

NLC SERVICE LINE WARRANTY PROGRAM

# Overview

NATIONAL  
LEAGUE  
of CITIES

*Building Peace of Mind, One Community at a Time*

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LEAGUE  
of CITIES



# NLC SERVICE LINE WARRANTY PROGRAM

## *Building Peace of Mind, One Community at a Time*

### EXPENSIVE LINE FAILURES SOLUTION

The NLC Service Line Warranty Program, administered by Utility Service Partners, helps city residents save thousands of dollars on the high cost of repairing broken or leaking water or sewer lines. This program is offered at *no cost* to the city.

### REPAIR SAVINGS

Residents who have not set aside money to pay for an unexpected, expensive utility line repair, now have an opportunity to obtain a low cost warranty that will provide repairs for a low monthly fee, with no deductibles or service fees. The work is performed by licensed, *local* plumbers who will call the customer within one hour of filing a claim. The repair is performed professionally and quickly, typically within 24 hours. USP provides a personally staffed 24/7 repair hotline for residents, 365 days a year.

### IMPLEMENTATION

Once your city has approved participation in the program, start up is simple. The program is designed for a quick launch, taking up little of your city employees' valuable time:

1. Execute the simple, one page contract provided by USP.
2. Approve the recommended Press Release (this is designed as a general notice to reduce resident confusion and calls to the city with questions).
3. Approve the Campaign Letter provided by the USP Marketing team.
4. Access monthly reports via the web.

### BENEFITS

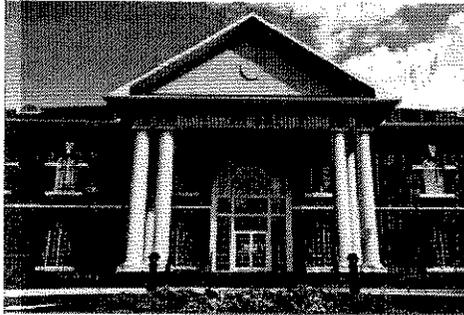
- NO COST for the city to participate
- Generates revenue for your city
- Affordable rates for residents
- 24/7 Customer Service
- Service from trusted, local contractors
- Peace of mind for your residents
- Reduces local officials' frustration
- Easy implementation
- Fewer citizen complaints
- All repairs performed to *local* code

### MORE INFORMATION

To learn more about this program, visit NLC's website at [www.nlc.org/enterpriseprograms](http://www.nlc.org/enterpriseprograms) or contact Denise Belser, Program Director, at [belser@nlc.org](mailto:belser@nlc.org) or (202) 626-3028.

## *Building Peace of Mind, One Community at a Time.*

This program is administered by Utility Service Partners (USP). USP is solely responsible for the implementation and operation of the program.



## NLC SERVICE LINE WARRANTY PROGRAM

# Participating is Easy...

### Implementation Process



1. Upon approval from city council (if applicable), execute one-page contract provided by USP (upon contract execution, USP will immediately begin to recruit and screen local contractors)



2. Approve Press Release provided by USP (general notice to eliminate resident confusion/city calls) and if desired, distribute to local media and/or post to the city website



3. Send the following to USP for the creation of the citizen solicitation letter:

- City Seal artwork, if available
- Name/Title of designated signor plus signature
- City Address for outer envelope
- Zip+4 list of city territory



4. Approve Solicitation Letter provided by USP



5. Access Monthly Reporting via the web



6. Receive Annual Payment

### UTILITY SERVICE PARTNERS

How long has the company been in business?

The company was originally formed in 1998 within Columbia Energy to provide service line warranties for its utility customers. USP was formed in September 2003 to purchase Columbia Service Partners from Columbia Energy. USP continues to expand the product offerings and grow the business through city and utility partnerships. USP is a proud member of the Better Business Bureau.

### PROGRAM

Is this program available everywhere?

The NLC Service Line Warranty Program will be introduced throughout the contiguous United States in phases over the next 18 months. Please see our National Roll-Out Schedule map for details regarding your state.

How are our citizens notified of the program?

USP mails each resident a campaign letter which outlines the cities' endorsement, followed by a reminder letter two weeks later to ensure the highest response rate. USP only solicits through direct mail — no telemarketing is ever employed. All homeowners will have the option to enroll in the program, regardless of the age of their residence.

What cooperation will be needed from the cities?

