



## MEMO

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**TO:** Utilities Committee

**FROM:** Paula Vandehey, Director of Public Works *PAV*

**DATE:** February 13, 2020

**SUBJECT:** **National League of Cities Service Line Warranty Program.**

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The City of Appleton will be partnering with Service Line Warranties of America within the next few months. This program gives residents the opportunity to obtain a warranty that will provide repairs for a low monthly fee, with no deductible or service fees. The program is voluntary and at no cost to the City. A copy of the program presentation and our Marketing Agreement are attached for your information.

Benefits of the program include:

- **Helping Residents** – Program gives residents who have not set aside money to pay for an unexpected, expensive repair the opportunity to obtain a low cost warranty.
- **Local Workforce** – All repair work is performed by licensed, local plumbers.
- **Education** – Many property owners do not realize that they own the water service and laterals that serve their property. All letters sent to property owners are reviewed and approved by city staff prior to mailing, and will include the city logo so residents are aware of our partnership.

Beaver Dam recently entered into a similar arrangement with Service Line Warranties of America. (See attached article from May 14, 2019).

Attachments

# Solutions for Aging Infrastructure

NLC Service Line Warranty Program

Administered by



a HomeServe Company

NLC Service Line  
Warranty Program

Dennis Lyon  
[dlyon@utilitysp.net](mailto:dlyon@utilitysp.net)  
