

CITY OF YUBA CITY  
STAFF REPORT

**Date:** February 18, 2020  
**To:** Honorable Mayor & Members of the City Council  
**From:** Public Works Department  
**Presentation by:** Diana Langley, Public Works Director &  
Bill Coffey, Utility Service Partners Private Label, Inc.

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**Summary**

**Subject:** NLC Service Line Warranty Program

**Recommendation:** Informative item. Provide direction to staff as to whether to pursue an agreement to provide residential property owners with the option to purchase water and wastewater service line warranties with Utility Service Partners Private Label, Inc. following their presentation to Council.

**Fiscal Impact:** Minimal staff time.

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**Purpose:**

To provide increased customer service and consumer protection opportunities for City utility customers.

**Background:**

Per Title 6 Chapters 5 (Wastewater) and 6 (Water) of the City's Municipal Code, property owners are responsible for the maintenance and repair of their water service line and wastewater collection lateral. These repairs can often be costly and unexpected for utility customers.

In order to help mitigate the effects on residents, the National League of Cities endorsed the Service Line Warranty Program in 2010, provided by Utility Service Partners Private Label, Inc. (USP). Through this partnership, the program has been implemented in over 400 cities across the country.

**Analysis:**

The program offers three low-cost warranties for utility customers:

1. Water Line Warranty – Covers the outside water service line from the meter to the house, at a cost of \$6.00 /month. Warranty provides coverage of up to \$8,500 per repair.
2. Sewer Line Warranty – Covers the outside wastewater collection lateral from the City sewer main to the house, at a cost of \$9.00 /month. Warranty provides coverage of up to \$8,500 per repair.
3. In-Home Plumbing Warranty – Covers residential in-home water and sewer plumbing, at a cost of \$9.49 /month. Warranty provides coverage of up to \$3,000 per repair.

USP's standard Non-Royalty Marketing Agreement is attached for review of its terms and conditions (Attachment 1).

**Fiscal Impact:**

There is no fiscal impact on the City outside of minimal staff time to coordinate and administer the agreement. There is no monetary benefit to the City if Council elects to pursue a non-royalty agreement.

**Alternatives:**

This item is a presentation only. Council may provide direction after the presentation to staff.

**Recommendation:**

Informative item. Provide direction to staff as to whether to pursue an agreement to provide residential property owners with the option to purchase water and wastewater service line warranties with Utility Service Partners Private Label, Inc. following their presentation to Council.

**Attachments:**

1. Non-Royalty Marketing Agreement

**Prepared by:**

*[/s/ Scarlett O. Harris](#)*  
Scarlett O. Harris  
Administrative Assistant

**Submitted by:**

*[/s/ Michael Rock](#)*  
Michael Rock  
City Manager

**Reviewed by:**

Department Head

[DL](#)

Finance

[SM](#)

City Attorney

[SLC by email](#)

# ATTACHMENT 1

## MARKETING AGREEMENT

This MARKETING AGREEMENT ("Agreement") is entered into as of \_\_\_\_\_, 20\_\_ ("**Effective Date**"), by and between the City of Yuba City, California ("**City**"), and Utility Service Partners Private Label Inc., a Delaware corporation, d/b/a SLWA Insurance Services ("**Company**"), herein collectively referred to singularly as "Party" and collectively as the "Parties".

### RECITALS:

**WHEREAS**, sewer and water line laterals between the mainlines and the connection on residential private property are owned by individual residential property owners residing in the City ("**Property Owner**"); and

**WHEREAS**, City desires to offer Property Owners the opportunity, but not the obligation, to purchase a service plan and other similar products set forth in Exhibit A or as otherwise agreed in writing from time-to-time by the Parties (each, a "**Product**" and collectively, the "**Products**"); and

**WHEREAS**, Company, a subsidiary of HomeServe USA Corp., is the administrator of the National League of Cities Service Line Warranty Program and has agreed to make the Products available to Property Owners subject to the terms and conditions contained herein; and

**NOW, THEREFORE**, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with the intent to be legally bound hereby, the Parties agree as follows:

1. **Purpose.** City hereby grants to Company the right to offer and market the Products to Property Owners subject to the terms and conditions herein.