USP desires to enter into a co-branded marketing services agreement with each city. The agreement provides for the use of the city name/logo, in conjunction with USP's logo, on marketing materials sent to citizens. The city is endorsing USP as the service provider for the warranty program.

When do you solicit residents?

Through the years, we have found the optimal times to invite citizens to participate are in the Spring and Fall of each year.

Does NLC or USP sell or rent the personal information of residents that enroll in the program?

No. Neither the NLC nor USP will sell or rent the names of prospective customers or participants.

How much does the resident pay for this service?

Each warranty is sold separately and the price range is generally between \$4 and \$5 a month per product.

### BENEFITS

How much will residents save by using the warranty program?

While costs for water line and sewer line repairs can vary, the average cost of repairing a broken water line or sewer line may range from \$1,200 to over \$3,500.

Will this program cost the city any money?

Not a cent. USP pays for all marketing materials and program administration. Furthermore, USP will pay the city a royalty for every resident that participates in the program!

What benefit does the city receive from endorsing these programs?

By endorsing the USP programs, the city is able to reduce resident's frustration over utility line failures by bringing them low-cost service options. 96% of survey respondents say that their image of the city is enhanced because the warranty program is offered as a service by the city. These programs also generate extra revenue for the city through the royalty that is paid by USP to the city. Finally our programs help to stimulate the local economy. USP only uses local contractors to complete the repairs which helps to keep the dollars in the local community.

### RESPONSIBILITIES

Who administers the program?

Utility Service Partners (USP) administers the program and is responsible for all aspects of the program including marketing, billing, customer service, and performing all repairs to local code.

What are the city's responsibilities?

We ask each city to work with USP to provide the following: 1) a copy of the city seal, if available, for the solicitation letterhead 2) the city's return address for outer envelope (this ensures a high "open-rate") 3) the name, title and signature sample of the designated solicitation signor and 4) the appropriate zip codes of the city to allow USP to purchase a mailing list of the residents.

Why does the city have to provide a city seal, address and signature?

We have found that while the letter is written in such a manner as to leave no doubt that it is a USP program (the USP logo is on the enrollment form), the city address drives a very high "open-rate" and the city seal and signature lend credibility to the offer, thus driving a much higher enrollment rate.

Will we get a lot of calls from citizens when they get the letter?

A press release provided by USP and issued prior to the first mailing will help alleviate citizen concerns, which should result in nominal calls to city hall.

## **PRODUCTS**

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How will citizens know what is covered?

All customers receive a set of terms and conditions upon enrollment in a utility warranty program. They have 30 days from the date of enrollment to cancel and receive a full refund.

What items are included as part of the water line warranty?

The external water warranty covers the underground service line from the point of connection to the city main line to the water meter. It also covers the underground service line between the water meter and the exterior foundation of the home. If any part of the line is broken and leaking, USP will repair or replace the line in order to restore the service. Coverage caps listed in the terms & conditions are per occurrence as follows:

\$4,000 plus an additional \$500 for public sidewalk cutting, if necessary

What items are included as part of the sewer line warranty?

The external sewer line warranty covers the underground service line from the point of connection to the city main line to the point of entry to the home. If any part of the line is broken and leaking, USP will repair or replace the line in order to restore the service. Coverage caps listed in the terms & conditions are per occurrence as follows:

\$4,000 plus an additional \$4,000 for public street cutting, if necessary

The Coverage Cap looks adequate but is there an annual or lifetime restriction on how much you will pay to repair?

No. Unlike some other warranties available, we provide you with the full coverage per incident. We will pay up to your coverage amount each and every time you need us. We do not deduct prior repair expense from your coverage cap or limit the amount we will pay annually.

Doesn't Homeowner's Insurance cover this type of repair?

Typically, no. Most homeowner policies will pay to repair the damage created by failed utility lines but they generally do not pay to repair the actual broken pipes or lines. We encourage you to call your insurance company to determine your actual coverage.

Is soil movement due to ground shifting covered?

Yes, ground shifting is one of the major causes for water line breaks. If the line is broken and leaking, the repair is covered under the warranty.

Who replaces landscaping if damaged?

USP will provide basic restoration to the site. This includes filling in the holes, mounding the trench (to allow for settling) and raking and seeding the affected area. Restoration does not include replacing trees or shrubs or repairing private paved/concrete surfaces. This is outlined in the terms & conditions sent to the customer.