412.266.9545

**NLC** NATIONAL  
LEAGUE  
OF CITIES

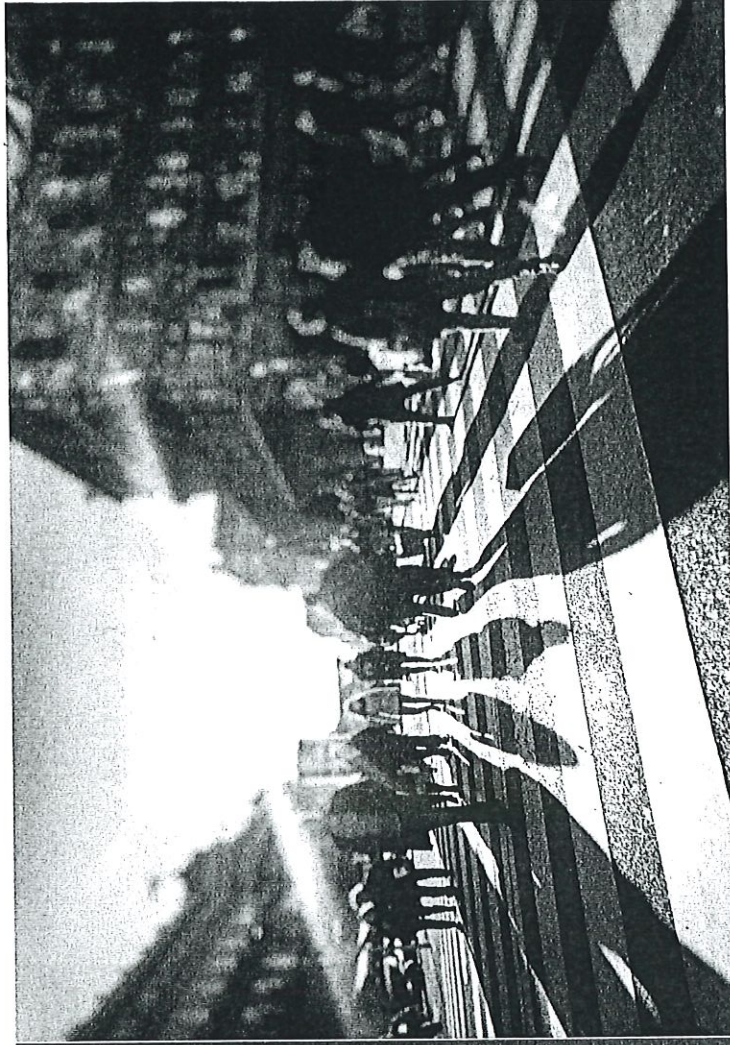
CITIES STRONG TOGETHER

# NLC SAVINGS AND SOLUTIONS PROGRAMS

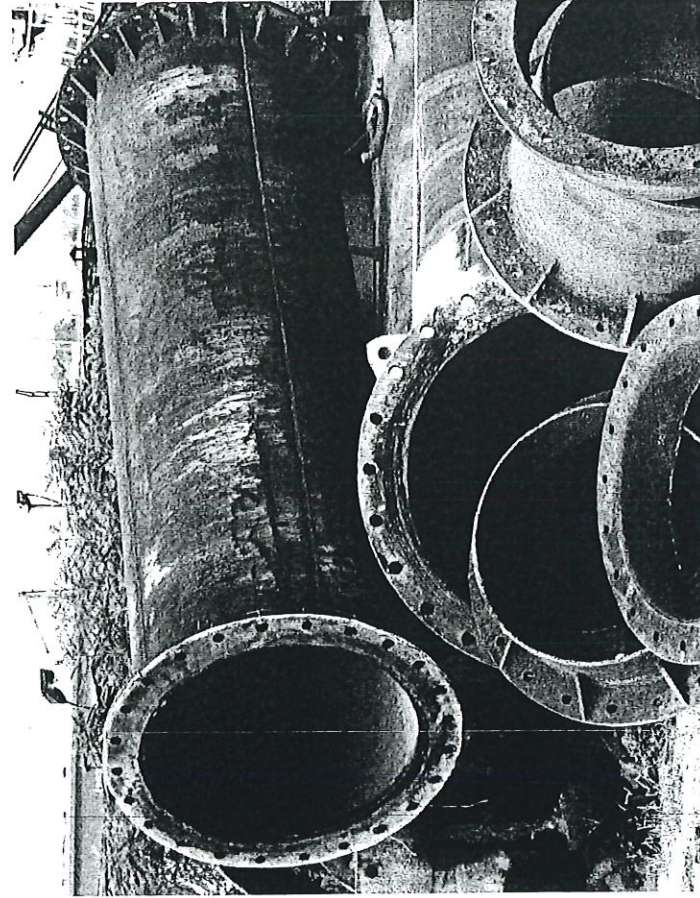
The NLC Service Line Warranty Program is one of seven Enterprise Programs that are offered through corporate partnerships

NLC launched its partnership with Utility Service Partners in 2010, and now there are 650+ participating municipalities and utilities

4 Wisconsin municipalities currently participate



# AGING INFRASTRUCTURE IS PROBLEMATIC FOR CITIES & HOMEOWNERS



- Lateral lines are subjected to the same elements as public lines - ground shifting, fluctuating temperatures, tree root penetration, corrosion, and more
  - Public maintains & upgrades
  - Homeowners left behind
- Failed lines waste thousands of gallons of water, increase cost, and present an environmental hazard
- A common homeowner misconception is the municipality is responsible for maintenance of the water and sewer lines on their property, or repairs are covered by their homeowner's policy
  - Reduces wasted time, money, and resources for municipality
  - Reduces frustration for homeowner

# FINANCIAL SHOCK – AN UNPLANNED EXPENSE

4 out of 10 Americans can't afford a \$400 emergency expense (and would have to sell something or take out a loan to cover it).\*

**40%**



59% of homeowners surveyed have had a home repair emergency in the past year

**59%**

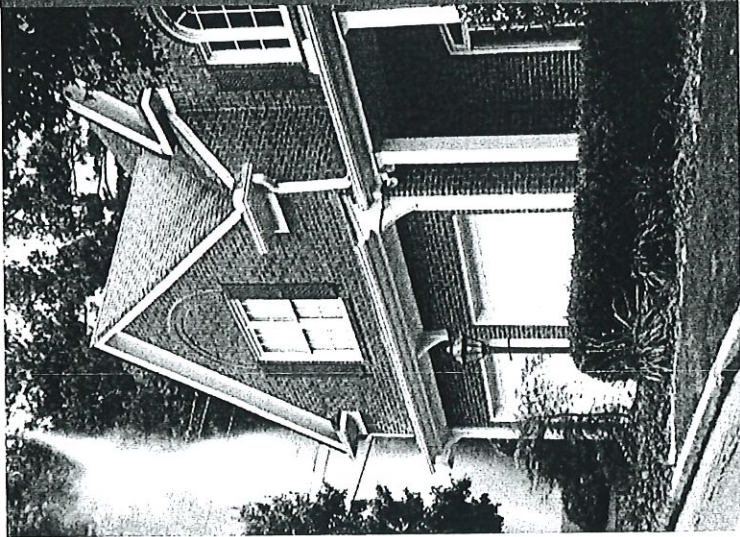


78% of homeowners surveyed believe the municipality or utility provider should educate them on responsibility and preventive measures