2. **City Obligations.**

A. Grant of License. City hereby grants to Company a non-exclusive license ("**License**") to use City's name and logo or other branding ("**Marks**"), on letters, bills and marketing materials to be sent to Property Owners from time to time, and to be used in advertising (including on the Company's website), all at Company's sole cost and expense and subject to City's prior review and approval, which will not be unreasonably conditioned, delayed, or withheld. Company's use of the Marks in accordance with this Agreement will not infringe any other party's rights. City agrees that it will not extend a similar license to any competitor of Company during the Term (as defined in Section 3 below).

B. Property Owner Data. If City elects to do so, City may provide Company with Property Owner Data for use by Company in furtherance of the advertisement, marketing, and sale of the

Products. Any name, service address, postal address, and any other appropriate or necessary data for Property Owners in City is defined as "**Property Owner Data**". Property Owners Data shall be and remain City's property. For any Property Owner Data provided by City to Company, City warrants that Property Owner Data has been and will be collected in compliance with all laws, statutes, treaties, rules, codes, ordinances, regulations, permits, official guidelines, judgments, orders and interpretations ("**Applicable Laws**"); and City is permitted by Applicable Laws and by any applicable privacy policy to provide Property Owner Data to Company and to permit Company to use Property Owner Data for the purposes of this Agreement. A Property Owner who has purchased a Product is a member ("**Member**") and, following such purchase, all data in Company's control or possession relating to Members is Company's property.

3. **Term.** The term of this Agreement ("**Initial Term**") shall be for three (3) years from the Effective Date. The Agreement will automatically renew for additional one (1) year terms (each a "**Renewal Term**", and collectively with the Initial Term, the "**Term**") unless one of the Parties gives the other written notice at least ninety (90) days prior to end of the Initial Term or of a Renewal Term that the Party does not intend to renew this Agreement. In the event that Company is in material breach of this Agreement, the City may terminate this Agreement thirty (30) days after giving written notice to Company of such breach, if said breach is not cured during said thirty (30) day period. Company will be permitted to complete any marketing initiative initiated or planned prior to termination of this Agreement after which time, neither Party will have any further obligations to the other and this Agreement will terminate.

4. **Confidentiality.** Each party will treat all non-public, confidential and trade secret information received from the other party as confidential, and such party shall not disclose or use such information in a manner contrary to the purposes of this Agreement. Notwithstanding the foregoing, the City shall not be liable for any disclosure of confidential information that is required to be disclosed under any applicable public records act or under court order. City shall provide notice to Company prior to any such disclosure.

5. **Code Change.** The Parties understand that the pricing of the Products and compensation provided for in this Agreement are based upon the currently applicable City, municipal or similar codes. In the event Company discovers a code change, Company shall have the ability to reassess the pricing in this Agreement.

6. **Indemnification.** Each Party (the "**Indemnifying Party**") hereby agrees to protect, indemnify, and hold the other Party, its officers, employees, contractors, subcontractors, and agents (collectively or individually, "**Indemnitee**") harmless from and against any and all third party claims, damages, losses, expenses, suits, actions, decrees, judgments, awards, reasonable attorneys' fees and court costs (individually or collectively, "**Claim**"), which an Indemnitee may suffer or which may be sought against or are recovered or obtainable from an Indemnitee, as a result of or arising out of any breach of this Agreement by the Indemnifying Party, or any negligent or fraudulent act or omission of the Indemnifying Party or its officers, employees, contractors, subcontractors, or agents in the performance of this Agreement; provided that the applicable Indemnitee notifies the Indemnifying Party of any such Claim within a time that does

not prejudice the ability of the Indemnifying Party to defend against such Claim. Any Indemnitee hereunder may participate in its, his, or her own defense, but will be responsible for all costs incurred, including reasonable attorneys' fees, in connection with such participation in such defense.

