



Legislation Text

File #: 20-0010, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

George Gabriel, Senior Management Analyst

SUBJECT:

Consider Authorizing the National League of Cities Service Line Warranty Program and Marketing Agreement to Offer Emergency Repair/Replacement Plans to Address Private Sewer and Water Infrastructure (City Manager Moe).

- a) **DISCUSS AND PROVIDE DIRECTION**
- b) **ADOPT RESOLUTION NO. 20-0006**

RECOMMENDATION:

Staff recommends that the City Council: a) receive a presentation on the National League of Cities (NLC) Service Line Warranty Program that offers emergency repair/replacement plans for private sewer and water infrastructure; and b) discuss and provide direction on endorsing the NLC Service Line Warranty Program. Should the City Council direct staff to endorse the program, the City Council may adopt Resolution No. 20-0006 authorizing the City Manager to enter into an initial three-year marketing agreement with Utility Service Partners, Inc. (USP) with additional one-year renewal options.

FISCAL IMPLICATIONS:

There are no fiscal implications associated with endorsing the NLC Service Line Warranty Program. However, should the City Council opt to enter into a royalty agreement, staff estimates it may generate \$10,000 - \$20,000 in revenue over a three-year period.

BACKGROUND:

At the February 5, 2019, City Council meeting, Mayor Pro Tem Montgomery, supported by Mayor Hersman, requested that a service line warranty program be agendaized for discussion at a future City Council meeting for residents who wish to purchase water, sewer and plumbing insurance. It should be noted that this request was submitted prior to the City's new three-step agenda process requiring a majority of Council to approve future agenda items.

At the October 15, 2019, City Council meeting, the service line warranty program was considered and direction was provided by the City Council to provide additional information. For reference, the initial staff report presented is attached to this report.

DISCUSSION:

Consistent with City Council direction, the NLC Service Line Warranty Program representative has drafted a letter for consideration and approval that does not reflect endorsement. Instead, it reflects an optional insurance opportunity for homeowners that is authorized by the City of Manhattan Beach.

The letter now states, "It's important to help protect your finances from the unexpected expense and inconvenience of emergency repairs. That's why the City of Manhattan Beach has authorized SLWA Insurance Services (SLWA)-a premier provider of home emergency repair solutions to homeowners nationwide-to offer Exterior Water Service Line Coverage and Exterior Sewer/Septic Line Coverage to Manhattan Beach homeowners." The complete letter USP plans to send to residents is attached for reference.

Upon City Council direction, the City may elect to enter into a royalty agreement to cover the cost of staff time dedicated to review program materials. The royalty agreement allows revenue sharing between the City and USP. In the royalty agreement, the City may elect to receive a \$.75 cent stipend per customer enrolled in a water/sewer line policy over the three-year agreement. Staff estimates it may generate \$10,000 - \$20,000 in revenue if the City elects to receive a stipend.

If the City Council does not elect to receive the stipend, USP offers a non-royalty agreement that offers zero revenue sharing but reduces USP's water/sewer line insurance costs by \$.75 cent per month (equivalent to the stipend). USP indicates that about 65% of their California partners chose the non-royalty program so they can pass along the savings and give residents the lowest monthly price when they enroll.

CONCLUSION:

Staff recommends that the City Council discuss and provide direction to staff on whether the City should endorse the National League of Cities Service Line Warranty Program and whether the City should enter into a royalty or non-royalty marketing agreement. Should the City Council direct staff to endorse the program, the City Council may adopt Resolution No. 20-0006 authorizing the City Manager to enter into a an initial three-year royalty or non-royalty marketing agreement with Utility Service Partners, Inc. with additional one-year renewal options.

LEGAL REVIEW:

The City Attorney has reviewed this staff report and determined that no legal analysis is required.

ATTACHMENTS:

1. Resolution No. 20-0006
2. Agreement - Utility Service Partners Private Label Inc. (Royalty)
3. Agreement - Utility Service Partners Private Label Inc. (Non - Royalty)
4. Draft National League of Cities Endorsement Letter
5. City Council Staff Report (October 15, 2019)