

KEY FOCUS AREA: Economic Vibrancy

AGENDA DATE: April 22, 2015

COUNCIL DISTRICT(S): All

DEPARTMENT: Business Development & Procurement Services
Water Utilities

CMO: Jeanne Chipperfield, 670-7804
Mark McDaniel, 670-3256

MAPSCO: All

SUBJECT

Authorize **(1)** an Interlocal Agreement with the North Central Texas Council of Governments; and **(2)** a one-year marketing license agreement, with three one-year renewals, with Utility Service Partners Private Label, Inc., dba Service Line Warranties of America through the North Central Texas Council of Governments for a non-exclusive license to use the City's name and logo on letterhead, advertising, and marketing materials to advertise a utility service line warranty program to provide optional lateral water and sewer line and in-home plumbing warranties for City homeowners - Estimated Annual Revenue: \$450,000 (first year)

BACKGROUND

Utility Service Partners Private Label, Inc., dba Service Line Warranties of America (SLWA) is a private company that provides optional external sewer/water line and in-home plumbing warranties to homeowners for the portion of their water/sewer lines that are the responsibility of the homeowner, and will not be repaired by City crews if they break or fail. This is an optional and voluntary month-to-month program offered by SLWA to homeowners in the City of Dallas. The program is offered by SLWA to homeowners at no cost to the City, and no public funds are used to promote or operate the program. SLWA is solely responsible for the administration and service of the warranty programs. The City of Dallas in no way warrants or is liable for the work or performance of SLWA. SLWA only uses qualified local plumbers to perform all service line repair work. All repairs are performed to local code with contractors licensed to work in the City of Dallas.

BACKGROUND (Continued)

The City of Dallas believes that it is important to educate residents that they are responsible for the service lines on their property and also to inform them that there is a program offered through a reputable company that could potentially save residents of Dallas money. Typically, homeowner's insurance does not cover these repairs and residents will be encouraged to contact their insurance company to determine if coverage is needed prior to enrollment. The support of the City of Dallas alerts residents of the availability of the warranty program resulting in more enrollments, and the funds generated for the license of the City logo for marketing will be re-invested back into the City's General Fund to fund essential City services.

This program will save the City money by encouraging residents to report water/sewer line leaks in a timely manner which conserves water and reduces water loss for the City. Timely sewer line repairs minimize wastewater pollution.

The National League of Cities, North Central Texas Council of Governments conforms to the requirements of Texas statutes that are applicable for competitive bids and proposals, in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code.

ESTIMATED SCHEDULE OF PROJECT

SLWA Marketing Campaigns three seasonal campaigns per year (Spring, Fall, and Winter)

2015 Spring - Sewer

2015 Fall - Water

2015 Winter - In-home plumbing

2016 Spring - Sewer

2016 Fall - Water

2016 Winter - In-home plumbing

2017 Spring - Sewer

2017 Fall - Water

2017 Winter - In-home plumbing

PRIOR ACTION / REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On April 7, 2014, the Budget, Finance and Audit Committee was briefed.

FISCAL INFORMATION

\$450,000.00: Estimated Annual Revenue (first year)

Approval of this item will result in revenue to be received by the City of Dallas as follows:

Fiscal Year 2014-15

1. \$450,000 (Brand license fee) - Payment is contingent upon approval of all three campaigns and launch of initial campaign in year 1
2. Plus bonus license payment (if the City of Dallas chooses to renew for a second year):
 - a. Payment of \$61,200 if penetration rate is greater than 12% but less than 15%,
or
 - b. Payment of \$91,800 if penetration rate is greater than 15% but less than 18%,
or
 - c. Payment of \$153,000 if penetration rate is greater than 18%

*Penetration rate is number of products enrolled divided by the number of households mailed

If the City of Dallas chooses to renew past year one:

Fiscal Year 2015-16

Payment of \$91,800 if penetration rate is greater than 18% but less than 20%, or

Payment of \$153,000 if penetration rate is greater than 20%

Plus automatic annual royalties of \$0.75 per month per paid warranty contract

FISCAL INFORMATION (Continued)

Fiscal Year 2016-17

Payment of \$91,800 if penetration rate is greater than 20% but less than 22%, or

Payment of \$153,000 if penetration rate is greater than 22%

Plus as long as the contract is renewed and remains in place, an automatic annual royalty payment of \$0.75 per month for each paid warranty contract

April 22, 2015**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

Section 1. That the City Manager is hereby authorized (1) to enter into an Interlocal Agreement with the North Central Texas Council of Governments; and (2) to execute a one-year marketing license agreement, with three one-year renewal options, with Utility Service Partners Private Label, Inc., dba Service Line Warranties of America (VS86579) for a non-exclusive license to use the City's name and logo on letterhead, advertising and marketing materials to advertise a utility service line warranty program to provide optional lateral water, and sewer line and in-home plumbing warranties for City homeowners, upon approval as to form by the City Attorney.

Section 2. That the Chief Financial Officer is hereby authorized to receive and deposit funds to:

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>REVENUE SOURCE</u>	<u>AMOUNT</u>
0001	BMS	1246	8428	\$450,000.00

Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.