

Memorandum



CITY OF DALLAS

DATE May 17, 2019

Honorable Members of the Economic Development and Housing Committee
TO Tennell Atkins, (Chair), Rickey D. Callahan, (Vice-Chair), Casey Thomas, II,
Scott Griggs, Mark Clayton, Lee M. Kleinman, B. Adam McGough, Kevin Felder,
Omar Narvaez

SUBJECT **National League of Cities: Service Line Warranty Program Overview**

On Monday, May 20, 2019, the Committee will be briefed on the National League of Cities: Service Line Warranty Program Overview. The briefing material is attached for your review.

Please feel free to contact myself or Brian Davis, Senior Director of Business Development for Utility Service Partners, if you have any questions or need additional information.

A handwritten signature in black ink, appearing to read 'Michael Mendoza'.

Michael Mendoza
Assistant City Manager

c: Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors



Service Line Warranty Program Overview to (NLC Service Line Program)



NLC Service Line
Warranty Program

NLC Mission and Core Principles

- The National League of Cities is dedicated to **helping city leaders build better communities**.
- **Cities Lead:** When the nation's cities and towns are stronger, all of America is stronger.
- **NLC stands for local control** and an effective federal-city partnership.
- **NLC is a member-driven organization** and strives to be unified, inclusive, focused, valuable, influential, visible, relationship-driven, forward-leaning, and financially solid.



Past Participation

- NLC Program offered to City of Dallas residents in 2014
- Council not properly educated on details of program
- Some council members caught off-guard when letter was mailed and some constituents called to ask questions
- Council questioned the use of a private logo on City letterhead
- Council cancelled program after one mailing



Result of 2014 Participation

- **15,000 Dallas households enrolled** after one mailing in 2014
- To date, the NLC Service Line Program has spent **\$1.8 million dollars on Dallas homeowners** for both replacements and repairs to lateral service lines
- NLC Service Line Program has paid **Dallas-based plumbers \$1.8 million** to repair and
- replace service lines within the City of Dallas in past four years
- The NLC Service Line Program has also provided a free repair/replacement for Ms. Daisy
- Hicks. (Play Video)



Why Participate Again?

Financial consideration for Dallas

- Program will provide an upfront payment of \$250,000 to be donated to organizations of City's choosing
- Program will provide approximately \$200,000 to \$300,000 per year in ongoing revenue based on household participation
- A "Cares Fund" will be set aside for disadvantaged homeowners in Dallas who experience service line issues

Updated program statistics

- Over 600 cities and utilities participating in U.S. and Canada
- Over 1.2 million repairs worth \$394 million in past 3 years
- NLC Service Line Program completes a job every 75 seconds for our customers

Examples of participating cities

Tucson, AZ	San Diego, CA	Phoenix, AZ
Tulsa, OK	Las Vegas, NV	Arlington, TX
Atlanta, GA	Mesa, AZ	Harrisburg, PA
Kansas City, MO	Dayton, OH	Odessa, TX
Madison, WI	North Las Vegas, NV	Fort Lauderdale, FL
Lawton, OK	Englewood, CO	North Chicago, IL
Baltimore, MD	Stillwater, OK	Santa Fe, NM



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 located outside, usually underground

Failed lines waste thousands of gallons of water

- and present an environmental hazard

Common homeowner misconceptions

- the City is responsible for maintenance of the water and sewer lines on their property
- repairs are covered by their homeowner's policy

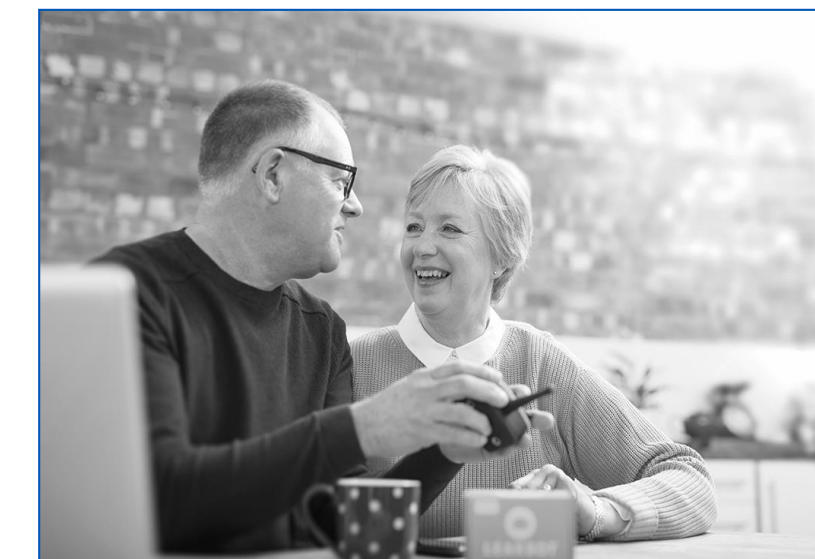
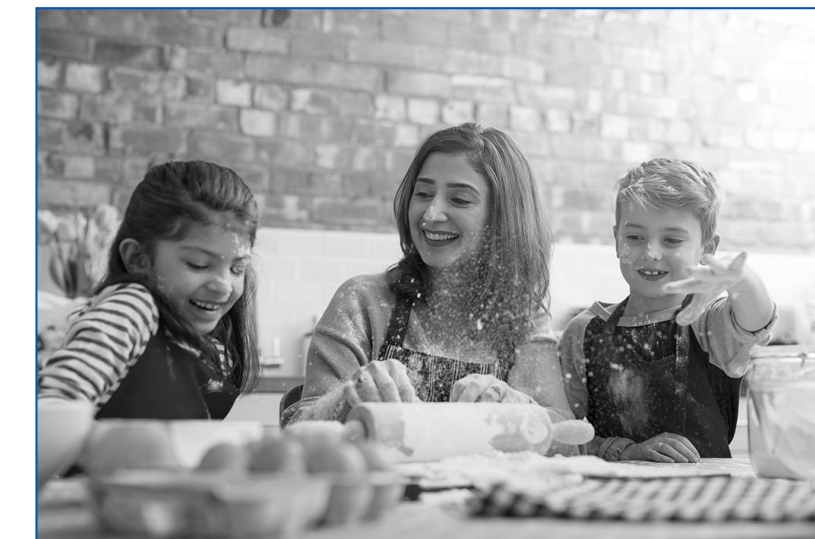


