

14-0515

APR 23 2014

MOTION

ENERGY & ENVIRONMENT

In response to the high costs and unpredictability associated with the maintenance of sewer lines in residential areas, numerous cities around the country have introduced an optional warranty protection program for sewer lines which are made available to homeowners at low costs. The program is provided through the National League of Cities (NLC) and administered by Service Line Warranties of America (SLWA). The NLC Service Line Warranty program offers citizens an affordable mechanism for protection against the unexpected and often large expense involved with breaks in sewer lines.

Sewer line breaks are a persistent problem in the City of Los Angeles and the costs associated with their repair can be a daunting and sometimes insurmountable burden on Los Angeles homeowners. Sewer line breaks can occur for a variety of reasons including corrosion, pressure from root-infiltration, landslides, construction and earthquakes, the latter of which being Los Angeles' primary natural disaster risk. NLC-SLWA sewer line protection programs have been successfully implemented in numerous cities within various states across the country, including but not limited to the cities of Milwaukee, Wisconsin, Casper, Wyoming, Bryan, Texas and North Las Vegas, Nevada. Given the myriad examples of successful implementation of sewer line protection programs across the United States, it is incumbent upon the City to investigate the viability of a sewer line protection program here in Los Angeles.

I THEREFORE MOVE that the Bureau of Sanitation be instructed to report back within 30 days regarding the appropriateness and feasibility of implementing and endorsing a sewer line protection program such as that which is offered through the National League of Cities (NLC) and administered by Service Line Warranties of America (SLWA).

PRESENTED BY:

Bernard C. Parks
BERNARD PARKS
Councilmember, 8th District

SECONDED BY:

[Signature]

ORIGINAL

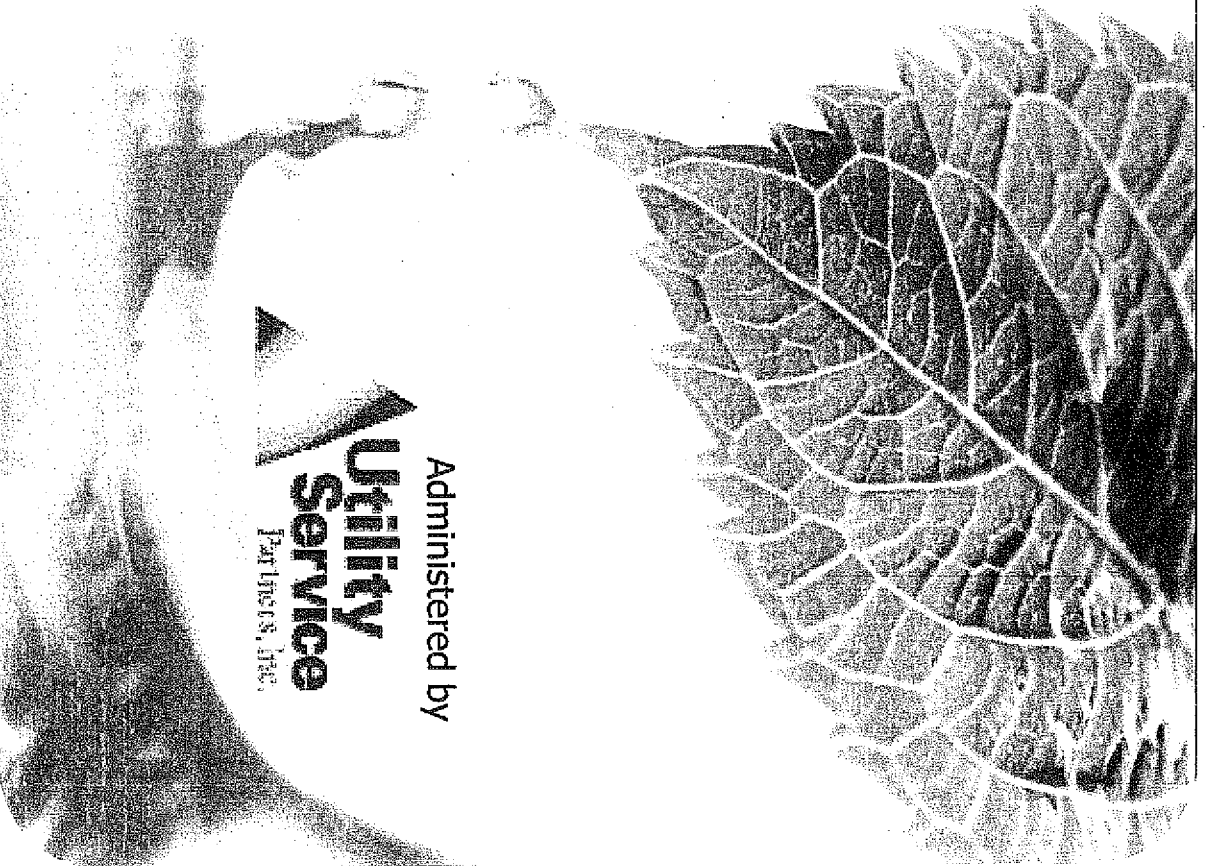
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NATIONAL LEAGUE of CITIES



