



Public Works Committee Memorandum

To: Committee Members
From: Jim Culotta, City Administrator
Date: 8/6/18
Re: 3rd Party Service Line Insurance (National League of Cities)

EXECUTIVE SUMMARY

Recently, I became aware of an insurance program endorsed by the National League of Cities that can offer our residents an opportunity to purchase coverage for their private water and sewer lines, as well as interior plumbing. The program covers inspections and repairs for leaking and clogged pipes. Utility Service Partners, Inc. ([A+ rated by BBB](#)) offers this as a turnkey program. The City would have no financial or administrative responsibility and our only involvement would be to grant a license to Utility Service Partners to use the City name and logo in marketing materials (see attached sample & agreement).

BACKGROUND

As you can see in the attached presentation, Utility Service Partners provides this program to over 500 communities nationwide but utilizes local, licensed contractors to perform repairs. All residents, regardless of their water/sewer provider, may participate in the program. According to Illinois-American Water, they do not offer a similar service line program.

Residents are not required to enter into a contract and may cancel coverage at any time. There are no deductibles and monthly fees are \$5.25 for water service lines, \$7.25 for sewer service lines, and \$9.49 for interior plumbing. Residents may select one, two or all three coverage areas. Repairs are made to the current code and carry a one-year warranty. Monthly rates have not changed in the past four years. Residents must wait 30 days after signing up to receive benefits. Sewer and water line repairs are covered up to \$8,500 per incident. Interior plumbing repairs are covered up to \$3,000 per incident.

According to Hanover Park, Illinois, *"The program has worked great. We have been with (Service Line Warranty Program) since February of 2012, beginning with the Sanitary Sewer Line coverage. I did quite a bit of research at the time and found this program offered the best service and value to our residents. After that the Water Line coverage was offered and lastly the Interior Plumbing coverage was offered. Since 2012 I have had only two complaints and both were resolved within hours. This program has saved our residents thousands of dollars in repair costs and the Village is very pleased that we found a program like this to help them."*

REQUESTED ACTION

Staff seeks Committee input and guidance.

ATTACHED

1. NLC/Utility Service Partners Presentation
2. Non-Royalty Marketing Agreement (a royalty/revenue sharing agreement is also available)
3. Sample Marketing Materials

City of Washington, IL



Mike Chambers
724-678-6075
mchambers@utilitysp.net





Service Line Warranty Program



WHY CHOOSE UTILITY SERVICE PARTNERS?



EXPERIENCE



REPUTATION



PARTNERSHIP



BBB Torch Award for Marketplace Ethics

Trust • Performance • Integrity

2013 Winner
Western Pennsylvania Better Business Bureau®



This award underscores one of the primary reasons the National League of Cities selected USP as a partner and extended our agreement for another five years. The organization's exemplary record of customer service and transparency is what has driven the success of this partnership over the years.

— Clarence Anthony, Executive Director
National League of Cities

PROGRAM BENEFITS

- Only Service Line Program Endorsed by the National League of Cities
- Helps address the public policy issue of aging infrastructure
- No cost for the City to participate
- Ongoing Revenue Stream for the City
- Educates homeowners about their lateral line responsibilities
- Free Public Awareness Campaign
- Peace of Mind - with one toll-free call a reputable plumber is dispatched
- All repairs performed to code by local licensed contractors
- Contractors undergo rigorous vetting process to ensure quality service

OUR SERVICE AND WHAT IT COVERS



SEWER/SEPTIC LATERAL
COVERAGE



WATER/WELL LINE
COVERAGE

Homeowner repair protection for leaking, clogged or broken water and sewer lines from the point of utility connection to the home exterior

Coverage includes:

- Educating homeowners about their service line responsibilities
- Up to \$8,500 coverage per repair incident
- Includes coverage for thawing of frozen external water lines
- No annual or lifetime limits, deductibles, service fees, forms, or paperwork
- 24/7/365 availability
- Repairs made only by licensed, local contractors
- Affordable rates and multiple payment methods

OUR SERVICE AND WHAT IT COVERS



INTERIOR PLUMBING
AND DRAINAGE

Homeowner repair protection for in-home water supply lines and in-home sewer lines and all drain lines connected to the main sewer stack that are broken or leaking inside the home after the point of entry

