



CITY COUNCIL AGENDA STATEMENT



September 10, 2019

File ID: 19-0197

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND UTILITY SERVICE PARTNERS PRIVATE LABEL, INC FOR THE NATIONAL LEAGUE OF CITIES SERVICE LINE WARRANTY PROGRAM

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Utility Service Partners Private Label, Inc. (USP), Inc. offers an insurance policy to residential property owners that covers the cost to repair or replace their utility service lines, primarily to single family houses and some multi-family dwellings. The Program was endorsed by the National League of Cities (NLC) in 2010 and through this partnership, the Program has been implemented in more than 400 Cities in 31 states. The proposed agreement with USP is a marketing agreement that will allow USP to offer their warranty program to Chula Vista residents. There is no monetary benefit to the City of Chula Vista because of this agreement.

ENVIRONMENTAL REVIEW

The proposed activity has been reviewed for compliance with the California Environmental Quality Act (CEQA) and it has been determined that the activity is not a "Project" as defined under Section 15378 of the state CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Notwithstanding the foregoing, it has also been determined that the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The Service Line Warranty Program began serving California Cities in 2012. Cities have the ability to sign a partnership agreement with USP, to offer the low-cost warranty program to residents. California cities that are current partners in the program include: Cathedral City, Claremont, Culver City, Daly City, Laguna Beach, Lemon Grove, Perris, San Bruno, San Carlos, San Diego, and Yountville.

The warranties covered under the program fall under three categories:

1. Water Line Warranty – this covers the buried, outside water line, which runs from the meter and/or curb box, which includes the service line under the concrete floor until it daylights into the home. The warranty provides coverage of up to \$8,500 for each water line repair. The cost for Residents to participate in this program is a \$6 monthly fee. Additionally, a discount of \$5 is available on the total annual cost if a resident pays for a full year in advance.
2. Sewer Line Warranty – this covers the buried, outside sewer line that runs from the City mainline connection until the line daylights inside the home which includes the service line under the concrete floor. The warranty provides coverage of up to \$8,500 for each sewer line repair. The cost for Residents is a \$9 monthly fee. Additionally, a discount of \$5 is available on the total annual cost if a resident pays for a full year in advance.
3. In-Home Plumbing Warranty - covers residential in-home water and in-home sewer lines and all drain lines connected to the main sewer stack that are broken or leaking inside the home after the point of entry. Coverage includes broken or leaking water, sewer, or drain lines that may be leaking in walls and under the slab or basement floor. Coverage also includes the repair of clogged toilets. It does not cover the damage done to personal or household items normally covered by a homeowner's policy. The warranty provides coverage of up to \$3,000 for each in-home repair. The cost to Residents is a \$9.49 monthly fee. Additionally, a discount of \$4.89 is available on the total annual cost if a resident pays for a full year in advance.

Signing up for this program is totally optional and Residents can cancel the warranty or warranties at any time. The presence of homeowner's insurance does not affect participation in the warranties. It is at the homeowner's discretion with regards to which policy would be primary.

The next steps in the process for the Warranty Program include the following:

1. Execute agreement with USP
2. Work with USP to create resident marketing materials
3. USP executes resident marketing campaign
4. Residents sign up, and City has access to monthly reports
5. USP conducts additional marketing of the program (up to 3 times per year max of 6 mailings per year)

USP intends to mail residents a campaign letter that outlines the City's participation in accordance with the agreement, followed by a reminder letter two weeks later. USP will only solicit through direct mail - no telemarketing. The City may agree to the use of the City logo/name on all marketing materials upon written approval by the City as provided in the agreement. The City may also market the program through other means, if desired, to increase awareness and participation in the Program. The first program marketing campaign is intended to be mailed 10-12 weeks after the City signs the agreement.

The term of the agreement is a three-years.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

There is no significant fiscal impact to the City as a result of entering into this agreement. There is some staff time associated with the initial implementation of this program including reviewing the press release and answering questions from the public.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact associated with this agreement.

ATTACHMENTS

1. Agreement between the City of Chula Vista and Utility Service Partners

Staff Contact: Angelica Aguilar, Assistant Director of Public Works