7. **Notice.** Any notice required to be given hereunder shall be deemed to have been given when notice is (i) received by the Party to whom it is directed by personal service, (ii) sent by electronic mail (provided confirmation of receipt is provided by the receiving Party), or (iii) deposited as registered or certified mail, return receipt requested, with the United States Postal Service, addressed as follows:

**To:** City:  
ATTN: Michael Rock  
City of Yuba City  
1201 Civic Center Boulevard  
Yuba City, CA 95993  
Email: mrock@yubacity.net  
Phone: (530) 822-4602

**To:** Company:  
ATTN: Chief Sales Officer  
SLWA Insurance Services  
4000 Town Center Boulevard, Suite 400  
Canonsburg, PA 15317  
Phone: (866) 974-4801

8. **Modifications or Amendments/Entire Agreement.** Except for the list of available Products under the Agreement, which may be amended from time to time by the Parties in writing and without signature (including by email), any and all of the representations and obligations of the Parties are contained herein, and no modification, waiver or amendment of this Agreement or of any of its conditions or provisions shall be binding upon a Party unless in writing signed by that Party.

9. **Assignment.** Neither Party may assign its rights or delegate its duties under this Agreement without the prior written consent of the other Party unless such assignment or delegation is to an affiliate or to an acquirer of all or substantially all of the assets of the transferor.

10. **Counterparts/Electronic Delivery; No Third Party Beneficiary.** This Agreement may be executed in counterparts, all such counterparts will constitute the same contract and the signature of any Party to any counterpart will be deemed a signature to, and may be appended to, any other counterpart. Executed copies hereof may be delivered by e-mail and upon receipt will be deemed originals and binding upon the Parties hereto, regardless of whether originals are delivered thereafter. Nothing expressed or implied in this Agreement is intended, or should be construed, to confer upon or give any person or entity not a party to this agreement any third-

party beneficiary rights, interests, or remedies under or by reason of any term, provision, condition, undertaking, warranty, representation, or agreement contained in this Agreement.

11. **Choice of Law/Attorney Fees.** The Parties shall maintain compliance with all Applicable Laws with respect to its obligations under this Agreement. The governing law shall be the laws of the State of California, without regard to the choice of law principles of the forum state. THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT THAT MAY EXIST TO HAVE A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED UPON OR ARISING OUT OF, UNDER, OR IN ANY WAY CONNECTED WITH, THIS AGREEMENT.

12. **Incorporation of Recitals and Exhibits.** The above Recitals and Exhibit A attached hereto are incorporated by this reference and expressly made part of this Agreement.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement on the day and year first written above.

**CITY OF YUBA CITY**

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Name:

Title:

**SLWA INSURANCE SERVICES**

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Name: Michael Backus

Title: Chief Sales Officer



**Exhibit A**  
NLC Service Line Warranty Program  
City of Yuba City  
Term Sheet  
January 13, 2020

I. Initial Term. Three years

II. License Conditions.

City logo and name on letterhead, advertising, signature line, billing and marketing materials.

III. Products. In exchange for the license conditions above, Company will offer the following discounted rates to Property Owners:

- a. External water service line plan (initially, \$6.00 per month)
- b. External sewer/septic line plan (initially, \$9.00 per month)
- c. Interior plumbing and drainage plan (initially, \$9.49 per month)

Company may adjust the foregoing Product fees; provided, that any such adjustment shall not exceed \$.50 per month in any 12-month period, unless otherwise agreed by the Parties in writing.

IV. Scope of Coverage.

- a. External water service line plan:
  - Property Owner responsibility: From the meter and/or curb box to the external wall of the home.
  - Covers well service lines if applicable.
- b. External sewer/septic line plan:
  - Property Owner responsibility: From the external wall of the home to the main.
  - Covers septic lines if applicable.
- c. Interior plumbing and drainage plan:
  - Water supply pipes and drainage pipes within the interior of the home.

V. Marketing Campaigns. Company shall have the right to conduct up to three campaigns per year, comprised of up to six mailings and such other channels as may be mutually agreed. Initially, Company anticipates offering the Interior plumbing and drainage plan Product via in-bound channels only.