Coverage includes:

- Up to \$3,000 coverage per repair incident.
- Repair of clogged toilets
- Includes coverage for broken or leaking water, sewer, or drain lines under the slab or basement floor
- No annual or lifetime limits, deductibles, service fees, forms, or paperwork
- 24/7/365 availability
- Repairs made only by licensed, local contractors
- Affordable rates and multiple payment methods

MARKETING APPROACH

- No Public Funds are used in marketing, distribution, or administration of the program.
 - Only market by direct mail, no telemarketing
 - Would never mail without your review and approval of marketing material before each and every campaign
 - Limited mailing campaigns per year
 - Consumer friendly marketing
 - Always voluntary for the homeowner
- 
- Consumers can enroll one of three ways:
 - Calling into our toll free number that is provided on the mailing;
 - Returning the bottom of the letter to us in the self-addressed stamped envelope provided
 - Visiting our consumer website www.slwofa.com at any time

OVER 500 MUNICIPAL PARTNERS IN 38 STATES



OUR PARTNERSHIPS IN ILLINOIS

Village of Diamond

Village of Minooka

City of East St. Louis

Village of Dupo

Township of Leyden

Village of Elmwood Park

City of Berwyn

Village of Niles

City of Quincy

Village of Rockton

City of Olney

Village of Hazel Crest

Village of Park Forest

Village of Hampshire

Village of Rickton Park

City of Rochelle

City of Greenville

Village of Franklin Park

City of North Chicago

Village of Maywood

Village of Godfrey

Village of South Chicago heights

City of Sesser

City of Cohokia

Village of Hanover Park

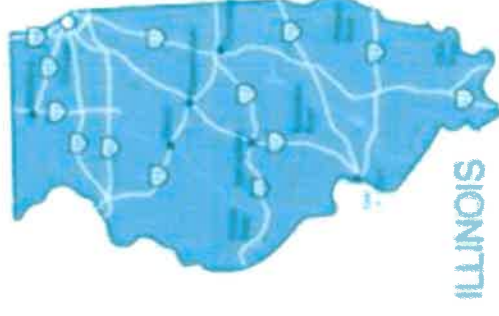
Village of Carbon Cliffe

City of Rock Falls

Village of Westchester

Village of Sauk Village

City of Knoxville



ILLINOIS

- Over 13,000 Illinois residents currently enrolled in the program
- Over \$1.1 million paid in repair costs over the last three years

MARKETING AGREEMENT

This MARKETING AGREEMENT ("Agreement") is entered into as of _____, 20__ ("Effective Date"), by and between the City of Washington, Illinois ("City"), and Utility Service Partners Private Label, Inc. d/b/a Service Line Warranties of America ("Company"), herein collectively referred to singularly as "Party" and collectively as the "Parties".

RECITALS:

WHEREAS, sewer and water line laterals between the mainlines and the connection on residential private property are owned by individual residential property owners residing in the City ("Residential Property Owner"); and

WHEREAS, City desires to offer Residential Property Owners the opportunity, but not the obligation, to purchase a service line warranty and other similar products set forth in Exhibit A or as otherwise agreed in writing from time-to-time by the Parties (each, a "Product" and collectively, the "Products"); and

WHEREAS, Company, a subsidiary of HomeServe USA Corp., is the administrator of the National League of Cities Service Line Warranty Program and has agreed to make the Products available to Residential Property Owners subject to the terms and conditions contained herein; and

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with the intent to be legally bound hereby, the Parties agree as follows:

1. **Purpose.** City hereby grants to Company the right to offer and market the Products to Residential Property Owners subject to the terms and conditions herein.
2. **Grant of License.** City hereby grants to Company a non-exclusive license ("License") to use City's name and logo on letterhead, bills and marketing materials to be sent to Residential Property Owners from time to time, and to be used in advertising (including on the Company's website), all at Company's sole cost and expense and subject to City's prior review and approval, which will not be unreasonably conditioned, delayed, or withheld. City agrees that it will not extend a similar license to any competitor of Company during the Term and any Renewal Term of this Agreement.
3. **Term.** The term of this Agreement ("Term") shall be for three (3) years from the Effective Date. The Agreement will automatically renew for additional one (1) year terms ("Renewal Term") unless one of the Parties gives the other written notice at least ninety (90) days prior to end of the Term or of a Renewal Term that the Party does not intend to renew this Agreement. In the event that Company is in material breach of this Agreement, the City may terminate this Agreement thirty (30) days after giving written notice to Company of such breach, if said breach

is not cured during said thirty (30) day period. Company will be permitted to complete any marketing initiative initiated or planned prior to termination of this Agreement after which time, neither Party will have any further obligations to the other and this Agreement will terminate.

4. **Indemnification.** Company hereby agrees to protect, indemnify, and hold the City, its elected officials, officers, employees and agents (collectively or individually, "**Indemnatee**") harmless from and against any and all third party claims, damages, losses, expenses, suits, actions, decrees, judgments, awards, reasonable attorneys' fees and court costs (individually or collectively, "**Claim**"), which an Indemnatee may suffer or which may be sought against or are recovered or obtainable from an Indemnatee, as a result of or arising out of any breach of this Agreement by the Company, or any negligent or fraudulent act or omission of the Company or its officers, employees, contractors, subcontractors, or agents in the performance of services under the Products; provided that the applicable Indemnatee notifies Company of any such Claim within a time that does not prejudice the ability of Company to defend against such Claim. Any Indemnatee hereunder may participate in its, his, or her own defense, but will be responsible for all costs incurred, including reasonable attorneys' fees, in connection with such participation in such defense.

5. **Notice.** Any notice required to be given hereunder shall be deemed to have been given when notice is (i) received by the Party to whom it is directed by personal service, (ii) sent by electronic mail (provided confirmation of receipt is provided by the receiving Party), or (iii) deposited as registered or certified mail, return receipt requested, with the United States Postal Service, addressed as follows:

To: City:
ATTN: Jim Culotta
City of Washington
301 Walnut St
Washington, IL 61571
Phone: (309) 444-1123

To: Company:
ATTN: Chief Sales Officer
Utility Service Partners Private Label, Inc.
11 Grandview Circle, Suite 100
Canonsburg, PA 15317
Phone: (866) 974-4801

6. **Modifications or Amendments/Entire Agreement.** Any and all of the representations and obligations of the Parties are contained herein, and no modification, waiver or amendment of this Agreement or of any of its conditions or provisions shall be binding upon a party unless in writing signed by that Party.

7. **Assignment.** This Agreement and the License granted herein may not be assigned by Company other than to an affiliate or an acquirer of all or substantially all of its assets, without the prior written consent of the City, such consent not to be unreasonably withheld.

8. **Counterparts/Electronic Delivery; No Third Party Beneficiary.** This Agreement may be executed in counterparts, all such counterparts will constitute the same contract and the signature of any Party to any counterpart will be deemed a signature to, and may be appended to, any other counterpart. Executed copies hereof may be delivered by facsimile or e-mail and upon receipt will be deemed originals and binding upon the Parties hereto, regardless of whether originals are delivered thereafter. Nothing expressed or implied in this Agreement is intended, or should be construed, to confer upon or give any person or entity not a party to this agreement any third- party beneficiary rights, interests, or remedies under or by reason of any term, provision, condition, undertaking, warranty, representation, or agreement contained in this Agreement.

9. **Choice of Law/Attorney Fees.** The governing law shall be the laws of the State of Illinois. In the event that at any time during the Term or any Renewal Term either Party institutes any action or proceeding against the other relating to the provisions of this Agreement or any default hereunder, then the unsuccessful Party shall be responsible for the reasonable expenses of such action including reasonable attorney's fees, incurred therein by the successful Party.

10. **Incorporation of Recitals and Exhibits.** The above Recitals and Exhibit A attached hereto are incorporated by this reference and expressly made part of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first written above.

CITY OF WASHINGTON

Name:

Title:

UTILITY SERVICE PARTNERS PRIVATE LABEL, INC.

