

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
OCTOBER 3, 2017 AGENDA**

Subject:	Type:	Submitted By:
SERVICE LINE WARRANTY PROGRAM	◆ RESOLUTION ORDINANCE RECEIVE/FILE	JOE SOUCIE DIRECTOR OF PUBLIC WORKS

SYNOPSIS

A resolution has been prepared authorizing the City of La Vista to enter into a Marketing Agreement with Utility Service Partners Private Label, Inc. d/b/a Service Line Warranties of America.

FISCAL IMPACT

The proposed marketing agreement places no fiscal impact on the City of La Vista. Service Line Warranties of America will compensate the City of La Vista \$0.50 per Product for each month that a Product is in force for a Residential Property Owner, aggregated and paid annually for:

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

Products offered:

- a. External sewer/septic line warranty (initially, \$7.75 per month; \$88.00 annually)
- b. External water service line warranty (initially, \$6.75 per month; \$76.00 annually)
- c. In-home plumbing warranty (initially, \$9.99 per month; \$114.99 annually)

RECOMMENDATION

Approval

BACKGROUND

The National League of Cities (NLC) and Utility Service Partners created the NLC Service Line Warranty Program to help city residents save money, ease the frustration over utility line failures and introduce a new service offering to the community. A packet explaining the Service Line Warranty Program has been included, along with a copy of the Marketing Agreement.

The City of Papillion has been involved with this program for several years and reports they have had no issues with the program. The City of Papillion has been receiving approximately \$8,000 a year in licensing fees from the program.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA AUTHORIZING THE EXECUTION OF A MARKETING AGREEMENT WITH UTILITY SERVICE PARTNERS PRIVATE LABEL, INC DBA SERVICE LINE WARRANTIES OF AMERICA.

WHEREAS, The Mayor and City Council have determined that a service line warranty program is necessary; and

WHEREAS, Utility Service Partners Private Label dba Service Line Warranties of America provides such program; and

WHEREAS, There is no fiscal impact on the City of La Vista for this program; and

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of La Vista, Nebraska, do hereby authorize the execution of a marketing agreement with Utility Service Partners Private Label dba Service Line Warranties of America, in form and content approved by the City Attorney and City Administrator.

PASSED AND APPROVED THIS 3RD DAY OF OCTOBER, 2017.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

MARKETING AGREEMENT

This MARKETING AGREEMENT ("Agreement") is entered into as of [_____, 20__] ("**Effective Date**"), by and between the City of La Vista, Nebraska ("**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 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. Consideration.

A. As consideration for such license, Company will pay to City a License Fee of as set forth in Exhibit A ("**License Fee**") during the term of this Agreement. The first payment shall be due by January 30th of the year following the conclusion of first year of the Term. Succeeding License Fee payments shall be made on an annual basis throughout the Term and any Renewal Term, due and payable on January 30th of the succeeding year. City will have the right, at its sole expense, to conduct an audit, upon reasonable notice and during normal business hours, of Company's books and records pertaining to any fees due under this Agreement while this Agreement is in effect and for one (1) year after any termination of this Agreement.

5. Indemnification. Company hereby agrees to protect, indemnify, and hold the City, its elected officials, officers, employees 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 services under the Products; provided that the applicable Indemnitee notifies Company of any such Claim within a time that does not prejudice the ability of 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.

6. 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: Joe Soucie
City of La Vista
8116 Park View Blvd
La Vista, NE 68128
Phone: (402) 331-8927

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

7. 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.

8. 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.

9. 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.

10. Choice of Law. The governing law shall be the laws of the State of Nebraska. 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.

11. 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 LA VISTA

Name: Douglas Kindig

Title: Mayor

UTILITY SERVICE PARTNERS PRIVATE LABEL, INC.

Name: Tom Rusin

Title: Chief Executive Officer

Exhibit A
NLC Service Line Warranty Program
City of La Vista
Term Sheet
August 9, 2017

I. Initial Term. Three years

II. License Fee. \$0.50 per Product for each month that a Product is in force for a Residential Property Owner (and for which payment is received by Company), aggregated and paid annually, for:

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

III. Products.

- a. External sewer/septic line warranty (initially, \$7.75 per month; \$88.00 annually)
- b. External water service line warranty (initially, \$6.75 per month; \$76.00 annually)
- c. In-home plumbing warranty (initially, \$9.99 per month; \$114.99 annually)

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 sewer/septic line warranty: Scope is from the main tap until line daylights inside home, which includes the service line under the concrete floor. (Covers septic lines if applicable)
- b. External water service line warranty: Scope is from the main until line daylights inside home, which includes the service line under the concrete floor. Coverage also includes thawing of frozen external water lines. (Covers well service lines if applicable)
- c. In-home plumbing warranty: Scope covers residential 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 broken or leaking water, sewer, or drain lines that may be embedded under the slab or basement floor. Coverage also includes repair of clogged toilets.

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 In-home plumbing warranty Product via in-bound channels only.