**78%**



# NLC SERVICE LINE WARRANTY PROGRAM BENEFITS



- Only Service Line Program endorsed by the National League of Cities and 20 State Leagues
- No cost to municipality & no public funds used; we administer completely
  - Marketing, billing, claims, customer service, contractors
- Ongoing revenue stream for municipality
- Free public awareness campaign for municipality
- Educates residents on their lateral line responsibilities
- Peace of mind – with one toll-free call a reputable plumber is dispatched
- All repairs performed to code by local licensed contractor
- Contractors undergo rigorous vetting process to ensure quality service

# NLC SERVICE LINE WARRANTY PROGRAM AND WHAT IT COVERS



SEWER/SEPTIC LATERAL  
COVERAGE



WATER/WELL LINE  
COVERAGE

Homeowner repair protection for broken, cracked, or leaking pipes; tree root penetration; thawing of frozen external water lines; clog.

## Coverage includes:

- Up to \$8,500 coverage per repair occurrence (including public street & sidewalk cutting)
- Unlimited service calls. No service fees, deductibles, annual or lifetime limits; month to month agreement
- No pre-inspection - 30 day waiting period
- 24/7/365 availability; no forms or paperwork
- Repairs made only by licensed, local contractors

## MARKETING APPROACH

- No Public Funds are used in marketing, distribution, or administration of the program
- Only market by direct mail, no telemarketing or door to door sales
- Limited to 3 mailing campaigns per year
- Would never mail without your review and approval of marketing material before each and every campaign
- Marketing clearly states city does not provide program & is voluntary for homeowner
- City role: logo & signature
  - Economy of scale & transparency
- Consumers can enroll one of three ways:
  - Call our toll free number provided on the mailing
  - Return the bottom of the letter in self addressed stamped envelope provided by us
  - Visiting our consumer website [www.slwofa.com](http://www.slwofa.com) at any time



