

CITY OF SHORELINE CURRENTS

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Residents support SPU acquisition

79% of informed Shoreline residents surveyed support the proposed acquisition

In early May, the City contracted with EMC Research to conduct a telephone poll on Shoreline residents' opinions regarding the City's proposed acquisition of the Seattle Public Utilities (SPU) water system in Shoreline. Of the 501 surveys conducted, 79% of informed respondents supported Shoreline's proposed acquisition. Those surveyed found the following information important in making their decision.

No increase in property tax or projected SPU water rates

No increase in property taxes or projected SPU water rates will be required to purchase the system. It will be paid by bonds, which are repaid by the revenue generated from providing the water service. The acquisition has no impact on property taxes. Council has set a requirement that it will only purchase the system if the price to acquire the system, when added to other costs to operate and maintain the system, would fall within the projected SPU water rates for Shoreline ratepayers.

No more subsidizing Seattle ratepayers and Seattle's budget

Shoreline customers of SPU currently pay a 14% surcharge for living outside of Seattle's city limits as well as a Seattle utility tax. The 14% surcharge helps subsidize lower rates for Seattle ratepayers and the utility tax goes directly into Seattle's budget to help pay for Seattle police, fire, and parks. If the City of Shoreline operated the utility, Shoreline ratepayers would no longer pay a tax to Seattle and their money would no longer go towards subsidizing lower rates for other SPU customers.

Money reinvested in Shoreline, not Seattle

Owning the water system means Shoreline can use revenues to reinvest in the system for things that SPU isn't focused on, such as infrastructure improvements to help improve Shoreline's commercial districts and increase water flow for firefighting purposes throughout the City. Currently, for every dollar a Shoreline ratepayer pays to SPU, approximately \$0.32 goes towards infrastructure and maintenance of the entire 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 actually invested in Shoreline. Stated another way, approximately 76% is invested outside Shoreline, primarily in Seattle.

Arts al Fresco



photo courtesy Flickr user Ed Yourdon

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Celebrate Shoreline



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Residents support SPU acquisition (continued)

No more taxation without representation

Purchasing the SPU water system will give Shoreline residents direct control over their water utility service and decisions. Currently, decisions on rates, charges and infrastructure investments are made by the Seattle City Council and SPU. Shoreline ratepayers have no direct voice in those decisions. If the City operated the utility, Shoreline ratepayers would have a direct say through the Shoreline City Council.

Emphasis on preventative maintenance

Owning the water system locally means greater attention on maintaining the Shoreline system. Currently, revenue earned by SPU from Shoreline ratepayers is reinvested into the entire SPU system. Because SPU has a much larger system to maintain (Shoreline only accounts for about 7% of SPU's water main system), SPU's maintenance and capital investments have not focused on Shoreline. Ownership means better coordination of general maintenance, leading to longer service life. Preventative maintenance is usually cheaper than repairing a system that is broken.

Within the first 20 years of ownership, the City's objective is to replace the oldest water mains in the system, approximately 23% of the system, without increasing rates above the projected SPU rates. This is a coordinated investment in preventative maintenance that would not take place under SPU ownership.

One-stop permitting

City ownership of the water utility would make permitting easier, cheaper and quicker. Developers, commercial property owners and homeowners would no longer have to work with two different governmental jurisdictions to obtain needed permits.

Run utility more efficiently

Sharing equipment and administrative services, such as finance, human resources and legal services, will allow the City to achieve operational efficiencies. As resources continue to become more limited, consolidation of utilities makes good sense. The City will move closer to consolidation as we prepare for Ronald Wastewater District joining the City in 2017.

Steering Committee recommends moving forward with next steps in SPU acquisition

As part of the due diligence engineering and financial review process, the City Manager formed a citizens steering committee to provide a recommendation on whether the City should move forward with acquisition of the SPU

water system in Shoreline. Beginning in January, the steering committee met nearly a dozen times to review the engineering and financial analysis reports and other information. To help the committee work through hundreds of pages of information, engineering and finance subcommittees were formed.

In June, the Committee finalized its recommendation, which states, "Based on the due diligence review completed by the committee, we recommend that the City proceed with the next step in the acquisition of the Seattle Public Utility water system." It continues saying "In short, the acquisition will allow Shoreline to have greater control and we think this represents the best interests of Shoreline citizens."

Of the 23 members of the steering committee, 21 signed the letter to recommend proceeding with the acquisition.

Next Steps

The Council will continue their review of the SPU Acquisition during the regularly scheduled Council meeting on July 23. The City Manager will provide her recommendation to the City Council on that evening. Although the Council will decide whether to place the SPU acquisition on the November 2012 ballot, the voters of Shoreline will ultimately decide whether the City should proceed with the acquisition. A simple majority is required to pass the ballot measure. The Council will make a final decision whether to place the acquisition on the November ballot during their regular meeting on August 6.

For more information, visit shorelinewa.gov/spu.

Thank you...

The City would like to thank the members of the steering committee for the many hours they spent reviewing the engineering and financial due diligence information, for their thoughtful questions and insights, and developing their recommendation. The committee members were:

<i>Jim Abbott</i>	<i>Joseph Irons</i>	<i>Sis Polin</i>
<i>Gretchen Atkinson</i>	<i>Warren Johnson</i>	<i>Johanna Polit</i>
<i>Joe Bozick</i>	<i>Jeff King</i>	<i>Diane Pottinger</i>
<i>Mark Bunje</i>	<i>Cynthia Knox</i>	<i>Robert Ransom</i>
<i>Cynthia Esselman</i>	<i>Lee Michaelis</i>	<i>Kyle Roquet</i>
<i>Kevin Grossman</i>	<i>William Montero</i>	<i>Jesse Sycuro</i>
<i>David Harris</i>	<i>Edie Loyer Nelson</i>	<i>Dan Thwing</i>
<i>Marcia Harris</i>	<i>Les Nelson</i>	