Service Line Warranty Program

Administered by



Building Peace of Mind, One Community at a Time

Why you should partner with Utility Service Partners

- Partnership with the National League of Cities
- Offers Solution
- Experience
- Reputation



National League of Cities (NLC)



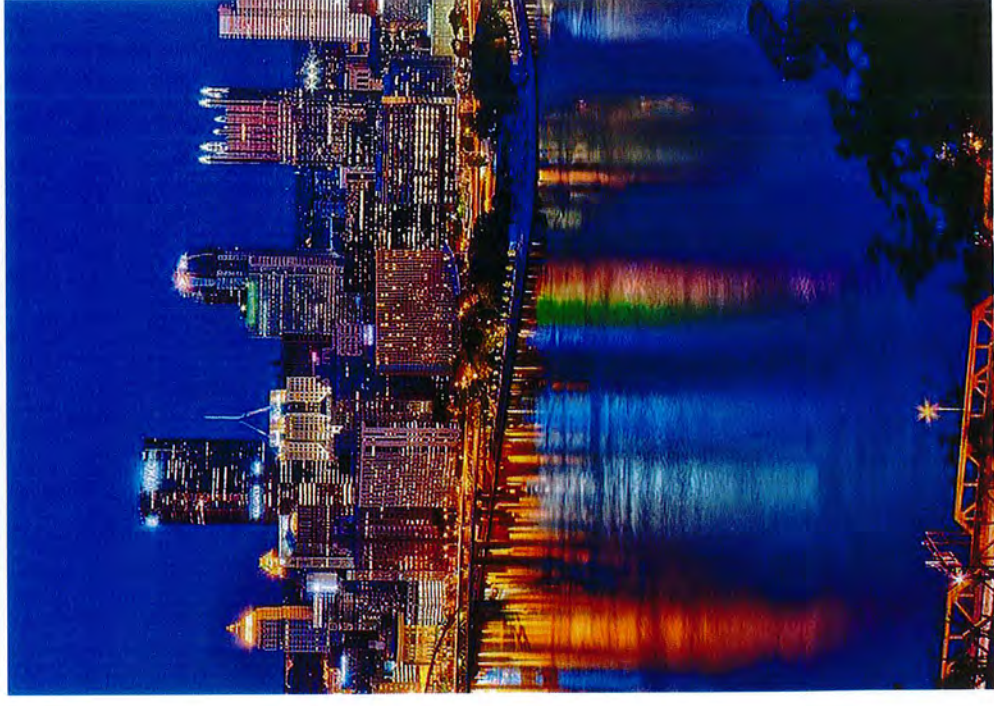
“Our goal at the National League of Cities (NLC) is to be a resource and advocate for your city and its residents. NLC recognized the growing problem of aging infrastructure and the dire need to find a solution for not only cities, but for its residents.

As a result, NLC and Utility Service Partners created the NLC Service Line Warranty Program to help city residents save money, ease the frustration over utility line failures and introduce a new service offering to your community. The National League of Cities is proud to partner with Utility Service Partners because we’ve found it to be the most reputable and reliable program – one that will educate your residents on their water and sewer line responsibilities.”

– **Clarence E. Anthony**,
Executive Director, NLC

National League of Cities (NLC)

- NLC is the nation's oldest and largest organization advocating for cities.
- After thorough vetting, NLC selected USP to administer the NLC Service Line Warranty Program.
- NLC endorsement adds another layer of oversight, which further protects the city brand.

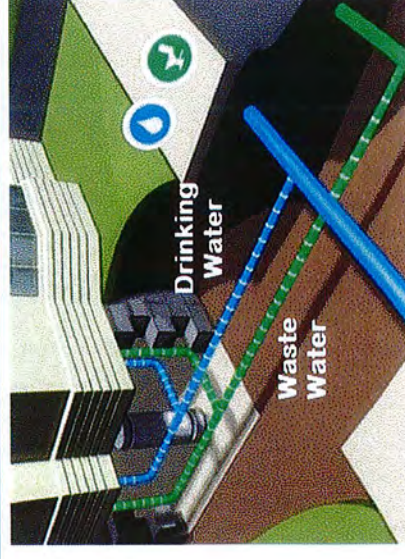


Infrastructure Challenges ... *a National Problem*

- ❑ American Society of Civil Engineers 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 (\$4,000) and public sidewalk (\$500) repair.
- 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.

Municipality Solution for Homeowners

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.