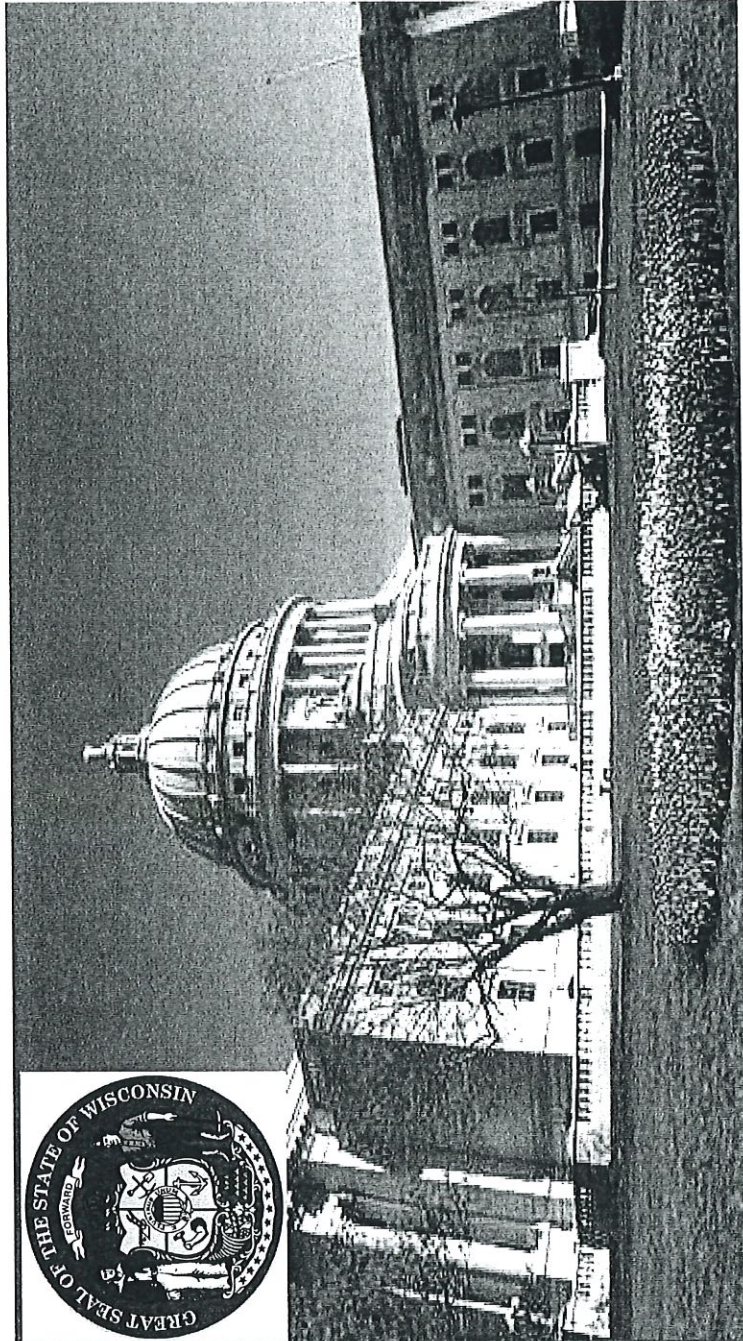
# SOLUTIONS FOR MUNICIPALITIES AND THEIR HOMEOWNERS



- 650+ municipalities participating
- Currently serving over 4 million customers
- 1.34 million jobs completed over the past 3 years (1 every 49 seconds)
- Saved customers over \$454 million in repair costs over the past 3 years
- 97% claim approvals
- 9 of every 10 customers surveyed have recommended the program to friends, family and neighbors

## CURRENT WISCONSIN PARTNERS (4)

- *City of Whitewater*
- *Village of Pleasant Prairie*
- *City of Beaver Dam*
- *Delevan Lake Sanitary District*
- *Over 25,800 WI residents currently enrolled in program*
- *Over \$949,000 paid in repair costs over the last 3 years*



**NLC**  
NATIONAL  
LEAGUE  
OF CITIES

CITIES STRONG TOGETHER

Administered by  
**Utility  
Service**  
Partners, Inc.  
a HomeServe Company

NLC Service Line  
Warranty Program

## MARKETING AGREEMENT

This MARKETING AGREEMENT ("Agreement") is entered into as of \_\_\_\_\_, 20\_\_ ("**Effective Date**"), by and between the City of Appleton, Wisconsin ("**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 ("**Property Owner**"); and

**WHEREAS**, City desires to offer Property Owners the opportunity, but not the obligation, to purchase a service plan 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 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 Property Owners subject to the terms and conditions herein.

2. **City Obligations.**

A. Grant of License. City hereby grants to Company a non-exclusive license ("**License**") to use City's name and logo or other branding ("**Marks**"), on letters, bills and marketing materials to be sent to 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. Company's use of the Marks in accordance with this Agreement will not infringe any other party's rights. City agrees that it will not extend a similar license to any competitor of Company during the Term (as defined in Section 3 below).

B. Property Owner Data. If City elects to do so, City may provide Company with Property Owner Data for use by Company in furtherance of the advertisement, marketing, and sale of the Products. Any name, service address, postal address, and any other appropriate or necessary data

for Property Owners in City is defined as "**Property Owner Data**". Property Owners Data shall be and remain City's property. For any Property Owner Data provided by City to Company, City warrants that Property Owner Data has been and will be collected in compliance with all laws, statutes, treaties, rules, codes, ordinances, regulations, permits, official guidelines, judgments, orders and interpretations ("**Applicable Laws**"); and City is permitted by Applicable Laws and by any applicable privacy policy to provide Property Owner Data to Company and to permit Company to use Property Owner Data for the purposes of this Agreement. A Property Owner who has purchased a Product is a member ("**Member**") and, following such purchase, all data in Company's control or possession relating to Members is Company's property.

3. **Term.** The term of this Agreement ("**Initial Term**") shall be for three (3) years from the Effective Date. The Agreement will automatically renew for additional one (1) year terms (each a "**Renewal Term**", and collectively with the Initial Term, the "**Term**") unless one of the Parties gives the other written notice at least ninety (90) days prior to end of the Initial 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. **Consideration.** Company shall pay City a National league of Cities membership allowance ("**NLC Allowance**") as set forth in Exhibit A. Company will pay City NLC Allowances within thirty (30) days after the date such NLC Allowance becomes payable.

5. **Confidentiality.** Each party will treat all non-public, confidential and trade secret information received from the other party as confidential, and such party shall not disclose or use such information in a manner contrary to the purposes of this Agreement. Notwithstanding the foregoing, the City shall not be liable for any disclosure of confidential information that is required to be disclosed under any applicable public records act or under court order. City shall provide notice to Company prior to any such disclosure.

6. **Code Change.** The Parties understand that the pricing of the Products and compensation provided for in this Agreement are based upon the currently applicable City, municipal or similar codes. In the event Company discovers a code change, Company shall have the ability to reassess the pricing in this Agreement.

7. **Indemnification.** The Company hereby agrees to protect, indemnify, and hold the City, its officers, employees, contractors, subcontractors, and agents (collectively or individually, "**Indemnitee**") 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 Indemnitee may suffer or which may be sought against or are recovered or obtainable from an Indemnitee, 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 this Agreement; provided that the applicable Indemnitee notifies the Company of any such Claim within a time that does not prejudice the ability of the Company to defend against such Claim. Any Indemnitee 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.

