



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

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To: Ald. Joe Davis, Sr.
From: Richard L. Withers, Legislative Fiscal Analyst ext. 8532
Date: April 27, 2012
Subject: Resolution File Number 111739 – Contribution From Utility Service Partners

The following memo has been prepared to provide background information relating to Resolution File Number 111739. Substitute language, sponsored by Ald. Joe Davis, Sr., has been introduced entitled:

“Substitute resolution accepting a payment from Utility Service Partners, Inc., for the City’s participation in a service line warranty program.”

Background

The City of Milwaukee participates in the National League of Cities’ Service Line Warranty program authorizing the non-exclusive use of the City’s name and logos on letterhead and marketing materials.

The Common Council approved a resolution to participate in the sewer lateral warranty program with the adoption of Common Council File Number 101142 on July 6, 2011. This program provides a homeowner with certain cash benefits if the homeowner’s private residential sewer lateral fails for a variety of reasons. The program, administered by Utility Service Partners, Inc., provides the City with revenue in the form of a 10% royalty on all income from City resident subscriptions.

Among the key documents attached to File Number 101142 is a copy of the final agreement dated November 15, 2011, executed by representatives of Utility Service Partners Private Label (USP), Inc., and Ghassan A. Korban, Commissioner of Public Works. The document notes that USP does business as Service Line Warranties of America (SLWA).

Also attached to this file is an undated endorsement letter from Donald J. Borut, Executive Director of the National League of Cities (NLC). The City of Milwaukee is an active participating member in NLC. The NLC states that the program came to its attention through efforts beginning in West Virginia, Illinois, Oklahoma and Texas, and that participating cities have endorsed the program.

On October 11, 2011, the Common Council adopted File Number 110737 directing the placement of royalty payments in segregated revenue accounts of the Sewer Maintenance Fund (SMF) to be used solely for programs designed to assist resident landowners with replacement of faulty private laterals.

Additional Gift to City of Milwaukee

An additional payment in the amount of \$57,634 has been presented to the City by USP as a gift in recognition of the City’s leadership efforts to make the program available to residents of urban communities across the nation. This contribution is in addition to any royalty payments in the negotiated agreement of November 15, 2011, and does not change the terms of that agreement.

The City was advised of the contribution in a communication from Brad Carmichael, Vice President of USP, on April 2, 2012. Mr. Carmichael stated that the payment, though not part of the originally negotiated agreement, is "...being made in recognition of Milwaukee's leadership efforts to embrace this program. Both Milwaukee and Atlanta were early adopters of this program in their respective regions of the country. Subsequently, there have been a handful of other key cities from other regions across the US that received enhanced royalty structures. USP is making these payments retroactively to Milwaukee and Atlanta because it is the right thing to do."

The proposed legislation in Resolution File 111739 provides that the additional contribution from USP is to be placed in the segregated revenue account designated for proceeds from this program to be used "...solely for future programs designed to assist resident landowners with replacement of faulty private laterals." The Infrastructure Services Division of the Department of Public Works plans to develop and present a program to assist landowners subject to review and authorization by the Common Council.

Utility Service Partners d/b/a Service Line Warranties of America

Following receipt of letters and flyers soliciting warranty subscriptions, a number of residents contacted City offices and made inquiries to the Better Business Bureau wishing to verify the legitimacy of the marketing use of the City's name and logo and to determine the nature of the City's involvement in the program.

The following information is taken from a report published on the Internet by the Better Business Bureau of Western Pennsylvania and accessed on April 26, 2012 at:

<http://www.bbb.org/pittsburgh/business-reviews/extended-warranty-contract-service-companies/service-line-warranties-of-america-in-canonsburg-pa-16002086/#bbbonlineclick>.

The Better Business Bureau (BBB) has listed **Service Line Warranties of America** (SLWA) as an accredited business since December 14, 2006. The address of the company is:

11 Grandview Circle – Suite 100
Canonsburg, PA 15317
Fax: (724) 749-4520
partnerships@utilitysp.net
<http://www.utilitysp.net>

Alternate business names include:

Columbia Service Partners
Columbia Service Partners of West Virginia
Columbia Service Partners, Inc.
Service Line Warranties of Georgia
Service Line Warranties of South Carolina

Utility Service Partners

On a scale of A+ to F the BBB gives SLWA an A+ rating with no complaints closed with the BBB in the last 3 years. Note: BBB business reviews are not intended to be used for sales or promotional purposes and accreditation does not mean that the company's services have been evaluated or endorsed by the BBB, or that a determination has been made as to product quality service performance.

Please contact the Bureau if you have any questions or need further information.