What building codes will you adhere to?

If the line is broken and leaking, USP will repair or replace the leaking portion of the line according to the current code. However, USP is not responsible for bringing working lines up to code that are not in need of repair.

## **CUSTOMER SERVICE**

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Will a citizen have a long hold time when reporting a claim?

No. Repair calls receive the highest priority and are answered 24/7. Repair calls are connected to a live agent through a voice recognition unit (VRU).

Will the customer always get a live operator when they call?

Yes. Customers are directed to select to speak with either a service or claims agent and will then be directed to a live Agent.

What is the claims process?

Program participants call a toll-free USP number to file a claim. USP selects the contractor, who is required to contact the customer within one hour of receiving the job to schedule a time to begin the repairs. Typically, repairs are completed within 24 hours. Emergencies receive priority handling.

## **CONTRACTORS**

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Who performs the repair work?

USP retains *local*, professional plumbers to perform all the service line repair work.

How selective are you when choosing contractors to conduct repairs?

USP only selects contractors who share our commitment to excellence in customer service. Scorecards are maintained for each contractor, tracking the customer satisfaction rating for work performed. Customer feedback is shared with our contractors and any contractor with a low customer satisfaction rating is removed from the network.

Dear [City Home Owner Name]:

I am very pleased to tell you about a new program available for our residents -- one that could save you both time and money in slow economic times. As you know, homeowners in the City of \_\_\_\_\_ are responsible for the maintenance and repair of their *external (outside) water line* that runs from the main line to your home. The City of \_\_\_\_\_ takes great pains to deliver superior service to each of our residents but unforeseeable problems can, and do occur with buried water lines.

That's why the City of \_\_\_\_\_ would like to make you aware of a program made available to you by Service Line Warranties of America (SLW). SLW offers a Water Line Warranty which will protect you from any repairs needed on your outside, buried water line for a small monthly fee. If you should need a repair, they have a 24 hour hotline and will dispatch a local plumber within 24 hours to perform the repair. There are no service fees or deductibles. Repairs are covered up to \$4,000 per incident plus an additional \$500 allowance for public sidewalk cutting if needed.

If you've already set aside money for an unexpected and potentially costly outside water line repair then this program is probably not for you. However, if you haven't, I would encourage you to consider enrolling in the outside water line warranty.

***If you enroll by March 31, 2011, SLW will offer a discounted price of \$4.00 a month which represents a savings of over 20% on their standard monthly price.*** Service Line Warranties of America has several billing frequencies and payment options available, including invoice, credit card and direct debit from your checking account.

To enroll, or to learn more about this program, please call **1-800-000-0000** to speak with them directly. Or if you prefer, you may return the bottom portion of this letter to SLW in the enclosed, self-addressed envelope.

Kind regards,

City Manager / Mayor

Complete warranty terms and conditions will be provided following enrollment. You may terminate your participation in a warranty program at any time. You have 30 days from the date you enroll to receive a full refund. After 30 days, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation.



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SERVICE LINE WARRANTIES OF AMERICA

Customer Name  
Customer Address  
Customer City, State, Zip Code

Contact ID:

Yes! Please enroll me in the Service Line Warranties of America discounted outside water line warranty for just \$4.00 per month

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

To strengthen  
and promote  
cities as centers  
of opportunity,  
leadership, and  
governance.



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Dear City Official:

The National League of Cities (NLC) is pleased to partner with Utility Service Partners, Inc. (USP) in offering the **NLC Service Line Warranty Program**. Our Service Line Warranty Program is an affordable home protection solution for your residents to help them deal with the financial burden of unanticipated utility line repair and replacement costs that are not the city's responsibility to repair. Some additional program benefits are:

- No cost for cities to participate
- Affordable rates for residents
- Repairs made by trusted local contractors
- Reduces local officials' frustration
- Increases citizen satisfaction

We selected this program because of two outstanding features. First, by endorsing the NLC Service Line Warranty Program, the city generates extra revenue. USP will pay the city a royalty on every dollar collected. The Program generates an on-going, sustainable source of revenue for the city. Second, the program helps stimulate the local economy. USP uses local contractors to complete the repairs, which helps keep money in the local economy.