Homeowners are unprepared and expect solutions from the municipality/utility

78% of homeowners surveyed believe the utility provider should educate them on repairs and preventative measures

59% of homeowners surveyed have had a home repair emergency in the past year

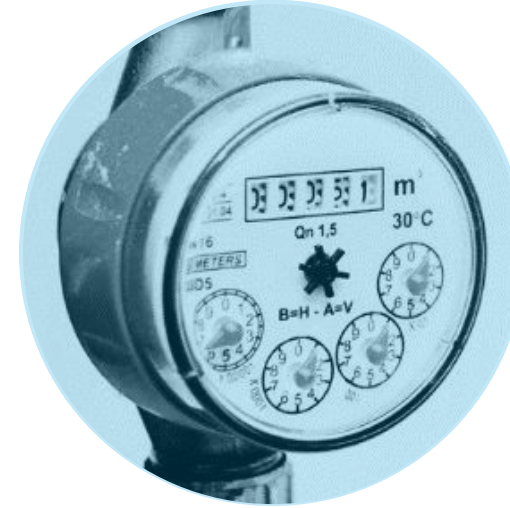
40% 4 out of 10 Americans can't afford a \$400 emergency expense (and would have to sell something or take out a loan to cover it).*



Our service and what it covers



SEWER LATERAL COVERAGE



WATER LINE COVERAGE



IN-HOME PLUMBING
COVERAGE

- Exterior water and sewer – up to \$8,500 coverage per incident for repair/replacement of leaking, clogged or broken lines from the point of utility connection to the home exterior
- In-home plumbing - up to \$3,000 per incident on all water, sewer, and drain lines inside the home after the point of entry
- No annual or lifetime limits, deductibles, service fees, forms or paperwork
- 24/7/365 availability
- Repairs made only by licensed, local area contractors

Core features that deliver peace of mind



Toll-free emergency number members can call 24 hours a day, 365 days a year



Locally-based, fully-licensed, qualified and vetted contractors dispatched to the customer's emergency



No deductibles, no call-out fees or forms to fill in at the completion of the job



Quality control measures to ensure exceptional customer experience



Guaranteed repairs



No pre-inspection before joining

Solution for municipalities and residents

- Offers optional low-cost protection against potentially expensive water and sewer line repairs
- Educates residents about their responsibility for these lines
- Turnkey program – provides marketing, billing, claims, customer service
- No cost to cities to participate, revenue share available



Revenue share and other benefits to the City

- Non-tax revenue can be estimated at \$0.50 per product, per month
- Cities utilize funds for important initiatives including:
 - ✓ Infrastructure improvements
 - ✓ Low-income assistance/community charities
 - ✓ Partially offset rate increases
- Saves money for residents that can be re-invested in the local economy
- Reduces calls to the city
- Timely repairs reduce water loss from line breaks



Partner Testimonials

"The City has benefited because it's a good service we offer people. I signed up myself."
John Sharp, Former Mayor, City of Kansas City, MO

"This partnership has exceeded all expectations. They provided the City with a dedicated team that has been quick to respond to all of our questions and has gone above and beyond regarding our marketing materials. They also executed an exceptional training course on the program to our customer service staff."
Shonte Eldridge, Chief of Special Projects, City of Baltimore, MD

"The Service Line Warranty Program helps both Phoenix residents and the city government. Revenue from the program goes to core city services like police, fire, parks, libraries and senior centers."
Jon Brodskey, Program Manager, Fit Phoenix & former Public Information Officer

"After four years of program participation (and over \$1 million spent by the NLC Program on Atlanta homeowner repairs), we continue to receive compliments from our constituents on our sharing this opportunity with them. Many have signed up and for those who have had to use the service; we have not received any complaints."
Felicia Moore, Council President, City of Atlanta, GA



For more information contact...

Brian Davis

Senior Director, Business Development

(214) 476-3430

BDavis@UtilitySP.net