Service Line Warranty Program



Administered by



Partners, Inc.

Building Peace of Mind, One Community at a Time



BBB 2013 Torch Award Winner



BBB Torch Award for Marketplace Ethics

Trust • Performance • Integrity

2013 Winner

Westcott 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

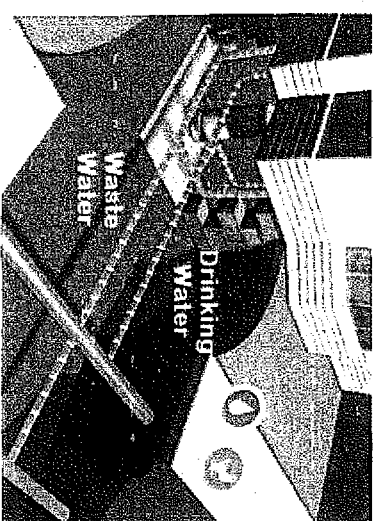


Infrastructure Challenges ... a National Problem

- ASCE gave our national public infrastructure a D+ rating in 2013.
- EPA estimates over the next 20 years **\$77 billion** will be spent on repair/replacement of public water distribution systems, \$10 billion on wastewater collection system upgrades, **\$22 billion** for new sewer construction and **\$45 billion** for controlling combined sewer overflows.
- Municipalities will spend **\$7 billion** to control municipal storm water.
- More than **850 water main breaks occur every day** across the country

Challenges for Homeowners

- Lateral lines are subjected to the same elements as public lines ... ground shifting, fluctuating temperatures, tree root penetration, corrosion and more.
- Out-of-sight, out-of-mind; water and sewer lines are located outside the home and usually underground.
- Failed lines waste thousands of gallons of water and present an environmental hazard.
- Many homeowners believe the city is responsible for maintenance of the water and sewer lines on their property OR that repairs are covered by their homeowner's policy.



Municipality Solution for Homeowners

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

Coverage includes:

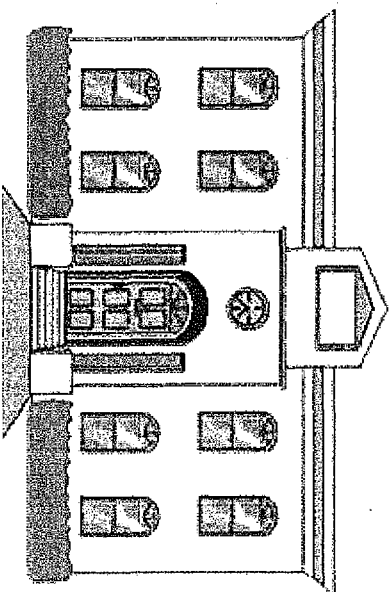
- Educating homeowners about their service line responsibilities.
- Up to \$4,000 coverage **per repair incident**.
- Additional allowance for public street and sidewalk cutting.
- **No** annual or lifetime limits.
- **No** deductibles, service fees, forms or paperwork.
- 24/7/365 availability.
- Repairs made **only** by licensed, **local** contractors.
- Affordable rates and multiple payment methods.