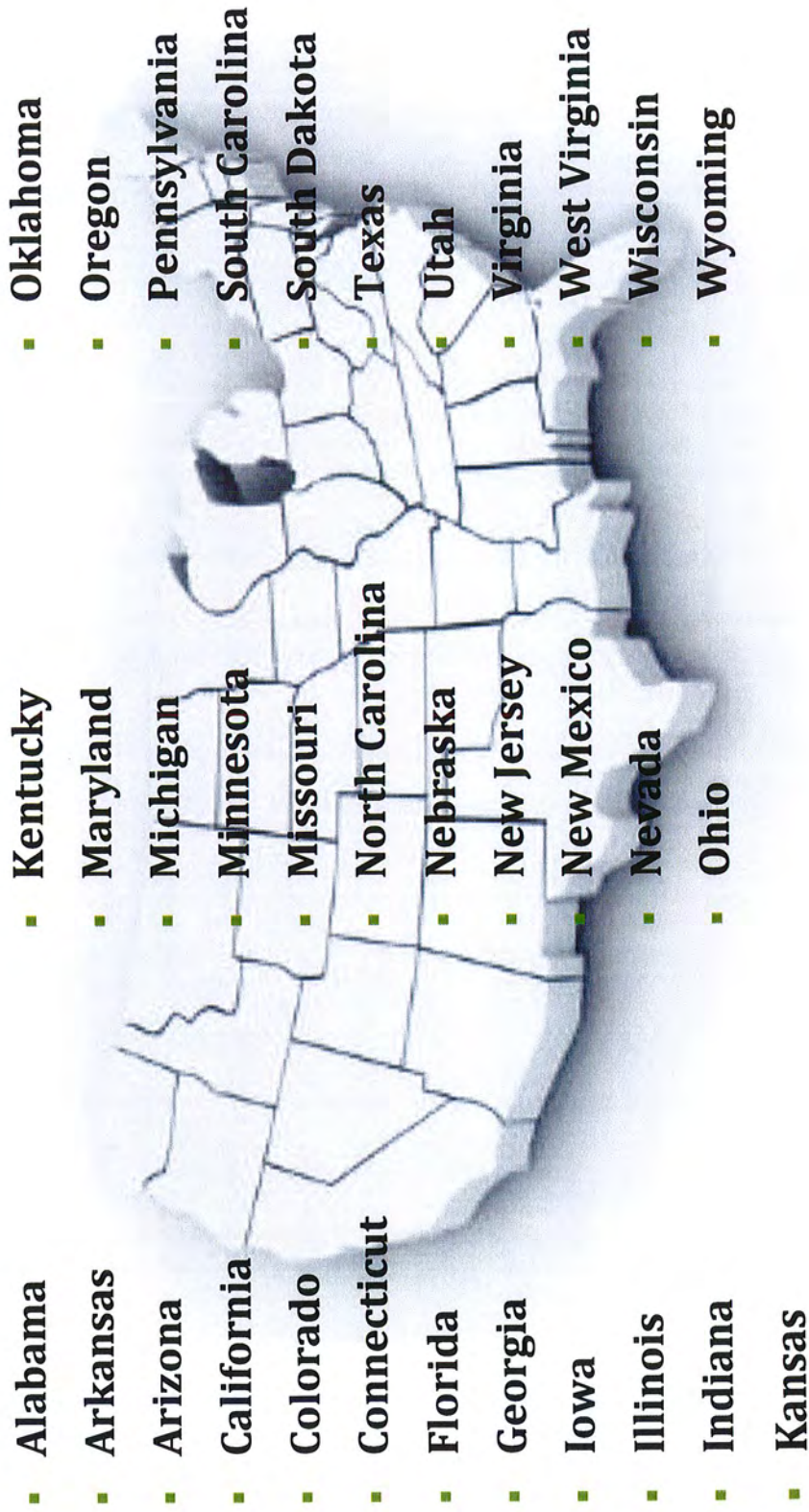
Coverage includes:

- 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.
- 24/7/365 availability
- No deductibles, service fees, forms, or paperwork.
- Repairs made only by licensed, local contractors.
- Affordable rates and multiple payment methods.

Experience

- **Utility Service Partners is the administrator for the National League of Cities Service Line Warranty Program**
 - ❖ Over 400 cities are participating in the program
 - ❖ Invested more than \$90 million in private infrastructure repairs
 - ❖ Returned nearly \$4 million to cities through revenue sharing component
- **Management team that has provided these types of services for over 15 years**
- **USP is a solution provider**
 - ❖ Educate homeowners about their responsibility
 - ❖ Provide an affordable repair solution
- **Keep our promise to your homeowners**
 - ❖ 97% claim approval rating
 - ❖ 95% customer satisfaction rating

Over 400 Partners in 34 States



Reputation

- Brand stewardship
 - ❖ 2013 BBB Torch Award for Marketplace Ethics
 - ❖ A+ Accredited BBB rating



**BBB Torch Award for
Marketplace Ethics**

Trust • Performance • Integrity

2013 Winner
Western Pennsylvania Better Business Bureau®

- Commitment to local government
 - ❖ **Only** service line warranty provider that will never market to consumers without the consent and support of the City
- Respect for homeowner's privacy
 - ❖ Limited mailings to residents

Closing

- USP's Partnership with NLC + Experience
+ **Reputation = Trust**
for you and your residents
- USP will keep its promise to our customers
- USP has proven that a company committed to providing exceptional service and a valuable product at a fair-market price can successfully partner with local government



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

