

From: Brian Davis, National League of Cities Service Line Warranty Program

Date: May 4, 2015

Subject: Re: CF#14-0515 Sewer Line Protection Program - City Agenda Tuesday May 5, 2015

Over the past two years we have visited with a good many council members both in LA and at the National League of Cities Conferences. During that time, the program has grown to include over 250 cities, including San Diego, Phoenix, Dallas, Kansas City, Atlanta, Mesa, Las Vegas, Tucson and many others.

It is our understanding that the city council staff and committees have looked at the program and are familiar with it. One common misconception about the program is that if the city does not enter into a partnership with the NLC Service Line Warranty Program, that it can be offered to citizens anyway. Unfortunately, we believe that direct marketing to the residents without a partnership with the city is troublesome for the homeowner and can attract companies with less than desirable ethics into the market. It also can have some negative financial impacts for both the city and the homeowner. It is for this reason that the National League of Cities Service Line Warranty Program can only be offered in partnership with the city in order to provide code compliant repairs and utilize trusted and licensed city plumbers and contractors who have been vetted and are in good standing with the city.

The other item that may have been misunderstood at the April 15 council subcommittee meeting was the use of the city logo. The NLC Service Line Warranty Program went to the E&E Committee the first week in November and was tabled for 60 days to investigate how to move the program forward with the use of the city logo and whether

an RFP would be needed.

Shortly thereafter, I participated on a call with the Bureau of Sanitation and John Carvalho from the City Attorney's Office to see how we might be able to address these two questions. Mr. Carvalho indicated that this program was a public policy decision that could be made by Council. It was also understood by all parties on the call that the city can, in fact, lend the use of its logo so long as a public purpose is being served: a few examples include water conservation, public health and safety, reduced staff time, ability to avoid costly and unexpected repairs for homeowners, improvements to city's aging utility infrastructure, ongoing annual revenue (millions of dollars) that could go towards programs currently underfunded, etc.

We have been following the devastating drought conditions throughout much of the country and have found that many of our partner cities find the NLC Service Line Warranty Program, a unique partner that can provide value to the city and the residents as it relates to conservation. By partnering with the NLC program, the City of Los Angeles can have a message inserted into our marketing materials that gives conservation information to every Los Angeles homeowner at least four times per year. Additionally, all of the repairs done under the program will be professionally completed to insure against a future failure. In just the few short years that the National League of Cities have been offering the program, we are approaching \$100 Million dollars of infrastructure investment on the resident side of the line.

In this November 2014 article in the LA Times, <http://www.latimes.com/local/lanow/la-me-ln-city-water-main-pipes-20141106-story.html>, it states that more than 40% of water pipes in the city of Los Angeles are graded C or worse. Also the article states that the average age of a city water line is 58 years. Unfortunately, residents service lines are generally as old or older than the city owned lines and when they fail, many residents are left with little

option but to face a catastrophic expense or do sub-standard and non-code compliant repairs. This is why the National League of Cities put together a program that works with cities to address this serious problem.

The other component of the program is to create a revenue stream for the city that can be used to address some of the issues with conservation, failing infrastructure or whatever the city deems necessary. If our other partner cities are any indication, the funds have helped in tough budget climates to address needs that would otherwise go unmet.

Our goal is to provide quality, ethical service to the residents of the city of Los Angeles while providing a revenue stream to address needed projects by the city.