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May 31, 2011

Alderman Joe Davis, Sr.  
2<sup>nd</sup> Aldermanic District  
Room 205 – City Hall

Alderman Robert J. Bauman  
Chair, Public Works Committee  
Room 205 – City Hall

Re: CCFN 101142/NLC Service Line Warranty Program

Dear Aldermen Davis and Bauman:

At the request of Alderman Davis, this office conferred with the attorney and staff of Service Line Warranties of America (SLWA), a private brand name owned and operated by United Service Partners Private Label, Inc. (USP). Alderman Davis had asked us to revise documents that SLWA had submitted, in order to resolve certain issues and obtain the most favorable terms possible.

USP has “teamed” with the National League of Cities to provide utility service line warranties to homeowners to cover certain repairs. In very general terms, the NLC outlined a program where a city could execute a contract with SLWA. SLWA would issue a press release, and would send solicitations to homeowners using the city’s seal. The city would receive an annual payment based on the number of homeowners purchasing the warranty.

There may be other companies that could provide similar services. Our office does not have any information as to whether, if a competitive process was utilized, those companies would provide more favorable terms.

There are two draft documents attached. The first describes the terms, limitations, and exclusions of the sewer warranty program. The second is a marketing agreement between SLWA and the City.

Under the “terms” document, coverage is limited to a maximum of \$6,000 per occurrence, plus an additional \$4,000 if street cutting is necessary. The pricing for that coverage would be \$10.50 per month (\$9.50/month during the initial campaign). There is no coverage for commercial properties or most multi-family properties (where there is not a single sewer line). There is coverage in the combined sewer areas of the City. Coverage is triggered if the sewer line fails (“blocked, crushed, or rendered incapable of transporting waste”) due to normal wear and tear (including tree roots or settling soil).

Among other things, there is no coverage for damage covered by other types of insurance policies, or for damage caused by the homeowner, a third party, natural disasters, or acts

OFFICE OF THE CITY ATTORNEY

Alderman Joe Davis, Sr.  
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of God. There is no coverage for pre-existing damage that the homeowner knew about when signing up for this program.

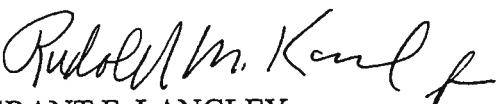
The marketing agreement has been revised to include necessary City provisions. The City must agree to cooperate with SLWA in marketing the sewer line services by granting SLWA a non-exclusive license to use the City's name and logos (not the City seal). All advertising must be approved by the City.


In consideration, SLWA will pay the City 10% of the revenue from subscriptions collected during the calendar year.


This one-year marketing agreement automatically renews unless a 90-day notice of termination is provided. There are indemnification and insurance provisions.

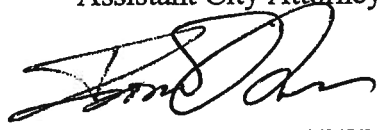
Please let us know if we can be of further assistance in this matter.

Very truly yours,

  
GRANT F. LANGLEY  
City Attorney

  
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KATHRYN Z. BLOCK  
Assistant City Attorney

  
THOMAS D. MILLER  
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LUB:lmb  
attachments  
c: Ronald D. Leonhardt, City Clerk  
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