



Subject: AMO-LAS Water & Sewer Warranty Program

To: Council

From: Public Works Department

Report Number: 2022-64

Meeting Date: April 12, 2022

Recommendation:

That Public Works Department Report 2022-64 be received;

That Council approve entering into an agreement with Service Line Warranties of Canada, Inc., attached as Appendix A to Public Works Department Report 2022-64, to offer the Water and Sewer Warranty Program to City of Port Colborne residents; and

That a by-law to enter into the agreement with Service Line Warranties of Canada, Inc. be brought forward.

Purpose:

To obtain direction from Council on entering into an agreement with Service Line Warranties of Canada, Inc. which would provide a new service for the residents of the City of Port Colborne.

Background:

The City of Port Colborne's water and wastewater system currently supplies approximately 6,600 residential service connections. Residential property owners are responsible for the maintenance of the buried water and sewer lines that run from the property line to the exterior of their home. When these lines break, leak or become obstructed, the homeowner is often surprised to learn that it is not a municipal responsibility, and most home insurance policies will not cover the expensive repair/replacements of these pipes. Some policies will allow homeowners to add on this type of rider, however there is an expensive deductible and many exclusions (for example, most companies will not cover frozen service pipes). Currently, if a resident has an issue with water or wastewater service, they typically contact Public Works.

At this point, the resident is advised to contact a local service provider, who will in turn, determine the source of the issue. If during this investigation, it is determined that the contributing issue is on the municipal side of the property line, the cost for the investigation is assumed by the municipality and City resources are used to address and resolve the issue. If the issue is determined to be on the private side of the property line, all work is the responsibility of the resident. This can be a time consuming and costly process. The average cost to replace a water line in Port Colborne is \$2,500-\$4,000 while the average cost to replace a sewer line is \$4,000-\$7,000.

Service Line Warranties of Canada has been endorsed as a vendor of choice by the Local Authority Service (LAS). LAS was established in 1992 by the Association of Municipalities of Ontario (AMO). LAS works with Ontario's municipalities to provide vendors of choice that leverage economies-of-scale and cooperative procurement efforts. Most municipalities can use this procurement process to access vendors for specific services for aggregated buying power. Recently, Service Line Warranties of Canada (SLWC) has also become a corporate partner of the Federation of Canadian Municipalities.

SLWC is the only company in Canada presently providing this type of coverage as a warranty. Council would not be favouring SLWC over another provider, if put to an RFP, they would be the only responder for Canada. AMO-LAS approached SLWC after their partnership with City of Hamilton to agree to offer this pricing to all Ontario residents after the same partnership was put in place. The services include water service lines, sewer laterals, and even internal home plumbing and drainage repair and replacement services.

With the SLWC model, work is always performed by licensed contractors (local where available), to ensure a timely response and adherence to local code requirements. For a fixed monthly fee, the Warranty Provider (SLWC) will perform any repairs required to the private buried infrastructure. If the resident is a member of a service line warranty program the first point of contact for repair work would be SLWC, who would be responsible for facilitating the diagnosis and repair of the issue, if on the private side. SLWC would also liaise directly with municipal staff for any repairs required on the municipal side on behalf of the resident. This is a turnkey program, administered solely by SLWC about customer service, billing etc. and no municipal funds are used, with minimal staff resources.

This program is designed and currently offered to residential properties tied to municipal water and wastewater systems as well as to residential properties on private systems (i.e. well, cistern or septic). A list of frequently asked questions for Council and staff has been provided in Appendix B. Neighbouring municipalities who have adopted the program or are in the process of adopting the program are provided in Appendix C.

Discussion:

To participate in this program, municipal endorsement of the program model is required. The endorsement allows Service Line Warranties of Canada to credibly market the program to residential property owners. There is no direct participation cost to the

municipality. The program allows for the municipality to receive a nominal fee from SLWC in exchange for its endorsement of the service and to compensate for any staff time which may be spent answering questions about the program. SLWC provides an onboarding and training call for staff prior to launching the program.

A contractual agreement is required between the City of Port Colborne and Service Line Warranties of Canada (SLWC). The contractual agreement permits SLWC to present the warranty services being offered utilizing the City's name, logo, and residential contact information. SLWC purchases this list from a third party, and the City is not asked to provide any resident data outside of confirming postal codes and reviewing the list.

The proposed term of the Contract between the Municipality and SLWC is 3 years with an option to renew after the first contract expires. There would be no warranty contract between the Municipality and the resident. It is essentially a service pledge between SLWC and the resident. The Warranty Provider (SLWC) further undertakes to indemnify the City and staff against claims, actions and suits. The City's contract and the resident's contract can be cancelled at any time.

Port Colborne homeowners are under no obligation to participate in the SLWC program; however, they are encouraged to check their homeowner policy and find out what coverage they currently have for their water, sewer and internal plumbing and speak with their insurer to check what their options are.

Financial Implications:

While there is no cost associated with the implementation or operation of the program to the City, there is a royalty paid to the City annually. The royalty consists of 5% of the revenue collected from residential property owners enrolled in the program and is intended to compensate the City for any staff resources taken to get the program up and running. Alternatively, this 5% can be passed along in savings to residents who have signed up for the warranty program, reducing their monthly cost by roughly \$0.50.

The initial cost of the program, along with coverage caps, for residential homeowners is as follows:

Sewer Service Line (coverage cap \$8,000 per incident)

\$8.00 per month; \$96.00 annually

Water Service Line (coverage cap \$5,000 per incident)

\$6.00 per month; \$72.00 annually

In-home plumbing (coverage cap \$3,000 per incident)

\$9.00 per month; \$108.00 annually

Agreements with SLWC allow for modest price increases tied in with inflation/CPI. Since 2014, SLWC has denied very few claims.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Service and Simplicity - Quality and Innovative Delivery of Customer Services
 - Governance: Communications, Engagement, and Decision-Making
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Conclusion:

Offering the Service Line Warranty program to our residents will provide peace of mind should a problem in the private water or sewer line occur and help avoid costly unplanned expenses.

Appendices:

- a. Agreement with Service Line Warranties of Canada
- b. Service Line Warranties of Canada FAQs for Council and Staff
- c. Service Line Warranties Partner List 2022

Respectfully submitted,

Darlene Suddard
Manager of Water/Wastewater
905-835-2900 x256
Darlene.Suddard@portcolborne.ca

Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.