Name: Michael Backus

Title: Chief Sales Officer

Exhibit A
NLC Service Line Warranty Program
City of Washington
Term Sheet
July 26, 2018

I. Initial Term. Three years

II. License Conditions.

- a. City logo on letterhead, advertising, billing, and marketing materials
- b. Signature by City official

III. Products.

- a. External water service line warranty (initially, \$5.25 per month)
- b. External sewer/septic line warranty (initially, \$7.25 per month)
- c. Interior plumbing and drainage warranty (initially, \$9.49 per month)

Company may adjust the foregoing Product fees; provided, that any such adjustment shall not exceed \$.50 per month in any 12-month period, unless otherwise agreed by the Parties in writing.

IV. Scope of Coverage.

- a. External water service line warranty:
 - Homeowner responsibility: From the meter and/or curb box to the external wall of the home.
 - Covers thawing of frozen external water lines.
 - Covers well service lines if applicable.
- b. External sewer/septic line warranty:
 - Homeowner responsibility: From the exit point of the home to the main.
 - Covers septic lines if applicable
- c. Interior plumbing and drainage warranty:
 - Water supply pipes and drainage pipes within the interior of the home.

V. Marketing Campaigns. Company shall have the right to conduct up to three campaigns per year, comprised of up to six mailings and such other channels as may be mutually agreed. Initially, Company anticipates offering the Interior plumbing and drainage warranty Product via in-bound channels only.

CITY LOGO

Important Information for <<City Name>> Homeowners

<<MR. SAMPLE A SAMPLE>>
<<MAIL_ADDRESS1>>
<<MAIL_ADDRESS2>>
<<MAIL_CITY, ST ZIP>>



Please reply by:
<<Month X, 2017>>

Dear <<Mr. Sample>>:

This letter contains important information about your responsibilities as a homeowner in the event of an emergency with your water service or sewer/septic line.

The exterior water service and sewer/septic lines, which run from your utility's point of maintenance to your home, are your responsibility. If you were unfortunate enough to suffer a leak, break or clog in these lines, it would be up to you to find a plumber and get the lines repaired.

<<The City of City>> has partnered with Service Line Warranties of America (SLWA) to help eligible customers be prepared and have the best possible service in the case of such an emergency. So you're invited to enroll in <<Product_Name>> and <<Product_Name>> from SLWA. Accept this optional coverage and you'll receive as many service calls as you need up to \$X,XXX per call for covered water service or well line repairs, and as many service calls as you need up to \$X,XXX per call for covered sewer/septic line repairs (30-day wait with a money-back guarantee for both) and no deductible. You will also have access to a 24/7, 365-day-a-year emergency repair service hotline. Once you have made your service call, SLWA will take care of your covered repair, dispatching a qualified plumber to your home and paying the bill directly. Peace of mind starting for as little as \$X.XX per month. Your emergency is dealt with and your water service or sewer/septic line is back to normal.

In the event of an emergency, these plans can save you a significant amount of money—a service line replacement may cost you thousands of dollars. They can also save you the time of finding a plumber, which can be difficult in the best of times, let alone in an emergency. Having these plans also helps eliminate worry, as you can be sure of a professional job completed by local, licensed and insured plumbers. <<These are the only service line protection programs for homeowners fully supported by <<City Name>> and endorsed by the National League of Cities.>>

Please take the time to read the information on the back of this letter. If you would like to sign up for a plan, simply complete and return the enclosed form or call toll-free 1-XXX-XXX-XXXX. I certainly hope that you never have an exterior water service or sewer/septic line emergency, but if you should ever have a problem, you'll be glad you're covered. These programs are managed by SLWA, and no public funds were used for the mailing of this letter.

For fastest processing, please visit www.slwofa.com.

Sincerely,

Name
Title
<<The City of City>>

<<Utility Service Partners Private Label, Inc., known as Service Line Warranties of America ("SLWA"), with corporate offices located at 11 Grandview Circle, Suite 100, Canonsburg, PA 15317, is an independent company separate from <<the City of City>> and offers this optional service plan as an authorized representative of the service contract provider, North American Warranty, Inc., 175 West Jackson Blvd., Chicago, IL 60604. Your choice of whether to participate in this service plan will not affect the price, availability or terms of service you have with your local utility or municipality.>>

Acceptance Form

Please confirm your name and address below and make any changes if necessary.

