

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to adoption of a private sewer laterals warranty program.

Recommendation for Council action:

NOTE and FILE the November 7, 2014 Bureau of Sanitation (BOS) report relative to adoption of a private sewer laterals warranty program, inasmuch as this report is for information only and no Council action is required.

Fiscal Impact Statement: Not applicable.

Community Impact Statement: None submitted.

Summary:

On November 5, 2014, your Committee considered a Motion (Parks - Blumenfield) relative to adoption of a private sewer laterals warranty program. According to the Motion, 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 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. After consideration and having provided an opportunity for public comment, the Committee moved to continue this matter.

Subsequently, on April 15, 2015, your Committee considered a November 7, 2014 BOS report in response to the above Motion. According to the BOS, the City's sewer system includes more than 6,700 miles of public sewers that serve approximately 700,000 customers that are connected to the system by an estimated 11,000 miles of private sewer laterals. For more than a decade the City has been implementing aggressive sewer maintenance and upgrade programs in its public sewer infrastructure. As a result, the City is enjoying an exceptionally low rate of sewer blockages and spills.

However, private sewer laterals maintenance has been lagging behind. Based on evidence observed during the City inspection of public sewers, an estimated 70,000 or 10 percent of all laterals have defects of various degrees and as such, they present a risk of wastewater backup in private properties and blockages and spills in public sewers. In Los Angeles, as in most other cities and municipalities, property owners are responsible for the entire length of sewer laterals, including both upper and lower lateral reaches. The upper lateral is the portion from the building structure to

property line and the lower lateral from property line to the City main.

Lack of lateral maintenance has been particularly a problem in the areas of the City with high concentration of trees where laterals are susceptible to tree roots penetration, blockage, and damage. Aging and deteriorating laterals in these and other areas of the City are also at risk of failure. Public sewers require frequent root-related cleaning and maintenance and root related sewer blockage increase with drought conditions as tree roots seek moisture in sewer lines. Once inside, roots continue to grow and can eventually cause sewer blockages and spills. Roots enter public sewers largely through faulty laterals. Generally the useful life of a sewer lateral is about 50 to 100 years depending on pipe material, site conditions, and maintenance. Over 50 percent of the laterals are approaching or have exceeded the end of their useful life and will continue to decay unless corrective action is taken.

Based on experience gained in community outreach program, the BOS believes SLWA's existing warranty coverage cap of \$8,000 for a combined sewer improvement and surface restoration work will cover a large majority of emergency response and repair incidents. The cost of a substantial number of rehab or replacement work, however, may exceed this cap. Upon realizing this fact, the SLWA representatives prepared an un-solicited informal proposal for Los Angeles, including a total coverage cap of \$10,000 at the price of \$9.00 per month per warranty.

The BOS went on to evaluate state that SLWA's proposed warranty program. Specifically, based on a research including contacts with SLWA representatives and a review of testimonials by their municipal sponsors and customers, the BOS believes that speedy response to urgent and emergency needs for repair is a distinguishing characteristic of the SLWA's warranty program. Work is performed by licensed, locally based plumbers who will call the customer within one hour of filing a claim. Repair work is performed quickly and SLWA provides a personally staffed 24/7 hotline for residents, 365 days a year. According to SLWA representatives, the warranty program could be fully operational within 90 days of City approval of a licensing agreement. The Sewer Connection Financial Assistance Program (SCFAP), however, is still under development and is currently planned initially for a pilot program.

Additionally, the City Attorney has been consulted regarding the proposed City sponsorship of a warranty program and it expressed concerns in that such sponsorship may perhaps not pass the legal threshold set forth in Charter Section 104 (g) and Los Angeles Municipal Code Section 63.108.

In regard to sole sourcing with SLWA versus a Competitive Process, most of the approximately 200 cities nationwide that have partnered with SLWA have sole sourced SLWA based on a formal Request for Proposals process created by the North Central Texas Council of Governments (NCTCG) which led to a unanimous selection of SLWA.

However, San Diego, the first city in California to partner with SLWA, evaluated the programs provided by SLWA and one other service provider through a Request for Sponsorship (RFS) process and selected SLWA. Given the size of the Los Angeles market and potential public relation problems associated with the proposed warranty program, the BOS believes that an open competitive process may deliver the following advantages:

- a. Provide an opportunity for the development of similar programs by other service providers including local providers.
- b. Produce competitive warranty coverage and pricing.

- c. Help minimize potential public relation problems associated with the proposed sponsorship.
- d. Avoid potential legal challenges by service providers not selected and others

The BOS also went on to detail how a warranty program would fit in with the City's overall efforts. Specifically, this privately managed, relatively off-the-shelf program could provide the City with the following advantages:

- a. Help reduce wastewater backups and sewer blockages and spills.
- b. Quickly provide relief to property owners who may be experiencing a sewer problem but unable to afford a timely corrective action.
- c. Add to choices available to customers.
- d. Complement and lessen the financial and administrative demand of the proposed SCFAP on the City.
- e. Boost the local economy and tax base.

After further consideration and having provided an opportunity for public comment, the Committee moved to note and file the November 7, 2014 BOS report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	YES
HUIZAR:	ABSENT
KORETZ:	ABSENT

ARL
4/15-15

-NOT OFFICIAL UNTIL COUNCIL ACTS-