Service
Line
Warranty
Program
**NATIONAL
LEAGUE
of CITIES**
Administered by Utility Service Partners



NLC Service Line Warranty Program Highlights

- **Nearly 200 cities** participating in the National League of Cities Service Line Warranty Program
- **Saved more than 60,000 homeowners over \$45 million** in service line repair costs
- **Program administered by USP - an Accredited BBB business with an A+ rating** for over 10 years
- **Customer satisfaction rating has exceeded 95%** for more than 10 years
- **9 of every 10 customers surveyed have recommended the NLC Service Line Warranty Program** to friends, family and neighbors
- **Less than 3%** of submitted claims are denied



Key Differentiators

NLC Service Line Warranty Program

- No lifetime or annual limits on number of repair incidents
- Cost of licenses and city permits included
- No additional service fees or deductibles for the homeowner
- City must fully endorse the program before any offer letters are mailed to residents
- Pursue solutions that preserve the integrity of homeowner's property
- Cover repairs to leaks or broken lines located under the slab foundation

Competition

- Multiple mailings to residents often without knowledge of city administration
- Increase in calls to City Hall from residents questioning warranty validity
- Surge in complaints filed with State Attorney General's office
- Limit to number of repair incidents
- Excludes cost of permits and licenses
- High claim denial rates

NLC Service Line Warranty Program City Partners

■ From large to small cities:

- Atlanta, GA: More than \$1 million in repairs
- Phoenix, AZ: Over \$369,000 in repairs

■ Recent partner additions

- Las Vegas, NV
- San Diego, CA
- Madison, WI

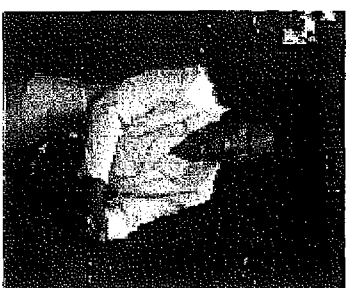
■ <State> Kansas partners include:

- | | | |
|----------------|--------------|-------------------|
| • Derby | • El Dorado | • Prairie Village |
| • Dodge City | • Hutchinson | • Roeland Park |
| • Edwardsville | • Ottawa | |

City Official Comments

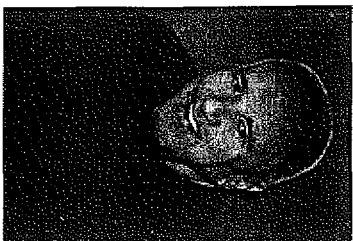
"The program has already paid out over \$1 million in repairs and replacements for our homeowner's lateral service lines. My constituents are happy that we have provided this option for city homeowners. We use the revenue associated with the program to assist lower income homeowners with repairs to their service lines. I am sure your City will be pleased with the NLC Service Line Program."

- Felicia Moore, City Councilwoman - Atlanta GA



"This program has been available to Clarksburg's residents for nearly two years, and it's a real winner. Resident satisfaction is high and it's a lot easier to tell citizens about this great service rather than explain why they are on the hook for costly repairs."

- James C. Hunt, past NLC President and former Council Member - Clarksburg, WV



"The Service Line Protection Program helps Phoenix residents and the city government. Revenue from the program goes to core city services like police, fire, parks, libraries and senior centers. The warranties give residents an affordable option for repairs to their sewer and water lines."

- Jon Brodsky, Public Information Officer - Phoenix, AZ



Homeowner Testimonials



- "Glad the city made this recommendation and that I purchased it.
Fantastic contractor!"
- Julie M., Mooresville NC
- "After my recent home fire, it was very comforting to contact SLW and be told that my line would be immediately repaired. The fast service was truly appreciated, and I highly recommend your service - I have already recommended SLW to all my family and friends."
- James H., Charleston, WV
- "Having water and sewer line coverage is a Godsend. When I bought my home and turned on the water, there was a leak in the alley that the city said I was responsible for - the repair cost a small fortune. Thank you for this protection. It really eases my mind!"
- Patricia G., Abilene, TX
- "I like the purpose of your company; you are honest and caring. Thank you!"
- Julie M., Mooresville NC
- "I recently had a huge problem with my sewer line and I cannot begin to express how helpful it was to have this coverage. It gets increasingly difficult to keep up with repairs. Having the warranty made it easy."

- Marsha B., New Brighton, PA

An Atlanta GA resident letter to Felicia Moore, City Councilwoman

Dear Felicia,

On Christmas Day my sewer line backed up into my house and into my tub! I could not flush toilets or take a shower or wash dishes or clothes or even my hands. It turned out to be due to a clogged sewer line in my front yard. Thanks to you, I had the warranty and did not have to pay for the \$2000 plus repair! Thank you! The warranty company had good customer service and the local plumbing company that they sent to do the work, Atlanta Plumbing Plus, WAS AMAZING! They did a wonderful job and were very respectful of my property (and my anxiety about the situation). Thank you so much Felicia for always looking out for us!

Cindy

Homeowner, Atlanta, GA