<<Sample A Sample_xxxxx>>
<<Serv_Address1_xxxxxxx>>
<<Serv_Address2_xxxxxxx>>
<<Serv_City_xx_ST Zip>>

By providing my e-mail address, I request that I be notified when my current and future service agreements and any related documents are available at www.slwofa.com, and I acknowledge that I can access these documents. I can change my preferences or request paper copies online or by calling SLWA.

E-mail Address

Phone #

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Choose Your Protection Plan(s)

For fastest processing, please visit www.slwofa.com.

BEST VALUE

	FIRST-YEAR SAVINGS OF XX% OFF when you select both plans	
<<Product Name>> <<Product Name>> <<Mailcode-xxxx>> <<Mailcode-xxxx>>	☐ \$XX-XX \$XX.XX	☐ \$XXX-XX \$XXX.XX
<<Product Name>> <<Mailcode-xxxx>> <<Product Name>> <<Mailcode-xxxx>>	☐ \$X.XX	☐ \$XX.XX
	MONTHLY	YEARLY

Yes, please sign me up for the protection plan(s) from SLWA I have selected above. By signing below, I agree to the terms on the reverse side, understand there are limitations and exclusions, and meet the eligibility requirements for this coverage. SLWA will invoice me based on my selection above and I will select a payment method in the invoice. I understand this optional coverage is based on an annual contract and will automatically renew annually on the same payments terms I selected at the then current renewal price. I can always cancel at any time.

Signature (required)

To protect your privacy, we do not share your information except to deliver this service.

What would you do in an exterior line emergency?

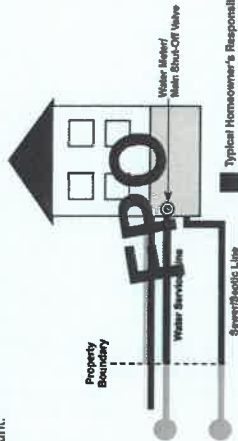
The illustration shows where things may go wrong with your exterior lines and how much a licensed plumber would typically charge customers who don't have coverage. How would you cope if it happened to you? With coverage, it's not something to worry about; you'll have no bill to pay for covered repairs up to the benefit amount.



Replace water service line
\$2,587
Plan Members:
No Charge*



Replace sewer/septic line
\$3,929
Plan Members:
No Charge*



*National average repair costs as of January 2016.
No charge for covered repairs up to the benefit amount.

Take A Look At The Benefits You'll Receive

1. Covered Repairs – Guaranteed for one full year.
2. 24-Hour Emergency Repair Service Hotline – Open 24 hours a day, 365 days a year.
3. Our Promise to You – If you are ever dissatisfied with your coverage, simply call SLWA toll-free 1-XXX-XXX-XXXX, and it will be discontinued at your request.

Visit www.slwofa.com to protect your exterior lines
Or call toll-free 1-8XX-XXX-XXXX | Available: <hours>>

Important Questions & Answers

What am I responsible for?

Nisit offici sintolatus et aluresi emolore, ipilas dem et is exero con pa net, aspel exceptae.

Does my homeowners insurance cover this?

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Who is eligible for coverage?

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What should I know about this coverage?

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Not covered: Nisit offici sintolatus et aluresi emolore, ipilas dem et is exero con pa net, aspel exceptae latrestisil offici sintolatus et aluresi emolore, ipilas dem et is exero con pa net, aspel exceptae latrestis re delacous voles eoslam elur quam nonsequo.

When can I make a service call?

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What is the cancellation policy?

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What is the term of my service agreement?

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What is E2 Pay?

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What quality of repair can I expect?

Nisit offici sintolatus et aluresi emolore, ipilas dem et is exero con pa net, aspel exceptae.

Who is SLWA?

Nisit offici sintolatus et aluresi emolore, ipilas dem et is exero con pa net, aspel exceptae latrestis re delacous voles eoslam elur quam nonsequo volecus ea que omnis estius raei rem quidus, quia aut ea suntist. Henis eatios aliquidur.