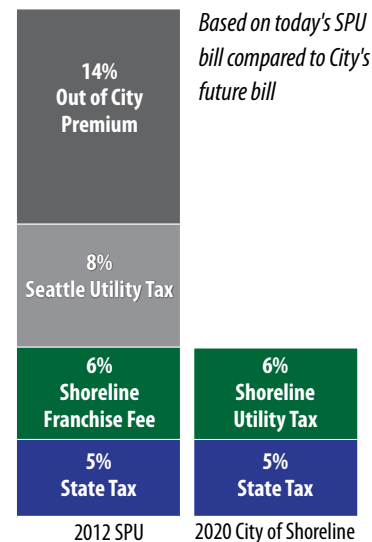
Over the past several months, EES Consulting has been working with City staff and the SPU Citizen Steering Committee to conduct the City's due diligence for the acquisition of the SPU water system. The primary objective is to see if the Council's requirements for acquiring the utility can be met. Council has stated that they will only move forward if the acquisition price, when added to other costs to operate and maintain the system, would not increase a ratepayer's monthly bill beyond SPU's forecasted rates. To test that, EES Consulting has conducted an engineering analysis and prepared financial models to determine projected rates for a City water utility.

In looking at how a City of Shoreline water utility ratepayer's money would be spent in 2020 compared to how it is currently spent, two things stand out. One of the primary reasons Shoreline is interested in acquiring the SPU water system is that it will allow the City to have more control over how money is reinvested back into the Shoreline

system. Currently, for every dollar a Shoreline ratepayer pays to SPU, approximately \$0.32 goes towards infrastructure and maintenance of the SPU system. However, since Shoreline only represents a small part of the infrastructure in SPU's system, only about \$0.08 of that amount is invested in Shoreline. Stated another way, approximately 76% is invested outside Shoreline, primarily in Seattle.

The other number that stands out from the analysis is the amount of taxes Shoreline ratepayers pay to the City of Seattle. Currently, Seattle charges a utility tax on SPU's total revenues. The City of Shoreline charges a 6% franchise fee (this fee is used to compensate Shoreline for SPU's use of the City's right-of-way) and the State charges a 5% utility tax. The money collected by SPU from Shoreline ratepayers goes directly into Seattle's general fund. In other words, approximately 8% of the monthly bill goes to pay for Seattle parks, sidewalks, police, neighborhoods, etc. In addition, Shoreline

### Taxes included in your water bill



ratepayers are charged a 14% out of city premium which reduces the rate for Seattle ratepayers. In 2020, under a Shoreline water utility, none of a Shoreline ratepayer's money would go to the City of Seattle general fund or be used to subsidize Seattle ratepayers.

Once the due diligence process is completed, the SPU Steering Committee will make a recommendation to the City Manager on whether to acquire the water system. The City Manager will then make a final recommendation to the City Council, which will take action in early July. The acquisition decision would then go before Shoreline voters on the November ballot.

For more information about the SPU acquisition, visit the project page at [shorelinewa.gov/spu](http://shorelinewa.gov/spu).

### Infrastructure investment included in your water bill

*Based on today's SPU bill compared to City's future bill*

