

Why purchase SPU's water system?

Why is this good for Shoreline?

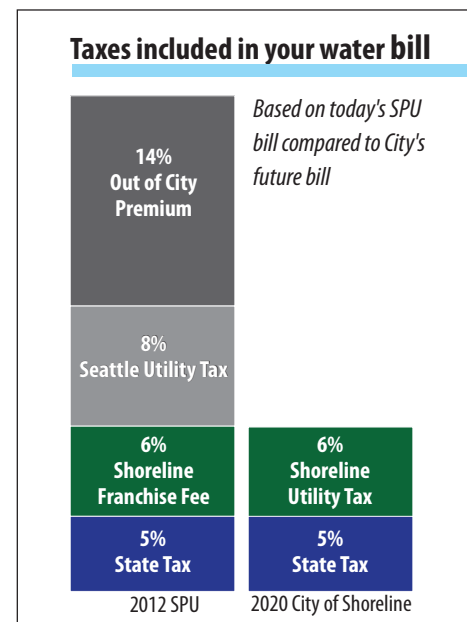
Acquisition of the Seattle Public Utilities (SPU) water system in Shoreline has been a Council goal since 2009. The SPU water system serves approximately 2/3 of Shoreline – primarily the area west of I-5 along with a small section in the south-east corner of Shoreline. Shoreline would acquire the SPU system in 2020 for \$26.6 million.

Eliminates taxation without representation

- Shoreline customers of SPU currently pay a 14% surcharge for living outside of Seattle's city limits.
- Shoreline customers pay a Seattle utility tax that goes directly into Seattle's general fund to help pay for such things as Seattle parks, police and fire.
- Seattle elected officials currently decide Shoreline rates and charges.

Reinvestment in Shoreline

- Owning the water system allows Shoreline to pay more attention to system maintenance than SPU does now. 100% of the water rates paid by Shoreline customers dedicated to infrastructure and maintenance will stay in Shoreline - currently only 24% stays in Shoreline. The other 76% is used to make improvements outside of Shoreline.
- Due diligence projections show that keeping 100% of the infrastructure and maintenance investments in Shoreline will allow for the replacement of nearly a quarter of the overall system's water mains in the first 20 years of operation.
- Ownership will allow Shoreline, not Seattle, to coordinate infrastructure improvements to help improve Shoreline's commercial districts and increase water flow for firefighting purposes throughout the City.



No increase in property taxes or water rates are required to purchase the system

- Shoreline City Council has set a requirement that it will only purchase the system if the costs to purchase, operate and maintain the system result in water rates that are equal to or lower than the projected SPU rates.
- Due diligence projections show that Shoreline can operate and acquire the water utility within the projected SPU water rates for Shoreline ratepayers.
- The \$26.6 million purchase price will be repaid from water rate revenues within the SPU service area.

FAQs

Will my property tax go up as a result of the acquisition?

No. The cost of acquiring and operating the utility will be paid entirely through rates charged to the City water utility's customers. Property taxes will not be used for the utility.

How will this impact my water bill?

The City is only interested in purchasing the SPU system if the City can operate the utility with rates that are equal to or less than SPU's projected rates. In other words, your water bills will not be more with Shoreline than they would be with SPU.

Who decides?

A citizen advisory committee has recommended to the City Manager that the City should move forward with the SPU acquisition. The City Council will consider approving the acquisition this summer but all Shoreline voters will ultimately decide by voting on the acquisition. The vote may occur as early as November 2012.

What will it cost to acquire the SPU system?

SPU and the City have tentatively agreed to a purchase price of \$26.6 million. The City will be purchasing water mains, pump stations, and water storage facilities. In addition to the purchase price, the City will need to separate Shoreline's system from Seattle and make initial system improvements estimated at \$14.2 million for a combined initial cost of \$40.8 million. Even with these initial costs, water rates will not exceed the projected SPU rates.

When would Shoreline start operating the system?

The tentative agreement between Shoreline and the City of Seattle is for Shoreline to take over the system in 2020.

How do I find out more information?

Web: shorelinewa.gov/spu

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