Some other things to consider in evaluating our Service Line Warranty Program are: 1) USP pays for the repairs, not your residents, 2) all repairs are performed to local code, 3) customers are provided with a 24/7 customer service repair hotline, and 4) USP is responsible for all aspects of the program including marketing, billing, customer service, and performing all repairs.

The Warranty Program came to the attention of the NLC through a grass roots effort that began in West Virginia, Illinois, Oklahoma and Texas. Participating cities have been delighted with the program and eagerly endorsed it to the NLC.

When you participate in an NLC-endorsed program, you have the satisfaction of knowing that the NLC staff is working with the service provider to offer superior service. We are here to help cities participate in the program and make sure the program works for you. I strongly encourage you to consider NLC for *solutions, service and savings*.

For more information about the NLC Service Line Warranty Program, contact Denise Belser, NLC Program Director, at [belser@nlc.org](mailto:belser@nlc.org) or (202) 626-3028. I also invite you to visit the Enterprise Programs section of NLC's website at [www.nlc.org](http://www.nlc.org).

Sincerely,

Donald J. Borut  
Executive Director

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# **Utility Service Partners, Inc.**

Service Line Warranty Program

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# BACKGROUND



# Who is USP

- Headquartered in Canonsburg, PA
  - One of the largest independent providers of service line warranties in North America
  - USP was selected as an National League of Cities (NLC) Enterprise Programs Partner
  - USP was selected by North Central Texas Council of Government (NCTCOG) to be a partner as well
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# USP Partnerships

- Several regional cities have participated in this program and are receiving benefits from their partnership. The enrollment numbers below were in the first 60 days:

Abilene, TX	13% enrollment
Lawton, OK	18% enrollment
Duncanville, TX	16% enrollment
Denison, TX	13% enrollment
Atlanta, GA	12% enrollment
Prairie Village, KS	19% enrollment
Englewood, CO	15% enrollment

- Other notable cities who have participated: Atlanta, Milwaukee, & Carrollton
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# **PROGRAM DETAILS**

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# Partnership Summary



- The City would “partner” with USP in their marketing efforts to Plano citizens
  - USP would use the City of Plano logo
  - City would be compensated \$10.80 per household per year that enrolls in the program
  - Revenue is projected to reach more than \$236,000 per year for the City of Plano
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# Warranty Program Products

- Warranty products are available for the following services:

- **Water**
- **Sewer**



- Services are offered at specific times of the year during campaigns. Cost to the citizens are \$4.50 for water and \$5.95 for sewer per month per product.
  - Local professional contractors are evaluated and selected for warranty work.
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# External Service Line Warranties

- Provide repairs on broken or leaking outside water or sewer lines typically not covered by homeowners insurance
- No restrictions on the number of repairs performed– full benefit of coverage provided on every repair
- NO deductibles or service fees



# Program Benefits

- ✓ 24/7 customer service
  - ✓ NO COST for the city to participate
  - ✓ Easy implementation
  - ✓ Generates revenue for the city
  - ✓ Peace of mind for our residents
  - ✓ All repairs performed to local code
  - ✓ Service from city-based contractors
  - ✓ Affordable rates for residents
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# REVENUE

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# Revenue Projections for the City of Plano, TX

## External Water and Sewer Line Coverage

### ASSUMPTIONS

Population		259,841
Owner-Occupied households		62,496
Assumptions	(USP avg. # of services subscribed per household)	1.5
Est. Revenue per Household		\$10.80

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## Yearly Revenue

<b>% Penetration of Households</b>	<b># of households with Coverage</b>	<b>Est. Revenue Per Household*</b>	<b>Est. Yearly Revenue</b>
5%	3,125	\$10.80	\$33,747.84
10%	6,250	\$10.80	\$67,495.68
15%	9,374	\$10.80	\$101,243.52
20%	12,499	\$10.80	\$134,991.36
25%	15,624	\$10.80	\$168,739.20
30%	18,749	\$10.80	\$202,487.04
35%	21,874	\$10.80	\$236,234.88

\*Based on USP avg. of 1.5 services/household

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- If Plano approves a 3-year agreement before February 29, 2012 the City will receive an additional \$63,730 as a lump sum bonus payment.
  - Total projected revenue for FY 2011-12  $\$63,730 + \$33,747 = \$97,477$
  - The city will continue to receive 12% of all revenue collected in Plano until the city decides to stop participating/cancels the agreement.
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# **DISCUSSION & DIRECTION**

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