8. **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: Paula Vandehey  
City of Appleton  
100 N Appleton St  
Appleton, WI 54911  
Email: paula.vandehey@appleton.org  
Phone: (920) 832-6474

Copy to:  
City Attorney  
City of Appleton  
100 N Appleton St  
Appleton, WI 54911  
Fax: (920) 832-5962

**To:** Company:  
ATTN: Chief Sales Officer  
Utility Service Partners Private Label, Inc.  
4000 Town Center Boulevard, Suite 400  
Canonsburg, PA 15317  
Phone: (866) 974-4801

9. **Modifications or Amendments/Entire Agreement.** Except for the list of available Products under the Agreement, which may be amended from time to time by the Parties in writing and without signature (including by email), 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.

10. **Assignment.** Neither Party may assign its rights or delegate its duties under this Agreement without the prior written consent of the other Party unless such assignment or delegation is to an

affiliate or to an acquirer of all or substantially all of the assets of the transferor.

11. **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 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.

12. **Choice of Law/Attorney Fees.** The Parties shall maintain compliance with all Applicable Laws with respect to its obligations under this Agreement. The governing law shall be the laws of the State of Wisconsin, without regard to the choice of law principles of the forum state. THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT THAT MAY EXIST TO HAVE A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED UPON OR ARISING OUT OF, UNDER, OR IN ANY WAY CONNECTED WITH, THIS AGREEMENT.

13. **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 APPLETON**

\_\_\_\_\_

Name:

Title:

**UTILITY SERVICE PARTNERS PRIVATE LABEL, INC.**

\_\_\_\_\_

Name: Michael Backus

Title: Chief Sales Officer

**Exhibit A**  
NLC Service Line Warranty Program  
City of Appleton  
Term Sheet  
January 16, 2020

I. Initial Term. Three years

II. License Conditions.

City logo and name on letterhead, advertising, signature line, billing and marketing materials.

III. NLC Allowance. \$18,393.00 spread across the first three years of the Term, as follows:

- a. Year 1 - \$6,131.00
- b. Year 2 - \$6,131.00
- c. Year 3 - \$6,131.00

Payment of the NLC Allowance for each year is subject to approval and mailing of the first campaign for that year and, following the first year, City's timely approval of all marketing materials for the prior year.

IV. Products.

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

V. Scope of Coverage.

- a. External water service line plan:
  - Property Owner responsibility: From the curb stop 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 plan:
  - Property Owner responsibility: From the external wall of the home to the main.
  - Covers septic lines if applicable.
- c. Interior plumbing and drainage plan:
  - Water supply pipes and drainage pipes within the interior of the home.

VI. 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 plan Product via in-bound channels only.



CHRIS HIGGINS chiggins@wiscnews.com May 14, 2019

SUBSCRIBE NOW! \$5 FOR 5 MONTHS



Daily Citizen archives

A company is offering protection for Beaver Dam homeowners who may need an expensive repair.

The city of Beaver Dam has partnered with Service Line Warranties of America, which offers a warranty program for homeowners who have to replace a service line like a sewer lateral, as determined by the city. The policies could cover the private portion of the laterals and the internal plumbing. Homeowners would have different options to select and will soon receive flyers with information. The Service Line website lists plans at about \$5 to \$10 per month.

Minnema said the warranty, which is optional, can provide peace of mind for a homeowner. The city does not provide financial assistance to someone who needs to make required repairs to a private system. And such repairs are not usually covered by a basic homeowner insurance plan. Service Line is not the only firm to offer such services, but the city struck a marketing agreement with the company this year that does not involve the use of public funds.

If hit with a required repair, a homeowner could find their own contractor or use a city contractor and receive a bill. Bills from the city could be paid in full or in annual installments with interest. Property owners would receive information about grants available to help them pay for the cost, such as government programs that provide funds to low-income owners for property maintenance.

According to John Kitzie, the CEO of HomeServe, the parent company for Service Line, the plan would cover the cost of the repair and use reputable local contractors to complete the job.

“Many homeowners do not know that damage to the service lines on their property is their responsibility to repair,” said Rob Minnema, the director of utilities for the city.

Late last year, the Beaver Dam Common Council approved changes that would require homeowners to replace water and sewer laterals at their expense if found to be necessary due to leaks or other problems. The idea was to address concerns with water quality and standards.