Subject: AMO/LAS Warranty Program

Report Number: Public Works-2020-02

Meeting Date: Monday, January 13, 2020

Recommendation: THAT Council directs staff to bring forward an agreement between Service Line Warranties of Canada, Inc. and The Municipality of Kincardine for Council’s consideration.

Date to be considered by Council: Monday, January 13, 2020

Report Summary: Staff is seeking to obtain direction from Council on entering into an agreement with Service Line Warranties (SLW) which would provide a new service for the residents of the Municipality of Kincardine.

Origin: SLW partnered with AMO/LAS to offer service to Municipalities. SLW staff approached Municipal staff.

Existing Policy: N/A

Background/Analysis: The Municipal water and wastewater system currently supplies approximately 8,200 residential service connections combined. Residential property owners are responsible for the maintenance of the buried water and sewer lines that run from the public (main) connection to the exterior of their home. When these lines break, leak or become obstructed, the homeowner is often surprised to learn that it is not a municipal responsibility, and their insurance will not cover this expensive repair. Currently, if a resident has an issue with their water or wastewater service, they typically contact Water Services, who will in turn, determine the source of the issue. If during this investigation, it is determined that the contributing issue is on the municipal side of the property line, the cost for the investigation is assumed by the municipality and our resources are used to address and resolve the issue. If the issue is determined to be on the private side of the property line, all work is the responsibility of the resident. This can be a time consuming and costly process.

There are warranty service providers that offer Warranty Plans and Programs to residential property owners. Service Line Warranties is the only company in
Canada presently providing this type of coverage as a warranty. The services include water service lines, sewer laterals, and even internal home plumbing and drainage repair and replacement services. Service Line Warranties of Canada has been endorsed as a vendor of choice by the Local Authority Service (LAS). LAS was established in 1992 by the Association of Municipalities of Ontario (AMO). LAS works with Ontario’s municipalities to provide vendors of choice that leverage economies-of-scale and cooperative procurement efforts. With the SLWC model, work is always performed by licensed contractors (local where available), to ensure a timely response with adherence to local code requirements. For a fixed monthly fee, the Warranty Provider (SLWC) will perform any repairs required to the private buried infrastructure. If the resident is a member of a service line warranty program their first call would be to SLWC, who would be responsible for facilitating the diagnosis and repair of the issue if on the private side. SLWC would also liaise directly with municipal staff for any repairs required on the municipal side on behalf of the resident. This program is designed and currently offered to residential properties tied to municipal water and wastewater systems as well as residential locations on private systems. Local Municipalities who have adopted the program or are in the process of adopting the program include Saugeen Shores, Grey Highlands, Meaford and Goderich to name a few.

To participate in this program, municipal endorsement of the program model is required. The endorsement allows Service Line to market the program to residential property owners. There is no direct participation cost to the municipality. The program is designed such that the municipality receives a nominal fee from SLWC in exchange for their endorsement of the product and to compensate for any staff time which may be spent answering questions about the program etc. A contractual agreement is required between The Municipality of Kincardine and Service Line Warranties of Canada (SLWC). The contractual agreement permits SLWC to present the warranty services being offered utilizing the Municipalities name, logo, and confirmation of residential postal codes for contact information. The proposed term of the Contract between the Municipality and SLWC is 3 years with an option to renew after the first contract expires. There would be no warranty contract between the Municipality and the resident. The Warranty Provider (SLWC) further undertakes to indemnify the Municipality and staff against claims, actions and suits.

While there is no cost associated with the implementation or operation of the program to the municipality, there is a royalty paid of 5% of the revenue collected from residential property owners signing up for the program. This is paid annually to the municipality.

The cost of the program for residential homeowners is as follows:

Sewer Service Line

Year 1 - $7.25 per month; $87.00 annually
Year 2 - $7.25 per month; $87.00 annually
Year 3 - $7.25 per month; $87.00 annually

Water Service Line
Year 1 - $5.00 per month; $60.00 annually
Year 2 - $5.00 per month; $60.00 annually
Year 3 - $5.00 per month; $60.00 annually

In-home plumbing
Year 1 - $6.50 per month; $78.00 annually
Year 2 - $6.50 per month; $78.00 annually
Year 3 - $6.50 per month; $78.00 annually

Although the agreement does permit an annual review of rates charged to the residential property owner, there have been no annual increases applied in Ontario since the program launch in 2014.

**Community Plan and Integrated Community Sustainability Plan (ICSP) Considerations**: Municipal Operations and Community Leadership. Partnerships with External Organizations.

**Financial Implications**: 5% of the revenue to the Municipality paid annually.

**Attachments**: SLW Power Point presentation